



NDA Turnaround Strategy

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National Development Agency

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Executive Summary

Introduction

The NDA found itself trapped in an organisational structure and operating model that had been questioned by stakeholders as ineffective and lacks impact on its mandate of contributing in eradication of poverty and its causes. The current model restricted the NDA to take its rightful position of being a “premier development agency” as recorded in its current mission. This, over the years, has limited the ability of NDA to contribute effectively to poverty eradication efforts by government. This has been exacerbated by shrinking government allocation to NDA since 2009/10, where the budgetary allocation has been far below inflation. The Turnaround Strategy is designed to change the perception of NDA by its stakeholders, and transform it to an organisation that can be viewed and seen as capable of moving millions of poor South Africans out of the state of poverty through its developmental interventions.

The NDA’s new mission is to improve economic self-sufficiency and generate financial income to the poor population, especially those that, reside in townships, informal settlements and rural communities, and are fully dependant on social security systems and grants for their livelihood. The aim is to provide them with pathways through developmental interventions that can provide income to move them out of the cycle of poverty. The NDA will work with community based Civil Society Organisations (CSOs) to support and guide the identified beneficiaries to meet their objectives of making a sustainable income from their developmental initiatives. The intended outcome is to create social entrepreneurs resulting in sustainable social enterprises that economically benefit and improve the quality of life of these social entrepreneurs and their communities.

Social enterprises are profitable social businesses whose objective is to benefit individuals and groups of individuals in a broader community with common purpose instead of creating income and generating wealth for their own self-sustenance. Building this type of vehicle will allow the economic active population who solely rely on social security to earn a decent income for a living without being restricted by the requirements of the open labour market.

Situation analysis and current state of the NDA

The assessment conducted through engagements and interviews with internal and external stakeholders described the institutional configuration and service delivery model of the NDA as not making a significant impact on improving the lives of impoverished and marginalised communities. This lack of effectiveness is due to lacking a clear and unique value proposition that differentiates the NDA from other government departments and other development agencies.

The stakeholders stated that the NDA’s current approach of providing training and grant funding to non-profit organisations overlaps with the Department of Social Development’s NPO funding . This overlap of a welfare function causes confusion to people outside and within the NDA which is not sustainable under the current fiscal tightening conditions.

They further pointed out that the situation has been further exacerbated by the lack of strong and continuous leadership to address the duplication and chart a differentiated and valuable contribution to society. The long absence of a Board was cited as indicative of this leadership vacuum.

The NDA Turnaround Strategy summary

The NDA Act provides the NDA with the mandate to eradicate poverty and its causes. It also provide a vehicle within which the NDA can partner with the CSOs to address the causes of poverty. This mandate clearly positions the NDA to develop strategies, frameworks, mechanisms and plans that are aimed at directing its developmental interventions to those classified as poor. Government has put in place systems, programmes and responses that are aimed at providing social relief to this population group. In practical terms the NDA Act allows the NDA to use the appropriate poverty eradication strategies that can directly link those classified poor or indigent to its developmental interventions. This alone makes it easier to show cause and effect of its interventions – which has been the missing link.

To support the NDA's new mission, the NDA will design and implement a new operating model, business processes, policies, procedures, organisational structure, governance forums, key performance indicators and IT systems. The NDA will undergo comprehensive organisational transformation to re-establish itself so as to deliver on its new mission.

The core of the new NDA operating model is a process that starts in the community, identifying the target beneficiaries, thereafter building a pipeline of projects to create social enterprises and then assist the social entrepreneurs by creating an enabling regulatory environment for the creation of successful and sustainable economic activities that can provide sustainable income to families.

In order to determine which potential social enterprises to support, each business plan will be evaluated on its ability to generate revenue and sustainable income for social entrepreneurs themselves and their families. Ultimately the objective of social enterprise is to grow and sustain their income whilst moving away from the social and welfare dependency on government support to meet their daily basic needs.

The proposed operating model to respond to the mandate of poverty eradication, the NDA will need to restructure and integrate its service delivery mechanism into four developmental interventions functions:

- NDA Design and Development of sustainable livelihoods projects Function
- NDA Skills Development Function
- NDA Resource Mobilisation and funding Function
- **Policy Improvement Research & Lobbying Function**

These four areas will converge into a pipeline of integrated actions or functions that feed to one another to improve efficiency, remove duplication of activities, improve quality of funded

interventions and ensure that regulatory red tapes, bureaucratic complexities and bottlenecks caused by legislation and policy requirements are removed.

The **Design and Development of sustainable livelihoods Function** will be responsible for identification, analysing, designing and developing all developmental projects and programmes to be implemented by the NDA aimed at contributing to poverty eradication. Using information collected from engagements with local communities, CSOs, municipalities, District Development Model structures at local level, SASSA information systems, StatsSA, and any other source of information on poverty in the local community, they will identify potential target beneficiaries for support, identify areas or sectors of potential social entrepreneurs participation, assess beneficiary needs for support and prepared social entrepreneurs proposals and plans, with costing and benefits outcomes that can be linked to sustainable livelihoods for the beneficiaries.

The **Resource Mobilisation and Funding Function** will use designed and developed proposals to source funding from stakeholders in the private sector, government and donor institutions. These stakeholders will then make funding commitments towards supporting poverty reduction development projects and programmes.

The **Skills and Capacity Development Function** recognises that the target beneficiaries of the NDA may not have all the necessary skills, capacity and experience to start and maintain their income generation developmental activities on their own. This function will focus on skills assessment and development interventions appropriate to support requirements of these social enterprises to acquire the requisite knowledge and abilities to operate a sustainable income generation venture. The skills and capacity interventions must be appropriate and relevant to the daily operations of a successful social enterprise operated in a community.

Policy Improvement Research & Lobbying Function the NDA recognises that sector is still mainly classified as informal sector, thus they face challenges of growing themselves as a viable economic sector that can contribute in poverty reduction and economic growth if recognised and supported. **This function will assist in identifying policy and regulatory bottlenecks that may need legislative, policy and compliance requirements to create an enabling environment to thrive the same way as the formal business sector.** This is a critical intervention to realise the maximum contribution the sector can make to improving quality of life for those who cannot get opportunities to be employed by the formal labour markets in South Africa.

All four these functions will be staffed with individuals that have the necessary business planning, resource mobilisation, learning and development as well as research, policy and lobbying skills. NDA will make a significant and ongoing investment to improve the skills of its workforce to excel at the four functions.

The NDA will need to adopt a high performance culture underpinned by quantitative and qualitative measurements. The overall key performance indicators for the NDA will be based on means and outcomes linked to poor and indigent people moved out of dependency on social

security support to self-dependency. The SASSA payment systems and indigents support systems will be used to provide evidence for effectiveness of the NDA developmental approaches and mechanisms employed to eradicate poverty. This represents a very hard, objective measure of success that can be translated to financial benefit for poor people, national fiscal saving and reduction in the state borrowing to fund social security demands created by the ever increasing numbers of poor people in the country. This key performance indicator will be decomposed into lower level performance indicators. Staff promotion and remuneration will be linked to meeting and exceeding these hard quantitative targets.

The Mechanisms needed for poverty eradication

The District Development Model will be used as a framework for service delivery for development interventions aimed at poverty eradication in poor communities. The alignment of the three spheres of government (National, Provincial and Local) provide a better organisational platform for the NDA to work with all levels of government and present a better platform to collaborate in the fight against underdevelopment by sharing a common goal, coordinated planning, sharing resources, and sharing the same outcomes and impact. At the centre of this framework is eradicating poverty and its causes across all districts in the country. The NDA turnaround strategy mechanism for implementation, at district level will be able to accurately define the targeted audience, who are all poor people who are only dependant of social security for their livelihood. The aim is to move all those who are in the economic active cohorts of the population currently dependant on government social security support to meet basic needs.

Information technology systems

The process of identifying those that are trapped in the perpetual state of poverty in communities and households, establishing economic potential, identifying CSOs that can support developmental interventions, identifying and organising the target beneficiaries to participate as social entrepreneurs, packaging business plans and business cases and mobilising resources is very complex, communication intensive and data intensive. This can be addressed through agile information, technology and communication systems. The current NDA ICT system architecture and operation systems need to be reviewed and aligned to the new business model and the institutional support. It will require end to end integration through process and workflow re-engineering, creation and making a robust clients facing interface. This will provide the efficiencies required to deliver this complex requirements for effective and swift development interventions for the poor.

Rebranding of the NDA for image change

The findings provided by stakeholder (internally and externally) engagements on the NDA brand, provided insights on the effectiveness of the NDA against specific attributes that form the foundations of a successful brand. The information has enabled us to adjust and shape the brand across strategic areas to support the new Turnaround strategy. The assessment of stakeholder's

views and perceptions of the current NDA brand indicated a number of proposals and approaches on re-branding the NDA to allow stakeholders and the public to associate themselves with the NDA brand. The following will form part of the rebranding of the NDA:

- Ensure that the NDA has an appealing brand personality that connects emotionally. This shows a need to create a distinctive tone and brand persona.
- The NDA brand needs to be provocative and inspirational. This highlights the need to make the NDA brand more inspiring, vibrant and exciting.
- The NDA brand must show and demonstrate the need to create feelings of trust and confidence, and to convey transparency.
- There is a lack of clarity and consistency of the brand messaging. The recommendation is for the NDA brand to be dynamic, positive, and hopeful.

The NDA brand must communicate and transmit a serious and professional image aligned to enhancing dignity – which is a key outcome of the NDA mandate.

The NDA Turnaround Strategy

Introduction

The purpose of the proposed draft National Development Agency (NDA) Turnaround Strategy turnaround strategy is developed to assist the NDA to better meet its mandate of contributing towards eradication and its causes in South Africa. The aim is to reposition the NDA in its efforts in designing, implementation and accounting on its developmental projects and programmes that move out of poverty, the millions of South Africans that are trapped in the vicious cycle of poverty, especially people who have no pathways of getting themselves out of the social security systems that are meant to only provide immediate relief of their distress to a state where they can use their abilities to achieve a state of no dependency on government social and welfare interventions for their livelihoods. The architecture of the turnaround strategy has been based at assessing the operational context and service delivery model and mechanisms to map out a new path for the NDA.

To achieve this, the proposed turnaround strategy underwent processes and procedures to holistically understand the current status and operational environment of the NDA; conducted engagements of a range of stakeholders internally and externally. The main stakeholders internally included all levels of staff, management and leadership of the NDA. The External stakeholders included government departments, civil society organisations and the private sector. The process also reviewed literature that provided best practice examples, at international and local levels on how developmental efforts in other countries and local programmes and projects have move poor people out of the poverty line to sustainable livelihoods. The outcomes of these engagements and analysis provided the pillars for developing and designing the turnaround strategy.

