

ANNUAL REPORT 2024/25



NDA
National
Development
Agency



social development
Department:
Social Development
REPUBLIC OF SOUTH AFRICA



sassa
SOUTH AFRICAN SOCIAL SECURITY AGENCY



I have the honour of submitting the Annual Report of the National Development Agency for the period 01 April 2024 to 31 March 2025.

Ms NG Tolashe, MP
Minister of Social Development

30 September 2025

Date of submission

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PART A:

GENERAL INFORMATION

1.1 Public Entity's GENERAL INFORMATION

| | |
|---|--|
| Registered name of the public entity | National Development Agency |
| Registration numbers and/or other relevant numbers (e.g. FSP) | Public entity established in terms of Section 2 of the National Development Agency Act, Act No 108 of 1998, as amended Listed as a Public Entity under Schedule 3A of the Public Finance Management Act, No 1 of 1999 |
| Registered office address | 26 Wellington Road, Parktown, 2193 Postal address PO Box 31959, Braamfontein, 2017 |
| Contact details | Tel: (011) 018 5500 E-mail: info@nda.org.za Website: www.nda.org.za |
| External auditors' information – external auditors' name and address | Auditor General of South Africa 4 Davenry Street, Lynnwood Bridge Office Park Lynnwood Manor Pretoria 0081 |
| Bankers' information – Name and address of bank | Standard Bank Head Office 184 Hyde Lane Hyde Park Sandton 2196 Investec Head Office 100 Grayston Drive Sandown Sandton 2196 First National Bank 3 First Place Kerk & Simmonds St Bank City Johannesburg 2000 |
| Acting Company Secretary - Full name and professional designation | Mr Sibusiso Ntini |

1.2 List of ABBREVIATIONS

| | |
|---------------|---|
| AGSA | Auditor General South Africa |
| ASB | Accounting Standards Board |
| B-BBEE | Broad-Based Black Economic Empowerment |
| CEO | Chief Executive Officer |
| COE | Community Owned Enterprises |
| COO | Chief Operations Officer |
| CFO | Chief Financial Officer |
| CSO | Civil Society Organisation |
| DDM | District Development Model |
| DSD | Department of Social Development |
| EE | Employment Equity |
| ENE | Estimates of National Expenditure |
| EXCO | Executive Committee |
| IAS | International Accounting Standards |
| ICT | Information and Communications Technology |
| IFW | Irregular, Fruitless, and Wasteful |
| IT | Information Technology |
| KPI | Key Performance Indicator |
| LCC | Loss Control Committee |
| MP | Member of Parliament |
| MTEF | Medium-Term Expenditure Framework |
| NDA | National Development Agency |
| NPO | Non-Profit Organisation |
| NT | National Treasury |
| OHS | Occupational Health and Safety |
| PFMA | Public Finance Management Act |
| PPC | Parliamentary Portfolio Committee |
| PPPFA | Preferential Procurement Policy Framework Act |
| SASSA | South African Social Security Agency |
| SCM | Supply Chain Management |

1.3 Minister's FOREWORD

The National Development Agency (NDA) remains one of the most critical instruments in our arsenal to realise the transformative vision of the National Development Plan 2030. At a time when South Africa demands bold action and principled leadership, the NDA is delivering results that reaffirm our collective commitment to eradicating poverty, building inclusive partnerships, and ensuring that no South African is left behind in the fight against poverty.

The progress achieved by the NDA this year is not only commendable, but it is also socially significant. It sends a resounding message that when leadership is decisive, when communities are empowered, and when institutions are aligned to the needs of our people, our goals are within reach. In the face of a fragile global economy, rising inequality, and the lingering aftershocks of the COVID-19 pandemic, the NDA posted an 83 percent annual performance rating. This is a dramatic and meaningful improvement that underscores what can be accomplished with purpose-driven governance.

The NDA's achievements of mobilising additional resources by targeting investments that go directly to the community-based development, capacitating CSOs with skills to implement development interventions, and creating jobs for the disenfranchised communities, which are a direct manifestation of the government's promise to restore dignity, enable job creation opportunities, and accelerate grassroots development.

Beyond delivery, the NDA is positioning itself as a strategic policy player, shaping how the government understands and responds to poverty at its most entrenched levels. Through robust research and evidence-led dialogues, the NDA has provided the state with insights that are not only timely but essential. In an era where data must inform every policy decision, the NDA's research outputs are helping align government priorities with the lived realities of our citizens.

Even as we celebrate progress, we must confront the remaining challenges with equal urgency. The recent Auditor-General's report highlights areas that still require decisive intervention. We will move swiftly to ensure that every public fund is invested in outcomes that matter to our



**Minister
NG Tolashe**

people.

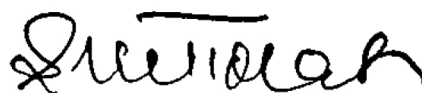
The NDA's success further confirms a core truth: government cannot eradicate poverty alone. The future we seek will be built through strong, principled partnerships with civil society, faith-based organisations, the private sector—and most importantly—with the communities themselves. This is the social compact envisaged in the NDP 2030: a society where the state enables, communities lead, and partnerships flourish. The NDA stands at the intersection of these forces, facilitating collaboration and strengthening democratic participation from the ground up.

Colleagues and compatriots, the story of the NDA this year is a story of renewal and resolve. It proves that even amidst adversity, we can deliver for our people when we lead ethically, govern strategically, and act with the urgency that the moment demands. Let us not lose this momentum. Let us continue investing in the NDA's institutional capacity, driving its innovative agenda, and expanding its footprint as a trusted partner in development—in every milestone

reached, every community touched, and every voice heard.

I wish to extend sincere gratitude to the former Chairperson of the Board, Ms Nozabelo Ruth Bhengu, and the now retired, former acting CEO of the NDA, Mr Bongani Magongo, whose respective sound governance and strategic oversight gave the NDA the turnaround it needed. Their combined leadership ensured that the Board was a genuine steward of organisational transformation; for the NDA Turnaround Strategy represents the awakening of a sleeping giant. These two leaders remind us that when the executive and oversight arms of governance work in alignment, transformation is not only aspirational but also inevitable. On behalf of the Department of Social Development and the Government of South Africa, we thank you for your service and legacy.

To the staff of the NDA: we thank you for your unwavering service. To our civil society partners: we thank you for your dedication to community development and advancement. To the people of South Africa: your aspirations are our mandate, and we will not rest until poverty is consigned to the past. Together, we will make poverty history.



Honourable NG Tolashe, MP
Minister of Social Development



1.4 Overview by the ACCOUNTING AUTHORITY

It is my honour to present the Board Chairperson's overview of the National Development Agency's (NDA) 2024/25 Annual Performance Report. This year has been marked by both notable progress and sobering challenges, as the Agency continues to advance its mandate of eradicating poverty and addressing its root causes.

The NDA's work, anchored in the vision of the National Development Plan 2030, remains a vital expression of our country's commitment to inclusive growth and social justice. This report not only provides accountability to Parliament and the Department of Social Development but also serves as a reflection of our broader responsibility to millions of South Africans—who look to the NDA for hope, partnership, and empowerment.

During the reporting year, we celebrated impressive gains. The Agency mobilised R64.8 million in additional resources, surpassing its target and affirming donor confidence. We trained 1, 786 civil society organisations and 3, 410 community members, far exceeding our commitments, thereby strengthening the skills and capacity of grassroots actors who are central to sustainable poverty eradication. Through the establishment of nine community-owned enterprises and the creation of 1,119 work opportunities, we demonstrated how effective partnerships with communities can produce tangible livelihoods. In the area of research, the NDA continued to assert its influence by generating critical evidence, hosting policy dialogues, and providing thought leadership that helps shape national poverty reduction strategies.

These achievements occurred alongside important internal work. We advanced our turnaround strategy, trained 107 staff against a target of 100, embedded ICT governance, and resolved 89 percent of prior-year audit findings. The unqualified audit opinion confirms our financial credibility. At the same time, the accompanying material findings and delays in finalising the organisational structure and branding strategy remind us that governance and modernisation remain urgent priorities. The Board is committed to ensuring that the 2025/26 financial year delivers a fit-for-purpose organisational structure, stronger digital platforms, and fully




**Chief Livhuwani
Matsila**

implemented brand and marketing strategies.

Our progress, however, cannot be told in statistics alone; it is written in the resilience of the staff who make this work possible. It is therefore with deep sadness that I acknowledge the loss of three dedicated and valued colleagues whose dedication and spirit continue to inspire us:

- **Muzi Matsenjwa, Procurement Officer:** A consummate professional whose integrity and meticulous attention to detail ensured that every procurement upheld the highest standards of fairness and compliance. His steadfast stewardship safeguarded the NDA's resources and set a benchmark for ethical service. Mr Matsenjwa's legacy of integrity and precision will continue to guide our management of public resources, reminding us that ethical service is the highest form of leadership.
- **Nobuzwe Majali, Development Officer:** A tireless



champion for community empowerment who worked shoulder-to-shoulder with civil society partners to create sustainable opportunities. Her passion for people and unwavering belief in the potential of every community will remain a guiding light for our developmental mission. She leaves behind a living legacy in the communities she helped to uplift—a testament that one person's compassion can ignite lasting transformation.

• **Zine Cele, Administrator to the Board:** The quiet yet indispensable force who kept our governance processes running smoothly. Her organisational skill, warmth, and commitment ensured that Board operations reflected the professionalism and care that our stakeholders rightly expect. Ms Cele's quiet professionalism and gracious spirit will be remembered every time our Board meets—a testament to the power of dedicated service behind the scenes.

The turnaround witnessed at the NDA is not accidental. It is the result of exceptional leadership. For that reason, we are eternally thankful to the former Acting CEO, Mr Thabani Buthelezi, who assumed the helm when the NDA was struggling to meet its deliverables and worked tirelessly to stabilise operations, rebuild staff confidence, and sharpen both individual and organisational performance management. Under his guidance, the NDA achieved an 83 percent performance rating, which stands as a testament to his leadership, focused strategy, and disciplined execution.

Looking ahead, the NDA stands at a pivotal juncture. The year has proven that we have the capacity to mobilise resources, expand our developmental reach, and influence national policy. What lies before us now is the critical task of accelerating organisational reform, embedding digital transformation, and strengthening governance to ensure that the NDA becomes a fully agile, credible, and impactful development institution.

On behalf of the Board, I would like to extend my sincere appreciation to the Executive Management, staff, and our partners for their hard work and dedication. I also take this opportunity to welcome, Ms Raphaahle Ramokgopa, the current Acting CEO of the NDA, to navigate the NDA to greater performance heights. The journey towards poverty eradication is long and demanding, but together we are building the foundations of a South Africa where every citizen has the opportunity to thrive.



Chief Livhuwani Matsila
NDA Board Chairperson

NDA BOARD 2022/23 – 2025/26

Chief Livhuwani Matsila, Chairperson

Chief Livhuwani Matsila is a Community Development Activist and the current Chief of Matsila Village in Limpopo. His career spans across organisations such as the South African National Parks (Senior General Manager for People and Conservation), ANC Parliamentary Caucus (Chief of Staff & Political Advisor), Department of Environmental Affairs & Tourism (Chief of Staff: Office of the Deputy Minister. This included managing community development and poverty relief projects), Enzemvelo KZN Wildlife (Acting Human Resources Director, Training & Development Manager and Employment Equity Manager) to mention a few. Over the years, he has served on more than 12 Boards of public institutions.

He resigned from formal employment to pursue his passion in community development whereby he implemented different projects through the Matsila Community Development Trust which is focused on land use, spatial planning, natural resource management and sustainable Development.

He holds the following qualifications: Master of Science (MSc) – University of Witwatersrand, Bachelor of Science Honours Degree in Botany – University of Venda, Thohoyandou, Bachelor of Science Degree (BSc) in Botany and Zoology, University of Venda, Thohoyandou. He is currently reading towards his PhD in Nature Conservation at the University of KwaZulu-Natal.



Ms Happy Ralinala, Deputy Chairperson

Ms Happy Ralinala is the Director of Palesa Mbali Group. Her last executive role was Managing Executive of Private & Wealth Banking Segments for Barclays Africa Group where she held numerous senior roles, including Managing Executive Business Banking SA.

One of her many successes was being voted the Best SME Bank in South Africa by Capital Finance International (CFI) whilst she was the Managing Executive of Business Banking SA in Barclays Africa Group.

Happy holds a Master of Business Administration and has won the Barclays Global Business Woman of the Year Award in 2015. She has served on a number of Boards including Absa Trust Board, Barclays Africa Ghana Board, Small Enterprise Finance Agency (SEFA). Happy currently serves on the boards of African Bank, FNZ South Africa, Grindrod Bank and National Development Agency.

She is a motivational mentor who derives a deep sense of personal satisfaction from seeing women and youth succeed to achieve their dreams. She views this as her unique way of making a meaningful contribution to society.



Dr Olwethu Sipuka

Dr Olwethu Sipuka has extensive experience in development, higher education and training, regulatory and policy advocacy sectors. He specialises in policy development and monitoring stakeholder management, research, corporate governance, communication, skills development and project management.

He is the current Dean of Student Affairs and has also served as the National Youth Commissioner in the Presidency, among others.

Dr Sipuka served on the boards of the South African Qualifications Authority (SAQA) and Down Syndrome South Africa (DSSA). He currently serves on the boards of MetroBus, National Skills Authority, Nelson Mandela Bay Theatre Complex and the National Development Agency. He holds a PhD in Disability Studies and MA in Philosophy, both from the University of Cape Town. He also has also done the Global Executive Development Programme at Gibbs. He is an alumni of the Mandela Washington Fellowship for Young African Leaders.



Mr Mojalefa Mohoto

Mr Mojalefa Mohoto has extensive experience in the public sector in the areas of managing policy, strategy development and programme design for the promotion and development of small enterprises in South Africa. He currently serves as the Chief Director responsible for entrepreneurship and enterprise development at the Department of Small Business Development. In the same Department, he has served as Director: Enterprise Development. He has also served as a Chief Director in the Department of Trade and Industry before he was transferred with the new department in 2014.

He has been responsible for development of policy and strategy for enterprise development, managing policy and regulatory environment impacting on small business development and managing the regulatory reviews on small business undertaken by the department. He has served on numerous boards as Non-executive Director, including the small business development support entities.

Mr Mohoto holds a Master's Degree in Public and Development Management, a Post Graduate Diploma in Public Policy and Development Administration both from Wits University, as well as a BA Degree from Vista University. Courses attended include Evidence Based Policy Making and Kodak's Public Management Course (done in South Korea).



Ms Tanya T Smith

Ms Tanya T Smith is a strategic leader with extensive experience in financial management, corporate governance, and risk management.

She is currently the director of her own company which focuses on leadership development. Ms Smith has served as Senior Financial Manager, Head of Finance and CFO in both the public and private sectors. Her career of 18 years has seen her applying her financial expertise across a range of industries including auditing, electricity, aviation, warehousing and logistics.

She also is a member of SAICA and is registered as a Chartered Accountant CA(SA). Her qualifications include a Post Graduate Diploma in Accounting, BCom Accounting (Honours) and BCom Accounting. Ms Smith has also engaged in further learning including Corporate Governance and Integrated Reporting with Professor Mervyn King and Situational Leadership (Ken Blanchard) amongst others.

She is passionate about seeing South Africa grow as a global leader and as such has joined this board to contribute her skillset to making a difference in the nation.



Mr Thembinkosi Josopu

Mr Thembinkosi Josopu has 17 years of experience in the civil society sector with a specific focus on Youth Development. He advocates for development policies and legislation biased towards young people.

Mr Josopu has been exposed to the world of work both at administrative and management levels, having worked for institutions such as the University of Cape Town and the Department of Trade and Industry for over nine years. He currently operates in the corporate governance space, serving in various governance structures such as the African Peer Review Mechanism (APRM), National Economic and Development Labour Council (NEDLAC), National Skills Authority (NSA) and the Unemployment Insurance Fund (UIF), whereby he chairs sub-committees. He has been exposed to international work which required him to travel the continent extensively. He holds an Honours degree in Development Studies and a Bachelor of Arts, both from the Nelson Mandela University, a Higher Certificate in Public Management (Regenesys Business School), a certificate in Corporate Governance and Risk Management (Insimbi Training) and a certificate of Entrepreneurial Skills from North West University. He is currently registered for a Master's Degree in Education and Work with Wits University.



Ms Nomthandazo 'Thandi' Moyo

Ms Nomthandazo Moyo has extensive senior management experience in both the NGO sector and public service encompassing Local, Provincial and National Government. She is a strategic leader with a strong ethical record. She led a self-sustainable State Security Printer (GPW). She is currently with the Department of Agriculture, Land Reform and Rural Development where she holds the position of Deputy Director General: Rural Development.

She has also held senior positions in the Office of the Premier, Gauteng, City of Johannesburg Metropolitan municipality, National Department of Co-Operative Governance and Traditional Affairs and Ministry of Home Affairs. (GOGTA). Ms Moyo sat on several public and private sector Boards including Sterkfontein Hospital and South African Printing Institute. She provided consultancy services at Wits Business School's Centre for Public Enterprises P&DM and Merafong Local Municipality.

She holds a Bachelor of Arts Honours Degree in Development Studies (University of South Africa - UNISA), Bachelor of Arts Degree in Human and Social Studies (UNISA), Diploma in Project Management, Masters Certificate in Training and Development, University of Johannesburg (former Rand Afrikaans University) and many other certificates in human resources.

She is currently completing her Master of Philosophy degree in Corporate Strategy at the prestigious University of Pretoria's business school, GIBS.



Ms Sibongile Mncwabe

Ms Sibongile Mncwabe has over 15 years of experience in different spheres government and state owned entities where she held middle, senior and executive management positions. Her skills are in the areas of corporate services, stakeholder management and administration at senior management level. She has also served on many boards, committees and community forum structures.

She currently holds the position of Chief Director in the Office of the Director-General at the Department of Higher Education and Training where she previously also served as Chief of Staff. She has served as Chief Executive - Corporate Services at the National Student Financial Aid Scheme (NSFAS) and Advisor to the Executive Administrator. At the National Department of Transport, Ms Mncwabe was Acting Chief Director: International Relations and served as "Director Stakeholder Management" in the same department.

Ms Mncwabe holds a Postgraduate Diploma in Public Administration (NQF L8) from the University of South Africa.



NDA AUDIT AND RISK COMMITTEE

Mr Ameer Amod, Chairperson

Mr Ameer Amod is a seasoned governance professional with extensive experience in both public and private sectors. His career includes significant roles such as Managing Director of MTN Cellphone Select, where he managed South Africa's largest independent MTN Cellphone Franchise with a turnover of R100 million per annum. He has served in various high-level positions, including Chairperson of numerous Audit & Risk Committees across government departments such as Defence, Energy, and Public Service & Administration, and as a member of the National Parliament Audit Committee.

His involvement in governance spans over 25 years, with a focus on financial accounting, risk management, and internal auditing. He has served on over 25 Audit Committees, including those at the National Treasury, Department of Public Service & Administration, and the Department of Defence. He has a strong academic background, holding a Bachelor of Commerce Degree from UNISA and an MBA from the University of Cape Town. He is a Chartered Director (CD SA) certified by the Institute of Directors; Risk Management Assurance professional (CRMA), Government Auditing Professional Auditor (CGAP) and Internal Auditor (CIA) certified by the Institute of Internal Auditors, United States of America, to mention a few.

Throughout his career, he has been a strategic thinker and a decisive leader, well-versed in PFMA, Treasury Regulations, MFMA, and King IV. He is also a member of various professional bodies, including the Institute of Internal Auditors, the Institute of Directors, and SAICA. He has played a pivotal role in shaping governance and risk management frameworks in South Africa.



Ms Margaret Mosibudi Phiri

Ms Margaret Mosibudi Phiri is a Chartered Accountant and seasoned Auditor with over 21 years of experience in the public and private sectors. She is the Managing Director of Mohale Seoka Consulting, where she provides consulting and advisory services in areas such as external and internal audits, financial statement preparation, risk management, and corporate governance. Her career includes significant roles at the Auditor General South Africa, where she served as a Senior Manager and Acting Deputy Business Executive, as well as directorial positions at Rakoma and Associates and AKA Africa.

Ms Phiri has served on several boards and audit committees, including as Chairperson of the Audit Committee for the South African Special Risk Insurance Association and the Railway Safety Regulator. She has extensive knowledge of laws and regulations, including PFMA, MFMA, and corporate governance principles, and is a member of multiple professional organizations, such as the South African Institute of Chartered Accountants and the Institute of Directors SA.

Her qualifications include Chartered Accountant (CA(SA)) and BCompt Honours – both obtained from UNISA, and BCom Accounting Degree from the University of Venda.



Dr Tishaniso Nyathi

Dr Tishaniso Nyathi is an accomplished Governance and Leadership Professional with a career spanning various key positions in both public and private sectors. She has held significant roles, including Managing Director of Thermitrex SA (Pty) Ltd, Head of Finance at the Independent Communications Authority of SA, Executive and Head of Business Support at the Special Investigating Unit, to mention a few. Her experience extends across finance, internal audit, human resources, IT, Research, and corporate governance.

Throughout her career, Dr Nyathi has been deeply involved in governance, serving on numerous boards and audit committees, including being a board member of Polokwane International Airport, Chairperson of the Board of African Thermit, Chairperson of the Audit Committee of National Department of Health, Chairperson of National Department of Housing. She is currently the Chairperson of the Audit Committee for the Department of Minerals and Resources, the Chairperson of Risk Committee of Government Printing Works, and a member of the Audit and Risk Committee for the National Development Agency, amongst others. She has also contributed to several professional engagements, focusing on governance framework reviews and Performance management.

Dr Nyathi holds a Doctor of Business Leadership (DBL) from UNISA, with a thesis focused on corporate governance and organizational performance in South African national government departments. Her academic qualifications also include an MBA from DeMont Fort University, UK; B.Com (Finance) and B.Com Honours (Finance) from the University of the North, and various certificates in business management and accounting information systems.

Dr Nyathi is a member of the Institute of Directors of South Africa (IODSA)



NDA EXCO



Ms Raphaahle Ramokgopa
Acting Chief Executive Officer



Ms Reekeletseng Hlapolosa
Executive: Corporate Services



Ms Hajra Mansour
Chief Internal Audit



Ms Susan Khumalo
Chief Operations Officer



Mr Simon Baloyi
Acting Research Executive



Mr Solomon Shingange
Acting Chief Financial Officer

NDA PROVINCIAL MANAGERS



Mr Ardiel Soeker
Western Cape



Mr David Potlako Ntlatleng
North West



Ms Gillian Mahange
Limpopo



Ms Mapule Phora
Gauteng



Ms Yolisawa Ndima
KwaZulu-Natal



Ms Nokulunga Skeyi
Eastern Cape



Mr Itumeleng Kwenane
Northern Cape



Mr Maxwell Mathebula
Mpumalanga



Mr Lesedi Piki
Free State

1.5 Statement of responsibility and confirmation OF THE ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General. The Annual Report is complete, accurate, and free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and the judgments made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance, as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, performance information, human resources information and financial affairs of the entity for the financial year ended 31 March 2025.



**Ms Raphaahle
Ramokgopa**

A handwritten signature in black ink, appearing to read 'Raphaahle Ramokgopa', written over a horizontal line.

Ms Raphaahle Ramokgopa
Acting Chief Executive Officer

30 September 2025

Date

1.6 Strategic OVERVIEW



VISION

A society free of poverty, unemployment and social ills.



MISSION

Facilitate the development of poor and underdeveloped communities in a coordinated and integrated manner through the District Development Model to make them self-reliant and self-sufficient.



VALUES

As a development agency, we subscribe to and promote the following values:

- Humanity
- Integrity
- Accountability and responsibility
- Transparency
- Respect
- Ubuntu
- Innovation
- Excellence

1.7 Legislative and OTHER MANDATES

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), in November 1998, as amended, and reports to the Parliament of the Republic of South Africa through the Minister of 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:

- a) Promote (i) consultation, dialogue, and sharing of development experience between CSOs and relevant organs of state, and (ii) debate on development policy; and
- b) Undertake research and publications aimed at providing the basis for development policy. The agency is required to implement programmes that respond to the following areas of responsibilities:



1.7 Legislative and OTHER MANDATES

(1) The NDA must -

(a) Act as a key conduit for funding from the Government of the Republic of South Africa, foreign governments, and other national and international donors for development work to be carried out by civil society organisations.

(b) Develop, conduct, and coordinate policy relevant to its objects referred to in section 3 of the NDA Act;

(c) Contribute towards building the capacity of CSOs to enable them to carry out development work effectively; and

(d) Create and maintain a database on CSOs, including, but not limited to, the scope and subject matter of their work and their geographical distribution, and share the information in that database with relevant organs of State and other stakeholders.

(2) The NDA may –

(a) Grant money from its funds –

(i) in accordance with such criteria and procedures as the NDA determines; and

(ii) with due regard to the NDA's primary object referred to in the NDA Act to any CSO for any project or programme that an organisation intends to

(b) Make recommendations with regard to legislation and policies directly or indirectly constraining effective development in the Republic.

(c) Exercise any power conferred by any other provision of this Act; and

(d) Generally, do everything which is necessary to achieve its objects referred to in Section 3 of the NDA Act

(3) Any grant in terms of subsection (2) (a) of the NDA Act, to any civil society organisation may not be distributed to its members or office bearers except as reasonable compensation for services rendered.