In addition to establishing the basis of developing the turnaround strategy, the turnaround strategy detail the circumstances that led to the requirement for a turnaround strategy as well as the journey the NDA executive management went upon to arrive at the change required for the NDA to seen and perceived as the development component of the Department of Social Development Portfolio.

The journey to arrive at this turnaround strategy was underpinned by a highly structured methodology to establish the facts and surface the key strategic questions before proceeding to a recommended NDA Turnaround Strategy.

The turnaround strategy provides an information foundation for the new NDA Board to analyse, debate, shape and finally commit to a final NDA Turnaround Strategy that they believe in and are committed to.

The remainder of the turnaround strategy covers the following topics:

- Current Status of the NDA
- Methodology to Arrive at Strategy
- Internal Assessment Results

- External Assessment Results
- Role of NDA in Development Sector
- Country Development Case Studies
- Social business
- Vision, Mission and Business Model
- Operating Model
- Organisation Structure, Roles and KPI
- Functional Business Processes
- Development Investments for the Poor, Public-Private-Community Partnerships and 3rd Party funding
- Governance Structures
- Implementation Approach
- Strategy Implementation and NDA Operational Funding Requirements

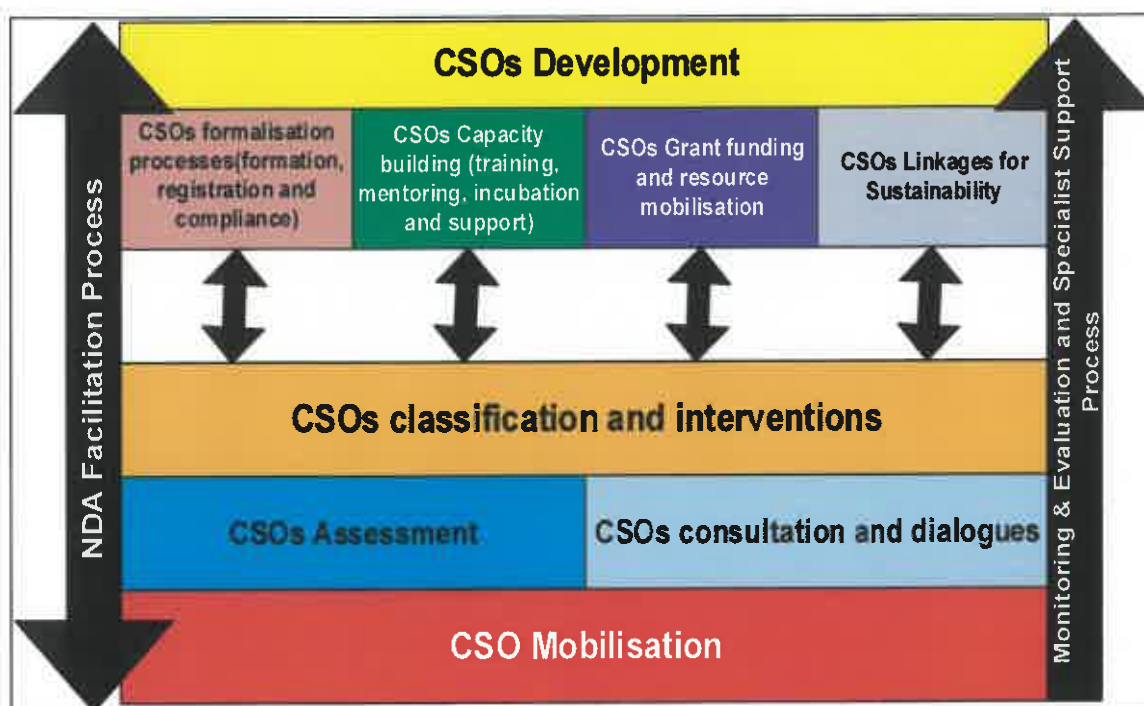
Rationale for the NDA Turnaround Strategy

The current perceptions presented of NDA by internal staff and external stakeholders is an ineffective organisation that is not capable of delivering on its mandate of eradicating poverty and its causes. This view is manifested in the failure of its programmes to lead to a meaningful reduction in poverty levels of individuals that have been beneficiaries of NDA programmes.

Since the adoption of the NDA repositioning 5-year strategy and business case 2015/16 that redefine its target, configuration of its development programme, and restructuring of the entire NDA institutional support services has not produced the desired outcome on the performance and significant contributions against its mandate of contribution in the eradication of poverty and causes.

At the heart of the repositioning, the business case aimed at the configuration of the CSOs development model as a mechanism to strengthen the capacities and funding of CSOs to deliver the outcomes of eradicating poverty. The model also proposed interventions that were required for the development of support interventions that were to be provided to the CSOs. Notable, the target focus for this model was the CSOs that were to be supported through developmental grants and capacity-building to enable them to implement the developmental projects funded by the NDA.

Figure 1: Conceptual Model for the NDA CSOs Development Programme



The development model was implemented through a CSOs development framework and guidelines with tools to support the implementation process. The limitation of this approach towards addressing poverty was not focusing on the poor individuals as primary beneficiaries of these interventions, but the CSOs as beneficiaries of the development interventions. The failure in defining appropriately the target group has led to the perceptions and views that the NDA approaches are not showing outputs and outcomes that contribute to the mandate of the Agency.

The lack of effectiveness of the CSOs' development model has brought into question the value proposition of their contribution to the NDA's mandate. The assumption underpinning the capacitation of CSOs assumed that the development of such institutions would result in the economic development of poor community members by assisting them to engage in economic activities which would result in improving their livelihoods and quality of life.

This lack of effectiveness is the result of the following:

1. Not having a clear and unique mission that differentiates the NDA from other government departments, state-owned enterprises and agencies
2. Having focused on the capacity-building efforts of CSOs with the assumption that through them, poverty will be eradicated as opposed to focusing on poor individuals
3. Not being able to develop and market a programme that is purposed in eradicating poverty to potential development partners
4. A lack of continuous strong leadership committed to shaping and implementing an impactful NDA mission.

In the absence of a differentiated mission and strong leadership, the NDA has been reduced to making insignificant financial contributions to an arbitrary collection of early childhood development centres, feeding programs and small agricultural cooperatives, as well as extensive registration and training of CSOs. This form of programming pursued by NDA indicates an existing weakness in programme conceptualisation and formulation i.e. programmes approved for funding lack a direct connection to the key mandate of eradication of poverty. To the fortunate few that received NDA grants, the funding is insufficient value to lead to any meaningful economic variant to the poverty status of individuals and families.

While CSO capacity-building support in the form of registration, training, funding and networking could potentially have had a positive impact on the economically marginalised communities, that impact was never measured and thus cannot be claimed. The current CSOs within NDA programming have proven not to be an effective mechanism to address the challenges of poverty and its causes. However, to be seen to operate within the legal prescripts, a buy-in of these organisations had to be considered within the programme implementation processes.

The NDA programme has failed to show a linear relationship that depicts the effectiveness of the programmes in addressing poverty in affected communities. The result chain linking effects to expected results being moving poor individuals from poverty to economic self-dependence. This fact undermines the institutional capacity to mobilise financial resources to support the grant funding effort that support the rollout of economic development initiatives that can benefit poor families.

There has been a lack of strong leadership in guiding and defending the NDA programme direction and mandate respectively within the development sector. The existing relationship between the DSD as the mother Department and NDA has watered down the mandate of the NDA. DSD has a critical responsibility of capacitating NPOs and CSOs which is similar to one of the objects of NDA yet not in line with the key results area of eradicating poverty in poor families and individuals that forms the core mandate of NDA. The lack of defining the existing differences in programming around CSOs between the two entities has led NDA to play a subservient role by focusing on capacity build efforts of CSOs. This has negated the understanding that CSOs were to act as a means towards achieving the goal of eradicating poverty within the target population.

The following underlying causes manifested as symptoms of a dysfunctional organisation; they formed part of the basis of the Terms of Reference for the NDA Turnaround Strategy project:

- Poor organisational performance
- Weak oversight, governance and internal control
- Poor audit outcomes
- Non-adherence to policy and regulations
- Poor implementation of NDA Act
- Inadequate systems, policies and procedures to support work performance
- Not SMART Key Performance Indicators and Technical Indicator Descriptions

- Non-existence of business processes for KPIs and other performance areas
- Lack of high impact KPIs aligned to strategy
- Inappropriate organisation structure
- Inability to raise resources to support mandate execution
- Poor reputation with shareholder, stakeholders and public
- Weak service delivery and poor implementation of projects
- Lack of impact of NDA programs and projects
- Lack of alignment between mandate, strategy and goals
- Lack of alignment of NDA programs and projects to government plans and objectives
- Poor staff competencies and organisational culture
- Unsustainable and incompatible office occupancy

The NDA Turnaround Strategy project was specifically launched to address the lack of clarity, differentiated focus to achieve the following outcomes:

- Business turnaround
- Financial sustainability
- Strategic partnerships
- Digitization and system integration
- Community economic development
- Evidence based research and evaluation
- Influence over debates on policy direction

The combination of the NDA Turnaround Strategy and a committed new Board will unlock the full power of the mandate bestowed by the NDA Act.

The National Development Agency operational context

The Social Development Portfolio Approach

The social development sector (DSD, SASSA & NDA) has adopted a sectorial approach towards planning, programming and implementation of the sector interventions. The portfolio approach effectiveness is grounded on having a shared and common purpose and goal in planning and implementing programmes and interventions. The strategic intent of the portfolio approach is to also create the linkages and integration requirements with other government departments and agencies, the private sector, and civil society sector to harness resources and focus on improving the quality of life of a South African citizen at community level. It starts with a common and shared strategy development and shared outcomes and impact measures. This allows the sector to identify how it contributes towards building a better South African.

The approach will ensure that the social development sector builds strong, reliable and efficient partnerships with the civil society sector and empower this sector to contribute effectively in building a better South Africa. The social development sector will also learn how to effectively work

with the civil society organisations at local level on how to respond to poverty experiences by the majority of Africans. The portfolio approach allows the department and its agencies to have combined strategic interventions that provide an overarching direction on bridging the gap between welfare and developmental services to the public. The outcome for both of these functions is creating a South Africa we all want to live in. The social development portfolio aims at creating an effective ecosystem in the sector to improve coordination, integration, maximising quality of outcomes and impacts to ensure that potential in people to live a better and sustainable livelihood is achieved. We note that social development cannot occur without economic development. It is this economic development aspect that NDA's new turnaround strategy recognises and intends to contribute towards.

The District Development Model

In the State of the Nation address (2019), the President, indicated that Government will have to undertake improved coordination and cooperation in planning and implementation to ensure the effective implementation of the seven priorities. Consequently, the District Development Model was adopted in 2019 by government. The District Development Model was endorsed by the President's Coordinating Council in November 2019, and requires planning and implementation that is spatially focused at a district level. The model is geared towards improving integration between national, provincial, local government and other organs of state in the implementation of government budget and programmes. Focusing on implementation at a district level will allow for better monitoring and timely delivery of remedies of failures at a local government level and ensure development is carried out collectively with civil society at the grassroots level.

For service delivery, the model requires targeting of youth, women, people with disabilities, vocational training and labour intensive programmes, review and/redesign of incentives for small businesses, community work programme, training and skills development and analysis of vulnerable groups, services offered and capacitating small businesses. The aim of this is to bring service delivery to the heart of communities and harness the uniqueness of resources existing at a district level, to enable communities to develop, uplift themselves out of poverty and become self-sustaining, thereby reducing the dependency on state resources.

In summary, the District Development Model is the framework adopted by government to align all three spheres of government (National, Provincial and Local) to collaborate in the fight against underdevelopment by sharing a common goal, coordinated planning, sharing resources, and sharing the same outcomes and impact. At the centre of this framework is eradicating poverty and its causes across all districts in the country. The mechanism for implementation of the district model is defining the targeted beneficiaries, who are all poor people who are dependent of social security for their livelihood. The aim is to move all those who are dependent on social security to actively participation in self-sustainable livelihood activities that result in gainful income for themselves and their families.

At the heart of the District Development Model, is collaboration, coordination, shared vision and shared goal for citizen's development. This model is the only model, when support through effective service delivery mechanisms has prospects of fundamentally changing the lives of the poor and creating enabling environment for sustainable development in South Africa. The main outcome of the DDM is eradication of poverty which NDA mandates entrust the NDA to perform. The NDA therefore endeavours to develop clear mechanisms to partner and collaborate with all sectors of government and all spheres at a district level to design interventions with one goal, eradication of poverty and its causes.

The NDA position as a development agency of the Social Development Portfolio, is the critical arm to drive development to balance the social security interventions by the Social Security Agency of the portfolio. Development is a gateway for poverty eradication, this means the NDA is the only viable agency to access those that are trapped into social security systems due to poverty. For the NDA to show impact, it needs to design and implement programmes with an aim of targeting those that are dependant of social security. In order for the Agency to fulfil its mandate it therefore needs to shift from focusing on the vehicles it uses to achieve its mandate and be seen to be making impact on the poor. The means required to eradicate poverty and re-ignite the sluggish South African economy are creating sustainable livelihood pathways for the poor, these pathways must result in gainful economic activities at community level; creation of reliable and sustainable employment for local poor population; building capacities and skills appropriate for gainful and income generation for poor people living in depressed communities; creating and re-building local economies using local resources and human capital; using the local capacity to respond to local service delivery in depressed communities. These are fundamental agents for change and they can be harnessed through the DDM with all stakeholders at local level focusing on development targeting those trapped in poverty and underdevelopment. The NDA in the 2023/24 financial year and the MSTF will be focusing on using the DDM as a framework to eradicate poverty and developing sustainable mechanisms of working with all stakeholders at district level (government, civil society organisation and the private sector) to shift the DDM from a framework to operational mechanisms and plans for community development approaches to eradicate poverty and its causes.

Sustainable Development Goals

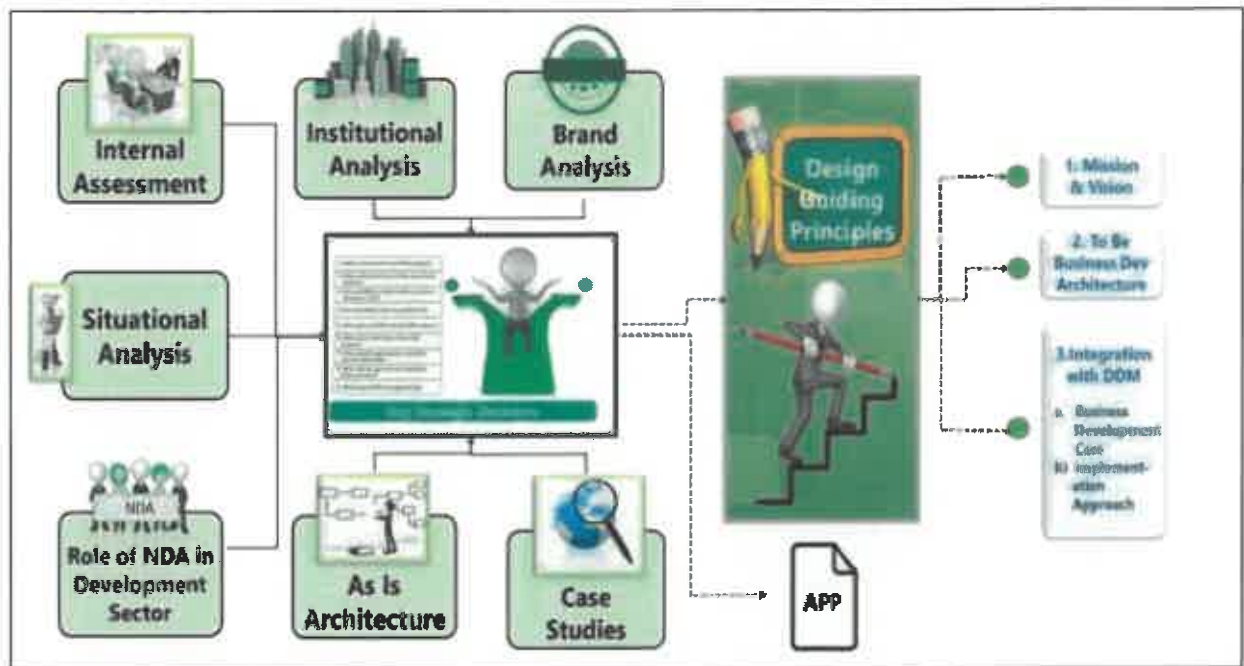


The Sustainable Development Goal 1 its outcome is “*End poverty in all its forms everywhere*”. This goal is the same goal for the NDA primary mandate of “*eradication of poverty and its causes*”. This is of significant importance for the NDA in particular and South Africa. This goal cannot be met when the other 16 goals are not used effectively as means to achieve this goal. The NDA will focus on the same goal, however, on its trajectory to achieve this goal, it will use other goals in the SDGs as means in achieving poverty eradication with an impact on goal 10 which reduction in inequalities. The NDA goal of contributing in eradication of poverty must be measured by reduction in inequalities. In the South African context, any poverty reduction interventions that do not translate to reduction in inequalities would have not dealt with the legacy of apartheid. Therefore, the NDA would use interventions that have outputs from all the other goals as these outputs have a direct contribution (means) to eradicate of poverty and its causes. Theoretically, any of the other 16 goals achieved independently cannot, by their own, result in eradication of poverty and reduction of inequalities in the South African context. It is for this reason that the NDA, in its strategic shift define and use a mechanism that integrate development in all its aspects of community development, through sustainable partnerships with civil society organisations as a vehicle for improved targeting of the poor at the same time collaborating and coordinating developmental efforts with government, private sector and the donor community.

Methodology for developing the NDA Turnaround Strategy

The methodology applied in developing the turnaround strategy was based on evidence gathered from internal and external stakeholders, document reviews, surveys conducted for different target groups, economic and social analysis associated with poverty causes and best examples within the country and internationally. The methodology required systematic analysis of all components useful to provide holistic diagnoses of the pain points experienced by the NDA. The aim was to base the strategy on a realistic and factual understanding of what needs to be turnaround so that proposed solutions can be directly linked to the causes of the challenges facing the Agency. The methodological approach applied is illustrated as follows:

Figure 3: Strategy Development Methodology



The methodology was chosen because it had the abilities and was readily deployable deployed by the use of technologies, given that the process started during the COVID-19 period, where face-to-face was also limited by the state of emergency declared by the state. The key components of the methodology that were undertaken have been discussed as follows:

The **Internal Assessment** gauged the internal construction, effectiveness and cost efficiency of the existing NDA organisation. It was driven by workshops with each business unit’s management and staff. While not instructive in terms of what the NDA should focus on and be organised it did provide a clear indication of the assets and capabilities that could be utilised in the new organisation in executing its new mission. It also provided clarity on the scope of the implementation, the most appropriate implementation approach as well as the most appropriate change management approach.

The **Situational Analysis** provided the sharpest direction on what the NDA’s mission must be as it brought into focus the scope, structure and intensity of the economic challenges that the country faces, what other organs of state are focussing on and what the gaps are that the NDA can and should focus on. This assessment looked at all the important dimensions, namely economic, social, political, legal, technological and environmental. The environment assessment made it patently clear that the NDA should focus on job creation and skills development. It also guided the ultimate positioning of the NDA as the key integrator between the different organs of the state, the private sector and civil society.

The **Role of the NDA in the Development Sector** confirmed the various roles other organs of state play in the South African development context and provides direction on the scope and nature of the conduit role of the NDA. It mapped the poverty alleviation role of each of the

departments, state-owned entities and agencies and provided direction on which entities to involve and coordinate for which purpose in performing the conduit role.

The **Institutional Analysis** solicited the views of 3rd party NDA stakeholders on the efficacy, reliability and strategic focus of the NDA. This analysis provided clear direction on the scope and approach required of the 3rd party change management and also direction on the rebranding requirements.

The **As-Is Architecture** documentation modelled the finding of the As-Is assessment in diagrammatic format, providing a baseline to gauge the scope of the implementation and change management effort required to design, build and deploy the new mission and supporting organisation.

The **Brand Analysis** provided different branding options and their strategic communication implications.

Lastly, **Case Study** research was performed to extract development best practices from Vietnam, China and Botswana, the fastest-growing economy in Africa. These best practices provided further input on the type of organisation that would be of most value given South Africa's existing economic crises.

Following all the above-mentioned analysis the project zoned in on the key strategic questions the NDA needed to ask of itself and the **Strategic Decisions** it needed to make. It questioned fundamental matters, including which communities to support, the form of that support, the role the private sector, government and CSOs need to play in providing that support, how the NDA positions itself amongst the private sector, government and CSO community, what success looks like and how the NDA would measure its operational efforts and ultimate outcomes.

The final step after answering the key strategic questions and before defining the actual future organisation was the development of a set of **Guiding Principles** that would help inform, guide and constrain all the key elements of the future organisation.

Also considered was the **Annual Performance Plan** as it would provide the baseline for the quantification of the business case.

Situation analysis

Environmental Assessment

An internal assessment was undertaken in which the management and staff of all the departments in the NDA were given an opportunity to provide open and honest feedback on the state of the NDA.

During the interviews with different department common themes emerged that correlated with the shareholder and stakeholder perceptions of the NDA's performance, efficacy.