(4) Any civil society organisation to which a grant is made in terms of subsection (2)(a) of the NDA Act must submit to the NDA –

(a) Audited financial statements regarding the use of that grant at the intervals and in the form prescribed by regulation in terms of section 13 of the NDA Act; and

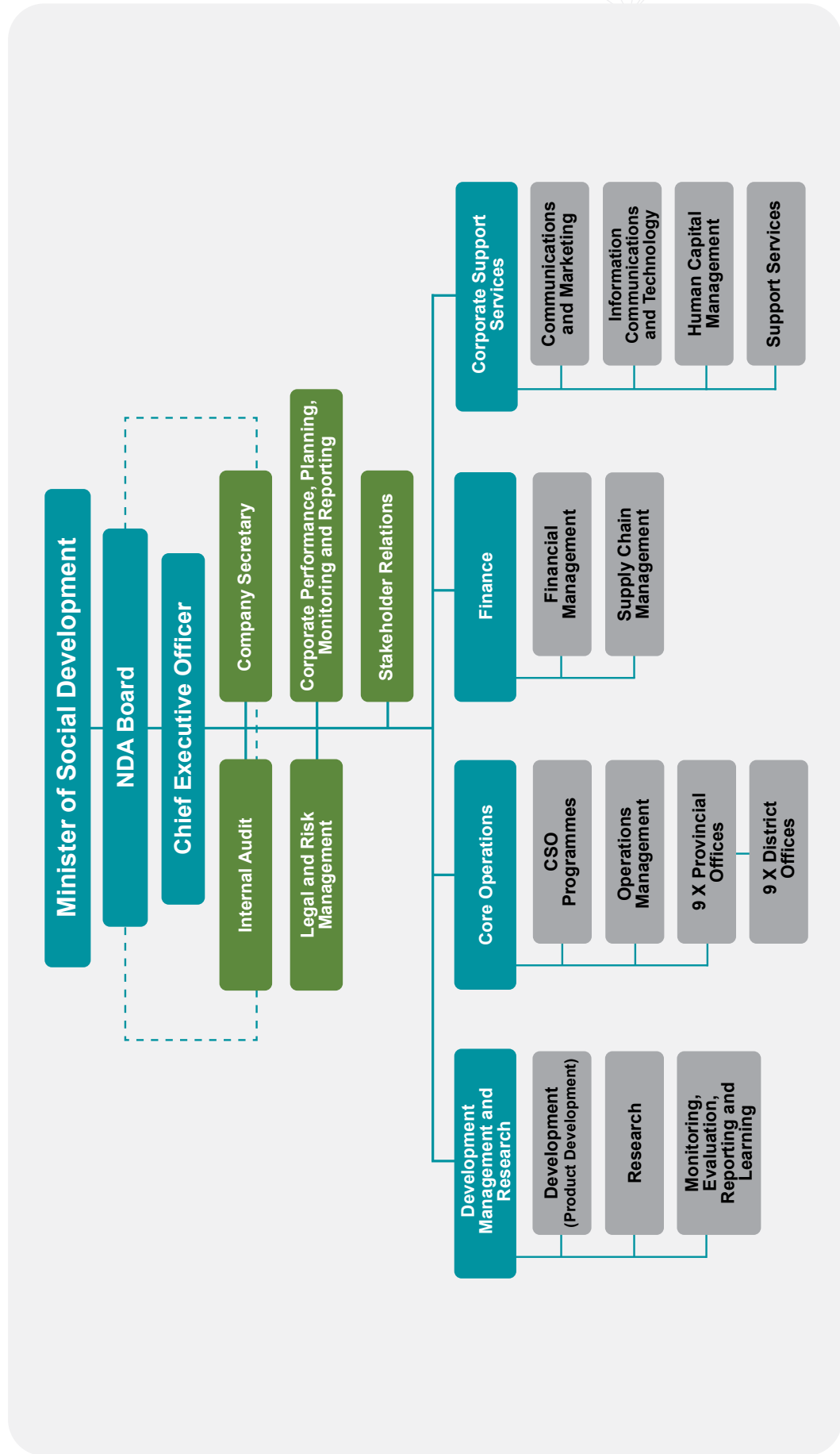
(b) in respect of each financial year of the organisation, a comprehensive, narrative report containing –

(i) an analysis of every project or programme in respect of which that grant is made and a description of all other activities of the organisation; and

(ii) an audited financial report not later than the date prescribed by regulation in terms of section 13 of the NDA Act.

(5) Any grant in terms of subsection (2) (n) of the NDA Act must be sufficient to defray the expenses which the civil society organisation in question will have to incur in order to comply with subsection (4).

1.8 Organisational STRUCTURE





PART B:

PERFORMANCE INFORMATION



2.1 Organisational PERFORMANCE OVERVIEW

The National Development Agency, a public entity mandated to eradicate poverty and address its underlying causes presents, in its 2024/25 Annual Performance Report, a detailed account of progress, challenges, and lessons as it works toward the ambitious goals of the National Development Plan 2030. Reporting to Parliament through the Department of Social Development, the Agency frames this report as both an accountability instrument and a strategic reflection on its commitment to building internal capacity, strengthening partnerships with CSOs, mobilising resources, improving programming, and influencing development policy and shaping it in support of South Africa's most vulnerable communities.

2.1.1 Programme 1: Governance and Administration

This programme ensures that the NDA has the internal systems and institutional capacity to deliver on its mandate and therefore provides the institutional backbone for all other initiatives. This programme integrates the Agency's human resources, finance, information and communication technology (ICT), and supply chain functions into a cohesive support system. Human Resources has evolved beyond a transactional service to a strategic driver of organisational goals, with a long-term view of workforce planning and talent development. ICT aims to provide the digital platforms necessary for efficient communication and information management across the Agency, while the Finance Directorate ensures sound revenue and expenditure management, prudent budgeting, and the provision of accurate financial information for decision-making. Supply Chain Management safeguards fairness and transparency in procurement and resource provision, adhering to the prescripts of the Public Finance Management Act.

Programme Performance

The programme's performance during the reporting period is best understood by examining the deeper implications of its key achievements and gaps, each of which carries strategic significance for the organisation's present operations and future capacity.

Human Resources

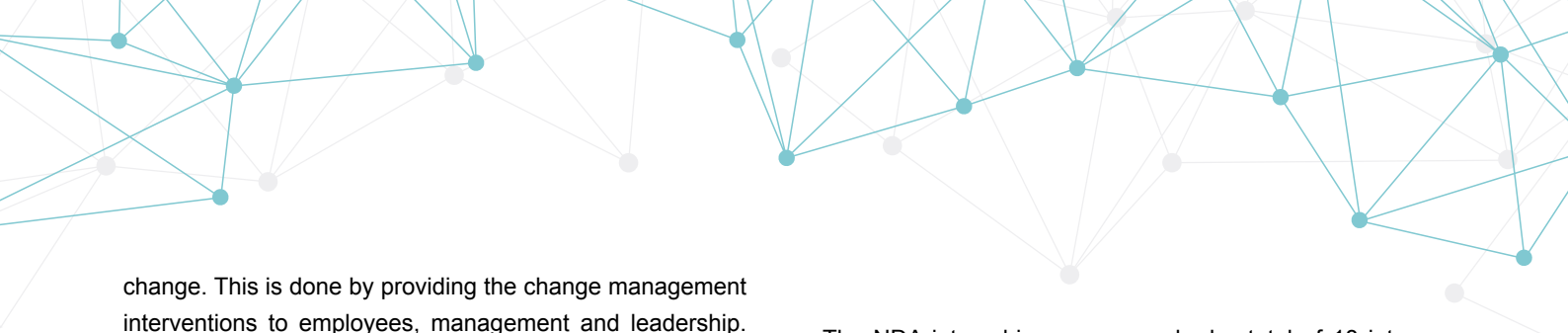
The Human Resources Management (HRM) unit plays a pivotal role in driving organisational success by managing the most valuable asset of the organisation—our people. In an increasingly competitive and dynamic market, the ability to attract, retain and develop top talent is critical. The Unit is dedicated to creating a supportive and enriching work environment that fosters growth, innovation, and excellence. We are leveraging technology to streamline Human Resources (HR) processes, ensuring that our workforce remains agile and responsive to the evolving business landscape. In this annual report, we highlight the key achievements and milestones of the business unit, showcasing our strategic initiatives and their impact on the overall performance of the organisation.

During the period under review, the NDA embarked on two major projects i.e. Review of the Organisational Structure and the Change Management Project. This was to support the Structure Review Project. This combination of the technical side and the people side is, in essence, enabling the implementation of the turnaround strategy.

The structure review is aimed at ensuring that the NDA has the right number of people, with the right skills, while the people side is focused on change management being brought about by the impact of the organisational structure review and implementing the new business model and the new operating model.

As an outcome of the Turnaround Strategy, the NDA is to align the organisational structure to the operating model. This project was aimed at mapping business processes, defining the competency framework and conducting job evaluations, amongst other deliverables, all aimed at ensuring that the NDA has an organisational structure and talent that is fit for purpose.

The change management project is supporting the changes being brought about by the organisational structure review project, which entailed preparing the organisation for change before the change happens, during the change and after the



change. This is done by providing the change management interventions to employees, management and leadership. The organisational structure review project is the change driver. Some of the deliverables of the framework are deriving the desired culture, coaching for EXCO and SMT members and the development of Employee Value Proposition.

The lack of completion of the organisational structure reflects more than a mere administrative delay. It has wider implications for the organisation. A modernised structure is meant to clarify reporting lines, redistribute workloads, and align staff competencies with the Agency's evolving poverty-eradication mandate. Without an approved framework, the organisation continues to operate within outdated arrangements, which can hinder decision-making, blur accountability, and limit the organisation's agility in responding to community needs. Prolonged reliance on an outdated structure also risks morale problems: employees may be uncertain about their future roles, which may result in staff losses in some instances. Strategically, this delay could slow the implementation of the NDA's new operating model and weaken its credibility with partners who expect a streamlined, forward-looking institution. Understanding this implication, the NDA will fast-track the approval and implementation of the Organisational Structure in the 2025-26 financial year.

By contrast, the organisation's success in staff capacity building counters the structural uncertainty. Training 107 staff members against a target of 100, aided by a partnership with the German Cooperative and Raiffeisen Confederation (DGRV), signals an organisation that invests in its people even as it rethinks its structure. This achievement suggests that the NDA is equipping its workforce with the skills required for a more complex development environment; skills in programme management, community engagement, and resource mobilisation that can yield immediate improvements in service delivery. It also indicates that external collaborations, such as the one with DGRV, can effectively expand the Agency's training capacity without excessive strain on internal budgets.

Internship management

In line with the national effort to broaden skills development as prescribed in the Skills Development Act 97 of 1988, the NDA has successfully hosted an internship programme which assists young South Africans to contribute to the advancement of the organisation but also introduces them to the world of work and prepares them for the job market.

The NDA internship programme had a total of 18 interns, which ended in July 2024.

Employee wellness


The well-being of employees and the creation of a safe and healthy workplace is important for the NDA. The mental health and wellness of employees continue to face challenges, and providing empathetic support for issues that interfere with workplace functioning is a key component of the wellness programme. This Employee Assistance Programme is outsourced, and employees are encouraged to consult the appointed service provider on any matters affecting their well-being. Additionally, monthly 'desk drops' are sent to employees, providing awareness on various topics to help improve overall mental and physical well-being. The HR department monitors utilisation and studies quarterly reports to pick up on prevalent trends that might need interventions.

Employee Relations

The conclusion of the 2024/2025 salary negotiations took some time. However, the parties reached an amicable agreement where the protection of the more vulnerable employees against current economic conditions was prioritised. In this regard, annual salary increases for 2024/2025 were implemented on a sliding scale where the lowest-paid employee received the highest percentage and the highest-earning employees received the lowest percentage. The negotiations were concluded with the employer and labour union, namely, the National Union of Public Service and Allied Workers (NUPSAW).

Marketing and Communications

The NDA's Marketing and Communications is centralised as a function, and to this effect, the agency continued to implement several proactive brand awareness communication initiatives around the country to promote transparency between the NDA and its key stakeholders, both internally and externally. This was achieved using various communication channels and platforms such as media, publications, website, social media and community outreach initiatives to keep its stakeholders informed of organisational developments. Additional awareness was also raised through staff and beneficiary engagement sessions, both virtual and physical.



Employees form the core of any service organisation, and it is always critical that the NDA maintains continuous communication during the organisational review process. Not only was change management communicated through various communication channels, but organisational performance information, as well as internal brand management initiatives, were implemented to drive positive organisational outcomes during the period under review. A total of 19 employee engagements were successfully executed, covering a range of topics from policies, ethics, change management, employee wellness, CEO's periodic communications, cyber security and virtual events, amongst others.

Efforts to enhance awareness of the NDA's mandate through showcasing the amazing projects implemented by NDA beneficiaries yielded positive publicity to the value of just over R5 million. The emphasis was placed on showcasing the NDA's socio-economic impact within beneficiary communities through community and national media. Media releases, advisories and requests for interviews were used to gain free publicity for funded projects on print, electronic and digital platforms.

The NDA made use of various traditional and digital information dissemination platforms to communicate its mandate and programmes. Information was shared through 38 special bulletins profiling socio-economic projects implemented in communities across the country; special provincial booklets (with details of funded projects) were also produced and uploaded on the website, and 20 special outreach events also enabled the NDA to share information on its mandate face-to-face with targeted communities. Videos capturing the work of projects around the country were also produced and shared on digital platforms to encourage other communities to replicate the projects in their own communities.

The delays in compiling the brand and integrated marketing communication strategies underlies the NDA's absence of strategic visibility. In a competitive development landscape, a coherent brand and clear messaging help attract donors, build public trust, and distinguish the NDA as South Africa's premier development agency. Delays in finalising the strategy translate to missed opportunities to communicate successes, share research insights, and position the NDA as a leader in poverty-eradication discourse. This undercuts the organisation's ability to leverage its impressive

resource-mobilisation record for even greater funding and partnership opportunities.


Information and Communications Technology

The performance of the Information and Communication Technology (ICT) function during the 2024/2025 financial year was monitored through the IT Steering Committee (ITSC) and evaluated against the ICT Governance Implementation Plan 2024/2025. The focus areas included ICT policy reviews, implementation of contracted initiatives aligned to the ICT Strategy, risk management, and compliance oversight.

The ICT Unit continued to deliver projects that support NDA's strategic objectives, ensuring systems availability above 80% and minimal operational disruptions. During the reporting period, the unit embarked on innovative Internal Software Development projects such as:

- **The Ward Community-based Profiling Solution**, an in-house developed application designed to automate the profiling tool, will provide real-time, accurate community data that enhances decision-making, optimises resource allocation, and reduces manual errors, thereby directly supporting the NDA Turnaround Strategy.
- **Similarly, the Sage 300 People System Migration** to a Managed Cloud Service (MCS) has been concluded, resulting in enhanced system reliability, reduced downtime, and improved scalability, while lowering infrastructure costs. The migration also enables advanced analytics through Power BI, ensuring data-driven workforce planning and securing business continuity for HR processes.

During this financial year, significant progress was made in strengthening ICT governance and compliance at the NDA. Five key policies were approved, enhancing vendor management, privacy, project management, information security, and identity and user account management. The NDA also endorsed the ICT Governance Implementation Plan 2024/2025, finalised the ICT Governance Policy Framework, and revised the ITSC Terms of Reference. ICT governance has been firmly embedded within the organisation's oversight structures, with regular reporting to EXCO, the Audit and Risk Committee, and the Board.



In addition, ICT strategies and service delivery were actively monitored and aligned with NDA priorities. The ICT Security Strategy Phase 2 reached 78% completion, supported by compliance reviews, security awareness campaigns, automation initiatives, and firewall enhancements. ICT risks were consistently tracked through the corporate risk register, and cybersecurity incidents were reported regularly. However, the continued misalignment between the Disaster Recovery Plan and the Business Continuity Plan remains a critical issue requiring urgent resolution.

The NDA's Phase 2 (2024/2025) cybersecurity implementation plan focuses on strengthening ICT security by addressing identified vulnerabilities, aligning with industry standards such as ISO 27001, and embedding ICT risk management into strategic decision-making. The corrective measures aim to enhance security posture, reduce the risk of cyber incidents, improve compliance, and boost stakeholder trust, particularly from civil society organisations (CSOs).

Additionally, the initiatives are designed to prevent long-term costs associated with breaches, legal penalties, and reputational harm, while enhancing the NDA's overall credibility and brand strength. Key objectives include improving ICT risk management, developing a roadmap to raise cybersecurity maturity to level 3.0 by 2026, and adopting a modern, data-centric security approach for hybrid environments. Progress toward the 2024/2025 goals stands at about 70%, with significant achievements in areas such as awareness training, DMARC implementation, endpoint and VPN security, and access control enhancements.

There was a delay in deploying a digital platform for the new operating model, which constrained the NDA's ambition to operate as a modern, data-driven development agency. The NDA recognises that a robust digital system is critical for streamlining internal processes and external interface with the civil society organisations. For that reason, efforts will be made to turn the corner in the 2025/26 financial year.

Resource Mobilisation

On a positive note, the NDA's resource mobilisation success of R64.8 million against a target of R60 million underscores the strength of its external relationships and its reputation among donors and stakeholders. The NDA surpassed the target by nearly five million Rand, demonstrating credibility and persuasive capacity in the funding community. These


additional resources were channelled into CSO grants and capacity building, directly expanding the NDA's poverty-eradication impact. The achievement also suggests that, despite internal structural delays and branding challenges, the Agency retains the confidence of funders, which is a crucial asset as it scales its programmes.

Finally, the resolution of 89 percent of prior-year audit findings, exceeding the 80 percent target, indicates improving internal controls and governance maturity. Clearing audit backlogs builds confidence among Parliament, the Department of Social Development, and external partners, showing that the Agency is serious about compliance and accountability. This progress enhances the NDA's ability to secure funding, as donors and government stakeholders often view strong audit performance as a prerequisite for continued investment. Moreover, robust audit follow-through helps prevent the recurrence of financial mismanagement and positions the NDA to manage larger, more complex budgets in the future.

Together, these achievements and setbacks reveal an organisation with clear potential and real momentum, but also with critical internal processes that need attention. The NDA is demonstrating financial credibility, effective training, and solid governance; factors that strengthen its developmental impact. Yet the delays in finalising the organisational structure, refreshing its brand, and deploying digital systems highlight the importance of modernising internal operations. Addressing these gaps promptly will be essential if the NDA is to fully capitalise on its funding successes, maintain stakeholder confidence, and achieve its vision of becoming South Africa's premier development agency.

Unqualified Audit opinion

The NDA achieved an unqualified audit opinion with material findings, which carries both reassurance and warning for the NDA, and its implications reach well beyond a simple audit outcome. An unqualified opinion means that the Auditor-General found the NDA's financial statements to present a true and fair view of its finances in all material respects. This is significant because it signals to Parliament, the Department of Social Development, donors, and other stakeholders that the Agency is not misrepresenting or mismanaging its overall finances. Such an opinion preserves the NDA's credibility and is often a prerequisite for continued



public funding and external grants.

However, the accompanying material findings indicate that while the finances are presented fairly, there are serious weaknesses in other areas of compliance or internal control. These findings relate to supply-chain management lapses, incorrect disclosures, inaccurate performance reporting, inadequate documentation, and weaknesses in governance processes. For the NDA, this creates several practical and strategic consequences related to reputational risk and donor confidence, governance and internal control challenges and Strategic credibility of the organisation.

In summary, an unqualified audit opinion provides the NDA with a foundation of financial credibility, but the material findings are a clear signal that internal systems and compliance mechanisms need urgent strengthening. Through the 2025-26 Audit Action Plan, the NDA will address these findings swiftly and transparently; tightening supply-chain procedures, enhancing performance monitoring, and improving record-keeping will be essential to safeguard donor confidence, maintain parliamentary trust, and enable the Agency to focus its full energy on eradicating poverty and building sustainable community development.

2.1.2 Programme 2: Civil Society Organisation (CSO) Development

While Governance and Administration establish the foundation, Programme 2: Civil Society Organisation Development reflects the NDA's mission to serve as the country's leading development agency and a catalyst for poverty eradication. This programme aims to enhance the capacity of CSOs, many of which operate in impoverished communities, so they can provide sustainable, high-quality services. It also manages grants, mobilises additional funding from domestic and international partners, and ensures that provincial and district offices become dynamic delivery points for NDA support.

Programme Performance


The performance reflected in the programme's key achievements paints a complex picture of both impressive outreach and areas that call for strategic recalibration. Each point reveals how the Agency's relationships with partners, its operational choices, and its community-level engagement shape its overall impact.

The extraordinary scale of resource distribution, with 565 civil society organisations (CSOs) accessing resources against a target of just 120, speaks to a remarkable ability to mobilise and channel support where it is most needed. This increase, which is more than fourfold, signals that the NDA has become a trusted conduit for funding and assistance, capable of connecting third-party contributions to grassroots organisations quickly and effectively. Such performance not only magnifies the Agency's poverty-eradication impact but also strengthens its credibility with donors and government stakeholders. However, this rapid growth brings managerial implications: systems for vetting, monitoring, and evaluating hundreds of CSO partners must be robust enough to prevent oversight gaps. Without adequate internal controls and follow-up, the sheer scale of distribution could strain staff capacity and expose the Agency to compliance risks.

Achieving the planned 22 community engagements and successfully establishing nine community-owned enterprises (COEs) marked a decisive step forward for the National Development Agency's mission to eradicate poverty through sustainable, community-driven development. Reaching the engagement target meant that the NDA is not only distributing resources but also actively fostering dialogue, identifying local priorities, and empowering residents to co-design solutions. Establishing nine COEs provided tangible economic anchors within those communities in relation to income generation, job creation and wealth circulation.

The success in capacity building for CSOs, with 1,786 organisations trained versus a target of 1,000, highlights the Agency's effectiveness in scaling knowledge and skills. Empowering such a large cohort of CSOs means more community-level projects can be delivered efficiently and sustainably. It also reflects strong financial and technical support from partners, which reduces the NDA's direct burden. The NDA is aware of concerns about quality assurance and for that reason, ensures that training remains relevant and that organisations can translate new skills into tangible outcomes through careful monitoring and post-training support.

Similarly, the training of 3,410 community members, far exceeding the 2,200 target, showcases an impressive reach in building grassroots capacity. Individuals who gain new skills are better positioned to contribute to local development and to sustain poverty-eradication initiatives long after direct



NDA involvement ends. The implications are positive for community resilience and empowerment. Nevertheless, such rapid scaling again demands mechanisms to track whether these newly trained individuals find opportunities to apply their skills; otherwise, the immediate numerical success may not translate into long-term socioeconomic gains.

Finally, creating 1,119 work opportunities, surpassing the 1,000 target, demonstrates tangible economic impact. This outcome is particularly significant in the context of high unemployment and inequality, and serves to validate the NDA's ability to convert funding and partnerships into real livelihoods. The NDA is hard at work to ensure that these jobs created are sustainable beyond initial funding cycles—through ongoing enterprise support. The overall impact of the achievement of 2024/25 deliverables extends beyond job creation but also positions the NDA as a catalyst for long-term economic resilience and as a model for how public-sector partnerships with civil society can create sustainable, locally owned pathways out of poverty.

2.1.3 Programme 3: Research

Complementing its developmental and administrative work, Programme 3: Research fulfils the NDA's statutory mandate to influence national development policy through evidence generation and public dialogue. Guided by the National Development Agency Act, the programme plays a dual role of facilitating consultation between civil society and the state and undertaking research that informs the formation and implementation of development policy. It does this through two integrated streams of dedicated policy research and a robust monitoring and evaluation function, ensuring that the NDA not only measures its own performance but also contributes meaningfully to the broader policy discourse in South Africa.

Research studies and recommendations

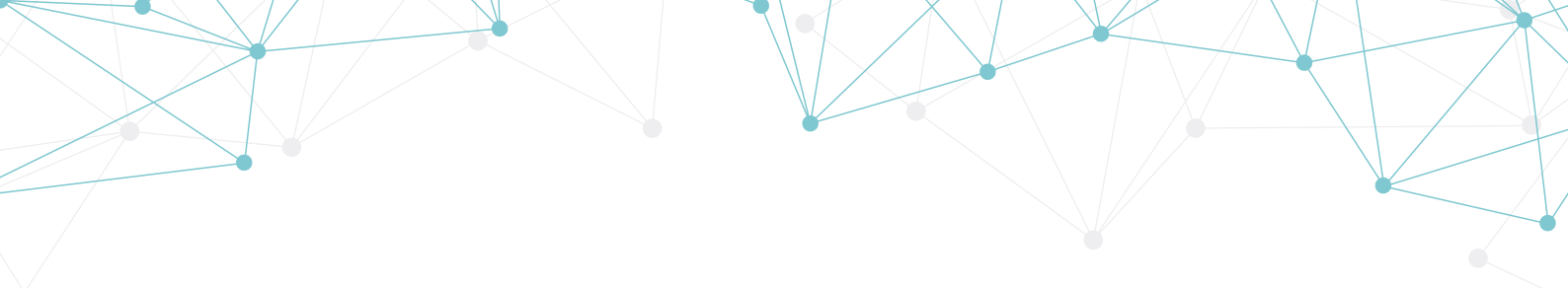
Over the 2024/25 financial year, the NDA produced several key research outputs that critically examined the effectiveness of South Africa's developmental and economic policies, particularly in promoting economic self-dependence among poor communities. A literature review on policy effectiveness concluded that, although many policies are well-conceptualised, their actual impact is limited due to weak implementation and poor coordination

across departments. It highlighted the need to rebalance efforts away from an over-reliance on welfare towards development. The review recommended strengthening interdepartmental coordination, embedding robust monitoring and evaluation systems, and ensuring that policies support long-term sustainable livelihoods.

Another literature review focused on regulatory barriers facing community-owned enterprises (COEs), particularly those in rural and under-resourced areas. It found that while the Cooperatives Act and B-BBEE frameworks aim to promote inclusivity, they inadvertently create compliance burdens that many COEs are ill-equipped to handle. The challenges are compounded by inconsistent municipal by-laws, lack of access to finance, and fragmented support systems. The review called for simplified compliance requirements, expanded access to micro-finance and incubation support, and improved alignment between national and local government initiatives.

To build on these secondary data insights, the NDA undertook primary research using a mixed-methods approach. This study explored how South African policies are impacting efforts to achieve economic self-reliance among the poor. While a significant proportion of respondents (67%) were aware of relevant policies, only 13% had received any direct support. Although social grants continue to play a critical role in survival, they are not widely used as a springboard into productive activity. Most respondents cited access to finance, job opportunities, and training as major barriers, with over 60% perceiving minimal policy impact on their lives. Based on these findings, the study recommended expanding financial and non-financial support mechanisms, streamlining bureaucratic processes, and fostering partnerships with both the private sector and international stakeholders.