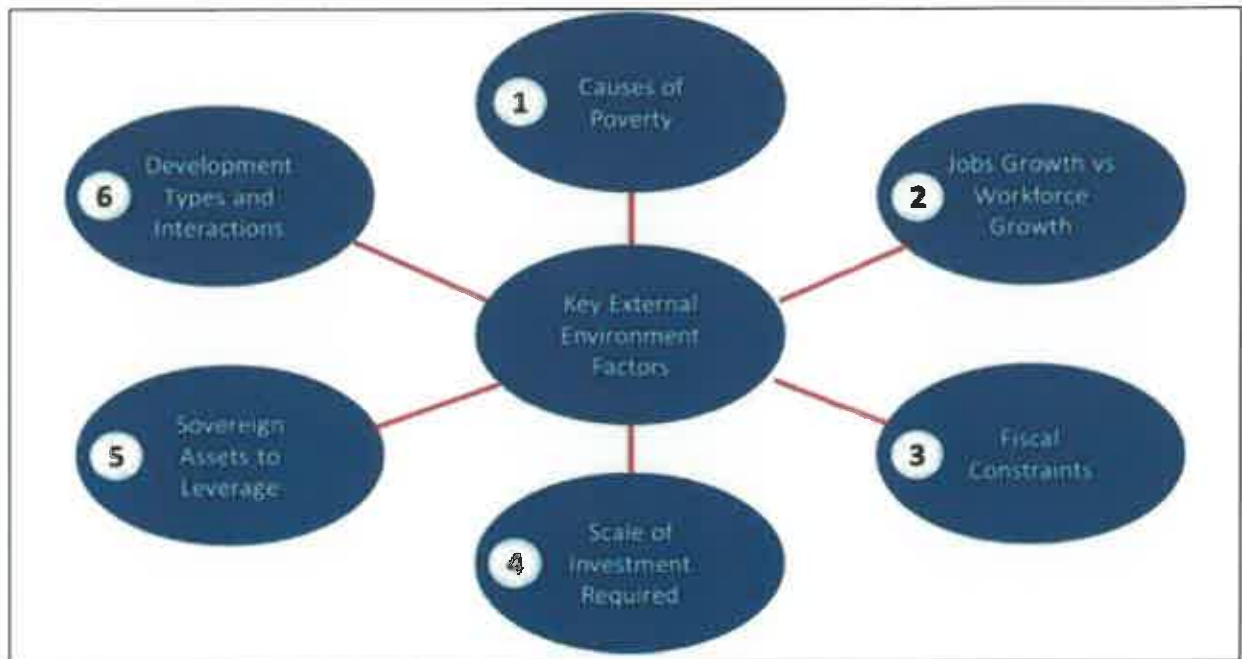
The internal assessment also verified the causal impact of not having a clear differentiated vision as well as the impact of being left without strong continuous leadership for protracted periods. The following key feedback themes emerged from the interview:

- There is no common understanding of poverty eradication and NDA's role therein
- NDA is competing with other welfare providers for a shrinking National Treasury welfare allocation, causing significant anxiety
- NDA undertakes projects that undermine its differentiation and value proposition
- There is a perception that NDA is a welfare organisation that requires positioning within the welfare cluster
- There is a lack of Performance Indicators covering the full scope of NDA's core activities and value-added services
- The formal policies, procedures and KPIs do not adequately leverage the NDA's resource mobilization and conduit mandate
- The formal policies, procedures and KPIs do not adequately account for the work done between reviewing the District Development Plans and selecting CSOs to support
- Recommendations for improvement are not implemented despite being documented
- Lack of leadership continuity undermines staff buy-in and change management
- NDA does not have enough involvement with respect to debating and influencing developmental policy
- There are application architecture gaps with respect to data accessibility, systems functionality, automation, integration, and data recovery

The internal assessment revealed an organisation lacking a clear identity and purpose as well as an organisation demoralised by leadership turnover. It further revealed an organisation's will to change if presented with a clear mission and way of achieving that mission.

While poverty and the economy is deeply interdependent the overall recovery of the economy will not necessarily reach highly welfare dependent communities without deliberate intervention. Similarly it is also possible to improve the self-sufficiency of highly welfare dependent communities without having to wait for the recovery of the broader economy.

Figure 4: Environmental Assessment Framework



Beyond the causes of poverty the performance of the economy and the Government’s fiscal flexibility was assessed, as this would highlight the importance of SASSA grants as well as the pressures causing Government to reduce welfare spending in the middle of a poverty crises.

The lack of Government flexibility to increase social spending then highlighted the necessity for private investment to secure tax revenues and reduce unemployment. Both the scale of the required investment as well as the sovereign assets to leverage was consequently assessed. Finally the range of potential development types and interactions were assessed to assist the NDA in sharpening its focus.

Causes of Poverty

Various opinions and theories exist regarding the causes of poverty. In order to obtain a balanced international and humanitarian perspective the NDA referred to the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) for their understanding of the causes of poverty. According to OCHA related publication Reliefweb there are 11 causes of poverty, as outlined below:

Inequality and Marginalisation -“Inequality” refers to systemic barriers leaving groups of people without a voice or representation within the broader economic society. For a population to escape poverty, all groups must be involved in the decision-making process — especially when it comes to having a say in the things that determine your place in society.

Conflict - Large-scale, protracted violence such as a civil war can grind society to a halt, destroying infrastructure and causing people to become refugees. Syria’s middle class have been destroyed and over 80% of the population lives below the poverty line because of its decade long conflict. Before the conflict Syria was a stable, secular country with a strong economy. Even small bouts of

violence can have huge impacts on communities that are already struggling. For example, if farmers are worried about their crops being stolen, they won't invest in planting. Women also bear the brunt of conflict, which adds a layer of inequality to all conflict.

Hunger, Malnutrition and Stunting - Hunger is both a cause and maintainer of poverty. If a person doesn't get sufficient nutrition they'll lack the strength and energy needed to work, or their immune system will weaken from malnutrition and leave them more susceptible to illness that prevents them from getting to work).The first 1,000 days of a child's life (from womb to world) are key to ensuring their future health and likelihood of staying out of poverty. Child stunting, both physical and cognitive, can lead to a lifetime of impacts. Adults who were stunted as children earn, on average, 22% less than those who weren't stunted.

Poor Healthcare - Extreme poverty and poor health often go hand in hand. In countries where health systems are weak, easily preventable and treatable illnesses like malaria, diarrhoea, and respiratory infections can be fatal — especially for young children. And when people must travel far distances to clinics or pay for medicine, it drains already vulnerable households of money and assets, and can tip a family from poverty into extreme poverty.

Little or no access to clean water, sanitation and hygiene - A household without clean water typically results in people, usually women and girls, walking long distances just to get water. That time and energy spent come at the expense of working and education opportunities, further trapping members of the household in poverty.

Climate Change - Excessive or inadequate rainfall and temperature will destroy agricultural crops and contribute to poverty in several other ways including disproportionately affecting women, creating refugees, and even influencing conflict. One World Bank estimates that climate change has the power to push more than 100 million people into poverty over the next decade. A household without clean water typically results in people, usually women and girls, walking long distances just to get water. That time and energy spent come at the expense of working and education opportunities, further trapping members of the household in poverty.

Lack of Education - Not every person without an education is living in extreme poverty. But most of the extremely poor don't have an education. There are many barriers to education around the world, including a lack of money for uniforms and books, a bias against girls' education and many of the other causes of poverty mentioned here.

Poor Public Works and Infrastructure - All countries population needs adequate water, energy, road, railway and communications infrastructure to power them, transport them and connect them with each other. No productive enterprise can function without these services and no livelihood is possible without productive enterprises. The isolation that results from poor communication infrastructure limits the exploitation of opportunities thus making it impossible to escape extreme poverty.

Lack of social security and welfare services - Many governments cannot provide adequate welfare to its citizens — and without that safety net, there’s nothing to stop vulnerable families from backsliding further into extreme poverty. Ineffective governments also contribute to several of the other causes of extreme poverty mentioned above, as they are unable to provide necessary infrastructure or healthcare, or ensure the safety and security of their citizens in the event of conflict.

Lack of Jobs or other Livelihoods - Without a job or some other livelihood, such as small business income or rental income people will face poverty. When they need money to purchase services that ineffective governments should, but cannot provide the poverty becomes worse.

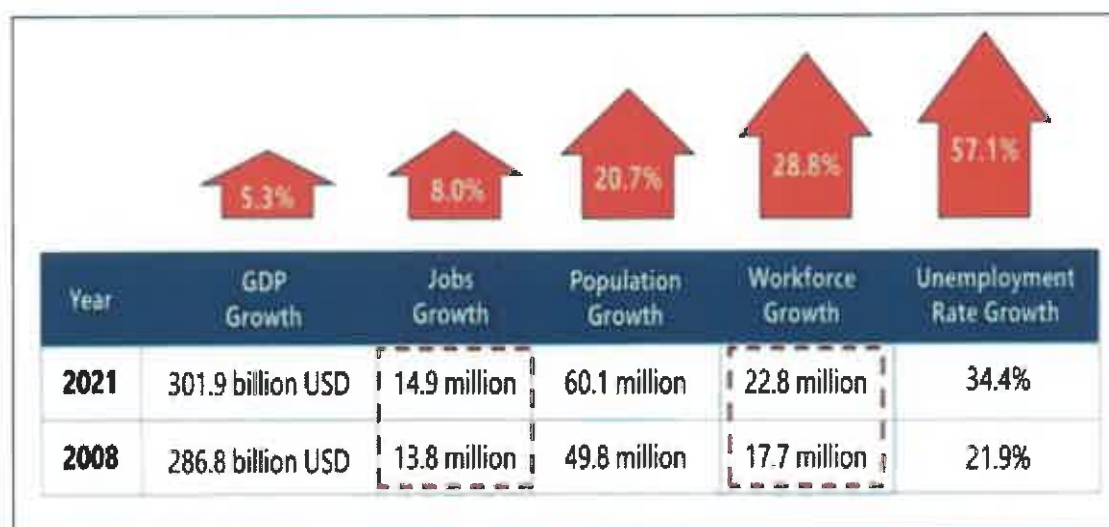
Lack of Economic Activities - Without a form of sustainable livelihood, such as small business income or rental income people will face poverty. In communities where economic opportunities have not been exploited, poverty is usually a hallmark in such communities.

Jobs Growth vs. Workforce Growth

In the 13 years since 2008 the economy has only added **1,1 million** formal jobs in the mainstream economy while the number of people seeking work increased by **5,1 million**. This disparity was caused by flat GDP growth on one side and explosive population growth on the other side. GDP growth, which directly correlates with growth in the number and size of enterprises, is the key determinant of jobs growth. While the USD denominated GDP grew by 5,2% the population grew by 20,7%.