The NDA also finalised a study focused on policy impediments facing civil society organisations (CSOs). The study revealed that duplicative registration under the NPO Act and Companies Act, along with burdensome compliance requirements, disproportionately disadvantages smaller and grassroots CSOs. Access to funding remains unequal, and the civic space for advocacy-oriented organisations continues to shrink. Recommendations included streamlining registration and tax compliance processes, expanding incentive structures, establishing a dedicated CSO policy desk, and adopting a national CSO policy framework.



International case studies from Kenya, the UK, and Ethiopia were cited as models of reform.

In keeping with its secondary mandate to contribute to national policy debates, the NDA translated its research findings into a series of concise policy briefs. One policy brief, focused on enhancing developmental and economic policy effectiveness, confirmed that while South Africa's policies are aligned with the National Development Plan, their impact is undermined by limited resources, weak interdepartmental coordination, and bureaucratic inefficiencies. Despite widespread awareness of government initiatives, over 60% of citizens surveyed across nine provinces felt the policies had little or no tangible impact on their economic well-being. The brief proposed a series of strategic enhancements, including regular policy evaluation, expanded support for self-help initiatives, stronger accountability in implementation, and integrating mentorship and incubation programmes into government support systems to foster entrepreneurship and sustainable livelihoods.

Another policy brief addressed regulatory barriers to the growth of COEs. Drawing from the NDA's own research and the Department of Small Business Development's Action Plan, the brief identified structural challenges, including complex registration processes, inconsistent by-laws, and limited training opportunities. It recommended simplifying registration and licensing procedures, improving access to microfinance and tailored incubation services, and developing targeted funding mechanisms to help COEs overcome financial constraints. The emphasis was also placed on improving coordination between government departments to provide integrated and aligned support to these enterprises.

To complement these research outputs, the NDA convened two major policy dialogues during the reporting period. The first was a roundtable held in Cape Town in October 2024, titled *"Pathways out of Poverty: Linking Social Protection Beneficiaries to Sustainable Livelihoods."* Organised in collaboration with the Department of Social Development, SASSA, and FinMark Trust, the roundtable brought together stakeholders from government, the private sector, civil society, and academia. Discussions focused on how to better link social protection systems to livelihood strategies. The roundtable concluded with a commitment to develop a formal policy linking social protection to livelihoods for the 2025–2029 Medium-Term Development Plan and to

establish ongoing collaborative mechanisms.

The second roundtable, held in Johannesburg in January 2025, focused on soliciting input for the proposed NDA Amendment Bill. This dialogue revisited the philosophical and strategic direction of the NDA, with stakeholders advocating for the Agency's repositioning as a coordinating and policy-influencing institution rather than a direct service delivery agency. It was agreed that legislative reforms should aim to strengthen governance, deepen cross-sector collaboration, and sharpen the NDA's focus on enabling poverty eradication through civil society partnerships.

Through these dialogues, the Research Unit achieved its Annual Performance Plan target for convening engagement platforms and reinforced its role as a leader in evidence-based policy advocacy. The discussions laid important groundwork for a broader lobbying and advocacy agenda aimed at regulatory reform and inclusive development, ensuring that government, civil society, and private sector voices remain central to shaping future policy.

Evaluation studies and recommendations

The NDA's M&E Unit undertook a design evaluation study of its poverty eradication interventions during the year under review. This study marked the first phase of a broader evaluation plan aligned with the NDA's new turnaround strategy. The study focused on two key areas: a formative evaluation of the NDA's overall poverty reduction programme, and a case study on the Bushbuckridge Creches Confederations (BCC) Community-Owned Enterprise project in Mpumalanga.

The findings from the formative evaluation indicated that community engagement, cooperative training, and formalisation processes were progressing well in most provinces. However, some provinces were still struggling to align their efforts with the strategic thrust of the turnaround plan. The mindset shift training was particularly effective, and the introduction of income-generating cooperatives was welcomed by communities. Still, it was acknowledged that the pace of change had been overestimated and that transformation efforts need to be synchronised with other key stakeholders to avoid inefficiencies.

The BCC case study provided further insights. Women constituted 85% of the beneficiaries of the chicken farming

enterprise, gaining valuable skills and generating sufficient income to restock and expand their operations. The broader community benefited through improved access to affordable eggs and chicken, informal credit arrangements, and skills transfer. However, the study also highlighted enduring structural barriers such as a lack of access to land, markets, finance, and information. It is recommended that future programmes proactively address these constraints and that the NDA should re-engage communities to reassess needs post-interventions.

The findings from both studies will contribute to the development of programmatic Theories of Change for NDA interventions and guide future implementation and evaluation efforts. Subsequent phases of the broader evaluation will be conducted with external support in the 2025/26 financial year.

The Research programme delivered comprehensively on its commitments. It completed the design of an evaluation report on NDA poverty-eradication interventions, produced a detailed policy landscape report, and secured approval of a policy advocacy framework to guide lobbying efforts. It published research on policy impediments, prepared policy briefs for advocacy, and hosted dialogues to promote policy changes. These outputs strengthen the NDA's position as a credible knowledge hub and a persuasive voice in the ongoing conversation about how best to combat poverty in South Africa.

2.2 Key Policy Developments and LEGISLATIVE CHANGES

There are no legislative changes to the mandate of the National Development Agency. However, a process led by the Department of Social Development to amend the NDA Act has begun with an assessment process whose aim is to identify the areas of improvement in the current Act.

Overall Conclusion

The narrative of the 2024/25 Annual Performance Report is therefore one of progress and promise tempered by the realities of implementation. The NDA's achievements in mobilising much-needed resources, training thousands of CSOs and community members, and producing influential research, affirm its strategic importance in the fight against poverty. We are aware as the NDA, that our aspiration to become the country's premier development agency will depend on our ability to accelerate organisational reforms, enhance technology adoption, and engage communities more deeply.

As we move into the 2025/26 cycle, the NDA stands at a critical juncture, having proven its potential to drive large-scale impact, and the next step is now to consolidate these gains into a more agile, efficient, and fully integrated organisation capable of sustaining and expanding its contribution to national development and poverty eradication.



2.3 Strategic

OUTCOME-ORIENTED GOALS

The NDA has endorsed the following outcomes over the Medium-Term Strategic Framework:

| OUTCOME | OUTCOME INDICATOR | BASELINE | FIVE-YEAR TARGET |
|---|--|---------------------------------|---|
| Strengthening of administrative and ICT systems, governance processes and human resources to deliver effectively and efficiently on the NDA mandate and promote the NDA brand | Strengthened governance and compliance environment in the NDA | Unqualified audit with findings | Clean Audit (Compliance, Finance and Audit of Predetermined Objectives) |
| | Improved NDA Brand | New Indicator | 30% increase on the baseline |
| Creation of sustainable livelihoods in poor communities through effective design, implementation and monitoring of development interventions | Increased financial and non-financial resources for CSO funding | R57 Million | Clean Audit (Compliance, Finance and Audit of Predetermined Objectives) |
| | Number of work opportunities | 1911 | 5000 Work Opportunities |
| Institutionalisation of Research, Monitoring and Evaluation in policy development and programme implementation | Increased utilisation of Research and M&E results in policy development and programme design | New Indicator | Full Implementation of Monitoring and Evaluation and Research recommendations |





2.4 Performance information BY PROGRAMME

2.4.1 PROGRAMME 1 - GOVERNANCE AND ADMINISTRATION: PERFORMANCE INFORMATION

The role of the Governance and Administration programme is to render integrated institutional support services within the framework of the Annual Performance Plan (APP) and the annual budget of the NDA, to enable the organisation to pursue the goals and objectives as articulated in the Strategic Plan of the organisation. The Human Resources function provides integrated human capital management and administration. Human Resource Management & Development, as a function, has evolved from a transaction-oriented to a strategic function that enables the business to achieve its strategic objectives. In institutionalising this strategic approach, the NDA has taken a long-term view in terms of strategy and planning. The role of Information and Communication Technology (ICT) is to enable the NDA to achieve strategic objectives by providing technology platforms for efficient handling of information and communication within the NDA. The Finance unit provides strategic financial administration, financial management, and reporting services for the NDA.

The key financial administration and management services rendered by the directorate are:

- Management of revenue and expenditure.
- Efficient and economic utilisation of financial resources.
- Ensuring that all transactions are appropriately authorised.
- Maintenance of financial records.
- Management and safeguarding of the organisation's resources.
- Exercise of sound budgetary practices and policies; coordination and management of organisational budget processes.
- Financial reporting services and the timely provision of financial information for decision-making purposes.

The Supply Chain Management unit provides strategic sourcing services to all business units across the NDA, within the procurement prescripts of the PFMA and the NDA Act, ensuring that the NDA maintains an appropriate procurement and provision system that is fair, equitable, transparent, competitive, and cost-effective. The directorate sources all goods and services required by business units to meet their operational and strategic day-to-day requirements.

PROGRAMME 1 - OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS, AND ACTUAL ACHIEVEMENTS (ORIGINAL INDICATORS AND TARGETS)

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2022/23 | AUDITED ACTUAL PERFORMANCE 2023/24 | PLANNED ANNUAL PERFORMANCE 2024/25 | ACTUAL PERFORMANCE 2024/25 | REASON FOR VARIANCE OR REVISION |
|--|---|---|------------------------------------|------------------------------------|--|-----------------------------|---|
| Institutional capacity to deliver on the NDA mandate | New Organisational Structure | Approved Organisational Structure | New indicator | New indicator | Organisational Structure approved | The target was not achieved | The draft Organisational Structure was produced, however there were critical components such as the delayed conclusion of the business processes which led to the non-achievement of this target. |
| | Capacity Enhancement Plan | Number of Staff capacitated in the implementation of the new service delivery model | New indicator | New indicator | 100 | 107 | The targeted number was duly met and surpassed through partnership with DGRV who were able to provide targeted training to the Development Practitioners. |
| | New Brand and Integrated Marketing Communication Strategy | Approved Brand and Marketing Communication Strategy | New indicator | New indicator | Brand and Marketing Strategy Implemented | The target was not achieved | The indicator and target were revised to focus on consultation requirements. |
| | IT System | Developed Digital platform for the new operating model | New indicator | New indicator | Digital platform deployed for the new operating model | The target was not achieved | The target was revised to focus on digital development only. |
| | Evaluation Report | Number of evaluation reports on poverty eradication programmes | New indicator | New indicator | 3 evaluation reports on poverty eradication programmes | The target was not achieved | The target was revised from a quantitative to a qualitative target and subsequently moved to Programme 3. |
| | Internal Audit Turnaround plan progress report | Percentage of prior year audit findings resolved | New indicator | 80% | 80% | 89% | There was a close collaboration with the responsible business units which played a critical role in achieving the reported performance. |
| | | | | | | | |

PROGRAMME 1 - OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS, AND ACTUAL ACHIEVEMENTS (REVISED INDICATORS AND TARGETS)

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2022/23 | AUDITED ACTUAL PERFORMANCE 2023/24 | PLANNED ANNUAL PERFORMANCE 2024/25 | ACTUAL PERFORMANCE 2024/25 | DEVIATION FROM PLANNED TARGET TO ACHIEVEMENT 2024/25 | REASON FOR VARIANCE OR REVISION |
|--|---|---|------------------------------------|------------------------------------|---|-----------------------------|--|---|
| Institutional capacity to deliver on the NDA mandate | New Organisational Structure | Approved Organisational Structure | New indicator | New indicator | Organisational Structure approved | The target was not achieved | The target was not achieved | The draft Organisational Structure was produced; however, there were critical components such as the delayed conclusion of the business processes which led to the non-achievement of this target. |
| | Capacity Enhancement Plan | Number of Staff capacitated in the implementation of the new service delivery model | New indicator | New indicator | 100 | 107 | 7 | The targeted number was duly met and surpassed through partnership with DGRV, who were able to provide targeted training to the Development Practitioners. |
| | New Brand and Integrated Marketing Communication Strategy | Consulted Brand and Integrated Marketing Communication Strategy | New indicator | New indicator | Brand and Integrated Marketing Communication Strategy consulted | The target was not achieved | The target was not achieved | The process of procuring a service provider suitable to implement the project was long; in turn it delayed commissioning of the project. The delay subsequently affected the implementation of most of the milestones that had been earmarked in the project plan resulting in non-achievement. |

PROGRAMME 1 - OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS, AND ACTUAL ACHIEVEMENTS (REVISED INDICATORS AND TARGETS)

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2022/23 | AUDITED ACTUAL PERFORMANCE 2023/24 | PLANNED ANNUAL PERFORMANCE 2024/25 | ACTUAL PERFORMANCE 2024/25 | DEVIATION FROM PLANNED TARGET TO ACHIEVEMENT 2024/25 | REASON FOR VARIANCE OR REVISION |
|--|--|--|------------------------------------|------------------------------------|---|-----------------------------|--|--|
| Institutional capacity to deliver on the NDA mandate | IT System | Developed Digital platform for the new operating model | New indicator | New indicator | Digital platform deployed for the new operating model | The target was not achieved | The target was not achieved | The delay in finalising the business processes negatively affected performance and achievement of this target. |
| | Resource Mobilisation Report | Rand value of financial resources raised from NDA partnerships to fund poverty eradication interventions | R35 million | R57 million | R60 million | R64 809 738,22 | R4 809 738,22 | The resources were mobilised as anticipated due to cooperation from stakeholders and donors, that the NDA collaborated with for CSO funding and development. |
| | Internal Audit Turnaround plan progress report | Percentage of prior year audit findings resolved | New indicator | 80% | 80% | 89% | 9% | There was close collaboration with the responsible business units which played a critical role in achieving the reported performance. |



2.4 Performance information

BY PROGRAMME

2.4.2 PROGRAMME 2 - CSO DEVELOPMENT: PERFORMANCE INFORMATION

The purpose of the programme is to elevate the NDA to become the leading coordinator of development initiatives, in its pursuit of becoming the premier development agency in the country. This programme focuses on creating effective poverty eradication impact through using relevant mechanisms and channels of poverty eradication, including but not limited to the support of CSOs. The Programme provides a comprehensive package of services and interventions that is aimed at developing CSOs to their full potential to ensure that CSOs, especially those operating in impoverished communities, have the capabilities to provide quality services to the communities they serve.

The Programme also focuses on providing grants to CSOs that work with impoverished communities to develop their capacities to deliver quality projects and programmes. The resources mobilisation component of this sub-programme aims at mobilising resources from the South African government, foreign governments, international agencies, and the private sector to increase the funding base of the CSOs working in impoverished communities. The programme functions through provincial and district offices, which provide the operational platform for the delivery of NDA services in the communities. The role of the provincial offices is to plan, manage, and direct the NDA's provincial development programmes to ensure the accomplishment of the goals and objectives of the province as defined by the NDA mandate. These programmes are then coordinated and implemented in the districts.

PROGRAMME 2 - OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS, AND ACTUAL ACHIEVEMENTS (ORIGINAL INDICATORS AND TARGETS)

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2022/23 | AUDITED ACTUAL PERFORMANCE 2023/24 | PLANNED ANNUAL PERFORMANCE 2024/25 | ACTUAL PERFORMANCE 2024/25 | REASON FOR VARIANCE OR REVISION |
|--|------------------------------|--|------------------------------------|------------------------------------|------------------------------------|----------------------------|---|
| Increased access to resources for target Community Owned Enterprises | Resource Mobilisation Report | Rand value of financial resources raised | R35 million | R57 million | R100 million | R64,8 million | The indicator was changed slightly, and the target was adjusted down to R60m. The target was subsequently moved to Programme 1. |
| | Resource Distribution Report | Number of Community Owned Enterprises who have accessed resources from strategic partners | New indicator | New indicator | 22 Community Owned Enterprises | Target not achieved | The indicator was removed as the organisational focus turned from Community Owned Enterprises to Civil Society Organisations. |
| Community driven projects to build self-sustainable communities | COE sustainability Report | Number of self-reliant Community Owned Enterprises | New indicator | New indicator | 22 Community Owned Enterprises | Target not achieved | The indicator was removed as the organisational focus turned from Community Owned Enterprises to Civil Society Organisations. |
| | COE Financial Report | Percentage of Community Owned Enterprises earning above Upper Bound Poverty Line | New indicator | New indicator | 10% of COE members | Target not achieved | The indicator was removed as the organisational focus turned from Community Owned Enterprises to Civil Society Organisations. |
| | Capacity Building Report | Number of Community Owned Enterprises capacitated with skills to implement poverty eradication Interventions | New indicator | New Indicator | 22 Community Owned Enterprises | Target not achieved | The indicator was removed as the organisational focus turned from Community Owned Enterprises to Civil Society Organisations. |

PROGRAMME 2 - OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS, AND ACTUAL ACHIEVEMENTS (REVISED INDICATORS AND TARGETS)

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2022/23 | AUDITED ACTUAL PERFORMANCE 2023/24 | PLANNED ANNUAL PERFORMANCE 2024/25 | ACTUAL PERFORMANCE 2024/25 | DEVIATION FROM PLANNED TARGET TO ACHIEVEMENT 2024/25 | REASON FOR VARIANCE OR REVISION |
|--|------------------------------|---|------------------------------------|------------------------------------|------------------------------------|----------------------------------|--|---|
| Increased access to resources for target Civil Society Organisations | Resource Distribution Report | Number of Civil Society Organisations who have accessed resources for implementation of poverty eradication interventions | New indicator | 79 Civil Society Organisations | 120 Civil Society Organisations | 565 Civil Society Organisations | 445 Civil Society Organisations | The reported results were successfully achieved through the massive support received from third parties. Through collaboration with the third-party funders more CSOs than anticipated were identified who benefited from the support by funders. |
| | Community Engagement Report | Number of community engagements on poverty eradication conducted | New indicator | New indicator | 22 community engagements | 22 community engagements | None | None |
| | COE Report | Number of Community Owned Enterprises established | New indicator | New indicator | 9 COEs established | 9 COEs established | None | None |
| | Capacity Building Report | Number of Civil Society Organisations capacitated with skills to implement poverty eradication Interventions | 3124 | 3077 | 1000 Civil Society Organisations | 1786 Civil Society Organisations | 786 Civil Society Organisations | The reported performance was achieved due to the massive financial support received from third parties. |

PROGRAMME 2 - OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS, AND ACTUAL ACHIEVEMENTS (REVISED INDICATORS AND TARGETS)

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2022/23 | AUDITED ACTUAL PERFORMANCE 2023/24 | PLANNED ANNUAL PERFORMANCE 2024/25 | ACTUAL PERFORMANCE 2024/25 | DEVIATION FROM PLANNED TARGET TO ACHIEVEMENT 2024/25 | REASON FOR VARIANCE OR REVISION |
|---------|--------------------------|--|------------------------------------|------------------------------------|------------------------------------|----------------------------|--|--|
| | Capacity Building Report | Number of community members capacitated with skills to implement poverty eradication interventions | New indicator | 5110 | 2200 community members | 3410 community members | 1210 community members | The reported performance was achieved due to the massive financial support received from third parties. |
| | COE Report | Number of beneficiaries participating in income generation projects | 3175 | 1911 | 1000 beneficiaries | 1119 beneficiaries | 119 beneficiaries | In addition to resources grant funded for community economic programmes, partnerships established between NDA and third parties contributed largely to the reported results. |



2.4 Performance information

BY PROGRAMME

2.4.3 PROGRAMME 3 - RESEARCH: PERFORMANCE INFORMATION

The Research programme of the NDA derives its functions from Section 3.2 (a) and (b) of the National Development Agency Act, No. 108 of 1988, (as amended) which states that the NDA must: -

3.2(a) *promote:*

- (i) *Consultation, dialogue and sharing of development experience between civil society organisations and relevant organs of state; and*
- (ii) *Debate on development policy; and*

3.2(b) *Undertake research and publication aimed at providing the basis for development policy.*

To fulfil this mandate, the NDA has structured the delivery of this mandate into two functional areas: which are the research and monitoring and evaluation functions. The research function at the NDA is responsible for conducting research studies, creating platforms for engagements, debates and sharing research outcomes and publishing research reports and policy briefs. This function aims to encourage engagement on policy issues that negatively impact social and economic development in the population of South Africa. Whilst the monitoring and evaluation (M&E) function develops an M&E framework, systems and tools for monitoring and evaluation of NDA to ensure accountability and improvements in outcomes and impacts of the NDA development programmes. This function also promotes and supports accurate, reliable and valid reporting on the programmes of the NDA and the use of lessons learned through periodic evaluations of the NDA programmes.

PROGRAMME 3 - OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS (ORIGINAL INDICATORS AND TARGETS)

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2022/23 | AUDITED ACTUAL PERFORMANCE 2023/24 | PLANNED ANNUAL PERFORMANCE 2024/25 | ACTUAL PERFORMANCE 2024/25 | REASON FOR VARIANCE OR REVISION |
|--|-------------------------------------|---|------------------------------------|------------------------------------|--|--|--|
| An enabled environment for sustainable development created through research, lobbying and advocacy | Scanned Policy Environment | Policy Environment Scanned report | New indicator | New indicator | Research report on policy landscape | A research report on the policy landscape was produced | The indicator was slightly adjusted to improve its measurability and compliance with the requirements of the SMART principle. |
| | Lobby and Policy Advocacy framework | Approved Lobby and Advocacy framework | New indicator | New indicator | Lobby and Advocacy framework implemented | Target not achieved | The indicator and target were adjusted to focus only on advocacy to improve measurability and compliance with the requirements of the SMART principle. |
| | Research Publications | Research publications produced on identified priority areas | New indicator | New indicator | Research publications produced on social and economic policy impediments | Research report was produced on policy impediments | The indicator and target were adjusted to improve measurability and compliance with the requirements of the SMART principle. |
| | Policy enhancement proposal | Policy proposal produced for lobbying and advocacy | New indicator | New indicator | Proposed policy enhancements on identified sectors | Target not achieved | The indicator was removed from the APP due to potential duplication with the Policy Environment indicator. |
| | Dialogue reports | Dialogues held to lobby for proposed policy changes | New indicator | New indicator | Dialogue held on proposed policy changes | Dialogue was held on proposed policy changes | The indicator and target were adjusted to improve measurability and compliance with the requirements of the SMART principle. |
| | | | | | | | |

PROGRAMME 3 - OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS (REVISED INDICATORS AND TARGETS)

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2022/23 | AUDITED ACTUAL PERFORMANCE 2023/24 | PLANNED ANNUAL PERFORMANCE 2024/25 | ACTUAL PERFORMANCE 2024/25 | DEVIATION FROM PLANNED TARGET TO ACHIEVEMENT 2024/25 | REASON FOR VARIANCE OR REVISION |
|--|---------------------------|---|------------------------------------|------------------------------------|--|--|--|---------------------------------|
| An enabled environment for sustainable development created through research, lobbying and advocacy | Evaluation Report | Conducted evaluations on poverty eradication programmes | New indicator | New indicator | Design Evaluation report on NDA poverty eradication interventions produced | Design Evaluation report on NDA poverty eradication interventions produced | None | None |
| | Policy Landscape report | Produced Policy Landscape report | New indicator | New indicator | Research report on policy landscape produced | A research report on the policy landscape was produced | None | None |
| | Policy Advocacy framework | Approved Policy Advocacy framework | New indicator | New indicator | Policy Advocacy framework approved | Policy Advocacy framework was approved | None | None |
| | Research Publications | Produced research report on policy impediments | New Indicator | New Indicator | Research report produced on policy impediments | Research report was produced on policy impediments | None | None |
| | Policy Briefs | Produced policy briefs for lobbying and advocacy | New Indicator | New Indicator | Policy briefs for lobbying and advocacy produced | Policy briefs for lobbying and advocacy were produced | None | None |
| | Dialogue reports | Dialogues held to lobby for proposed policy changes | New Indicator | New Indicator | Dialogue held on proposed policy changes | Dialogue was held on proposed policy changes | None | None |

2.5 Irregular EXPENDITURE

| Reconciliation of irregular expenditure | 2024/2025 | 2023/2024 | 2022/2023 |
|---|-----------------|----------------|-----------------|
| Description | R'000 | R'000 | R'000 |
| Opening balance | R83 441 | R83 430 | R 175 802 |
| Prior Period Errors | - | - | R 6 046 |
| As Restated | R83 441 | R83 430 | R181 848 |
| Add: Irregular expenditure confirmed | R701 | R1 958 | R335 |
| Less: Irregular expenditure condoned | - | (R1 947) | (R98 753) |
| Less: Irregular expenditure not condoned and removed | - | - | - |
| Less: Irregular expenditure recoverable | - | - | - |
| Less: Irregular expenditure not recovered and written off | - | - | - |
| Closing balance | R 84 142 | R83 441 | R83 430 |

| Reconciling notes to the annual financial statement disclosure | 2024/2025 | 2023/2024 |
|--|-----------------|----------------|
| Description | R'000 | R'000 |
| Irregular Expenditure under assessment | R82 292 | R 82 632 |
| Prior year irregular expenditure confirmed in current year | R1149 | - |
| Irregular expenditure for the current year | R 701 | R 809 |
| Total | R 84 142 | R83 441 |

| Details of current and previous year irregular expenditure (under assessment, determination, and investigation) | 2024/2025 | 2023/2024 |
|---|-----------------|----------------|
| Description | R'000 | R'000 |
| Irregular expenditure under assessment | R 46 764 | R 15 091 |
| Irregular expenditure under determination | R 8 535 | R 45 087 |
| Irregular expenditure under investigation | R26 993 | R 23 263 |
| Total | R 84 142 | R83 441 |

Details of current and previous year irregular expenditure condoned

| | 2024/2025 | 2023/2024 |
|--|-----------|----------------|
| Description | R'000 | R'000 |
| Irregular Expenditure under assessment | - | R 1 947 |
| Total | - | R 1 947 |

Details of current and previous year irregular expenditure removed - (not condoned)

| | 2024/2025 | 2023/2024 |
|--|-----------|-----------|
| Description | R'000 | R'000 |
| Irregular expenditure NOT condoned and removed | - | - |

Details of current and previous year irregular expenditure recoverable

| | 2024/2025 | 2023/2024 |
|---------------------------------|-----------|-----------|
| Description | R'000 | R'000 |
| Irregular expenditure recovered | - | - |

Details of current and previous year irregular expenditure not recoverable and written off (irrecoverable)

| | 2024/2025 | 2023/2024 |
|-----------------------------------|-----------|-----------|
| Description | R'000 | R'000 |
| Irregular expenditure written off | - | - |

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement

| Description |
|-------------|
| None |

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

| | 2024/2025 | 2023/2024 |
|--|-----------|-----------|
| Description | R'000 | R'000 |
| The institution procured services of another organ of state to conduct business case analysis for a division that is to be established, and it was found that the supplier awarded the contract did not meet the minimum requirement and Entity A was part of the bid committee meeting. | - | - |
| Total | - | - |

Details of current and previous year disciplinary or criminal steps taken because of irregular expenditure

| | 2024/2025 | 2023/2024 |
|--------------------------|-----------|-----------|
| Description | R'000 | R'000 |
| Disciplinary steps taken | - | - |
| Total | - | - |

2.6 Fruitless and Wasteful EXPENDITURE

Reconciliation of fruitless and wasteful expenditure

| | 2024/2025 | 2023/2024 | 2022/2023 |
|---|----------------|----------------|----------------|
| Description | R'000 | R'000 | R'000 |
| Opening balance | R 2 340 | R 1 488 | R 1 229 |
| Prior Period Errors | - | - | - |
| Restated Opening balance | R 2 340 | R 1 488 | R 1 229 |
| Add: Fruitless and wasteful expenditure | R 63 | R 852 | R 259 |
| Less: Fruitless and wasteful expenditure | - | - | - |
| Less: Fruitless and wasteful expenditure not condoned, but approved for removal | - | - | - |
| Less: Fruitless and wasteful expenditure | - | - | - |
| Less: Fruitless & wasteful expenditure not recovered and written off | - | - | - |
| Closing balance | R 2 403 | R 2 340 | R 1 488 |

Reconciling notes to the annual financial statement disclosure

| | 2024/2025 | 2023/2024 |
|--|----------------|---------------|
| Description | R'000 | R'000 |
| Fruitless and wasteful expenditure under assessment | R 1 609 | R 1488 |
| Prior year Fruitless and wasteful expenditure identified / confirmed in current year | R 731 | - |
| Fruitless and wasteful expenditure for the current year | R 63 | R121 |
| Total | R 2 403 | R 1609 |

Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

| | 2024/2025 | 2023/2024 |
|--|----------------|----------------|
| Description | R'000 | R'000 |
| Fruitless and wasteful expenditure under assessment | R 2 403 | R 1 426 |
| Fruitless and wasteful expenditure under determination | - | R 183 |
| Fruitless and wasteful expenditure under investigation | - | - |
| Total | R 2 403 | R 1 609 |

Details of current and previous year fruitless and wasteful expenditure condoned

| | 2024/2025 | 2023/2024 |
|---|-----------|-----------|
| Description | R'000 | R'000 |
| Fruitless and wasteful expenditure condoned | - | - |
| Total | - | - |

Details of current and previous year fruitless and wasteful expenditure removed - (not condoned)

| | 2024/2025 | 2023/2024 |
|---|-----------|-----------|
| Description | R'000 | R'000 |
| Fruitless and wasteful expenditure NOT condoned and removed | - | - |
| Total | - | - |

Details of current and previous year fruitless and wasteful expenditure recoverable

| | 2024/2025 | 2023/2024 |
|--|-----------|-----------|
| Description | R'000 | R'000 |
| Fruitless and wasteful expenditure recovered | - | - |

Details of current and previous year fruitless and wasteful expenditure not recoverable and written off (irrecoverable)

| | 2024/2025 | 2023/2024 |
|--|-----------|-----------|
| Description | R'000 | R'000 |
| Fruitless and wasteful expenditure written off | - | - |

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

| Description |
|-------------|
| None |

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

| | 2024/2025 | 2023/2024 |
|--|-----------|-----------|
| Description | R'000 | R'000 |
| The institution procured services of another organ of state to conduct business case analysis for a division that is to be established, and it was found that the supplier awarded the contract did not meet the minimum requirement and Entity A was part of the bid committee meeting. | - | - |
| Total | - | - |

Details of current and previous year disciplinary or criminal steps taken because of fruitless and wasteful expenditure

| | 2024/2025 | 2023/2024 |
|--------------------------|-----------|-----------|
| Description | R'000 | R'000 |
| Disciplinary steps taken | - | - |
| Total | - | - |

2.7 Linking performance WITH BUDGETS

| Programme Name | 2024/2025 | | | 2023/2024 | | |
|-------------------------------|----------------------|----------------------------|----------------------------|----------------------|----------------------------|----------------------------|
| | Final Budget (R'000) | Actual Expenditure (R'000) | Under/Overspending (R'000) | Final Budget (R'000) | Actual Expenditure (R'000) | Under/Overspending (R'000) |
| Governance and Administration | R 127 149 | R105 474 | R 21675 | R 128 225 | R 111 007 | R 17 218 |
| CSO Development | R 101 633 | R 97 537 | R 4 096 | R 117 020 | R 105 017 | R 12 003 |
| Research and Development | R 7 667 | R 6 335 | R 1 332 | R 9933 | R 8 919 | R 1014 |
| | R 236 449 | R 209 346 | R 27 103 | R 255 178 | R 224 942 | R 30 235 |

2.8 Revenue COLLECTION

| Revenue Item | 2024/2025 | | | 2023/2024 | | |
|--|----------------------|------------------------|----------------------------|----------------------|------------------------|----------------------------|
| | Final Budget (R'000) | Actual Receipt (R'000) | Under/Over receipt (R'000) | Final Budget (R'000) | Actual Receipt (R'000) | Under/Over receipt (R'000) |
| Transfer from National Treasury | R 212 001 | R 212001 | - | R 220 116 | R 220 116 | - |
| Other grants, third party funds and donations | - | R 165 | R 165 | R 969 | R 1 154 | R185 |
| Rollover of surplus funds | R 19 218 | - | (R 19 218) | R28 621 | - | (R 28 621) |
| Transfer from prior year Performance bonus overprovision | R 3 977 | - | (R 3 977) | - | - | - |
| Other income | R 120 | R 193 | R 73 | - | R 622 | R 622 |
| Interest received | R 1133 | R 353 | (R 779) | R 5 388 | R 5 132 | (R 256) |
| Project recoveries | - | - | - | R 84 | R 21 | (R 63) |
| | R 236 449 | R 212 712 | (R 23 736) | R 255 178 | R 227 045 | R 28 133 |

2.9 B-BBEE Compliance

PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry and Competition.

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) regarding the following:

| Criteria | Yes/No | Discussion |
|---|--------|--|
| Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law? | n/a | The NDA does not regulate economic activity in terms of any law. |
| Developing and implementing a preferential procurement policy? | Yes | The NDA is required to comply with the Preferential Procurement Policy Framework Act (PPPFA) and its associated regulations, and the Broad-Based Black Economic Empowerment Act (B-BBEEA). Consequently, the NDA makes provision for such compliance in its Supply Chain Management Policy. The policy makes provision for the targeting of specific groups identified in the above legislation for preferential procurement, through the establishment of pre-qualifying criteria in the procurement processes. |
| Determining qualification criteria for the sale of State-Owned Enterprises? | n/a | |
| Developing criteria for entering into partnerships with the private sector? | Yes | The NDA is permitted, through its enabling legislation [NDA Act, section 4 (1)(a)] to act as a conduit for funding from the private sector for the implementation of poverty alleviation development programmes by civil society organisations in marginalised communities. The criteria developed for such resource mobilisation partnerships is focused on a mutual mandate of meeting the development needs of poor communities. |
| Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment? | Yes | In terms of section 4 (2)(a) of the NDA Act, the NDA determines its criteria and procedures for the awarding of grants in support of Broad-Based Black Economic Empowerment, to any civil society organisation undertaking development projects in poor communities. |



PART C:

REPORT ON GOVERNANCE

3.1 INTRODUCTION

The NDA is a national public entity, established in terms of section 2 of the National Development Act 1998, as amended (NDA Act), and is governed by the Public Finance Management Act, 1999, as amended (PFMA). The NDA's corporate governance framework embodies the principles contained in King IV, as well as the NDA's policies which contain the best practice, processes and systems—that enable the Agency to execute its governance responsibilities, whilst supporting accountability.

The NDA is led by a Board that is appointed by the Minister in terms of Section 5 of the NDA Act and reports to the Department of Social Development as its Executive Authority. Parliament, through the Portfolio Committee on Social Development (Portfolio Committee), exercises oversight of the service delivery performance and commitments made in terms of the NDA Strategy, APP and budget.

3.2 Portfolio/Select COMMITTEES

As a National Public Entity of the Department of Social Development, the NDA, through the Minister, accounts to the Parliamentary Portfolio Committee on Social Development (PPC) and is required to present its Strategic Plan, Budget, and Annual Report. In the period under review, the Agency presented its 2024/2025 Annual Performance Plan, the 2023/2024 Annual Report, and the 2023/2024 Audit Action Plan to the PPC.

3.3 Executive AUTHORITY

The Minister of the Department of Social Development is the Executive Authority of the NDA, as defined by the PFMA. The Board accounts to the Executive Authority and is required to submit a budget of estimated value and expenditure every financial year for approval. The Board further submits performance and financial information results every quarter. The following reports have been submitted to the Executive Authority:

| 2024/2025 | Documents submitted | Date submitted by the NDA | Status |
|-----------|------------------------------|---------------------------|----------|
| Quarter 1 | Quarterly Performance Report | 31 July 2024 | Approved |
| Quarter 2 | Annual Report 2023/2024 | 30 September 2024 | Approved |
| | Quarterly Performance Report | 31 October 2024 | Approved |
| Quarter 3 | Quarterly Performance Report | 31 January 2025 | Approved |
| Quarter 4 | Quarterly Performance Report | 30 April 2025 | Approved |

3.4 Accounting AUTHORITY

The Board serves as the Accounting Authority of the NDA, appointed by the Minister of the Department of Social Development in terms of section 5 of the National Development Agency Act 108 of 1998, as amended. The Board upholds the provisions of the Public Finance Management Act and fulfils its fiduciary responsibilities towards the NDA as outlined in Part B of Chapter 6 of the PFMA.

The Board diligently fulfils its responsibilities by ensuring the prudent protection of the assets and records of the public entity, conducting financial affairs with fidelity, honesty and integrity, acting in the best interest of the public entity. When requested, the Board discloses all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or legislature. Furthermore, The Board endeavours to prevent any detriment to the financial interests of the state within its sphere of influence as the Accounting Authority.

The Board adheres to the Principles on Good Corporate Governance as outlined in the King IV Report and is therefore responsible for:

- a) Steering and setting the strategic direction of the NDA
- b) Approving policy and planning that gives effect to the strategy
- c) Ensuring accountability for organisational performance
- d) Overseeing and monitoring implementation and execution by management

The role of the Board/Accounting Authority is as follows:

In addition to the above, the Board of the NDA is responsible for the following:

- a) It holds absolute responsibility for the performance of the public entity.
- b) It retains full and effective control over the public entity.
- c) It must ensure that the public entity complies with applicable laws, regulations, and government policy.

- d) It has unlimited access to information of the public entity.
- e) It formulates, monitors, and reviews corporate strategy, major plans of action, risk policy, annual budgets, and business plans.
- f) It ensures that the shareholders' performance objectives are achieved.
- g) It manages potential conflicts of interest.
- h) It develops a clear definition of levels of materiality.
- i) The Board must attend annual meetings.
- j) It ensures financial statements are prepared.
- k) The Board must appraise the performance of the Chairperson.
- l) It must ensure effective Board induction.
- m) It must maintain integrity, responsibility, and accountability.

Board Charter

The Board of the NDA is governed by the Board Charter, which was last reviewed in April 2025. During the review period, the Board implemented the Board Charter to ensure consistency with corporate governance principles detailed in the King Report IV. The Charter functions as a guideline for the Board, covering its conduct, the governance of members, committees, meetings, as well as the overall roles and authorities of the NDA Board. The Board actively implemented the approved Charter and Committee Terms of Reference to ensure governance and good administration during this period.

Composition of the Board

The Board operated with only nine members, instead of the required eleven members. This reduction in membership resulted from the resignation of one member and the declined appointment by another nominated member due to deployment in a different position in the public sector or government department. Furthermore, the Board appointed three independent members of the Audit and Risk Committee in accordance with the Public Finance Management Act (PFMA), thereby constituting the prescribed committee.

The composition of both the Board and its Committees has strengthened oversight and the assurance of the NDA's quarterly and annual reports. Despite operating with nine members, instead of the mandated eleven, the Board has effectively fulfilled its duties and responsibilities.

Committees

The Board established four Committees that support its work:

Management and Programmes Committee

The MPC is a statutory Committee which is established in terms of section 8 of the NDA Act, inter alia, the Committee ensures that the NDA's programmes and projects to contribute to long-term sustainable outcomes are aligned with the NDA's mandate, in accordance with Principle 4 of King IV which advocates for value creation in a sustainable manner as defined in the Organisation for Economic Co-operation and Development (OECD) evaluation criteria. For the year under review, the Committee presided over the implementation of the grant funding and capacity building programmes and also monitored the implementation of the secondary mandate, providing oversight into the research work and the related dialogues.

Audit and Risk Committee

During the year under review, the ARC reviewed the Committee charter in March 2025, approved the internal audit coverage plan, monitored mitigation of the external

audit findings for the 2023/24 fiscal year, monitored the implementation of the strategic risk register, amongst other things.

Human Resources and Remunerations Committee

The Human Resources and Remunerations Committee underwent an extensive exercise in ensuring that the Human Capital Policies are reviewed and in line with the labour practice prescripts. The Committee inter alia, reviewed its Charter to ensure that it was still effective, relevant and fit for purpose. The Committee further conducted performance moderation as per the NDA policy.

Social and Ethics Committee

The Committee approved the Code of Ethics Policy, the Conflict of Interest Policy, Whistleblowing Policies, NDA Employees conducting business with the Organs of State and RWONDA Policy, Fraud Investigation Standard Operating Procedures (SOP). The Committee monitored the whistleblowing reporting, enterprise development and stakeholder engagement plan as part of its mandate to ensure responsible corporate citizenship, sustainable development and stakeholder relationships.

BOARD COMMITTEE COMPOSITION

| Name of Committee | Number of meetings attended | Committee Members |
|--|-----------------------------|---|
| Management and Programmes Committee | 5 4 5 2 3 | Ms NR Bhengu Chief L Matsila Dr O Sipuka Ms H Ralinala Ms N Moyo |
| Audit and Risk Committee | 5 5 2 3 2 | Mr. A Amod Dr. T Nyathi Ms T Smith Ms H Ralinala Ms M Phiri |
| Human Resource and Remuneration Committee | 5 4 6 4 3 | Dr O Sipuka Chief L Matsila Mr T Josopu Ms H Ralinala Ms. S Mncwabe |
| Social and Ethics Committee | 2 3 3 4 3 | Ms T Smith Mr T Josopu Ms S Mncwabe Ms NR Bhengu Ms N Moyo |

REMUNERATION OF BOARD MEMBERS

| Name of Member | Board fees | Other Expenses | Total |
|--------------------------|--------------------|----------------|--------------------|
| Ms. Nozabelo Ruth Bhengu | R 428 141 | - | R 428 141 |
| Chief Livhuwani Matsila | R 218 009 | - | R 218 009 |
| Ms. Happy Ralinala | R 178 224 | - | R 178 224 |
| Dr. Olwethu Sipuka | R 172 218 | - | R 172 218 |
| Ms. Tanya Smith | R 80 100 | - | R 80 100 |
| Mr. Thembinkosi Josopu | R 226 284 | - | R 226 284 |
| Ms. Sibongile Mncwabe | - | - | - |
| Ms. Nomtandazo Moyo | - | - | - |
| Mr. Mojalefa Mohoto | - | - | - |
| Mr. Ameen Amod* | R 192 290 | - | R 192 290 |
| Dr. Tishaniso Nyathi* | R 140 296 | - | R 140 296 |
| Ms. Margret Phiri* | R 86 336 | - | R 86 336 |
| TOTAL | R 1 721 898 | - | R 1 721 898 |

* Audit and Risk Committee Members

3.5 Risk MANAGEMENT

The NDA Board has adopted the Enterprise-wide Risk Management Framework, which is in line with the Public Sector Risk Management Framework, COSO, ISO 31000, and King IV report on corporate governance. These Frameworks give the NDA direction, guidance, and an approach on how risks should be identified, assessed, evaluated, managed, and reported. Management of the NDA has developed a risk register to ensure effective control and management of risks associated with the entity and its strategic objectives/outcomes. Management has also developed the risk appetite and tolerance levels framework to guide which risks and levels of risk are to be accepted and

not accepted in pursuit of strategic outcomes. The document has been developed and awaits approval by the Board.

The risk register is reviewed by EXCO and periodically (quarterly) reported to the Board's Audit and Risk Committee, which is responsible for the oversight and assurance of the risk management process. The NDA Board has the overall responsibility to ensure an effective, efficient, and transparent system of risk management and internal controls. The following is the progress in the implementation of the 2024-25 Strategic Risk Register:

| Business Unit | Average percentage (%) of Implementation of mitigations |
|--|---|
| Legal and Risk | 67% |
| Stakeholder Management | 63% |
| Company Secretary | 80% |
| Internal Audit | 100% |
| CFO | 84% |
| Corporate Services | 66% |
| COO's Office | 69% |
| Planning and Reporting | 75% |
| Average implementation of mitigations | 76% |

3.6 Internal Audit and AUDIT COMMITTEES

The internal audit activities evaluate the adequacy and effectiveness of internal controls and provide recommendations for improvement. These activities encompass the evaluation of the following:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets
- Compliance with laws, regulations and contracts


The Internal Audit Unit compiled an annual coverage plan that was designed to manage the prioritised and significant risks in the NDA, and for the year under review. The system of internal control applied by the NDA is effective, efficient and transparent and in line with the PFMA and National Treasury Regulations requirements. Areas of weakness that were identified during the audits are addressed by management on an ongoing basis and monitored through the audit turnaround strategy.

3.7 Compliance with laws and REGULATIONS

The NDA maintained adherence to applicable laws and regulations. It has developed a compliance checklist to monitor compliance with legal requirements and regulations tabulated in the compliance framework universe, which is regularly reviewed and updated.

3.8 Fraud and CORRUPTION

The NDA is proactively implementing one of the biggest interventions of the fraud prevention strategy, which is ethics management. It has conducted ethics maturity assessments and an ethics risk profile to guide how it should close gaps in maturing ethics management through the development of an ethics strategy and implementation plan. It is a three-year plan that has introduced and implemented various ethics interventions, including ethics policies, training and awareness and ethics advice line, etc. The NDA has also



had management tip-offs and a whistle-blowing hotline as a detective mechanism that assists in picking up cases that are reported and investigated to reduce the level of fraud and corruption in an organisation. The allegations register of fraud and corruption cases are reported to the Board's Social and Ethics Committee for monitoring.

3.9 Minimising conflict of INTEREST

The Conflict-of-interest policy requires employees of the NDA to disclose their financial interests to the employer. Employees have completed and submitted their financial disclosures for the period under review. Furthermore, the Board and Staff are required to declare any conflicts of interest they might have at the start of every meeting for Board Members and NDA staff to facilitate the recording of any interest that might impact the NDA. Further, in every management or Board and Board Committee meeting, declaration of interest forms part of the agenda items and is completed and signed. Where there is an interest declared, the member would be requested to recuse himself/herself when the item is discussed.

The Conflict-of-interest policy has been reviewed and it birthed a policy called NDA Employees Conducting Business with the Organs of the State and Remuneration Work outside NDA policy, which prohibits NDA employees to conducting business with the State to avoid possible conflict of interest. The policy also ensures that NDA employees declare their private commercial interests so that they do not conflict with NDA official duties. Both policies have been approved by the Board and are monitored and reported on their implementation to the Board's Social and Ethics Committee.

3.10 Code of CONDUCT

The Code of Conduct outlines rules and regulations governing the NDA activities. It also provides a framework for the NDA to establish its boundaries and supplements to

address territorial issues. Each employee has an obligation to be acquainted with and understand not only the guidelines contained in this code, but also the values on which they are based. The Code of Conduct provides broad guidance on the standards of business conduct as no code can address every situation that employees are likely to encounter. As a result, the Code of Conduct will not substitute the responsibility and accountability to exercise good judgment and obtain guidance on proper business conduct.

3.11 Health, Safety and ENVIRONMENTAL ISSUES

During the year under review, the NDA continued to comply with Section 8(a) of the Occupational Health and Safety Act 85 of 1993, "Every employer shall provide and maintain, as far as is reasonably applicable, a working environment that is safe and without risk to the health of his employees".

The agency put measures in place to ensure the safety and well-being of all employees. Each of the nine provincial offices and the national office has a trained SHE Representative who is responsible for conducting monthly and quarterly inspections, reporting, record keeping, awareness sessions with their respective offices and upholding high standards of commitment to the Act, not only for legal compliance, but also for the safety of employees, visitors and contractors that enter NDA premises. As part of risk assessment and management, these SHE Representatives are tasked to identify hazards by determining what hazards employees might face, including: Natural disasters (flooding, fire, etc.), monitoring the maintenance of fire extinguishers, regular collection/disposal of waste, daily cleaning and other tasks.

All SHE Reps are trained by independent service providers appointed through SCM. They all undergo training to ensure alignment with the current requirements of the OHSA. The Occupational Health & Safety policy is displayed on the notice boards for all employees and visitors to see. The SHE Representatives have been trained to provide first aid, the monitoring of hazards and how to resolve them. Cleaning staff, on the other hand, are provided with Personal Protective Equipment to protect them from harmful cleaning chemicals that they use.

3.12 Company SECRETARY

The Company Secretary oversees the following responsibilities on behalf of the Board:

- Maintaining the annual schedule and compliance calendar
- Providing overall administrative support and keeping records of all meeting proceedings
- Offering advice and guidance on corporate governance issues.
- Ensuring continuity and providing training on corporate governance principles.
- Ensuring that the Board reviews and approves all quarterly and annual performance reports, financial results, five-year Strategic Plans, mid-term expenditure framework and Annual Report.

These duties are performed in alignment with the Public Finance Management Act (PFMA) and the principles outlined in King Report IV on Good Corporate Governance.

3.13 Social RESPONSIBILITY

The NDA, by virtue of its mandate and work, is deeply involved in community development. Over and above funding community-based projects through the grant funding process, the NDA has sourced funding to aid some CSOs concerning mentoring and capacity building. Some CSOs were funded to travel to Eswatini for a learning and exchange programme.

3.14 Audit and Risk COMMITTEE REPORT

Audit and Risk Committee Responsibility

The Audit and Risk Committee (the Committee) reports that it has complied with its responsibilities arising from Section

51 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

Effectiveness of Internal Control

The Committee directs, monitors, and evaluates the activities of the Internal Audit Function. Through the Internal Audit Function, the Committee can report on the effectiveness of the internal control systems and assess whether the Internal Audit Function is fulfilling its role effectively and efficiently. In the conduct of its duties, the Committee has, inter alia, reviewed the following:

- The effectiveness of internal control systems.
- That the operational risk areas are covered in the scope of internal and external audits.
- The adequacy, reliability, and accuracy of financial information provided to the Board and stakeholders.
- 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 plan, coordination 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.

Based on the reviews conducted by the Committee during the year under review, the Committee can provide oversight assurance that the system of internal control applied by the Agency over financial management was effective, efficient, and transparent. The Internal Audit Unit, in line with the PFMA and the King IV Report on Corporate Governance requirements, provided the Committee and management with assurance that the internal controls were appropriate and effective. The Committee appreciates the appointment of a fully functioning Board by the Executive Authority during the year under review, which further strengthened the control environment and supported the work of the Committee. The Committee is, however, concerned with the inability of the

Agency to fully spend its budget, which impacts on its service delivery mandate.

In-Year Management and Quarterly Report

The monitoring of the Agency's performance is a key function of the Executive Authority. 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, several weaknesses identified in the previous financial year, were rectified, and management instituted and implemented an appropriate corrective action plan in the current 2024/2025 financial year.

Evaluation of Financial Statements

The Committee reviewed the draft annual financial statements before submission to the Auditor General as follows:

- Reviewed and discussed the unaudited annual financial statements to be included in the annual report with management.
- Reviewed and discussed the unaudited information on pre-determined objectives to be included in the annual report with management.
- Reviewed for changes in accounting policies and practices.
- Reviewed the Agency's compliance with legal and regulatory provisions.
- Reviewed explanations for significant fluctuations compared to the previous year.
- Reviewed explanations for variances between the financial statements and budgeted amounts.
- Reviewed any new or proposed legislation that may have an impact on policies, the financial statements, and disclosure therein.
- Enquired from management as to the adequacy, reliability, and completeness of supporting information as supporting these financial statements.
- The unaudited annual financial statements and performance reports were completed and reviewed on time, and therefore, the Committee recommended that

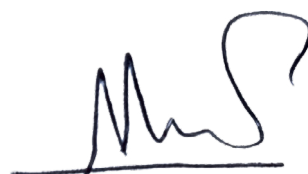
they be submitted to the Office of the Auditor General of South Africa by the 31st of May 2025.

Auditor's Report

The Committee met and considered the draft and the final management report and audit report. The Committee concurs with and accepts the opinion of the AGSA on the financial statements of the Agency for the year ended 31 March 2025. The Committee applauds the Agency for obtaining an Unqualified Audit Opinion. The Committee appreciates all the work put into achieving this by Management, under the leadership of the Acting CEO, as well as the support from the Board of Directors.