This disparity has been the key driver for the tangible level of economic hardship and despair influencing the economic, political and social landscape. As ever more people are dependent on a static source of revenue the resources per person decrease and hardship increase.

Figure 5: Jobs Growth vs. Workforce Growth



Fiscal Constraints

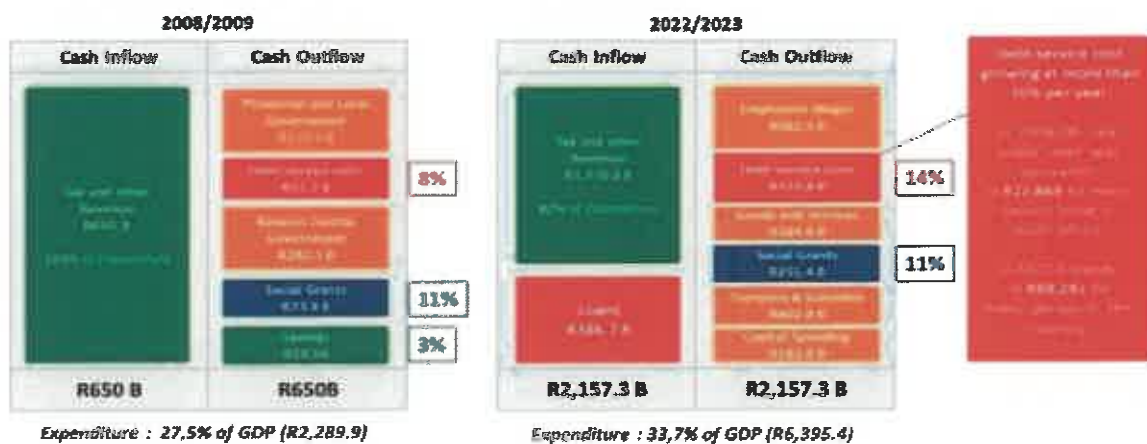
The Government's ability to expand welfare and increase service delivery to lessen reliance on commercial markets has dramatically dwindled since 2008. Whereas the government was able to fund all its expenditure from tax and other revenues in the 2008/2009 financial year the government now needs to borrow money to service the growing debts it already have. Debt to GDP is hovering around 70% while runaway interest rates means that debt service costs is the fastest growing expense for the Government.

To compound the matter the Government has a junk credit rating meaning it has to pay 8,9% interest for loans on the open market. The World Bank offers loans at 3,5% but only if South Africa commits to a comprehensive Green Energy journey, something it has failed to do to date.

Ongoing load-shedding also condemned South Africa to 0% GDP growth forecasts meaning that there are no additional sources of tax revenue. Compounding the matter is the reality that 30% of South Africa's tax revenues comes from only 133,000 wealthy individuals, 50% of whom is actively exploring emigration.

The result of this inability to grow GDP and reliance on expensive debt is that spending on all other Government expense items need to decrease, including SASSA grants. The Government can no longer spend its way out of trouble.

Figure 6: South Africa's Fiscal Deterioration



Size of Investment Required to Reverse Unemployment

The National Planning Commission's produced a National Development Plan (NDP_ as part of Vision 2030 that contains the economic targets that South Africa needs to meet to reduce unemployment from a baseline of 27% down to 6%. Key among these is the investment required, which needs to reach 30% of GDP in 2030, as illustrated below:

Table 1: NDP 2030 Targets

Measures		Baseline	Target 2024	Target NDP 2030
Growth	GDP growth	0.8%	2% - 3%	5.4%
Unemployment	Formal rate	27.6%	20% - 24%	6%
Employment	Number employed	16.3 million	18.3-19.3 million	23.8 million
Investment	% of GDP	18%	23%	30%
Inequality	Gini co-efficient	0.68	0.66	0.60
Poverty	Food poverty	24.7%	20%	0.0%
	Lower bound	39.8%	28%	0.0%

Source: NDP Vision 2030 and StatsSA

Securing investments for economic infrastructure including water, electricity, roads and railways is of particular importance to restore investors' confidence that has evaporated in the face of the load-shedding crises.

Sovereign Assets to Leverage

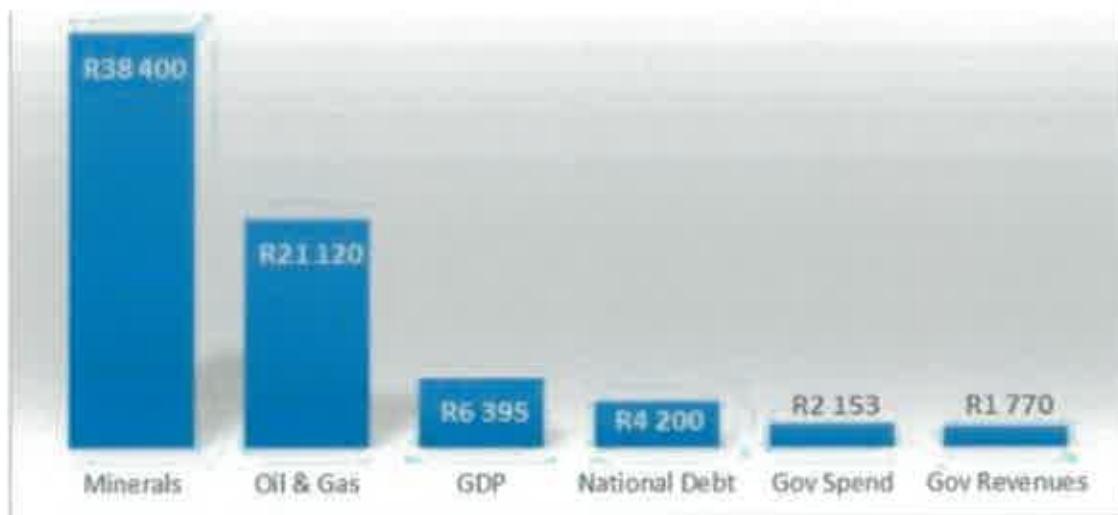
Assuming that energy, water, road and railway infrastructure is restored South Africa is also well endowed in natural resources to generate income in otherwise welfare dependent communities. According to the World Bank South Africa was estimated to have non-energy minerals worth upwards of US\$2.4 trillion, making it the wealthiest mining jurisdiction in the world (if petroleum reserves are excluded) in 2019.

According to Cliffe Dekker Hofmeyr South Africa has approximately 9 billion barrels of oil, and roughly 60 trillion cubic feet of gas offshore. At the high of the oil and gas price surge in 2022 South Africa's oil and gas was worth US\$1.4 trillion. Beyond its mineral, oil and gas assets South Africa also possess tremendous natural beauty, undeveloped agricultural land and world class solar radiation levels.

South Africa is also a youth dominated society which has proven to be an asset for other countries. It is indeed an indictment that so many South Africans are mired in desperate poverty while the country is actually so rich, as illustrated below.

It is also a moral imperative to leverage these assets to the benefit of welfare dependent communities and not only to the benefit of offshore capital investors.

Figure 7: Key South African State Financial Indicators – May 2022



Source: *Vision Activ, 2022*

Development Types and Interactions

Though the term “development” usually refers to economic progress, specifically GDP growth, it can apply to political, social, and technological progress as well. These various sectors of society are so inter-dependant that it is difficult to neatly separate them. Development in all these sectors is governed by the same principles and laws, and therefore the term applies uniformly.

Economic development and human development need not mean the same thing either. Strategies and policies aimed at greater growth may produce greater income in a country without improving the average living standard. This happened in oil-producing Middle Eastern countries—a surge in oil prices boosted their national income without much benefit to poorer citizens. Conversely, people-oriented programs and policies can improve health, education, living standards, and other quality-of-life measures with no special emphasis on monetary growth.

The science of economics is much concerned with scarcity of resources. Though physical resources are limited, social, mental, and human resources are not subject to inherent limits. Even if these appear limited, there is no insurmountable boundary and these resources continue to expand over time.

The role of physical resources tends to diminish as society moves to higher developmental levels. Correspondingly, the role of non-material resources increases as development advances. One of the most important non-material resources is information, which has become a key input.

Information is a non-material resource that is not exhausted by distribution or sharing. Greater access to information helps increase the pace of its development. Ready access to information about economic factors helps investors transfer capital to sectors and areas where it fetches a higher return.

Greater input of non-material resources helps explain the rising productivity of societies in spite of a limited physical resource base.

The NDA agenda to create social entrepreneurship in social security and welfare dependent communities, therefore, it need to consider the full range of technological and social organisation innovations available in the world and not limit itself to the matter of financial resources or create a dependency on the recovery of the host economy.

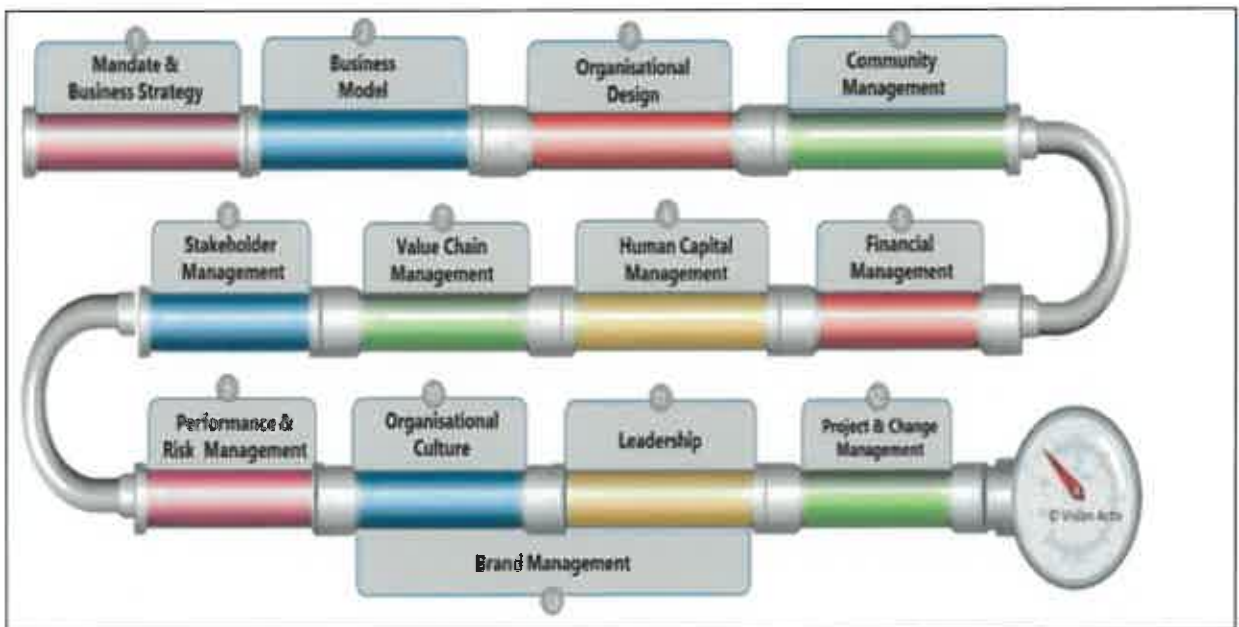
Instead of only focussing on replacing an amount of money received from a government source with a similar amount of money from another source, such an employer, the focus should also be on how to leverage all the physical and non-material resources available to the community to improve individual and collective productivity to produce from within the community instead of just trying to purchase goods and services with a hand out.