Conclusion

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 gratitude to the Board, Acting CEO, Management, and NDA staff for the commitment and progress made during the year under review. The Committee is pleased to present its report for the year ended 31 March 2025.



Mr. Ameen Amod
Chairperson of the Audit and Risk Committee
National Development Agency
Date: 30 September 2025



PART D:

HUMAN RESOURCES

4.1 INTRODUCTION

The Human Resources Unit is tasked to translate strategic plans into specific deliverables that will enable the NDA to implement its initiatives. Human capital also maintains policies and procedures to ensure their relevance, compliance and consistency on the way strategic objectives are rolled out. At this level, the Human Resources Unit focuses on improving channels of communication and ensuring that recruitment, retention, and development, amongst other strategies, are conducted effectively.

4.2 Human Resources OVERSIGHT STATISTICS

The NDA closed the financial year with a staff complement of 170. During the financial year, a total of 185 employees were employed throughout the period. Programmes 2 and 3 are made up of employees who are tasked with core functions, development management and research, together with the office of the Chief Operations Officer.

4.2.1 PERSONNEL COST BY PROGRAMME

| Programme | Total Expenditure for the entity (R'000) | Total Expenditure for the entity (R'000) | Personnel exp. as a % of total exp. | No. of employees | Average personnel cost per employee (R'000) |
|-------------|--|--|-------------------------------------|------------------|---|
| Programme 1 | R 105 474 | R 55 604 | 26,6% | 67 | R 861 |
| Programme 2 | R 97 537 | R 78 610 | 37,6% | 112 | R 712 |
| Programme 3 | R 6 335 | R4 634 | 2,1% | 6 | R 772 |
| Total | R 209 346 | R 138 848 | 66,3% | 185 | R 767 |

4.2.2 PERSONNEL COST BY SALARY BAND

| Level | Personnel Expenditure (R'000) | % of personnel exp. to total personnel cost | No. of employees | Average personnel cost per employee (R'000) |
|------------------------|-------------------------------|---|------------------|---|
| Top Management | R 8 279 | 6% | 6 | R 1 380 |
| Senior Management | R 31 225 | 22% | 22 | R 1 419 |
| Professional qualified | R78 517 | 56% | 102 | R 793 |
| Skilled | R 16 720 | 12% | 34 | R 464 |
| Semi-skilled | R 1 107 | 1% | 3 | R 369 |
| Unskilled | R 3 000 | 2% | 18 | R 200 |
| TOTAL | R 138 848 | 100% | 185 | R 767 |

4.2.3 PERFORMANCE REWARDS

| Level | Performance rewards (R'000) | Personnel Expenditure (R'000) | % of performance rewards to total personnel cost (R'000) |
|------------------------|-----------------------------|-------------------------------|--|
| Top Management | R170 | R 8 279 | 0,12% |
| Senior Management | R2 576 | R 31 225 | 1,86% |
| Professional qualified | R8 278 | R78 517 | 5,96% |
| Skilled | R1 992 | R 16 720 | 1,43% |
| Semi-skilled | R147 | R 1 107 | 0,11% |
| Unskilled | R362 | R 3 000 | 0,26% |
| TOTAL | R13 525 | R 138 848 | 9,74% |

4.2.4 TRAINING COSTS

| Programme | Personnel Expenditure (R 000) | Training Expenditure (R 000) | Training Expenditure as a % of Personnel Cost | No. of employees trained | Avg training cost per employee (R 000) |
|--------------|-------------------------------|------------------------------|---|--------------------------|--|
| Programme 1 | R 55 604 | 380 | 0,68% | 53 | 7,17 |
| Programme 2 | R 78 610 | 458 | 0,59% | 103 | 4,45 |
| Programme 3 | R4 634 | 6 | 0,13% | 4 | 1,50 |
| Total | R 138 848 | 844 | 0,61% | 160 | 5,28 |

4.2.5 EMPLOYMENT AND VACANCIES

| Programme | 2024/2025 Approved Posts | 2024/2025 No. of Employees | 2024/2025 Vacancies | % of vacancies |
|--------------|--------------------------|----------------------------|---------------------|----------------|
| Programme 1 | 63 | 67 | 13 | 6,7% |
| Programme 2 | 122 | 112 | 12 | 6,2% |
| Programme 3 | 9 | 6 | 5 | 2,6% |
| Total | 194 | 185 | 30 | 15,5% |

| Level | 2024/2025 Approved Posts | 2024/2025 No. of Employees | 2024/2025 Vacancies | % of vacancies |
|------------------------|-----------------------------|-------------------------------|------------------------|-------------------|
| Top Management | 6 | 6 | 3 | 1,5% |
| Senior Management | 23 | 22 | 2 | 1,0% |
| Professional qualified | 107 | 102 | 13 | 6,7% |
| Skilled | 37 | 34 | 8 | 4,0% |
| Semi-skilled | 4 | 3 | 1 | 0,5% |
| Unskilled | 17 | 18 | 3 | 1,5% |
| TOTAL | 194 | 185 | 30 | 15,5% |

The number of 185 includes casual staff and fixed-term contracted employees occupying positions outside the organisational structure, whilst others occupy funded positions in the organisational structure. The funded positions, although occupied by temporary employment, remain vacant as they are permanent positions in terms of the structure.

4.2.6 EMPLOYMENT CHANGES

| Level | Employment as of 01 April 2024 | Appointments | Terminations | Employment as of 31 March 2025 |
|------------------------|-----------------------------------|--------------|--------------|-----------------------------------|
| Top Management | 5 | 1 | 2 | 4 |
| Senior Management | 22 | 0 | 1 | 21 |
| Professional qualified | 98 | 4 | 4 | 98 |
| Skilled | 33 | 1 | 4 | 30 |
| Semi-skilled | 3 | 0 | 0 | 3 |
| Unskilled | 15 | 0 | 1 | 14 |
| TOTAL | 176 | 6 | 12 | 170 |

During the period under review, the staff complement at the beginning of the financial year was 176 and it differed from previous year's closing staff complement of 179 due to two (2) employees who were medically boarded and one (1) temporary employee whose contract ended on 31 March 2024.

4.2.7 REASONS FOR STAFF LEAVING

| Reason | Number | % of total no. of staff leaving |
|--------------------|-----------|---------------------------------|
| Death | 1 | 0,5% |
| Resignation | 7 | 3,6% |
| Dismissal | 2 | 1% |
| Retirement | 2 | 1% |
| Ill health | 0 | 0% |
| Expiry of contract | 4 | 2,1% |
| Other | 0 | 0% |
| TOTAL | 16 | 8,2% |

4.2.8 LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

| Nature of disciplinary Action | Number |
|-------------------------------|----------|
| Verbal Warning | 0 |
| Written Warning | 0 |
| Final Written Warning | 0 |
| Dismissal | 1 |
| TOTAL | 1 |

4.2.9 EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

| Level | Male | | | | | | | |
|------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 12 | 13 | 2 | 2 | 0 | 0 | 0 | 0 |
| Professional qualified | 37 | 42 | 4 | 4 | 0 | 0 | 0 | 0 |
| Skilled | 3 | 5 | 0 | 1 | 0 | 0 | 0 | 2 |
| Semi-skilled | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 57 | 66 | 6 | 7 | 0 | 0 | 0 | 2 |

The employment equity targets are in line with the Employment Equity Plan submitted that is based on funded positions only.

| Level | Female | | | | | | | |
|------------------------|------------|------------|----------|----------|----------|----------|----------|----------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 2 | 2 | 0 | 0 | 2 | 2 | 0 | 0 |
| Senior Management | 8 | 8 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional qualified | 60 | 60 | 1 | 1 | 0 | 0 | 0 | 0 |
| Skilled | 30 | 28 | 1 | 2 | 0 | 0 | 0 | 0 |
| Semi-skilled | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 14 | 12 | 1 | 1 | 0 | 0 | 0 | 0 |
| TOTAL | 117 | 113 | 3 | 4 | 2 | 2 | 0 | 0 |

| Level | Disabled Staff | | | |
|------------------------|----------------|----------|----------|----------|
| | Male | | Female | |
| | Current | Target | Current | Target |
| Top Management | 0 | 0 | 0 | 0 |
| Senior Management | 0 | 0 | 1 | 1 |
| Professional qualified | 0 | 1 | 1 | 1 |
| Skilled | 2 | 2 | 0 | 0 |
| Semi-skilled | 0 | 0 | 1 | 1 |
| Unskilled | 0 | 0 | 0 | 0 |
| TOTAL | 2 | 3 | 3 | 3 |





PART E:

AUDITED ANNUAL FINANCIAL STATEMENTS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the National Development Agency set out on pages 68 to 117, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Development Agency as at 31 March 2025 and financial performance and cash flow for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the Auditor-General for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code), as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the standard of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Auditor-General for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 64 of the annexure to the auditor's report, forms part of my auditor's report.

Report on the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. I selected the following material performance indicators related to Programme 2: civil society organisations development, presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of civil society organisations (CSOs) that have accessed resources for the implementation of poverty eradication interventions.
- Number of community engagements on poverty eradication conducted
- Number of community-owned enterprises established
- Number of CSOs capacitated with skills to implement development interventions
- Number of community members capacitated with skills to implement poverty eradication interventions
- Number of beneficiaries participating in income generation projects

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery of its mandate and objectives.

13. I performed procedures to test whether:

- The indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- All the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- The indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable, so that I can confirm the methods and processes to be used for measuring achievements
- The targets can be linked directly to the achievement of the indicators and are specific, time-bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance, as well as how performance will be evaluated
- The indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- The reported performance information is presented in the annual performance report in the prescribed manner
- There is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. I performed the procedures to report material findings only, and not to express an assurance opinion or conclusion.

15. The material findings on the reported performance information for the selected material indicators are as follows:

Number of CSOs who have accessed resources for the implementation of poverty-eradication interventions

16. The indicator was not clearly defined during the planning process. The indicator refers to the number of CSOs who have accessed resources; however, it was noted that the reporting on this indicator also includes committed resources not yet accessed. Consequently, the indicator is not useful for measuring and reporting on progress against planned objectives.

Number of beneficiaries participating in income generation projects

17. An achievement of 1119 was reported against a target of 1000. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the target was not achieved.

Other matter

18. I draw attention to the matter below.

Material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 2: civil society organisations development. Management did not correct the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entities, clearly allowing consistent measurement and evaluation, while also being sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

23. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual Financial Statements

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA.

25. Material misstatements of executive and non-executive management remuneration, operating lease commitment, operational commitments and statement of comparison of budget and actual amounts, cashflow statement identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

26. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 29 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by Interest charged on Late Payments.

Consequence management

27. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had

incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

28. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

29. Disciplinary steps were not taken against the officials who had incurred and/or permitted fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the PFMA.

Other information in the annual report

30. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

31. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report, and I do not express an audit opinion or any form of assurance conclusion on it.

32. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

Internal control deficiencies

34. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

35. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.

36. Management did not implement adequate review processes to ensure preparation of regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

37. Management did not implement adequate consequence management.

38. Inadequate review and monitoring of compliance with applicable legislation.

Auditor - General
Pretoria
31 July 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-General's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements.

The selected legislative requirements are as follows:

| Legislation | Sections or regulations |
|--|--|
| Public Finance Management Act 1 of 1999 | Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5) |
| Treasury Regulations, 2005 | Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3 |
| Companies Act 71 of 2008 | Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7) |
| Construction Industry Development Board Act 38 of 2000 | Section 18(1) |
| Construction Industry Development Board Regulations, 2004 | Regulation 17; 25(7A) |
| National Treasury Instruction No. 5 of 2020/21 | Paragraph 4.8; 4.9; 5.3 |
| Second Amendment National Treasury Instruction No. 5 of 202/21 | Paragraph 1 |
| Erratum National Treasury Instruction No. 5 of 202/21 | Paragraph 2 |
| National Treasury Instruction No. 1 of 2021/22 | Paragraph 4.1 |
| National Treasury Instruction No. 4 of 2015/16 | Paragraph 3.4 |
| National Treasury SCM Instruction No. 4A of 2016/17 | Paragraph 6 |
| National Treasury SCM Instruction No. 03 of 2021/22 | Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; 7.6 |
| National Treasury SCM Instruction No. 11 of 2020/21 | Paragraph 3.4(a); 3.4(b); 3.9 |
| National Treasury SCM Instruction No. 2 of 2021/22 | Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1 |
| National Treasury Practice Note 5 of 2009/10 | Paragraph 3.3 |
| National Treasury Practice Note 7 of 2009/10 | Paragraph 4.1.2 |
| Preferential Procurement Policy Framework Act 5 of 2000 | Section 1; 2.1(a); 2.1(f) |
| Preferential Procurement Regulations, 2022 | Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4 |
| Preferential Procurement Regulations, 2017 | Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2 |
| Prevention and Combating of Corrupt Activities Act 12 of 2004 | Section 34(1) |

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REPORT BY THE BOARD ON THE ANNUAL FINANCIAL STATEMENTS

In line with the Public Finance Management Act (Act 1 of 1999), the NDA Board is required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the annual financial statements fairly present the state of affairs of the NDA as at the end of the financial year and the results of its operations and cash flows for the period ended. The external auditors are engaged to express an independent opinion on the annual financial statements and are given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the fulfilment of these responsibilities, members set standards for internal control aimed at reducing the risk of error or deficit cost-effectively. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity, and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate business processes, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members believe, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future. The NDA is financially dependent on a transfer payment from nationally appropriated funds. On the basis that the transfer payment has been listed in the Estimates of National Expenditure, the NDA believes that it will have sufficient funds to continue operations in the year ahead. As a result, the annual financial statements have been prepared on a going concern assumption.

The Board is accountable for the fiduciary governance and oversight of the NDA. The Chief Executive Officer, as the Accounting Officer of the NDA, is responsible for the financial affairs of the NDA. The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements set out on page 5, which have been prepared on the going concern assumption, were approved by the board on 31 May 2025 and were signed on its behalf by:



Chief Livhuwani Matsila
NDA Board Chairperson

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

| | Note(s) | 2025 R | 2024 Restated* R |
|--|---------|-------------------|------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 3 | 67,556,978 | 82,373,229 |
| Receivables from exchange transactions | 4 | 1,443,007 | 1,650,448 |
| Receivables from non-exchange transactions | 5 | 571,866 | 49,010 |
| | | 69,571,851 | 84,072,687 |
| Non-Current Assets | | | |
| Property, plant and equipment | 6 | 5,764,321 | 6,267,006 |
| Intangible assets | 7 | 3,892,881 | 4,259,539 |
| | | 9,657,202 | 10,526,545 |
| Total Assets | | 79,229,053 | 94,599,232 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | 9 | 15,989,564 | 10,646,457 |
| Payables from non-exchange transactions | 10 | 10,507,192 | 2,907,730 |
| Provisions | 11 | - | 10,860,879 |
| Short-term employee benefits | 12 | 5,937,462 | 10,610,394 |
| Accrual for committed projects | 13 | 4,992,905 | 324,138 |
| Unutilised third-party funds (deferred income) | 14 | 8,690,641 | 23,743,324 |
| | | 46,117,764 | 59,092,922 |
| Total Liabilities | | 46,117,764 | 59,092,922 |
| Net Assets | | 33,111,289 | 35,506,310 |
| Accumulated surplus | | 33,111,289 | 35,506,310 |
| Total Net Assets | | 33,111,289 | 35,506,310 |

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025

STATEMENT OF FINANCIAL PERFORMANCE

| | Note(s) | 2025 R | 2024 Restated* R |
|---|---------|----------------------|------------------------|
| REVENUE | | | |
| Non-exchange revenue | | | |
| Transfer revenue | 15 | 212,001,000 | 220,116,000 |
| Other grants-third party funds | 16 | 165,200 | 1,154,059 |
| Recoveries from projects | | - | 21,000 |
| Total revenue from non-exchange transactions | | 212,166,200 | 221,291,059 |
| Exchange revenue | | | |
| Other income | 17 | 192,825 | 622,297 |
| Finance income | 18 | 353,718 | 5,131,708 |
| Total revenue from exchange transactions | | 546,543 | 5,754,005 |
| Total revenue | | 212,712,743 | 227,045,064 |
| EXPENDITURE | | | |
| Mandate expenses | | | |
| Disbursements to NDA funded projects | 21.8 | (12,459,226) | (12,068,600) |
| Third party funded capacity building costs | 21.3 | (165,200) | (712,500) |
| CSO development programme implementation costs | 21.1 | (3,967,138) | (4,366,874) |
| Research, monitoring and evaluation costs | | (1,700,797) | (3,607,170) |
| NDA funded capacity building costs | 21.2 | (2,335,249) | (5,346,181) |
| Mandate staff costs | 20 | (83,244,143) | (81,819,127) |
| CSO volunteer program (COVID -19 response) | 23 | - | (6,015,840) |
| Total mandate expenses | | (103,871,753) | (113,936,292) |
| Administration expenses | | | |
| Accommodation and travel | 21.4 | (6,711,319) | (7,865,797) |
| Audit fees | | (4,246,898) | (3,884,577) |
| Board & Loss Control Committee fees | 19 | (2,100,356) | (2,485,577) |
| Consulting and professional fees | 21.5 | (6,430,817) | (6,529,783) |
| Depreciation and amortisation | 33 | (1,077,805) | (1,029,415) |
| Operating leases | 21.6 | (11,569,328) | (10,154,497) |
| Admin staff costs | 20 | (57,261,428) | (60,378,747) |
| IT communication costs | 22 | (7,365,099) | (9,953,246) |
| Relocation of offices | | (150,173) | (341,358) |

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025

STATEMENT OF FINANCIAL PERFORMANCE

| | Note(s) | 2025 R | 2024 Restated* R |
|--------------------------------------|---------|----------------------|------------------------|
| Loss on disposal of assets | 6 | (190,535) | (154,418) |
| General expenses | 21.7 | (8,370,450) | (8,229,210) |
| Total administration expenses | | (105,474,208) | (111,006,625) |
| Total expenditure | | (209,345,961) | (224,942,917) |
| Surplus for the year | | 3,366,782 | 2,102,147 |



NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025

STATEMENT OF CHANGES IN NET ASSETS

| | Accumulated / plus/deficit R | Total net assets R |
|---|------------------------------------|--------------------------|
| BALANCE ON APRIL 1, 2023 | 37,120,555 | 37,120,555 |
| Changes in net assets | | |
| Prior year adjustments | 188,104 | 188,104 |
| Surplus surrendered to NRF | (3,904,496) | (3,904,496) |
| Net income (losses) recognised directly in net assets | (3,716,392) | (3,716,392) |
| Deficit for the year | 2,102,147 | 2,102,147 |
| Total recognised income and expenses for the year | (1,614,245) | (1,614,245) |
| Total changes | (1,614,245) | (1,614,245) |
| RESTATED* BALANCE AT 01 APRIL 2024 | 35,506,310 | 35,506,310 |
| Changes in net assets | | |
| Surplus surrendered to NRF | (5,761,803) | (5,761,803) |
| Net income (losses) recognised directly in net assets | (5,761,803) | (5,761,803) |
| Surplus for the year | 3,366,782 | 3,366,782 |
| Total recognised income and expenses for the year | (2,395,021) | (2,395,021) |
| Total changes | (2,395,021) | (2,395,021) |
| Balance at 31 March 2025 | 33,111,289 | 33,111,289 |

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025

CASH FLOW STATEMENT

| | Note(s) | 2025 R | 2024 Restated* R |
|---|-----------|----------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Transfer revenue | | 212,001,000 | 220,116,000 |
| Interest income | | 353,576 | 5,211,078 |
| Other receipts | | 358,026 | 1,682,293 |
| | | 212,712,602 | 227,009,371 |
| Payments | | | |
| Employee costs | | (148,439,776) | (148,253,858) |
| Suppliers | | (70,899,760) | (62,430,920) |
| Funded projects | | (7,790,459) | (28,923,178) |
| Surplus surrendered to National Revenue Fund (NRF) | | - | (3,904,496) |
| | | (227,129,995) | (243,512,452) |
| Net cash flows from operating activities | 24 | (14,417,251) | (16,503,077) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 6 | (399,000) | (2,976,671) |
| Net increase/(decrease) in cash and cash equivalents | | (14,816,251) | (19,479,748) |
| Cash and cash equivalents at the beginning of the year | | 82,373,229 | 101,852,980 |
| Cash and cash equivalents at the end of the year | 3 | 67,556,978 | 82,373,232 |

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

| Budget on Cash Basis | Approved budget R | Adjustments R | Final Budget R | Actual amounts on comparable basis R | Difference between final budget and actual R | Reference |
|--|-------------------|---------------|----------------|--------------------------------------|--|-----------|
| STATEMENT OF FINANCIAL PERFORMANCE | | | | | | |
| REVENUE | | | | | | |
| REVENUE FROM EXCHANGE TRANSACTIONS | | | | | | |
| Other income | - | 120,000 | 120,000 | 192,825 | 72,825 | 31.1 |
| Interest received - investment | 2,280,000 | (1,146,896) | 1,133,104 | 353,718 | (779,386) | 31.4 |
| Total revenue from exchange transactions | 2,280,000 | (1,026,896) | 1,253,104 | 546,543 | (706,561) | |
| REVENUE FROM NON- EXCHANGE TRANSACTIONS | | | | | | |
| TRANSFER REVENUE | | | | | | |
| Transfer revenue | 212,001,000 | - | 212,001,000 | 212,001,000 | - | 31.3 |
| Other grants - Third party funds LG SETA | - | - | - | 165,200 | 165,200 | |
| Transfer from balance sheet - 2024 bonus overprovision | - | 3,977,277 | 3,977,277 | - | (3,977,277) | 31.11 |
| Transfer from accumulated funds | - | 19,217,283 | 19,217,283 | - | (19,217,283) | 31.2 |
| Total revenue from non-exchange transactions | 212,001,000 | 23,194,560 | 235,195,560 | 212,166,200 | (23,029,360) | |
| Total revenue | 214,281,000 | 22,167,664 | 236,448,664 | 212,712,743 | (23,735,921) | |

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

| Budget on Cash Basis | Approved budget R | Adjustments R | Final Budget R | Actual amounts on comparable basis R | Difference between final budget and actual R | Reference |
|---------------------------------------|----------------------|---------------------|----------------------|--------------------------------------|--|-----------|
| EXPENDITURE | | | | | | |
| Admin staff costs | (63,195,818) | (9,941,182) | (73,137,000) | (57,261,428) | 15,875,572 | 31.12 |
| Research monitoring and evaluations | (3,399,142) | 279,427 | (3,119,715) | (1,700,797) | 1,418,918 | 31.5 |
| Board and loss control committee fees | (1,371,028) | (795,639) | (2,166,667) | (2,100,356) | 66,311 | |
| CSO development programme costs | (4,020,827) | 835,971 | (3,184,856) | (3,967,138) | (782,282) | 31.9 |
| NDA Funded capacity building | (3,216,693) | (18,499) | (3,235,192) | (2,335,249) | 899,943 | 31.6 |
| Relocation of offices | (1,405,000) | 1,136,612 | (268,388) | (150,173) | 118,215 | 31.15 |
| Operating lease | (12,090,722) | (182,717) | (12,273,439) | (11,569,328) | 704,111 | |
| Third party funded capacity building | - | - | - | (165,200) | (165,200) | 31.13 |
| Mandated staff costs | (86,991,232) | 4,120,970 | (82,870,262) | (83,244,143) | (373,881) | |
| Disbursements to NDA funded projects | (6,186,837) | (10,701,878) | (16,888,715) | (12,459,226) | 4,429,489 | 31.7 |
| General expenses | (7,557,656) | 1,095,498 | (6,462,158) | (8,370,450) | (1,908,292) | |
| Audit fees | (3,910,000) | 44,783 | (3,865,217) | (4,246,898) | (381,681) | |
| Consulting and professional fees | (5,372,200) | (5,428,233) | (10,800,433) | (6,430,817) | 4,369,616 | 31.8 |
| Travel and accommodation | (2,424,402) | (4,681,899) | (7,106,301) | (6,711,319) | 394,982 | |
| IT communication costs | (8,226,443) | (927,157) | (9,153,600) | (7,365,099) | 1,788,501 | 31.14 |
| Total expenditure | (209,368,000) | (25,163,943) | (234,531,943) | (208,077,621) | 26,454,322 | |
| Deficit | 4,913,000 | (2,996,279) | 1,916,721 | 4,635,122 | 2,718,401 | |

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

| Budget on Cash Basis | Approved budget R | Adjustments R | Final Budget R | Actual amounts on comparable basis R | Difference between final budget and actual R | Reference |
|---|-------------------|---------------|----------------|--------------------------------------|--|-----------|
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | 4,913,000 | (2,996,279) | 1,916,721 | 4,635,122 | 2,718,401 | |
| RECONCILIATION | | | | | | |
| BASIS DIFFERENCE | | | | | | |
| Capital expenditure | 4,913,00 | (2,995,60) | 1,917,40 | 399,000 | 1,518,40 | 31.10 |
| Depreciation and amortisation | | | | (1,077,805) | 1,077,80 | 31.16 |
| Loss on disposal of assets | | | | (190,535) | 190,53 | 31.16 |
| Actual Amount in the Statement of Financial Performance | | | | 3,366,782 | | |

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Statement of compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

The following Standards of GRAP that form part of the GRAP Reporting Framework for public entities, effective for financial periods commencing on 1 April 2022, 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 and errors |
| GRAP 9: | Revenue from exchange transactions |
| GRAP 13: | Leases |
| IGRAP 13: | Interpretation of the standards of GRAP on operating leases-incentives |
| GRAP 14: | Events after the reporting date |
| GRAP 17: | Property, plant and equipment |
| GRAP 19: | Provisions, contingent liabilities and contingent assets |
| GRAP 20: | Related party transactions |
| GRAP 21: | Impairment of non-cash generating assets |
| GRAP 23: | Revenue from non-exchange transactions (Taxes and Transfers) |
| GRAP 24: | Presentation of budget information in Financial Statements |
| GRAP 25: | Employee benefits |
| GRAP 31: | Intangible assets |
| GRAP 104: | Financial instruments |

The financial statements incorporate the following principal accounting policies that are consistent with those adopted in the previous year, except where stated, and are set out below:

1.2 Basis of preparation Measurement basis

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost accounting convention, unless otherwise specified. The NDA's functional currency is the South African Rand, and the annual financial statements are presented in South African Rand. Assets, liabilities, revenue and expenses have not been offset, except where offsetting is required, or permitted by a Standard of GRAP.

1.3 Significant judgments and sources of estimation

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

In preparing the annual financial statements, management makes use of estimates and assumptions that affect amounts presented in the annual financial statements and related disclosures. The use of reasonable estimates is an essential part of the preparation of the financial statements and does not undermine their reliability. Use of available information and the application of judgment are inherent in the assumptions and estimates.

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025 *(Significant Accounting Policies)*

These judgements have been applied in such a way to ensure that information is reliable, relevant, faithfully represents the information in the financial statements, and reflects the economic substance of transactions and not merely their legal form. Actual results in the future may differ from these estimates, which may be material to the annual financial statements, due to changed circumstances, new information or more experience. Significant judgments have been applied in determining the impairment assessment of receivables, provisions, bonus provisions, useful lives of depreciable assets, depreciation methods and impairment assessment of assets, amongst others.

Notes are included under the relevant areas of the financial statements, where significant judgements have been applied by management.

1.4 Going concern assumption

These annual financial statements are prepared on the assumption that the entity will continue in operation for the foreseeable future and will be able to meet its obligations for at least the next twelve months. The entity's current ratio of approximately 1,5 shows that the NDA has sufficient current assets to cover its short-term liabilities. The NDA is financially dependent on a transfer payment it receives from nationally appropriated funds. On the basis that the transfer payment has been listed in the Estimates of National Expenditure and based on the cash holdings at the end of the 2024/2025 financial year, the NDA believes that it will have sufficient funds to continue operations in the year ahead. As a result, the NDA has prepared the annual financial statements on a going concern basis.

1.5 Comparative information

Where the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a Standard of GRAP does not require the restatement of comparative information. The nature and reason for the amended presentation or classification are disclosed. Where material accounting errors related to recognition, measurement, presentation, disclosure, have been identified in the current year, the correction is made retrospectively by correcting the comparative amounts in the prior period presented, or by restating the opening balance of assets, liabilities and net assets for the earliest prior period presented, as far as is practicable to determine the period specific and cumulative effects of the error. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable, and the prior period comparatives are restated, and the opening balance of affected components of net assets for the earliest prior period presented are adjusted accordingly.

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the provision of services and for administrative purposes and are expected to be used during more than one reporting period.

Initial measurement and recognition of property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- a) Future economic benefits or service potential associated with the item will probably flow to the entity, and
- b) The cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured on recognition at cost. The cost of an item of property, plant and equipment is the amount of cash or cash equivalents paid, or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction. It comprises the purchase price after deducting trade discounts and rebates and including other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the

manner intended by management, such as delivery, installation and testing costs.

Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent recognition of property, plant and equipment

After recognition as an asset, an item of property, plant and equipment is carried at its cost less accumulated depreciation and accumulated impairment losses. This is referred to as the carrying value of the asset. Subsequent costs, which are costs incurred to add or replace a part of the same item of property, plant and equipment, are capitalised when it is probable that future economic benefits from the use of the asset will flow to the entity, and the cost or fair value of the item can be measured reliably. The carrying amount of those parts that have been replaced is derecognised. If it is not practicable to determine the carrying amount of the replaced part, the cost of the replacement is used as an indication of what the cost of the replaced part was at the time it was acquired. All other subsequent costs are recognised as an expense in the period in which they are incurred. The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or deficit when they are incurred as repairs and maintenance.

Depreciation and impairment of property, plant and equipment

Depreciation is the systematic allocation (write-off) of the depreciable amount of an asset over its useful life, where the depreciable amount is the cost of the asset less its residual value. The residual value of the asset is the estimated amount that an entity would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. In practice, the residual value of assets in the NDA is insignificant and therefore immaterial in the calculation of the depreciable amount, as assets are usually donated at the end of useful life. The useful life is the period over which the asset is expected to be available for use.

The depreciation method applied by the NDA is the straight-line method, which results in a constant charge over the useful life of the asset. The depreciation charge for each period is recognised in surplus or deficit, unless it is included in the carrying amount of another asset. Depreciation of an asset begins when it is available for use and ceases at the date when the asset is derecognised.

The depreciation method applied to an asset is reviewed at each reporting date, and if there is a significant change in the expected pattern of use of the asset, the method is changed to reflect that pattern and accounted for as a change in estimate. The NDA assesses at each reporting date whether there is an indication that expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If such an indication exists, the NDA revises the expected useful life and /or the residual value, and accounts for such revision as a change in accounting estimates. In assessing whether there is any indication that the expected useful life of an asset has changed, the indicators listed in paragraph 57 of GRAP 17 are considered by management.

At each reporting date, all items of property, plant and equipment are assessed for any indication that they may be impaired. The NDA designates its assets as non-cash generating assets at initial recognition, as assets are used for delivering services, and not for the purpose of generating a commercial return. The NDA accordingly applies the requirements of the GRAP 21 Standard. An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation and reflects a decline in the utility of the asset. Impairment exists when an asset's carrying amount is greater than its recoverable service amount. The recoverable service amount of an asset is the higher of its fair value, less costs to sell, and its value in use. The value in use of a non-cash generating asset is the present value of the asset's remaining service potential. If there is an indication of impairment,

the recoverable service amount of the asset is estimated.

In assessing whether there is any indication that an asset may be impaired, management considers the indicators listed in paragraph 23 of GRAP 21. The assets of the NDA comprise mainly items of property, plant and equipment used for administrative purposes, to the end of useful life, after which the assets are donated. As a result, an active trading market for these assets does not exist, and the fair value of the assets is difficult to estimate. The value in use is therefore used to estimate the recoverable service amount. The NDA applies the depreciated replacement cost approach in determining value in use. The replacement cost of the asset to replace the asset’s gross service potential is assessed and is then depreciated to reflect the asset in used condition. If the recoverable service amount of the asset, being its depreciated replacement cost, is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised in surplus or deficit in the current period, and the depreciation charge relating to the asset is adjusted in future periods, to allocate the asset’s revised carrying amount, on a systematic basis over its remaining useful life.

The useful lives of items of property, plant and equipment for the current and comparative period are as indicated below:

| Item | Depreciation | Average useful |
|------------------------|---------------|----------------|
| Furniture and fixtures | Straight line | 6-20 years |
| Motor vehicles | Straight line | 5 years |
| Office equipment | Straight line | 6-15 years |
| Computer equipment | Straight line | 3-11 years |

Derecognition of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised:

a) On disposal, including disposal through a non-exchange transaction; or

b) When no future economic benefits or service potential are expected from its use or on disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised and is determined by calculating the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.7 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance that are controlled by the NDA because of past events and from which future economic benefits or service potential are expected to flow.

An asset is identifiable if it either:

- Is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Initial recognition

An intangible asset is recognised if:

- Probably, the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- The cost or fair value of the asset can be measured reliably.

The future economic benefits or service potential flowing from an intangible asset may include revenue, cost savings or other benefits resulting from the use of the asset by the entity. The NDA assesses the probability of expected future economic benefits or service potential using reasonable and supporting assumptions that represent management's best estimate of the set of conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at the cost of acquiring the assets in an exchange transaction, or at the costs to internally generate the asset, or at fair value if it is acquired through a non-exchange transaction. The cost of an intangible asset acquired for no consideration or for a nominal consideration is its fair value as at the date of acquisition.

No intangible asset arising from research (or from the research phase of an internal project) is recognised by the NDA. Expenditure on research is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if the NDA can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention is to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits or service potential (the usefulness of the intangible asset).
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement of intangible assets

Intangible assets with a finite useful life are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation and impairment

The depreciable amount of an intangible asset with a finite useful life is allocated on a straight-line basis over its useful life, as amortisation. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the date that the asset is derecognised. The residual value of an intangible asset with a finite useful life is assumed to be zero. The amortisation charge for each period is recognised in surplus or deficit. Intangible assets are amortised on a straight-line basis over the estimated useful lives between 3-18 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. If the expected useful life of the asset is different from the previous estimates, the amortisation period is changed

accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the amortisation method is changed to reflect the changed pattern. Each change is accounted for as a change in accounting estimates.

At each reporting date, all items of intangible assets are reviewed for any indication that they may be impaired. Impairment exists when an asset's carrying amount is greater than its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. If there is an indication of impairment, the asset's recoverable amount is calculated. An impairment loss is recognised in surplus or deficit if the carrying amount is greater than the recoverable amount and the amortisation charge relating to the asset is adjusted for future periods, based on the revised carrying amount.

Amortisation is provided to write down the depreciable amount of intangible assets, on a straight-line basis, as follows:

| Item | Useful life |
|-------------------------------------|-------------|
| Computer software, other | 3-11 years |
| Intangible assets under development | 12 years |
| Other software | 18 years |

Derecognition of intangible assets

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is recognised in surplus or deficit, as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

1.8 Leases

A finance lease transfers substantially all the risks and rewards incidental to ownership of an asset.

An operating lease is a lease other than a finance lease, as it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessee

The NDA entered into entered into several operating leases for office space and office equipment. Operating lease payments are recognised as an expense in surplus or deficit on a straight-line basis over the lease term, in accordance with the Standard of GRAP on Lease. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability in the statement of financial position.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of leased assets, irrespective of the incentives' nature or form or the timing of payment. NDA recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term on a straight-line basis.

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. A financial asset is cash, or a contractual right to receive cash or another financial asset from another entity or exchange financial assets or financial liabilities with another entity under potentially favourable conditions. A financial liability represents a contractual obligation to deliver cash or another financial asset to another entity or exchange financial assets or financial liabilities with another entity under potentially unfavourable conditions to the entity.

Non- derivative financial instruments

The entity's financial instruments are made up of non-derivative financial assets and liabilities that have fixed or determinable payments, and these comprise the following:

- a) Cash and cash equivalents
- b) Receivables from exchange transactions
- c) Receivables from non-exchange transactions
- d) Payables from exchange transactions
- e) Payables from non-exchange transactions

Recognition and de-recognition

Financial assets or financial liabilities are recorded on the statement of financial position when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially recognised at fair value (transaction price) and subsequently measured at amortised cost, using the effective interest method. Financial assets are subject to an impairment review on an annual basis. For financial assets and liabilities measured at amortised cost, a gain or a loss is recognised in surplus or deficit when the financial asset is derecognised or impaired or through the amortisation process.

Financial assets are derecognised when the contractual rights to the cash flow from the financial assets expire, are settled or waived or when substantially all the risks and rewards are transferred. On derecognition, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

A financial liability is removed only when it is extinguished, that is, when the obligation specified in the contract is discharged, cancelled, expires or is waived. The difference between the carrying amount of the financial liability extinguished and the consideration paid is recognised in surplus or deficit.

On initial recognition, an instrument is classified as either a financial asset or a financial liability and recorded at fair value (transaction price) plus any directly attributable transaction costs of acquisition or issue. After initial recognition, financial assets and financial liabilities are measured at amortised cost.

a) Cash and cash equivalents

Cash and cash equivalents comprise: cash on hand, bank balances and other short-term highly liquid investments that are readily convertible to a known amount of cash, and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are recognised at nominal value.

Cash held by the entity includes cash balances held on behalf of third parties in terms of agreements entered with these parties.

b) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Such assets are measured at fair value, and subsequently carried at amortised cost, using the effective interest rate method, less any allowance for impairment. Gains and losses are recognised in surplus or deficit when receivables are derecognised or impaired, through the amortisation process.

c) Receivables from exchange transactions

Receivables from exchange transactions are amounts receivable by the entity flowing from transactions in which the entity receives an approximate value in exchange for goods and services. Receivables from exchange transactions are measured initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment losses.

Receivables from exchange transactions are recognised when the NDA becomes party to the contractual provisions of the instrument that gives rise to the receivable.

Receivables are derecognised when the contractual obligation expires or is discharged, or cancelled. Impairment losses on receivables are recognised in surplus or deficit when there is objective evidence of impairment of the receivables.

d) Receivables from non-exchange transactions

Receivables from non-exchange transactions are amounts receivable by the entity flowing from transactions in which the entity receives an approximate value without giving an approximate value in exchange.

Receivables are recognised when the entity becomes a party to the financial instrument contract. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Receivables are derecognised when the contractual obligation expires or is discharged, or cancelled. Impairment losses on receivables are recognised in surplus or deficit when there is objective evidence of impairment of the receivable.

e) Payables from exchange transaction

Payables from exchange transactions are financial obligations that arise from transactions where the entity receives value from another entity and gives approximately equal value in exchange.

Payables are recognised when the entity becomes a party to the financial instrument contract. Payables from exchange transactions are initially measured at fair value and subsequently at amortised cost using the effective interest method.

Payables are derecognised when the obligation under the liability has been extinguished.

f) Payables from non-exchange transactions

Non-exchange transactions are transactions where an entity receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Payables are recognised when the entity becomes a party to the financial instrument contract. Payables from non-exchange transactions are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

Payables are derecognised when the obligation under the liability has been extinguished.

Impairment of financial instruments

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 impaired if objective evidence indicates that one or more events have harmed 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 the carrying amount and the present value of the estimated future cash flows over the expected life of the instrument, 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.

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.

Offsetting

A financial asset and a financial liability are offset, and the net amounts are presented in the statement of financial position, when the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance- related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (such as medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

Measurement and recognition

When an employee has rendered service to the entity during a reporting period, the NDA recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the NDA recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in another GRAP standard, for example property, plant and equipment (GRAP 17) and intangible assets (GRAP 31).

The expected cost of short-term employee benefits in the form of compensated absences is recognised as follows:

- a) In the case of accumulating compensated absences, when employees render services that increase their entitlement to future compensated absences;
- b) In the case of non-accumulating absences, when the absences occur.

The NDA measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay because of the unused entitlement that has accumulated at the reporting date.

Bonus, incentives and performance-related payment

The expected cost of performance-related payments is recognised when the entity has a present legal or constructive obligation to make such payments because of past events, and a reliable estimate of the obligation can be made. The NDA evaluates the performance of individual employees against key performance indicators agreed to in the performance agreements. Performance ratings are moderated by a performance committee and thereafter recommended for Board approval. A legal obligation arises upon Board approval, whilst a constructive obligation arises upon completion of individual ratings and moderation. Irrespective of whether a constructive obligation exists at the reporting date, the expected cost of performance-related payments is recognised in surplus or deficit only if there are sufficient cash holdings to support the present obligation.

Termination benefits

The NDA recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits because of an offer made to encourage voluntary redundancy.

The NDA is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without a realistic possibility of withdrawal. The detailed plan includes:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- The time at which the plan will be implemented. Implementation shall begin as soon as possible, and the period to complete implementation shall be such that material changes to the plan are not likely.

1.11 Provisions and contingencies

1.11.1 Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognised when:

- the NDA has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and

- a reliable estimate can be made of the amount of the obligation.

A past event that leads to a present obligation is an obligating event, where NDA has no realistic alternatives to settling the obligation created by the event.

A constructive obligation is an obligation that derives from the NDA's actions, where:

- a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the NDA has indicated to other parties that it will accept certain responsibilities; and
- b) as a result, the NDA has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Measurement

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation. Provisions are not recognised for future operating surplus (deficit), or for costs that need to be incurred to continue an entity's ongoing activities in the future.

Leave provision

A provision is raised for the estimated liability for accumulating compensated absences (annual payout), accumulated at the reporting date. The NDA measures accumulating compensated absences as the additional amount that the NDA expects to pay because of the unused entitlement that has accumulated at the reporting date, limited to a maximum of 30 days per employee as per the leave payout provision in the leave policy.

1.11.2 Contingent assets

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are assets which have not yet met the requirements for recognition in the statement of financial position and statement of financial performance and are therefore disclosed in the notes to the annual financial statements.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the entity, or a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are possible financial obligations that have not yet met the criteria for recognition in the statements of financial performance and position and are therefore disclosed in the notes to the financial statements, note 26.

1.12 Commitments

Items are classified as commitments where the NDA has committed itself to future transactions that will normally result in the outflow of resources. Commitments are disclosed in respect of future expenditure of a capital nature, as required by GRAP 17- Property, Plant & Equipment, and GRAP 31- Intangible Assets, for operating lease commitments as per GRAP 13- Leases, as well as future non-recurring, non-routine operational expenditure. Commitments include contracted future expenditure, where stipulated conditions have not yet been met as at the reporting date, as well as amounts approved by the Board as at the reporting date but not yet contracted for. Commitments exclude employee-related commitments, as well as commitments related to routine, recurring operational expenditure that will be provided for from a future year's budget.

Commitments where approval processes commenced before year-end but were approved and contracted after year-end are disclosed separately in the notes to the financial statements. Unutilised donor funds and other grants that have restrictions imposed on utilisation by funders or donors are also classified as commitments. Commitments are disclosed in the notes to the financial statements, note 24.

Committed project funds

Committed project funds represent funds approved by the Board and/or contracted in terms of grant funding agreements with NPOs and CSOs, that have not yet been disbursed at the end of the reporting period, as the conditions for payment in terms of the agreements have not yet been met. Committed project funds are recognised when a contract is entered into between the NDA and a funded CSO, but the conditions for payment of contracted funds have not been met at the end of a financial year or when the Board has approved the project amount. Committed project funds are not recognised in the statement of performance nor in the statement of position but are disclosed in the notes to the annual financial statements.

Commitments where the project approval processes commenced before year-end, but which are approved and contracted after year-end, are disclosed separately in the notes to the financial statements under committed project funds.

1.13 Accrual for committed projects

Accrual for committed projects represents funds due to projects that have met the conditions for payment in terms of the funding agreements, but have not yet been disbursed to the projects at the end of the reporting period. Accruals for committed projects are recognised in surplus or deficit as an expense, and as a liability in the statement of financial position.

1.14 Unutilised third-party project funds (Deferred income)

Unutilised third-party funds are transferred assets held by the entity on behalf of third parties that have not yet met the conditions for recognition in surplus or deficit at the end of the reporting period. Conditions on transferred assets require the NDA to consume the future economic benefits or service potential embodied in the assets as specified or return the future economic benefits or service potential to the transferor in the event the conditions are breached. When the NDA initially recognises an asset that is subject to conditions, it also recognises a liability. Funds that remain unconsumed because conditions as specified in the funding agreements are not yet met are classified as a present obligation of the NDA, where an outflow of resources will be probable, and performance against the conditions is required and able to be assessed. As the NDA satisfies a present obligation recognised as a liability, it reduces the amount of liability and recognises an amount of revenue equal to this reduction. The timing of the recognition is determined by the nature of the contractual conditions and their discharge as per the contract.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period, when those inflows increase

net assets, other than increases relating to contributions from owners. Revenue is measured at the fair value of the consideration received or receivable, considering the amount of any trade discounts and volume rebates allowed.

An exchange transaction is one in which the entity receives assets, or services or has liabilities extinguished, and directly gives approximate equal value to the other party in exchange. Revenue from exchange transactions is recognised in surplus or deficit at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the NDA and these benefits can be measured reliably.

The following are regarded as exchange transactions:

- a) Rendering of services
- b) The use by others of the entity's assets yielding interest, royalties, dividends or similar distributions

Finance income

Finance income comprises revenue in the form of interest 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.

Other Income

Other income comprises various sources as described below:

a) Sundry Income

Sundry income includes funds recovered from employees in respect of recoveries for damages to assets caused by employee negligence, recoveries from employees relating to irregular, fruitless and wasteful expenditure and recoveries from insurance claims. This income is recognised in surplus or deficit in the period in which it is received.

b) Recoveries from projects

Recoveries from projects include funds refunded to NDA from projects that have previously received grant funding, but which have since been discontinued and for which funding agreements have been cancelled. These funds are recognised as non-exchange revenue when funds are received into the NDA bank account.

c) Management fees

Management fees comprise fees earned for administrative services rendered in managing and implementing programmes and conditional grants on behalf of other government entities and/or private partners. Management fees are measured at the fair value of the agreed-upon consideration received or receivable as per the contractual agreement between the NDA and the relevant counterparty.

Recognition of management fees

When the outcome of the transaction involving the implementation for which management fees are earned can be estimated reliably, then management fees are recognised in surplus or deficit in the reporting period in which services are rendered, by reference to the stage of completion of the transaction at the reporting date (also known as the percentage of completion method), or as contractually determined. The method adopted to determine the stage of completion is the proportion that costs incurred to date bear to the estimated total costs of the transaction, or by reference to the costs of specific milestones achieved and associated management fees as per contractually stipulated terms, over the term of the contract. Management fees are applied to the administrative and mandate costs of the NDA in a generalised manner.

The outcome of a transaction can be measured reliably when all the following conditions are satisfied:

- a) The amount of revenue can be measured reliably.
- b) The economic benefits or service potential associated with the transaction will probably flow to the entity.
- c) The stage of completion of the transaction at the reporting date can be measured reliably; and
- d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably. When the outcome of the transaction involving the rendering of service cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.16 Revenue from non-exchange transactions

Non-exchange revenue represents gross inflows of economic benefits or service potential received and receivable by the entity, without the entity directly giving any approximate equal value in exchange. Non-exchange transactions are transactions that are not exchange transactions. The NDA receives transfers from the National Treasury and other government entities, which are inflows of economic benefits or service potential from non-exchange transactions other than taxes.

Recognition and measurement

The NDA recognises an asset in respect of transfers received when the transfer meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets are resources controlled by the entity as a result of past events (the estimate of national expenditure, the transfer payment and funding contracts), from which the entity expects to receive economic benefits or service potential, the inflow of resources to the entity will probably occur, and the fair value of the assets can be reliably measured.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is recognised in respect of the same inflow. Liabilities are recognised on transferred assets to the extent of contractual conditions that require the NDA to either consume the future economic benefits or service potential of the assets as specified, or return the future economic benefits or service potential to the grantor in the event the conditions are breached. The NDA, therefore, incurs a present obligation to transfer the future economic benefits or service potential to third parties when it gains control of the asset. As the ND satisfies a present obligation recognised as a liability, in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability and recognises an amount of revenue equal to the reduction. Revenue from non-exchange transactions is therefore measured at the amount of the increase in net assets recognised by the NDA. The transfer allocation received from the National Treasury is not subject to contractual conditions, but statutory conditions as to the utilisation thereof, and is therefore recognised in full as revenue when received.

Transfer revenue

Transfer Revenue is an unconditional grant received by the NDA from the government for its operations. Transfer revenue is measured at the fair value of the consideration received. The transfer is recognised in surplus and/ or deficit when it is received and none of the revenue is deferred.

Other grants

Other grants represent conditional grants received, or grants and donations that have restrictions on their utilisation. Other grants are recognised as revenue in surplus or deficit when the NDA has either met the conditions imposed by the grant or/ donor or upon receipt of funds that have restrictions on utilisation, as opposed to conditions.

1.17 Mandate expenditure

Mandate expenditure represents expenditure that is directly related to carrying out the primary and secondary mandate of the NDA as directed by the founding NDA Act no. 108 of 1998. Mandate expenses are recognised in surplus or deficit when expenditure has been incurred.

Disbursements to funded projects

Disbursements to funded projects are recognised when cash payments are made to funded projects and payments are accrued for projects that have met the requirements for payment at the end of the reporting period, in terms of funding agreements entered with Civil Society Organisations and Non-Profit Organisations.

Capacity building costs

Capacity building costs represent expenditure incurred by the entity in carrying out its primary mandate of strengthening the institutional capacity of Civil Society Organisations through scheduled skills development and training programmes. The expenditure is recognised in surplus or deficit when goods have been delivered or services rendered by the end of the reporting period.

1.18 Administration expenditure

Administration expenses represent expenditure incurred by the entity in respect of administrative functions of the NDA or expenditure other than mandate expenses. Administration expenses are recognised in surplus or deficit when expenditure has been incurred.

1.19 Related parties

Related party relationships exist throughout the public sector because government entities are subject to the overall direction of the executive government, and ultimately Parliament, and operate together to achieve the policies of government. A related party is a person or entity with the ability to control, jointly control or exercise significant influence over the other party, or vice versa, or an entity that is subject to common or joint control. The existence of a related party relationship provides an opportunity for transactions to occur on a basis that may give one party an advantage at the expense of another. A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

A person is related to the reporting entity if that person has:

- a) Control or joint control over the reporting entity
- b) Has significant influence over the reporting entity (power to participate in the financial and operating policy decisions); or
- c) Is a member of the management of the entity or its controlling entity.

An entity is related to the reporting entity if the entity is a member of the same economic entity, whereby each controlling entity, controlled entity and fellow controlled entity is related to the other. Management are those persons responsible for planning, directing and controlling the activities of the entity, and include those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person related to the entity are those family members who may be expected to influence, or be influenced by that person, in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed. Disclosure of the related party transactions, outstanding balances, commitments and the relationship underlying the transaction is required for

accountability and transparency, and for a complete assessment of the risks and opportunities faced by the entity. Related party transactions that are normal supplier or client relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted in dealing with that individual entity or person in the same circumstances, and on terms and conditions within the normal operating parameters established by the entity's legal mandate, are exempt from disclosure.

1.20 Fruitless and wasteful expenditure

In terms of section 51(1)(b)(ii) of the PFMA, accounting officers and accounting authorities must take effective and appropriate steps to prevent fruitless and wasteful expenditure. Section 3.16 of the 2022 PFMA Compliance and Reporting, issued as Annexure A of the National Treasury Instruction No.4 of 2022/23, states that fruitless and wasteful expenditure is determined as having been incurred when expenditure was made in vain without value being derived from it, and such expenditure would have been avoided had reasonable care been exercised. The 2022 PFMA Compliance and Reporting Framework regulates the confirmation, recording, assessment, determination, investigation, and process of dealing with and reporting of fruitless and wasteful expenditure for PFM-listed public entities.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and when recovered, it is subsequently accounted for as revenue in the statement of financial performance. In terms of section 3.17 of the framework, fruitless and wasteful expenditure when incurred in the current financial year and confirmed is recorded in the annual financial statements' disclosure, with a one financial year comparative analysis. Fruitless and wasteful for the previous financial year, they must be recognised in the period in which they occurred. Additional information relating to fruitless and wasteful expenditure under assessment, determination, investigation, narratives and a process for dealing with the concerned fruitless and wasteful expenditure must be recorded in the annual report of the entity.