Institutional Assessment

The internal assessment undertaken for the development of the turnaround strategy was for understanding institutional dynamics and temperature that impedes the NDA to achieve its maximum potential in the fight against poverty. Management and staff of all the departments in the NDA were engaged to provide an open and honest feedback on the state of the NDA.

The institutional assessment followed a structured, independent process of assessing the different elements of the NDA organisation.

Figure 8: Institutional Assessment Approach



During the interviews with different department common themes emerged that correlated with the shareholder and stakeholder perceptions of the NDA’s performance, efficacy. The internal assessment also verified the causal impact of not having a clear differentiated vision as well as the impact of being left without strong continuous leadership for protracted periods. The following key feedback themes emerged from the process:

- The NDA staff and management had converging view that the Agency, although is responsible for poverty eradication, but there was no common understanding of what and how they position themselves in a goal of achieving poverty eradication and the role the NDA must play in order to achieve this outcome.
- The NDA staff and management agreed that the way they are designing and implementing interventions that are providing for CSOs to benefit the poor is competing with other welfare providers for a shrinking National Treasury social security and welfare allocation, causing significant anxiety on a way forward. They also agreed that they seem to be undertaking projects that undermines its differentiation and value proposition
- The NDA staff and management agreed that there is a perception from their external stakeholders that NDA is a welfare organisation that requires positioning within the welfare cluster, whilst the NDA was created to provide development intervention targeting CSOs to deliver developmental interventions to benefit the poor.
- They also agreed that the current Key Performance Indicators (KPIs) lacks covering the full scope of NDA's core activities and value-added services and in addition, the policies, procedures and KPIs does not adequately leverage the NDA's resource mobilization and conduit mandate.
- They pointed out that recommendations for improvement from research and evaluation studies are not implemented despite being documented, there is a general lack appetite and interest of using evidence to improve its products and services.
- The lack of leadership continuity when changes at these levels occurs undermines staff buy-in on changes that maybe affected by the introduction of new leadership and change management to create commitment on new approaches fails to achieve its intentions amongst staff.
- There was consensus that the NDA does not have a coherent strategy and approach on effective methods for debating and influencing developmental policy, that impact on changes required for the programmes to eliminate regulatory and legislative bottle necks in addressing poverty especially is the most disadvantaged communities.
- There was also agreement that despite of new technology applications are introduced, there is resistance at all levels of staff, especially management, to fully utilise these applications in data collection, data use, accessibility which has resulted in NDA data and information is found to be inaccurate, unreliable and not useful to assist the NDA to demonstrate its contribution.

The internal assessment revealed an organisation lacking a clear identity and purpose as well as an organisation demoralised by leadership vacuum whenever the term of office of the leadership approaches its end. This brings with it a level of anxiety, uncertainty, and unwillingness for all levels of to commit to their respective function. It further revealed an organisation that have a will to change if presented with a clear mission and way of achieving its mission.

Lessons from countries who reduced poverty levels - Case Studies

South Africa's triple challenges are poverty, unemployment and inequalities. Several policies, strategies and plans have been tried by the government to fight these challenges, however, these challenges continue to worsen. We undertook a process of identifying countries that have been successful in reducing poverty levels at national levels. This exercise was to draw lessons that could be useful in informing the development of the NDA's turnaround strategy. The two countries of interest were China and Vietnam as they had similar socioeconomic challenges faced by South Africa yet they have significantly reduced poverty in the past 25 – 30 years.

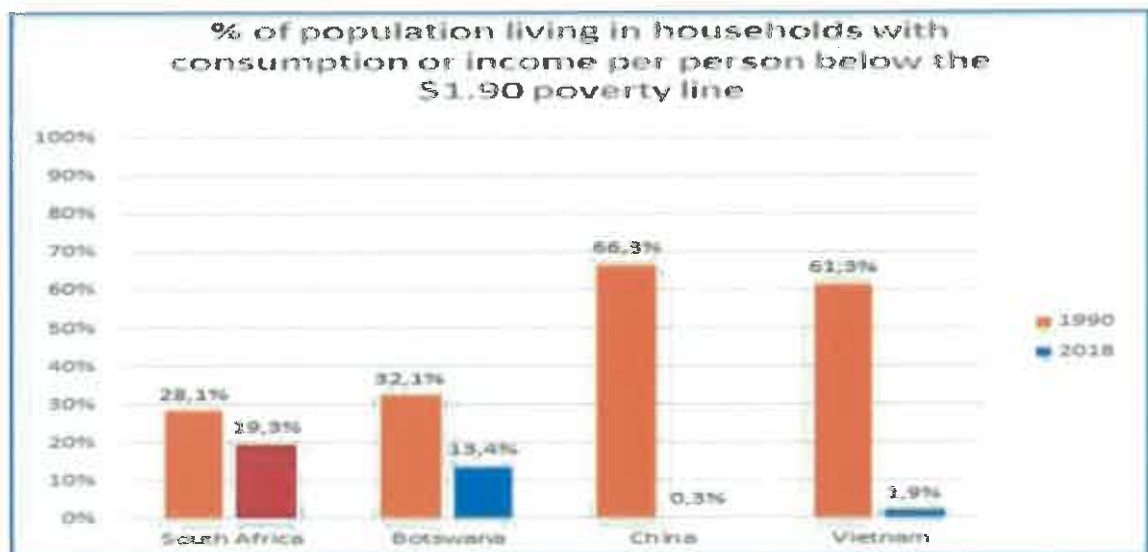
The global reference point for absolute poverty is \$1, 90 per person per day; and at the time of writing that equated to R34 per person per day. What that means is that the average South African household of 5 people has R170 per day or R5101 per month at their disposal if all were to earn the cited amount of \$1,90.

As illustrated below both China and Vietnam has far worse poverty levels than South Africa in 1990 while both managed to eradicate absolute poverty in the period since.

Both countries also have vast, skilled rural populations that were trapped in a subsistence existence.

Implementation of the vast majority of China and Vietnam's development best practices falls outside the mandate of the NDA. What the NDA can and should do is represent welfare dependent communities in development policy development forums and lobby for the best practices that will most support the creation of social enterprises in welfare dependent communities.

Figure 9: % of population living in households with a consumption or income person below the \$1.90 poverty line.



All three countries that were selected in the case study Botswana, China and Vietnam had a high proportion of their population living in households with an income of less than \$1.90 a day in 1990. Both China and Vietnam had over 60% or about two third of their population households living on less than \$1.90 per day. Notable, Botswana, China, and Vietnam population were far poorer than the South African population in 1990. During that period, South African households living on an income of \$1.90 a day did marginally decrease. You would have expected that a middle-income country, with those lower levels of households living in poverty, would have designed developmental interventions that would have yielded better outcomes 18 years later.

However, when comparing the status of those living under \$1.90 a day 18 years later, all three countries had reduced the proportions of the households of their population living under these considerably, especially China and Vietnam. Even Botswana has significantly halved (50%) household population living below \$1.90 a day. It is important to note from the case studies, that these countries that have managed to reduce poverty significantly resulting in improved quality of life for their population. It is for this reason that we looked at common features in these two countries that could have been the factors that contributed success reported in China and Vietnam in eradicating poverty in these countries. China had reduced the population of people living in poor households from 66.3% in 1990 to 0.3% in 2018, almost wiping out its population living in household's dependant on \$1.90 a day. Whilst Vietnam, a country that was almost wiped out by a war in the 1960s managed to reduced its population living in households dependant on \$1.90 a day from 61.3% in 1990 to 1.3% in 2018. This may suggest there was something common these countries adopted to fight poverty head on.

The Table below attempted to look at what was common in their approach and the reforms they introduced to achieve these outcomes. However, we have to note there may have been many other socioeconomic, geopolitical, policy, legislative etc factors that may have been the basis of the reported outcomes. All these factors and actions have to take into consideration when responding to the eradication of poverty.

Table 2: Comparison of approaches taken by China and Vietnam – Poverty Reduction

Best Practice	Vietnam	China
Common goal and strategy to use exports to transition out of poverty		
Market-based economic reforms and policy that foster export-led economic growth	✓	✓
The setting, planning, and collectively working towards achieving ambitious developmental targets	✓	✓
Development of inspiring 'common goal and belief' economic reforms that citizens can get behind	✓	✓
Prioritising innovation in economic planning	✓	✓
Common goal and strategy to attract investments for the export economy		
Maintaining a good debt service history and credit rating	✓	✓
Development of policies and procedures that facilitate foreign investment, such as tax incentives	✓	✓
Strengthening intellectual property laws	✓	

Best Practice	Vietnam	China
Introduction of substantive search and examination for patents	✓	✓
Clarifying property rights and removing ambiguity	✓	✓
Simplified regulatory environment	✓	
Low costs of doing business	✓	✓
Continual reform of laws to position the country favourably in terms of investment and trade	✓	✓
Equalising business conditions for SOEs, foreign-invested enterprises, and the domestic private sector	✓	
Harmonising regulatory standards with international, regional, and foreign standards	✓	✓
Modernising competition laws and frameworks	✓	✓
Gradually decreasing corporate tax rates	✓	✓
Gradually decreasing personal income tax rates	✓	
Maintaining a low sales tax	✓	✓
Common goal and strategy to enable exports		
The signing of free trade agreements with high-volume importing nations	✓	✓
Preferential tariffs and eliminated customs duties for free trade agreement partners	✓	✓
Export-friendly policies	✓	✓
Diversification of export products and markets	✓	✓
Development of an export-oriented trade regime that is supported by various instruments, including sectorial targeting, export financing and geographical targeting	✓	✓
Applying duty exemptions on inputs used in exports		✓
Extending trade credits for working capital as fixed investment to produce exports and import substitutes		✓
Forming relationships with regional and global economic powers	✓	✓
Promoting production and export of beneficiated tertiary goods compared to primary goods	✓	✓
Fostering an economy that is relatively open to international trade	✓	✓
Provision of specific support (such as access to credit, lower taxes and land rents, and exemption of import duties) to selected high-growth activities and sectors	✓	✓
Establishing multilateral and bilateral trade agreements	✓	✓
Establishing export processing zones (dedicated export-oriented industrial areas)	✓	✓
Applying preferential export and import taxes to companies in export processing zones	✓	✓
Setting up special economic zones that enjoy administrative autonomy in the areas of investment, pricing, taxation, housing, labour, and land management policies	✓	✓
Effective public service delivery by all levels of government		