1.21 Irregular expenditure

Irregular expenditure is defined in section 3.8 of the 2022 PFMA Compliance and Reporting Framework, issued as Annexure A of the National Treasury Instruction No. 4 of 2022/23, as expenditure incurred in contravention of, or not in accordance with, legislation. For irregular expenditure to have occurred, the expenditure must have been recognised as expenditure in the statement of financial performance or as a liability in the statement of financial position.

The Framework provides procedures that accounting authorities of Schedule 3A public entities are required to follow when dealing with irregular expenditure, as well as the format for reporting on irregular expenditure in the annual financial statements and the annual report of the entity.

In terms of section 3.9 of the framework, irregular expenditure when incurred in the current year and confirmed, is recorded in the annual financial statements' disclosure, with a one financial year comparative analysis. Irregular expenditure for the previous financial year, must be recognised in the period in which it occurred. Additional information relating to irregular expenditure under assessment, determination, investigation, narratives and a process for dealing with the irregular expenditure, must be recorded in the annual report of the entity.

In terms of section 53(4) of the PFMA, the Accounting Authority of a public entity is responsible for ensuring that the expenditure of a public entity is in accordance with the approved budget. Non-compliance with this legislative provision or non-compliance resulting from the exercise of a power or duty that falls outside an employee's delegation of authority (framework) is classified as irregular expenditure if a financial transaction has been recognised as expenditure in the financial records of a public entity.

1.22 Events after the reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Adjusting events after the reporting date are those that provide evidence of conditions that existed at the reporting date. An entity is required to adjust amounts recognised in the financial statements that reflect adjusting events after the reporting date.

Non-adjusting events after the reporting date are those that are indicative of conditions that arose after the reporting date. An entity is not required to adjust amounts recognised in its financial statements to reflect non-adjusting events after the reporting date. If non-adjusting events are material, the entity must disclose the following for each material category of non-adjusting event:

- a) Nature of the event
- b) An estimate of its financial effect, or a statement that such an estimate could not be made.



NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025 (Notes To The Annual Financial Statements)

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations are effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|--|--|---|
| • GRAP 104 (as revised): Financial Instruments | 01 April 2025 | Unlikely that there will be a material impact |

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods, but are not relevant to its operations:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|--|--|--------------------|
| • GRAP: Improvements to the standards of GRAP 2023 | No effective date | No material impact |
| • GRAP 1 (amended): Presentation of Financial Statements (Going Concern) | No effective date | No material impact |
| • GRAP 103 (amended): Heritage Assets | No effective date | No material impact |
| • iGRAP 22 Foreign Currency Transactions and Advance Consideration | No effective date | No material impact |

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

| Cash and cash equivalents consist | 2025 R | 2024 R |
|-----------------------------------|-------------------|-------------------|
| Cash on hand | 15,905 | 26,701 |
| Call and current accounts | 67,027,729 | 39,037,081 |
| Money markets accounts | 513,344 | 43,309,447 |
| | 67,556,978 | 82,373,229 |

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Included in cash and cash equivalents at the end of the financial year are the following:

- a) Funds committed to projects to the value of R 4 068 478 (2024: R3 983 324-Refer to note 25.2.
- b) Cash balances held on behalf of third parties to the value of R 8 690 642 (2024: R 23 743 323) -Refer to note 14.
- c) Funds committed to operational expenditure to the value of R 11 684 602 (2024: R 12 147 216)-Refer to note 25.1.

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| | 2025 R | 2024 R |
|---------------------|------------------|------------------|
| Prepayments | - | 237,084 |
| Rental deposits | 1,440,725 | 1,410,940 |
| Interest receivable | 2,282 | 2,424 |
| | 1,443,007 | 1,650,448 |

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| | 2025 R | 2024 R |
|--------------------|----------------|---------------|
| Sundry receivables | 524,612 | 11,430 |
| Staff debtors | 47,254 | 37,580 |
| | 571,866 | 49,010 |

Sundry staff debtors relate mainly to funds recovered from staff for handling fees levied on traffic fines incurred by staff, recoveries relating to fruitless and wasteful expenditure incurred by staff and recoveries for overpayment of a supplier.

6. PROPERTY, PLANT AND EQUIPMENT

| | 2025 | | | 2024 | | |
|------------------------|---------------------|---|-------------------|---------------------|---|-------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Furniture and fixtures | 4,251,297 | (3,455,837) | 795,460 | 4,172,438 | (3,539,509) | 632,929 |
| Motor vehicles | 302,708 | (298,244) | 4,464 | 302,708 | (296,271) | 6,437 |
| Office equipment | 2,232,157 | (1,794,254) | 437,903 | 2,237,151 | (1,741,646) | 495,505 |
| Computer equipment | 11,995,568 | (7,469,074) | 4,526,494 | 13,835,523 | (8,703,388) | 5,132,135 |
| Total | 18,781,730 | (13,017,409) | 5,764,321 | 20,547,820 | (14,280,814) | 6,267,006 |

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Annual Financial Statements for the year ended 31 March 2025 (Notes To The Annual Financial Statements)

| Reconciliation of property, plant and equipment - 2025 | Opening balance R | Additions R | Disposals R | Depreciation R | Total R |
|--|----------------------|------------------|------------------|-------------------|------------------|
| Furniture and fixtures | 632,929 | 207,000 | (6,320) | (38,149) | 795,460 |
| Motor vehicles | 6,437 | - | - | (1,973) | 4,464 |
| Office equipment | 495,505 | 14,600 | (154) | (72,048) | 437,903 |
| Computer equipment | 5,132,135 | 177,400 | (184,152) | (598,889) | 4,526,494 |
| | 6,267,006 | 399,000 | (190,626) | (711,059) | 5,764,321 |
| Reconciliation of property, plant and equipment - 2024 | Opening balance R | Additions R | Disposals R | Depreciation R | Total R |
| Furniture and fixtures | 378,924 | 304,229 | (10,574) | (39,650) | 632,929 |
| Motor vehicles | 8,409 | - | - | (1,972) | 6,437 |
| Office equipment | 510,382 | 62,052 | (2,637) | (74,292) | 495,505 |
| Computer equipment | 3,209,795 | 2,610,390 | (141,210) | (546,840) | 5,132,135 |
| | 4,107,510 | 2,976,671 | (154,421) | (662,754) | 6,267,006 |

Pledged as security

None of the carrying value of the entity's property, plant and equipment are pledged as security.

Other information

Property, plant and equipment in the process of being constructed or developed

Expenditure incurred to repair and maintain property, plant and equipment

There were no major repairs and maintenance in respect of items of property, plant and equipment during the year.

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Loss on disposal

The loss on disposal of property, plant and equipment, which relates mainly to the write-off of old and non-functional laptops that are no longer functional or operational and are outside the three-year purchased warranty, as well as damaged furniture and office equipment that is no longer in use. The loss on write-off of property, plant and equipment is made up as follows by category of asset:

- Computer equipment - R141 209
- Office equipment - R2 636
- Furniture and fixtures - R10 573

The entity's register of property, plant and equipment is available for inspection by the public at its registered offices.

7. INTANGIBLE ASSETS

| | 2025 | | | 2024 | | |
|-------------------------------------|---------------------|---|-------------------|---------------------|---|-------------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Intangible assets under development | 4,621,971 | (1,721,543) | 2,900,428 | 4,621,971 | (1,433,880) | 3,188,091 |
| Other software | 1,250,066 | (257,613) | 992,453 | 1,250,066 | (178,618) | 1,071,448 |
| ERP System | 1,721,302 | (1,721,302) | - | - | - | - |
| Total | 7,593,339 | (3,700,458) | 3,892,881 | 5,872,037 | (1,612,498) | 4,259,539 |

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025 (Notes To The Annual Financial Statements)

| Reconciliation of intangible assets - 2025 | Opening balance R | Amortisation R | Total R |
|--|----------------------|-------------------|------------------|
| CSO Database and IMS under development | 3,188,091 | (287,663) | 2,900,428 |
| Business Central system under development | 1,071,448 | (78,995) | 992,453 |
| | 4,259,539 | (366,658) | 3,892,881 |
| Reconciliation of intangible assets - 2024 | Opening balance R | Amortisation R | Total R |
| CSO Database and IMS under development | 3,471,203 | (283,112) | 3,188,091 |
| Business Central system under development | 1,150,443 | (78,995) | 1,071,448 |
| ERP System | 4,552 | (4,552) | - |
| | 4,626,198 | (366,659) | 4,259,539 |

Pledged as security

None of the carrying value of the entity's intangible assets is pledged as security. The entity's register of Intangible Assets is available for inspection by the public at its registered offices.

Restricted title

The carrying value of intangible assets owned by the NDA does not carry any condition registered against such assets that restricts the utilisation or development thereof.

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025 (Notes To The Annual Financial Statements)

9. PAYABLES FROM EXCHANGE TRANSACTIONS

| | 2025 R | 2024 R |
|-----------------------------|-------------------|-------------------|
| Trade payables | 15,721,688 | 9,605,874 |
| Operating lease liabilities | 267,876 | 1,040,583 |
| | 15,989,564 | 10,646,457 |

10. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

| | 2025 R | 2024 R |
|-------------------|-------------------|------------------|
| Transfers payable | 2,744,000 | 2,744,000 |
| Other creditors | 7,576,422 | 1,371 |
| Staff creditors | 186,770 | 162,359 |
| | 10,507,192 | 2,907,730 |

The transfer payable relating to the funds received from UIF is yet to be paid, pending receipt of the second tranche payment from UIF to proceed with the implementation of the new venture creation program.

Staff creditors mainly relate to travel and subsistence claims that are accrued to staff but not paid at the end of the financial year.

11. PROVISIONS

| | 2025 R | 2024 R |
|---|-------------|-------------------|
| Provision for performance bonus | | |
| Opening Balance | 10,860,879 | 17,668,081 |
| Performance Bonus payout and overprovision reversed | (6,883,591) | (6,807,202) |
| Reversal of overprovision | (3,977,288) | - |
| | - | 10,860,879 |

No provision for performance bonus has been raised for 2024/25 due to budget constraints.

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025 (Notes To The Annual Financial Statements)

12. SHORT- TERM EMPLOYEE BENEFITS

| | 2025 R | 2024 R |
|--|------------------|------------------|
| Leave provision | | |
| Opening Balance | 9,718,355 | 10,118,220 |
| Provision reversed in the current year | (3,795,886) | (48,478) |
| Leave payout during the year (annual and long service) | (776,671) | (351,387) |
| | 5,145,798 | 9,718,355 |

Leave provision has significantly reduced to the new leave policy approved at the end of 2023/24.

| | | |
|--|------------------|-------------------|
| Accrual for 13th Cheque | | |
| Opening balance | 892,038 | 837,277 |
| Provision raised in the current year | 3,485,891 | 3,373,258 |
| 13 th cheque payout during the year | (3,586,265) | (3,318,497) |
| | 791,664 | 892,038 |
| | 5,937,462 | 10,610,393 |

13. ACCRUAL FOR COMMITTED PROJECTS

| | 2025 R | 2024 R |
|--|------------------|----------------|
| Opening balance | 324,137 | 11,434,745 |
| Approved NDA funded projects during the year | 7,121,970 | 10,946,333 |
| Cash disbursed to NDA funded projects during the year | (2,453,203) | (21,785,071) |
| Adjustments to volunteer accruals raised in prior year | - | (271,870) |
| | 4,992,904 | 324,137 |

The accrual for committed projects comprises amounts approved for grant funding to CSOs where contractual payment conditions have been met, but the funds have not yet been disbursed to these CSOs by the end of the financial year.

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Annual Financial Statements for the year ended 31 March 2025 (Notes To The Annual Financial Statements)

14. UNUTILISED THIRD-PARTY FUNDS (DEFERRED INCOME) - 2025

| | 2025 R | 2024 R |
|--------------------------------------|------------------|-------------------|
| Balance at the beginning of the year | 23,743,324 | 23,927,645 |
| Funds returned | (16,765,400) | (83,702) |
| Income recognition during the year | - | (1,148,685) |
| Interest received during the year | 1,712,717 | 1,090,816 |
| Management fee | - | (42,750) |
| | 8,690,641 | 23,743,324 |

| Name of Funder | Opening balance | Funds returned during the year | Interest received during the year | New funds received | Expenditure and Funds returned | Balance |
|---|--------------------|---|--|--------------------------|--------------------------------------|------------------|
| DSD: Limpopo | - | - | 97 | - | - | 97 |
| DSD: North West | 66,350 | - | - | - | - | 66,350 |
| DSD: Mpumalanga | 93,813 | - | - | - | - | 93,813 |
| DSD: KwaZulu Natal | 845,875 | - | 54,413 | - | - | 900,288 |
| DSD: Free State | 251,345 | - | 23,517 | - | - | 274,862 |
| South African Social Security Agency (SASSA) | 1,614,447 | - | - | - | - | 1,614,447 |
| Adopt an ECD Campaign funds | 32,352 | - | - | - | - | 32,352 |
| Gautrain Management | 15,250 | - | - | - | - | 15,250 |
| Anglo American (Kolomela mine) | 552,329 | - | - | - | - | 552,329 |
| Nelson Mandela Children's Fund | 79,186 | - | - | - | - | 79,186 |
| Unemployment Insurance Fund | 5,044,986 | - | 16,682 | - | - | 5,061,668 |
| National Department of Social Development (CARA funds) | 15,147,391 | (16,765,400) | 1,104,827 | - | 513,182 | - |
| LG SETA | - | - | - | 165,200 | (165,200) | - |
| | 23,743,324 | (16,765,400) | 1,199,536 | 165,200 | 347,982 | 8,690,642 |

Unutilised third-party funds represent funds received for the implementation of poverty alleviation programmes on behalf of third parties that remain unspent at the end of the financial year, as conditions stipulated in terms of the agreements entered with funders have not yet been met at the end of the year.

Third-party funds that have been utilised during the year relate to fund disbursements utilised to implement victim empowerment programmes to victims of Gender Based Violence, funded from the CARA funds.

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UNUTILISED THIRD-PARTY FUNDS (DEFERRED INCOME)- 2024

| Name of Funder | Opening balance | Interest received during the year | Management fee | Expenditure and Funds returned | Balance |
|--|-------------------|-----------------------------------|-----------------|--------------------------------|-------------------|
| DSD: Limpopo | 74,453 | 3,875 | - | (78,328) | - |
| DSD: North West | 66,350 | - | - | - | 66,350 |
| DSD: Mpumalanga | 93,813 | - | - | - | 93,813 |
| DSD: KwaZulu Natal | 801,275 | 44,600 | - | - | 845,875 |
| DSD: Free State | 648,264 | 44,640 | - | (441,559) | 251,345 |
| South African Social Security Agency (SASSA) | 1,614,447 | - | - | - | 1,614,447 |
| Adopt an ECD campaign funds | 32,352 | - | - | - | 32,352 |
| Gautrain Management | 15,250 | - | - | - | 15,250 |
| Anglo American (Kolomela mine) | 552,329 | - | - | - | 552,329 |
| Nelson Mandela Children's fund | 79,186 | - | - | - | 79,186 |
| Unemployment Insurance Fund | 5,044,986 | - | - | - | 5,044,986 |
| National Department of Social Development (CARA funds) | 14,904,940 | 997,701 | (42,750) | (712,500) | 15,147,391 |
| | 23,927,645 | 1,090,816 | (42,750) | (1,232,387) | 23,743,324 |

Unutilised third-party funds represent funds received for the implementation of poverty alleviation programmes on behalf of third parties that remain unspent at the end of the financial year, as conditions stipulated in terms of the agreements entered with funders have not yet been met at the end of the year.

Third-party funds that have been utilised during the year relate to CARA funding disbursements to CSOs involved in Gender Based Violence (GBV) support, COVID-19 stipends earned by UIF beneficiaries (learners) in attendance before the 27 March 2020 lockdown, and unable to attend lectures over a period of three months.

The R470 under DSD Eastern Cape relates to the interest that was earned after completion of the programme in the 2018 financial year. The amount was transferred to NDA in the 2021-22 financial year to close the Eastern Cape account, which remained open due to the interest amount.

15. NON-EXCHANGE REVENUE

| Operating grants | 2025 R | 2024 R |
|------------------|-------------|-------------|
| Transfer revenue | 212,001,000 | 220,116,000 |

16. OTHER GRANTS- THIRD PARTY FUNDS

| Other grants | 2025 R | 2024 R |
|--|----------------|------------------|
| Utilised portion of conditional grant (CARA) - third-party funded capacity projects (CSOS involved in Gender Based Violence support) | - | 712,500 |
| Utilised portion of conditional grant (DSD: Limpopo) - third-party funded capacity building | - | 441,559 |
| Utilised portion of conditional (LG SETA) grant | 165,200 | - |
| | 165,200 | 1,154,059 |

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025 (Notes To The Annual Financial Statements)

17. OTHER INCOME

| | 2025 R | 2024 R |
|----------------------|----------------|----------------|
| Management fees | - | 42,750 |
| Insurance recoveries | 110,382 | 482,715 |
| Sundry Income | 82,443 | 96,832 |
| | 192,825 | 622,297 |

Sundry income relates to funds recovered from staff for study assistance and losses incurred due to negligence.

18. FINANCE INCOME

| | 2025 R | 2024 R |
|----------------------------------|-----------|-----------|
| Interest earned on cash balances | 353,718 | 5,131,708 |

The reduction in interest is attributable to surplus funds not invested in interest-bearing call accounts.



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Annual Financial Statements for the year ended 31 March 2025 (Notes To The Annual Financial Statements)

19. EXECUTIVE AND NON-EXECUTIVE MANAGEMENT REMUNERATION

| Executive 2025 | Designation R | Appointment date R | Termination date R | Basic salary R | Employer contributions R | Performance bonus R | Total R |
|-------------------------------|---|-----------------------|--------------------------|----------------------|--------------------------------|---------------------------|-------------------|
| Mr Bongani Magongo | Executive development management and research | 1 September, 2012 | 30 October, 2024 | 1,144,049 | 317,240 | - | 1,461,289 |
| Ms. Reekeletseng Hlapolosa | Executive Corporate Services | 3 December, 2022 | | 1,643,083 | 274,401 | 53,876 | 1,971,360 |
| Ms. S.L Khumalo | Chief Operations Officer | 1 December, 2018 | | 1,661,234 | 397 | 54,328 | 1,715,959 |
| Ms. H. Mansour | Chief Audit Executive | 24 November, 2005 | | 1,880,805 | 288,139 | 61,956 | 2,210,900 |
| Mr. S Shingange | Acting Chief Financial Officer | 1 September, 2023 | | 1,324,978 | 290,095 | 54,583 | 1,669,656 |
| Mr. T Buthelezi | Acting Chief Executive Officer | 1 November, 2024 | | 415,920 | - | - | 415,920 |
| Mr. XS Baloyi | Acting Executive Development management and research | 1 June, 2024 | | 1,264,800 | 310,629 | 136,625 | 1,712,054 |
| | | | | 9,334,869 | 1,460,901 | 361,368 | 11,157,138 |

| Executive 2025 | Designation R | Appointment date R | Termination date R | Basic salary R | Employer contributions R | Performance bonus R | Long service recognition R | Total R |
|-------------------------------|--|-----------------------|--------------------------|----------------------|--------------------------------|---------------------------|----------------------------------|-------------------|
| Mr Bongani Magongo | Executive development management and research | 1 September, 2012 | | 1,709,874 | 339,988 | - | 4,805 | 2,054,667 |
| Ms. Reekeletseng Hlapolosa | Acting Chief Executive Officer | 3 December, 2022 | | 1,793,616 | 260,275 | 74,812 | - | 2,128,703 |
| Ms. S.L Khumalo | Chief Operations Officer | 1 December, 2018 | | 1,518,634 | 305,103 | 133,126 | - | 1,956,863 |
| Ms K Muthen | Chief Financial Officer | 1 December, 2019 | | 1,602,475 | 221,263 | - | - | 1,823,738 |
| Ms H. Mansour | Chief Audit Executive | 24 November, 2005 | | 1,837,433 | 253,882 | 98,589 | - | 2,189,904 |
| Mr S Shingange | Acting Chief Financial Officer | 1 September, 2023 | | 89,880 | - | - | - | 89,880 |
| | | | | 8,551,912 | 1,380,511 | 306,527 | 4,805 | 10,243,755 |

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2025 (Notes To The Annual Financial Statements)

| Non-executive 2025 | Appointment date R | Members' fees R |
|--|-----------------------|--------------------|
| Ms N. R. Bhengu | 3 December, 2022 | 428,141 |
| Chief L. Matsila | 3 December, 2022 | 218,009 |
| Ms H. Ralinala | 3 December, 2022 | 178,224 |
| D. O. Sipuka | 3 December, 2022 | 172,218 |
| Mr. T M Josopu | 3 December, 2022 | 226,284 |
| Ms. T. Smith | 3 December, 2022 | 80,100 |
| Mr. A.E. Amod (Member of Audit & Risk Committee) | 1 September, 2023 | 192,290 |
| Dr. T. Nyathi (Member of Audit & Risk Committee) | 1 September, 2023 | 140,296 |
| Ms. M.M Phiri (Member of Audit & Risk Committee) | 1 September, 2023 | 86,336 |
| | | 1,721,898 |

| Non-executive 2024 | Appointment date R | Termination date R | Members' fees R |
|--|-----------------------|-----------------------|--------------------|
| Ms. N. R. Bhengu | 3 December, 2022 | | 744,572 |
| Chief L. Matsila | 3 December, 2022 | | 316,962 |
| Ms. H. Ralinala | 3 December, 2022 | | 256,346 |
| Dr. O. Sipuka | 3 December, 2022 | | 256,845 |
| Mr. T M Josopu | 3 December, 2022 | | 248,845 |
| Ms. T. Smith | 3 December, 2022 | | 272,365 |
| Ms. S Mncwabe | 30 October, 2020 | | 39,120 |
| Mr. Z Ngcakani | 30 October, 2020 | 31 August, 2023 | 131,160 |
| Mr. A.E. Amod (Member of Audit & Risk Committee) | 1 September, 2023 | 31 August, 2023 | 38,904 |
| Dr. T. Nyathi (Member of Audit & Risk Committee) | 1 September, 2023 | | 37,772 |
| Ms M.M. Phiri (Member of Audit & Risk Committee) | 1 September, 2023 | | 26,980 |
| | | | 2,369,871 |

LOSS CONTROL COMMITTEE

| 2025 | Emoluments |
|--------------|----------------|
| Ms N Maharaj | 152,183 |
| Mr S Faku | 113,141 |
| Mr Z Myeza | 113,141 |
| | 378,465 |

The Loss Control Committee (LCC) is a structure appointed by the NDA on 1 July 2022 to adjudicate reported cases of irregular, fruitless and wasteful expenditure in accordance with the requirements of the framework for irregular, fruitless and wasteful expenditure.

| 2025 | Emoluments |
|-----------------|----------------|
| Ms. N Maharaj | 43,096 |
| Mr. S Faku | 32,040 |
| Mr. TTC Dlamini | 8,510 |
| Mr. Z Myeza | 32,060 |
| | 115,706 |

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20. STAFF COSTS

| Department | 2025 | Percentage split | 2024 | Percentage split |
|--|-------------------|------------------|-------------------|------------------|
| Mandate staff costs | | | | |
| CSO development salaries | 78,610,044 | 56 % | 76,507,675 | 54 % |
| Research salaries | 4,634,099 | 3 % | 5,311,452 | 4 % |
| Mandate staff costs | 83,244,143 | 59 % | 81,819,127 | 58 % |
| Administration and Governance staff costs | | | | |
| Administration and Governance staff costs | 23,596,782 | 17 % | 19,803,479 | 13 % |
| Corporate services | 1,268,087 | 1 % | 1,141,205 | 1 % |
| Office of the COO | 1,869,526 | 1 % | 2,712,000 | 2 % |
| Research and development Internal audit | 8,821,920 | 6 % | 7,251,534 | 5 % |
| Office of the CEO | 10,785,805 | 8 % | 15,399,850 | 8 % |
| Finance and supply chain | 9,262,727 | 7 % | 11,662,784 | 9 % |
| Admin salaries | 55 604 847 | 40% | 57 970 852 | 41 % |

| Department | 2025 | Percentage split | 2024 | Percentage split |
|---|--------------------|------------------|--------------------|------------------|
| Other staff administrative costs | | | | |
| Staff training costs | 843,907 | 1 % | 616,781 | - % |
| Performance bonus | 3,877,806 | 3 % | - | 6 % |
| Provision for leave | (3,832,809) | (3) % | (48,479) | 1 % |
| Expense long service recognition | 175,306 | - % | 639,903 | 1 % |
| Temporary staff and contractors | 48,825 | - % | 551,332 | 1 % |
| Staff relocation costs | 28,500 | - % | 249,675 | - % |
| Occupational Health | - | - % | 13,500 | - % |
| Compensation fund | 169,546 | - % | 158,148 | - % |
| Employee wellness | 345,500 | - % | 227,035 | - % |
| Total other staff costs | 1 656 581 | 1 % | 2 407 895 | 2 % |
| Total Admin staff costs | 57 261 428 | 41% | 60 378 746 | |
| TOTAL STAFF COSTS | 140,505,571 | 100 % | 142,197,874 | 100 % |

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Annual Financial Statements for the year ended 31 March 2025 (Notes To The Annual Financial Statements)

21. ADDITIONAL DISCLOSURE NOTES ON EXPENDITURE

| | 2025 R | 2024 R |
|--|-------------------|-------------------|
| 21.1 CSO development programme implementation costs | | |
| Travel costs | 2,670,167 | 3,798,247 |
| Ministerial events | - | 441,558 |
| Venue hire and catering | 1,026,971 | 127,069 |
| | 3,697,138 | 4,366,874 |
| 21.2 NDA funded capacity building costs | | |
| Travel costs | 1,146,445 | 2,309,334 |
| Venue hire and catering | 1,171,058 | 2,796,544 |
| Training manuals | 7,425 | 163,125 |
| Participants transport costs | 10,320 | 77,178 |
| | 2,335,248 | 5,346,181 |
| 21.3 Third party funded capacity building | | |
| LG SETA sewing training | 165,200 | - |
| CARA CSOs Mentoring | - | 712,500 |
| | 165,200 | 712,500 |
| 21.4 Accommodation and travel | | |
| Subsistence and travel claims | 1,739,848 | 1,270,027 |
| Accommodation | 1,418,005 | 2,143,444 |
| Airfares | 2,051,473 | 2,715,368 |
| Car rental | 1,501,991 | 1,275,129 |
| Shuttle service | - | 461,829 |
| | 6,711,317 | 7,865,797 |
| 21.5 Consulting and professional fees | | |
| Change management | 1,648,991 | - |
| Legal fees | 854,424 | 1,548,812 |
| IT security fees | - | 1,124,802 |
| System support and maintenance | 167,618 | 77,625 |
| Turnaround strategy | - | 427,570 |
| Digitisation of CSO initiatives | - | 976,885 |
| Other | 2,211,815 | 2,374,089 |
| Organisational structure review | 1,547,969 | - |
| | 6,430,817 | 6,529,783 |
| 21.6 Operating leases | | |
| Head office rental | 5,482,315 | 5,697,915 |
| Copies and printers | 1,006,044 | 465,310 |
| Other office sites | 5,080,969 | 3,991,272 |
| | 11,569,328 | 10,154,497 |

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| 21.7 General expenses | 2025 R | 2024 R |
|---|------------------|------------------|
| Bank charges | 55,730 | 72,395 |
| Cleaning | - | 1,434 |
| Interest paid | 752,039 | 34,157 |
| Consumables | 49,308 | 97,324 |
| Document management and offsite storage | 259,630 | 123,623 |
| Insurance | 487,748 | 421,558 |
| Staff recruitment costs | 112,449 | 737,841 |
| Postage and courier | 49,323 | 322,341 |
| Printing and stationery | 390,892 | 985,620 |
| Municipal rates and services | 3,727,124 | 3,134,465 |
| Repairs and maintenance | 144,546 | 705,004 |
| Staff welfare | 182,361 | 184,310 |
| Subscriptions and membership fees | 28,484 | 29,286 |
| Telephone and fax | 26,642 | 64,092 |
| Catering | 74,996 | 150,444 |
| Promotional materials | 1,045,141 | 460,583 |
| Travel management charges / fees | 301,635 | 348,850 |
| Seminars and Board workshops | 639,250 | 207,383 |
| Videography | 43,152 | 148,500 |
| | 8,370,450 | 8,229,210 |

| 21.8 Disbursements to funded projectses | 2025 R | 2024 R |
|--|-------------------|-------------------|
| Disbursements to NDA funded projects | | |
| Payments made to CSOs approved in the current year | 2,453,203 | 10,840,513 |
| Accruals for CSOs approved in the current year (not yet paid) | 4,669,085 | - |
| Payments made to CSOs approved in previous financial years (commitments) | 5,336,938 | 1,228,087 |
| | 12,459,226 | 12,068,600 |

| 22. IT COMMUNICATION COSTS | 2025 R | 2024 R |
|----------------------------|------------------|------------------|
| Software licenses | 2,524,753 | 5,823,529 |
| IT communication costs | 4,840,346 | 4,129,717 |
| | 7,365,099 | 9,953,246 |

| 23. CSO VOLUNTEER PROGRAMME (COVID RESPONSE) | 2025 R | 2024 R |
|--|-----------|-----------|
| CSO management fees and volunteer stipends | - | 6,015,840 |

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Annual Financial Statements for the year ended 31 March 2025 (Notes To The Annual Financial Statements)

24. CASH USED IN OPERATIONS

| | 2025 R | 2024 R |
|--|---------------------|---------------------|
| Surplus | 3,366,782 | 2,102,147 |
| Adjustments for: | | |
| Depreciation and amortisation | 1,077,805 | 1,029,415 |
| Gain on sale of assets and liabilities | 190,535 | 154,418 |
| Movements in provisions | (10,860,879) | (6,807,202) |
| Adjustment to prior year earnings | - | 188,108 |
| Surplus surrendered to National Revenue Fund (NRF) | (5,761,803) | (3,904,496) |
| Changes in working capital: | | |
| Receivables from exchange transactions | 207,441 | (283,568) |
| Other receivables from non-exchange transactions | (522,856) | (44,452) |
| Payables from exchange transactions | 5,343,110 | 2,773,193 |
| Taxes and transfers payable (non-exchange) | 7,599,462 | (70,609) |
| Unspent conditional grants and receipts | (15,052,683) | (184,321) |
| Short-term employee benefits | (4,672,932) | (345,103) |
| Accrual for committed projects | 4,668,767 | (11,110,607) |
| | (14,417,251) | (16,503,077) |

25. COMMITMENTS

| | 2025 Operational Commitments | | 2024 Operational Commitments | |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Within 1 year | In the second to fifth year | Within 1 year | In the second to fifth year |
| 25.1 Authorised non-recurring operational expenditure | | | | |
| Approved and contracted | 10,540,780 | - | 4,343,817 | - |
| Approved but not yet contracted | 486,200 | - | 7,803,400 | - |
| Total approved commitments by the end of 31 March | 11,026,980 | - | 12,147,217 | - |
| Approval process commenced before year-end but was approved after year-end. | - | - | - | - |
| | 11,026,980 | - | 12,147,217 | - |

25.2 Committed project funds

At the end of the financial year, the entity had committed funds in terms of Board approvals for funding to NPOs and CSOs, and these funds had not yet been disbursed to these organisations by the end of the financial year.

| | 2025 R | 2024 R |
|---|------------------|------------------|
| Committed project funds | | |
| Approved and contracted by 31 March | 4,068,478 | 3,983,324 |
| Approved but not contracted by 31 March | - | 3,087,432 |
| | 4,068,478 | 7,070,756 |

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| 25.3 Operating leases commitments | 2025 Operational Commitments | | 2024 Operational Commitments | |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | Within 1 year | In the second to fifth year | Within 1 year | In the second to fifth year |
| Minimum lease payment due | 4,723,935 | 9,734,345 | 8,704,296 | 3,692,055 |
| Subtotal | 4,723,935 | 9,734,345 | 8,704,296 | 3,692,055 |
| Lease commitment approved but not yet contracted | - | - | - | - |
| | 4,723,935 | 9,734,345 | 8,704,296 | 3,692,055 |

Commitments are disclosed in respect of future expenditure of a capital nature, as required by GRAP 17- Property, Plant & Equipment, and GRAP 31- Intangible Assets, for operating lease commitments as per GRAP 13- Leases, as well as future non-recurring, non-routine operational expenditure.

Commitments include contracted future expenditure, where stipulated conditions have not yet been met as at the reporting date, amounts approved by the Board as at the reporting date but not yet contracted for and where the approval process began before the financial year end but approved and contracted after year-end. Commitments exclude employee-related commitments, as well as commitments related to routine, recurring operational expenditure that will be provided for from a future year's budget.

25.4 Third-party funding commitment

| | | |
|--|-------------------|-------------------|
| Commitment for contracts approved and contracted against third-party funding | 75,018,000 | 75,018,000 |
|--|-------------------|-------------------|

26. CONTINGENCIES

26.1 Contingent liabilities

The NDA is currently defending the following legal claims:

Pannar Seeds (Pty) Ltd

This matter is a claim in the amount of R761 230 for the payment of a consignment of sunflower seeds allegedly purchased and delivered to funded NDA projects in the Eastern Cape and Free State provinces. Rule 35 notices for exchange of legal documents were filed by the NDA in June 2016, which have since not been replied to by the plaintiff. This is a long-standing matter that is almost 6 years old, and the prospects of further action are minimal.

NDA vs Magongo N.O. and 9 others (Capacity Building Officers-CBOs)

Nine CBOs were employed by the NDA, on fixed-term contracts expiring in December 2017. The Executive Committee considered a proposal from management to absorb the nine CBOs into the newly created permanent posts of Development Officers, in the revised organisational structure. A proposal for the absorption of the nine CBOs was approved by an Acting CEO, and this decision was later taken on review by the permanent CEO on resumption of her duties and set aside. The court order to set aside the absorption is currently being challenged by the CBOs in the Labour Court.

Innocentia Finca vs the National Development Agency

This application flows from the matter reported above of NDA vs Magongo N.O. and 9 others, the self-review application by the NDA to review and set aside the decision to absorb the CBOs into the NDA's permanent structure. On 28 October 2019, the NDA was granted an order by default, which set aside the decision to absorb the CBOs. Consequently, the CBO's employment was terminated. Subsequently, the former CBOs successfully applied for an order rescinding the order which was granted in favour of the NDA by default. Whilst waiting for the respondents to file the necessary papers, Ms Finca instituted an application to compel the NDA to implement the rescission order granted in favour of CBOs. The NDA is opposing this application, and the parties have filed all the required court pleadings and are awaiting the applicant to apply for the date of the hearing.

Unemployment Insurance Fund (UIF)

During the 2020-21 financial year, a refund of R2 920 986 was received from the service provider appointed to implement the UIF contract on behalf of the NDA, after cancellation of the contract due to irregularities. A preliminary assessment of the refund received indicates that there are material unresolved reconciling items and amounts between the funds disbursed to the service provider to cover stipends and the actual payments by the service provider to learners on the programme. Some of these items relate to:

- a) Some learners were paid in excess of the permitted stipend amount per student.
- b) Some stipends were paid to the incorrect beneficiary account.
- c) Certain bank statements confirming payments made to learners are outstanding, resulting in unverified payments.
- d) Payments to certain accounts validated on the bank statements provided do not relate to authorised beneficiaries on the approved UIF database. Based on the service provider's response, these payments relate to students who were paid before confirmation that they qualified for entry into the programme. These students were subsequently removed from the database.

Based on these occurrences, there is a possibility that unreconciled amounts that cannot be accounted for by the former service provider, as well as over-payments to learners, which cannot be recovered from the former service provider, are residual obligations of the NDA to the UIF, as the NDA must account for the funds entrusted to it to implement the UIF programme.

A forensic investigation, commissioned in the 2021/2022 financial year to examine irregularities related to the R23.2 million disbursed for the implementation of the New Venture Creation Training Programme from the UIF third-party funds, was completed in the 2023 financial year, and the recommendations are awaiting implementation.

Regenesys Business School

Regenesys is claiming an amount of R33 788 250 for damages and unjust enrichment. The NDA appointed Regenesys to implement the UIF-funded new venture creation programme on its behalf, and this appointment was declared irregular during the 2019/20 financial year audit by the Auditor General. As a result, the NDA negotiated an amicable termination of the contract between the NDA and Regenesys.

Regenesys appears to have reneged on the agreement to mutually terminate the agreement and is now regarding the termination as a breach of contract. The NDA is defending the claim by Regenesys and has also instituted a review application to set aside the irregular contract between itself and Regenesys.

Ms Karen Muthen vs NDA

The NDA dismissed Ms Karen Muthen, the former CFO, after the Chairperson of the Disciplinary Hearing set up by the then Acting CEO, found her guilty on several counts of misconduct.

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The NDA has filed its statement of case at the Labour Court to oppose Ms Muthen's application in accordance with the Labour Court rules. We now await applying for the date of the hearing and have the matter set down for hearing. Our view is that the application by Ms Muthen is unlikely to succeed even on the merits. Ms Muthen is claiming compensation; if successful, she can only be awarded 12 months' salary. – R 1 859 700

27. RELATED PARTIES

27.1. Department of Social Development

A related party relationship exists between the NDA and the National Department of Social Development (DSD). The Minister of Social Development is the Executive Authority of the entity. The NDA received its 2023/2024 budget allocation to the value of R220 116 000 (2023: R219 274 000) from DSD during the year, which is disclosed under Note 15. In 2021, NDA received R100 700 000 worth of funding from DSD for implementation of the CARA project, which is disclosed under Note 14. DSD, as the lead coordinating department for the Victim Empowerment Programme, was allocated R100 million from the Criminal Assets Recovery Account (CARA) in December 2019, for the funding of CSOs and NPOs involved in rendering services to victims of gender-based violence and femicide. On 25 March 2020, DSD appointed NDA as the implementing partner for two CARA projects, at a total contract value of R95 million, exclusive of an administrative fee of R5.7 million for the implementation of the contract over 24 months.

27.2. South African Social Security Agency (SASSA)

The NDA and SASSA are national public entities under common control of the National Department of Social Development.

The South African Social Security Agency transferred funds to the NDA for the purposes of providing grants and training to co-operatives producing school uniforms on their behalf. The co-operatives were funded and trained in the 2015/2016 financial year. The outstanding balance as also disclosed under note 14- Third Party Unutilised Funds, represents funds set aside and retained to conduct evaluations and monitoring of these co-operatives by the agency.

27.3. Unemployment Insurance Fund (UIF)

The Unemployment Insurance Fund is a fund managed by the Department of Labour that contributes to the alleviation of poverty by providing short-term unemployment insurance to all workers who qualify for unemployment benefits. As such, it serves a common mandate with the NDA on the alleviation of poverty in South African communities. In 2018, the NDA applied for funding from the UIF for the implementation of two learnership qualifications for 3000 learners (New Venture Creation for 2000 learners over a period of 12 months, and a Postgraduate Diploma in Business Management for Cooperatives for 1000 learners). 70% of the learners were required to be UIF beneficiaries. The total funding agreement amounted to R 132 300 000, and management fees of 7,5% of the contract value, amounting to R9 922 500, were also payable.

The NDA received a transfer of R23 703 750 in the 2019-2020 financial year, as a first payment tranche for 3 months, towards implementing a New Venture Creation training programme for 2000 learners. The outstanding commitment from the UIF on the contract is an amount of R118 518 750. The implementation costs paid to the appointed implementing partner were declared irregular by AGSA, and the funding agreement with the Department of Labour was then amended by mutual agreement in August 2022 to a value of R 103 555 421 for continued implementation.

In the 2020/21 financial year, the NDA received a refund from the implementing agent amounting to R2 920 986, resulting from the cancellation of the irregular contract between the NDA and the implementing agent. NDA also received a further R8 million from UIF for the payment of Covid-19 stipends to eligible beneficiaries in attendance prior to lockdown, who could not continue with the programme due to the national lockdown in place during April- May 2020. An amount of R4 million is still due for receipt from the UIF according to the amended funding agreement, related to the Covid-19 stipend lockdown payments due to eligible

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learners for June 2020.

27.4. Board members and key management personnel

A related party relationship exists between the entity, its key management personnel and members of the Board. The Board and management did not enter any transactions with the NDA that require disclosure, except for the board fees and remuneration payable for services rendered as disclosed in Note 19.

Related party movement during the year 2025

| Related party | Opening balance | Interest where applicable | Returned funds | Expenditure | Balance | Commitment |
|---|-------------------|---------------------------|----------------|---------------------|------------------|------------|
| Department of Social Development (CARA) | 15,147,391 | 1,618,009 | (16,765,400) | - | - | - |
| Unemployment Insurance Fund | 5,044,986 | 16,683 | - | - | 5,061,668 | - |
| South African social security agency ASSA - School Co-ops | 1,614,447 | - | - | - | 1,614,447 | - |
| | 21,806,824 | 1,634,692 | - | (26,051,000) | 6,676,115 | |

28. FINANCIAL RISK MANAGEMENT

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

- (a) Credit risk
- (b) Liquidity risk
- (c) Interest rate risk

This note presents information about the NDA's exposure to each of the above risks, the NDA's objectives, policies and processes for measuring and managing risk, and the NDA'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 NDA's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the NDA's risk management policies. The committee reports regularly to the Board of Directors on its activities. The NDA's risk management policies are established to identify and analyse the risks faced by the NDA, 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 NDA's activities. The NDA, through its training, policies and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations as they relate to the management of risks within their areas of responsibility.

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default on its obligation, in part or in total, thereby causing loss to the entity. This risk is managed by the NDA only invests funds at large, reputable financial institutions in the Republic of South Africa. The credit risk emanating from receivables, which are of sundry in nature, is immaterial to the NDA's operations.

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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:

| | 2025 R | 2024 R |
|--|-------------------|-------------------|
| Cash and cash equivalents | 67,556,978 | 82,373,229 |
| Receivables from exchange transactions | 1,443,007 | 1,650,448 |
| Receivables from non-exchange transactions | 571,866 | 49,010 |
| | 69,571,851 | 84,072,687 |

Liquidity risk

Liquidity risk is the risk that the NDA could default on its financial obligations, in part or in total, due to not having sufficient cash holdings, cash flows or other financial assets to settle an obligation when it falls due. This risk is managed by the NDA holding sufficient cash reserves and only investing funds at large, reputable financial institutions in the Republic of South Africa. Considering the NDA's current funding structure and available cash resources, this risk is considered to be low.

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

| 31 March 2025 | Carrying amount | Contractual cashflows | 6 months or less | 12 months |
|--------------------------------|-------------------|-----------------------|-------------------|-------------------|
| Trade and other payables | 26,247,205 | 26,247,205 | 26,247,205 | - |
| Accrual for committed projects | 4,992,905 | 4,992,905 | 4,992,905 | - |
| Unutilised third-party funds | 8,690,641 | 8,690,641 | - | 8,690,641 |
| | 39,930,751 | 39,930,751 | 31,240,110 | 8,690,641 |
| 31 March 2024 | | | | |
| Trade and other payables | 13,554,190 | 13,554,190 | 13,554,190 | - |
| Accrual for committed projects | 324,138 | 324,138 | 324,138 | - |
| Unutilised third-party funds | 23,743,324 | 23,743,324 | - | 23,743,324 |
| | 37,621,652 | 37,621,652 | 13,878,328 | 23,743,324 |

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in market interest rates. The NDA is exposed to interest rate risk as cash and cash equivalents are invested with financial institutions, and certain investments are held in money market unit trusts. This risk is managed in accordance with the finance policy, which requires surplus funds to be invested with reputable financial institutions that guarantee capital and maximise returns. The carrying value of receivables and payables approximates their fair value, due to the short-term to maturity of these assets and liabilities.

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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:

| Fair values | 2025 R | 2024 R |
|---|-------------------|-------------------|
| Cash and cash equivalents | 67,556,978 | 82,373,229 |
| Receivables from exchange transactions | 1,443,007 | 1,650,448 |
| Receivables from non-exchange transaction | 571,866 | 49,010 |
| Payables from exchange transactions | (15,989,565) | (10,646,458) |
| Accrual for committed projects | (4,992,905) | (324,138) |
| Payables from non-exchange transaction | (10,507,192) | (2,907,730) |
| Unutilised third-party funds | (8,690,641) | (23,743,324) |
| | 29,391,548 | 46,643,137 |

29. FRUITLESS AND WASTEFUL EXPENDITURE

| Add: Fruitless and wasteful expenditure identified - current | 63 123 | 852,318 |
|--|---------------|----------------|
| | | |
| Details of fruitless and wasteful expenditure | 2025 R | 2024 R |
| Interest and penalties on late payments of PAYE | 20 556 | 762,851 |
| Unplanned and not approved for the renovation of an office | - | 62,213 |
| Costs incurred due to missed flights and no-shows at booked hotels | 42 567 | 27,254 |
| | 63 123 | 852 318 |

30. IRREGULAR 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:

- (a) Contravenes or fails to comply with a provision of this Act;
- (b) Commits an act that undermines the financial management and internal control system of the public entity; or
- (c) Makes or permits an irregular, fruitless and wasteful expenditure.

| Incidents/cases identified/reported in the current year include those listed below: | 2025 R | 2024 R |
|--|----------------|------------------|
| Bids not advertised for 21 days | | 1,148,678 |
| Performance bonus not paid in accordance with Board approval | 700,775 | |
| Non-competitive bidding process | - | 58,650 |
| Grant approvals are not in compliance with policy and the qualifying requirements per the issued request for funding proposal issued | - | 750,000 |
| | 700,775 | 1,957,328 |

31. BUDGET DIFFERENCES

Material differences between the budget and actual amounts

The budget approved by the board is prepared on the cash basis of accounting, which means that expected cash inflows and outflows are budgeted for without considering the non-cash items, such as depreciation, losses on disposal of assets and leave provision are not budgeted for, whilst capital expenditure is budgeted for. The budget approved by the board covered the period from 1 April 2024 up to 31 March 2025. Variances between the final adjusted budget and actuals in excess of 10% are considered material, and the reasons thereof are explained below.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes, please refer to pages xx to xx in the annual report.

31.1. Other income - R 72 825

The positive variance on other income of R 72 825 is due to the unpredictable nature of other income, which is then difficult to predict and estimate. The incidental income recovered during the year is made up of recoveries from the insurers for losses, recoveries from staff for study assistance and for fruitless and wasteful expenditure incurred.

31.2. Transfer from accumulated funds - (R 19 217 283)

The variance on transfer from accumulated funds is due to the rollover of surplus funds for 2023/24 approved by the National Treasury in 2025 and included in the 2025 budget. These rollovers are not recognised in the income statement for the current year because they were recognised in the previous financial periods.

31.3. Third-party funded capacity building (R165 200)

The underspending on third-party funded capacity building costs is due to capacity building programme funds implemented from third-party funds received from the Local Government Seta (LG-SETA); these funds were not budgeted for at the beginning of the year.

31.4. Interest income - R 779 386

The under-recovery on interest compared to projected interest was due to delays in the opening of the investment account with the SARB as directed by the National Treasury. The surplus funds were deposited into a current account, which does not earn interest at rates projected in the budget.

31.5. Research monitoring and evaluations. (R1 418 918)

The underspending on research, monitoring and evaluations is due to the funds that were allocated for the NDA conference that was planned to take place in March but was not spent by the end of March 2025 due to the postponement of the event to April 2025.

31.6. NDA funded Capacity building (R899 943)

The underspending on capacity building costs is due to some of the planned costs that were not spent due to contributions

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made by partners that collaborated with NDA to implement the programme. Partners such as local municipalities and DGRV provided free venues for the implementation of the programme that the entity would have budgeted for at the beginning of the year, resulting in savings.

31.7. Disbursements to NDA funded projects. (R4 429 489)

The underspending on disbursements funded projects is due to a portion of the approved project amounts that have not been paid to the CSOS approved for funding because those amounts were not yet due and payable at the end of the financial year. These amounts that are approved, but not yet due and payable, are disclosed under Note 25 (Committed project funds)

31.8. Consulting and professional fees (R4 389 616)

The underspending on consulting and professional fees is due to planned and committed projects such as organisational structure review, Change management and outsourced audits, where contracts are concluded at year-end, but the contract work has not been concluded and fully invoiced by the end of the financial year. The portion of the contracts that were not completed and invoiced by the end of the year is disclosed as commitments in Note 25.

31.9 CSO development programme implementation costs (R 782 252)

The overspending on CSO development programme implementation costs is due to more travel being undertaken than was planned, occasioned by the implementation of the new community-centric approach to development as per the new turnaround strategy.

31.10. Capital Expenditure (R1 518 400)

The underspending on capital expenditure is due to planned capital expenditure projects is partly due to planned capital expenditure projects that were concluded late in the financial year, and one of the projects that could not be concluded due to non-responsive bids received during the procurement process. The projects that are concluded in the current year are included under commitments in Note 25.1.

31.11. Transfer from Over-provision in 2023/24 (R3 977 277)

This variance is due to the transfer of the overprovision of balance of provision from 2023/2024 to the budget for 2024/25. The overprovision could not be recognised in actual revenue for 2024/25 as it has been recognised in revenue in prior years.

31.12. Admin staff costs (R 15 575 272)

The underspending on admin staff costs is partly due to unspent budget on funded vacant posts as at the end of the 24/25 financial year, and a portion of the performance bonus to the value of R 3,9 million that was paid from the overprovision released from the balance sheet in 2025.

31.13. Third-party funded capacity building (R165 200)

The underspending on third-party funded capacity building costs is due to capacity building programme funds implemented from third-party funds received from the Local Government Seta (LG-SETA); these funds were not budgeted for at the beginning of the year.

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31.14. IT Communication Costs (R1 788 501)

The underspending on IT Communication costs is due to the planned renewal of the Microsoft licensing that could not be finalised on time before the year-end.

31.15. Relocation of Offices (R 118 215)

The underspending on relocation costs was due to the delays by the appointed landlord in finalising improvements to the Gauteng provincial office. The relocation was planned to take place in March 2025, but was postponed to April due to the facility not being ready by the end of March 2025.

31.16. Loss on disposal of Assets and Depreciation (R1 268 340)

The overspending Loss on disposal of assets and depreciation is due to the budget being prepared on the cash basis, and therefore, these items do not result in an outlay of cash and are not budgeted for.

32. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date.

33. DEPRECIATION AND AMORTISATION

| | 2025 R | 2024 R |
|-------------------------------|------------------|------------------|
| Property, plant and equipment | 711,148 | 662,757 |
| Intangible assets | 366,657 | 366,658 |
| | 1,077,805 | 1,029,415 |

34. PRIOR PERIOD ERRORS

Depreciation on property, plant and equipment and amortisation of intangible assets were previously misstated due to incorrect calculations.

These have been recalculated, and the impact on the prior year is as follows:

Statement of Financial Position

| | | |
|---|---|-----------|
| Increase in Property, plant and equipment | - | 3,221,073 |
| Increase in Intangible assets | - | 579,372 |

Statement of financial performance

| | | |
|---|---|-------------|
| Decrease in depreciation and amortization | - | (3,903,981) |
| Increase in loss on disposal of assets | - | 103,535 |



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