Best Practice	Vietnam	China
Ensuring the entry process into public employment is competitive, with strict recruitment, evaluation, and selection criteria	✓	✓
Evaluating civil servant performance regularly or continuously	✓	✓
Assigning mentors to civil servant candidates		✓
Defining civil servant roles across various levels of government through fundamental instruments of the law: decrees/acts	✓	✓
Laying out recruitment, employment, and management of [each] civil servant role exhaustively through fundamental instruments of the law: decrees/acts	✓	✓
Laying out training and retention requirements of [each] civil servant role exhaustively through a decree/act	✓	✓
Strengthening the institutional capacity of civil society organisations, through among other ways, allowing civil society to contribute to the drafting of laws, influencing global policies, and the transmission of information through its networks	✓	✓
Establishment of a single public service that includes all three spheres of government	✓	✓
Development of an e-Government strategy to reduce the cost of public administration	✓	✓
Provision of adequate support to state-owned entities	✓	✓
Reforming underperforming state-owned enterprises while nurturing the development of private firms	✓	✓
Development of new pre-service and in-service training programs for all teachers	✓	✓
Growth of electricity provision capacity		
Further development of power generation capabilities to meet demand	✓	✓
Increasing the share of renewable electricity generation in the energy mix	✓	✓
Regulating the retail price of electricity	✓	✓
Ensuring electricity is cheap for the industry with sector-specific tariffs in some instances	✓	
Providing licenses to independent power producers	✓	✓
Growth in Transport Capacity		
Heavy investment and growth in transport infrastructure	✓	✓
Grow Workforce Skills		
Keeping public education expenditure consistent or growing at high spend	✓	✓
Boosting human resource development (through education and other means)	✓	✓
Development of dedicated technical and vocational education and training (TVET) programmes for high-priority fields	✓	✓
Enhancement of workforce with skills that match the job market (through upskilling and establishment of school-industry partnerships)	✓	✓

Best Practice	Vietnam	China
Assisting companies in launching their own professional development programmes	✓	✓
Focused Rural and Deprived Community Development		
Maintaining a dedicated ministry for rural and agricultural affairs for the development of rural areas	✓	✓
Providing investment incentives (mainly through tax reductions) for projects in geographical areas with difficult socio-economic conditions	✓	✓
Foster post-productivism rural development (rural tourism, lifestyle activities, art, craft, boutique towns, sport, recreation, and nature conservation)	✓	✓
Government and regulatory predictability and stability		
Maintaining a consistent regulatory framework for standards and technical regulations	✓	✓
Harmonising regulatory standards with international, regional, and foreign standards	✓	✓
Modernising competition laws and frameworks	✓	✓
Social safety net		
Cross-subsidising household utility rates with higher industry and commerce rates	✓	✓
Implementation of policies allowing the provision of free health care for the poor and vulnerable	✓	✓
Implementation of policies allowing the provision of free/subsidised education for all children	✓	✓
Provision of educational assistance through the reduction of or exemption of tuition fees, granting aid, and the provision of a living allowance	✓	✓
Provision of social security and social assistance to citizens (especially children living in difficulty, people living in poverty, people living with disabilities, etc.)	✓	✓
Development of public rental housing, affordable homes, free homes for the poor, and/or grant rental subsidies to low-income families	✓	✓
Development of medical aid programmes for low-income families, or provision of free health care	✓	✓

The common approaches that were used for poverty eradication in these two countries can be summarised in the following thematic approaches by the governments.

Common goal and strategy to use exports to transition out of poverty: the goal was to increase its export markets outside their countries to generate both employment abilities for locals and generate foreign currency revenues for the state. This has been a win-win scenario for these countries' economies. They pursued a macro-economic policy approach that added value to the state and household members by increasing income, job opportunities and reducing the households whose earning was below \$1.90 a day.

Common goal and strategy to attract investments for export economy: The goal is macro-economic based; the two countries had developed macro-economic policies, plans, and regulatory frameworks whose specific were tailored to the outcomes of investments (foreign or local); the focus was to invest on local businesses whose products and services are export-oriented. The net effect of these policies increased their foreign currency reserves from both direct investment and earnings from exports. Multiple gains have been derived from this goal in the form of direct foreign investment, the creation of employment opportunities and the development of new skills through skills transfer.

Common goal and strategy to enable exports: one national plan relating to trade that focuses on production and service delivery. The approach targeted free trade agreements with high volume importing nations; Diversification of export products and markets; Development of an export-oriented trade regime that is supported by various instruments, including sectorial targeting, export financing and geographical targeting and many other enablers to support their products and services exports. The aim is to increase production capacities by using the local population to produce high volumes, high value and high quality at competitive rates. This approach allowed poor household members to become economically active thus changing the paradigm of household income levels.

Effective public service delivery by all levels of government: their public service was designed to become an enabler and improvements in service delivery mechanisms focusing on models and systems that result in poverty reduction amongst the poor communities and households. Access to public service was reformed to enable the poor to access their place of work and markets with ease. On the other hand, investors were confident to invest in large-scale projects operating in these communities to reduce the overhead costs associated with hiring people, such as relocation, absenteeism, housing cost, focus on work etc. Effective public service is extremely important in poverty reduction, especially when poverty reduction mandates are embedded in all public service outcomes.

Grow Workforce Skills: both countries invested in human development. Human development value aims at acquiring appropriate skill sets and capabilities as it acts as a gateway to access public and private support in the reduction of poverty efforts. At the national level, it allows foreign investment aligned to the skill sets easily available in the country. That opens opportunities for skilled but unemployed to access such opportunities and earn a sustainable income. These countries invested in technical, vocational education and training programmes for high priority fields to allow those, from poor communities with low academic attainments – to fully participate in the economy using the skills and abilities from these colleges. In turn, enhancement of workforce with skills that match the job market (through upskilling and establishment of school-industry partnerships). These countries also used companies in launching their own professional development programmes by not only training their employees but also allow them to import, in short to medium term highly skilled requirements for on job training and mentoring for locals for building their own local human resource capabilities.

Focused Rural and Deprived Community Development: this approach was critical for poverty reduction in both countries. In both countries, they had more households living in rural areas or

deprived communities in terms of development activities. Developmental programmes and interventions were developed to provide economically disadvantaged community members with sustainable income generation. The comprehensive and coordinated approach to poverty eradication strategies resulted in a massive reduction in people who were living below the poverty line. Local communities were supported to use locally available resources to produce products and services to sustain themselves and the communities they are located.

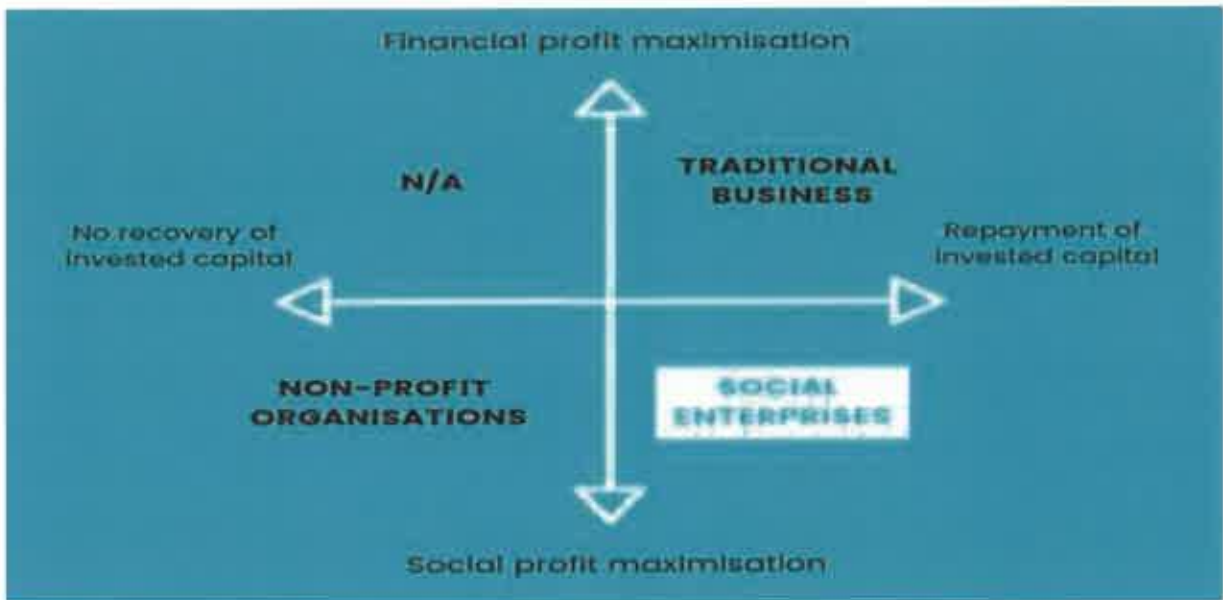
Government and regulatory predictability and stability: Government responsibility is not only to provide basic services but most importantly to provide an enabling environment for the citizens and businesses to thrive and be productive. This was achieved through government legislation, regulations and policy reforms to support poverty eradication programmes and interventions. Several regulatory frameworks, regulations and policies were standardised and harmonised to respond to their poverty alleviation strategies and programmes focused on their local priorities on one hand, and also to their international, regional, and foreign standards. This made their countries development efforts for poverty reduction are predictable and stable.

Social safety net: social safety nets are extremely important for countries with high levels of poverty. In most cases are pre-requisite for launching developmental programme, but also as short term relief for those people and households to meet their basic needs for survival such as food, basic hygiene, and basic dignity. These countries implemented policies allowing provision of free health care for the poor and vulnerable; policies allowing provision of free/subsidised education for all children; granting aid and provision of a living allowance; provision of social security and social assistance to citizens (especially children living in difficulty, people living in poverty, people living with disabilities, etc.) development of public rental housing, affordable homes, free homes for the poor, and/or grant rental subsidies to low-income families and development of medical aid programmes for low-income families, or provision of free health care. State social security nets or systems are the backbone for keeping the poor out of many risks the state may have to deal with, and the cost for responding to those risks, including national economy collapse and instability are the tools states have to manage those risks and provides a climate where development is seen to provide hope for a better future by citizens.

Social Enterprises role in poverty reduction

Social enterprise are profitable businesses that makes valuable products and services for the maximum benefit of a specific community instead of only maximising the financial profit for the capital investor. The maximum benefit for a specific society or community is also referred to as social profit, as indicated below:

Figure 10: Definition of Social Enterprise



A social enterprise need to be profitable in the sense that they generate more value than they consume. These value exchanges don't need to be financial though. Organised bartering to the benefit of the community, much like the 19th century African agricultural economic model, also qualify as a social enterprise activity.

A large percentage of the social enterprises will however conduct financial transactions and have to do so in a financially sustainable way. They will have to apply commercial strategies to maximize social improvements in a financially sustainable manner.

As such they do not depend on philanthropy and can sustain themselves over the long term. Their models can be expanded or replicated to other communities to generate more impact.

While there is no globally held standard for social enterprises research indicate that the idea of a social enterprise as a distinct concept first developed in the late 1970s in the UK as an alternative commercial organisational model to private businesses, co-operatives and public enterprise.

The concept contained three values and two paradigm shifts. The two paradigm shifts are:

- A common ownership legal structure where members/owners have one voting share and different forms of investment
- Democratic governance, where each worker/community resident is a member with one vote

The three principles referred to as the triple bottom line are:

- Trading and financially viable independence
- Creating social wealth
- Operating in environmentally responsible ways

Furthermore, it is intended as part of the original concept that social enterprises should plan, measure and report on financial performance, social-wealth creation, and environmental responsibility by the use of a social accounting and audit system.

Muhammad Yunus (Grameen Bank founder and 2006 Nobel Peace Prize laureate) used the term "social enterprise" in his book *Banker to the Poor*, published in 2009. Muhammad Yunus used the term referring to microfinance. His work in the area of lending money to women, who would never receive a regular bank loan, led to him to receive the Nobel Peace Prize in 2006

Social Enterprises can take different forms and the following types has been observed:

Worker Owned Trading Social Enterprises: This type refers to worker/employee-owned trading enterprises, co-operatives, and collectives. These vary from very large enterprises such as **John Lewis Partnership** in the UK and the **Mondragon Corporation** in Spain to medium-sized enterprises owned by their staff with traditional management hierarchies and pay differentials, to quite small worker cooperatives with only a few director/employees who work in less hierarchical ways and practice wage parity. Within the trading enterprises, there are employee-owned enterprises and membership-owned enterprises.

Community Financial Institutions: Saving and loans organisations such as credit unions, microcredit organisations, cooperative banks and revolving loan funds are membership-owned social enterprises. Credit unions were first established in the 1850s in Germany and spread internationally. Cooperative banks have likewise been around since the 1870s, owned as a subsidiary of a membership co-operative. In recent times microcredit organisations have sprung up in many developing countries to great effect. Local currency exchanges and social value exchanges are also being established. Insurance mutual, such as Stokvels, pools the funds of a community to protect them from damaging events that exceeds individual's ability to financially recover from without assistance. These were the precursors to what is now the commercial insurance industry.

Specific Purpose Community Organisations: Specific Purpose Community Organisations refer to organisations such as housing co-operatives and community interest companies with asset locks, community centres, pubs and shops, associations, housing associations and football clubs. These are membership organisations exist for a specific purpose and trade commercially. All operate to re-invest profits into the community. They have large memberships who are customers or supporters of the organisation's key purpose. There are village co-operatives in India and Pakistan that were established as far back as 1904.

Trading Non-Governmental Organisations (NGOs): This type refers to NGOs that operate a commercial consultancy and training enterprise, or subsidiary trading enterprises, such as Oxfam. The profits are used to provide salaries for people who provide free services to specific groups of people or to further the social or environmental aims of the organisation

Multi Industry Social Enterprise: This is the most complex type of Social Enterprise and consists of activities from multiple industries that support each other without transacting with external parties for anything except one or two key products. An example would be fertilizer producers, farmers, pack-houses, agro-processors, transporters and green energy generators from the same

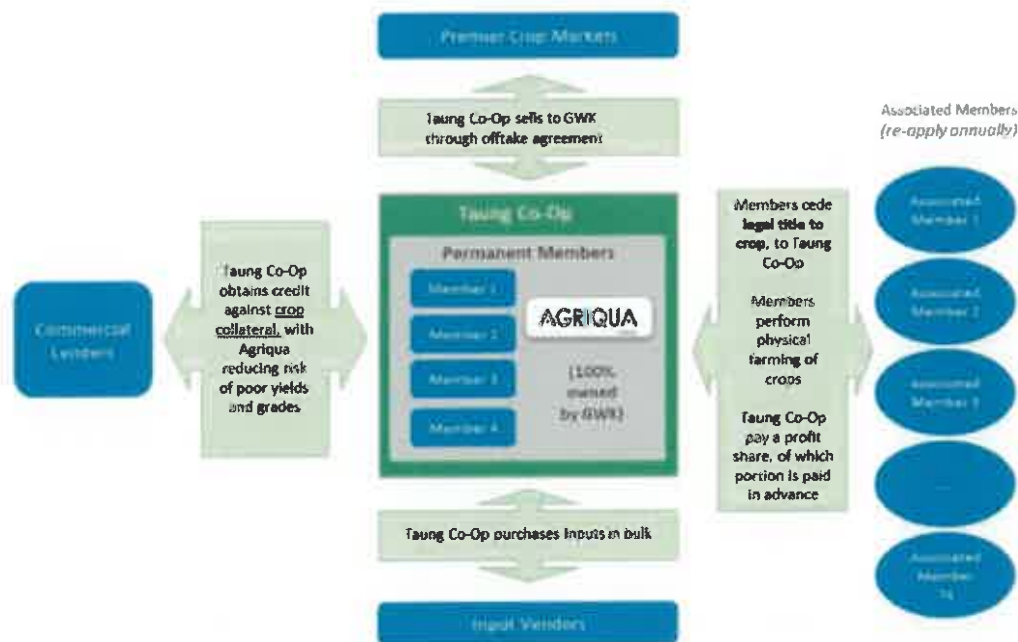
community working together in a closed system and only engaging with the external world to sell and deliver the final product whose proceeds they share according to pre-agreed formula. Formal infrastructure and varying degrees of government support for Social Enterprises exists in countries and regions such as Canada, United States, Europe, Asia and Australia. In Australia the Victorian Government has taken a lead role nationally by releasing the first Social Enterprise Strategy in 2017 and supporting its independent practitioners-led network (SENVIC) to establish and grow. The Victorian Social Enterprise Strategy 2021-25 received international praise and in June 2022 the Victorian Government received the Catalyst 2030 Government Award.

The requirement to plan, measure and report on financial performance, social-wealth creation, and environmental responsibility by the use of a social accounting and audit system presented social enterprises with significant challenges since its early beginning. The emergence of digital 4IR technologies, in particular Block-Chain accounting, have transformed the viability of social enterprises.

The National Treasury’s Jobs Fund has also funded a South African variation of social enterprise namely the SMME Collective. This variation partners a single large corporation with a large number of black SMMEs.

The corporate partner provides the black SMMEs with access to markets, supply chains and finance while the black SMMEs provides the corporations with additional produce to market or trade, resulting in a financially self-sustaining relationship. The Taung Co-Op, which partnered 44 black smallholder farmers with multi-billion Rand agricultural corporate GWK, is an example of this model and illustrated below:

Figure 11: Taung Co-Op Smallholder Famers Structure



For the purposes of applying this principle of social enterprise, the following features have been considered for this project to fit within the definition of a community organised effort to address poverty in a specific community:

- Majority or full ownership by members of the community: owners, staff and clients stay in the same community
- Largely only employ members of the community, either for financial wages or in-kind remuneration
- Purchase goods and services from township and rural SMMEs
- Provides vocational training to the community members to make them more productive
- Reinvest the profits back into the community instead of spending on foreign owned luxury goods
- Accounts for above listed features in a reliable, auditable manner.

This social enterprise example provides the scale that can be achieved in poor communities provided there is an opportunity (members' abilities, access, willingness for private investors to invest) to start the social enterprise by members that have common interest and goal to improve their standard of living and quality of life. However, the approach can be used for poor individuals and households to work together as long as the developmental interventions support their goals.

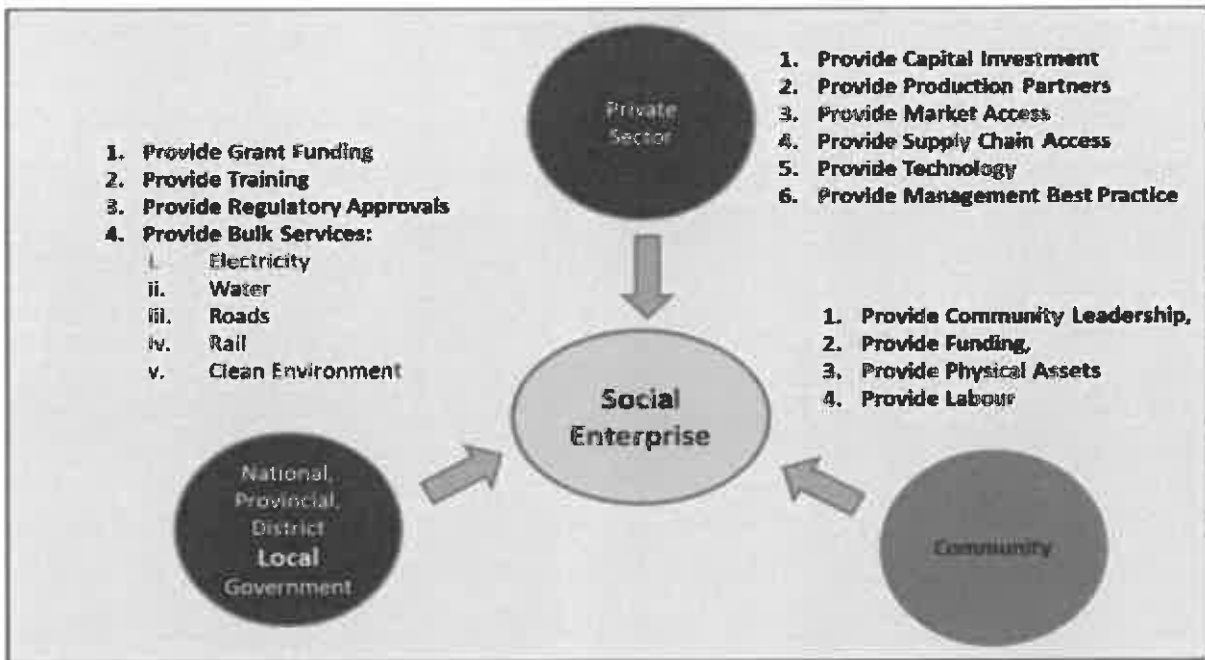
Social enterprise architecture design and requirements

The development and creation of sustainable social enterprises, in the South African poverty context can be one of the many useful solutions for addressing poverty and moving out poor people who are only dependant on social security grants to sustainable livelihood. To achieve effective and sustainable social entrepreneurs – whether working as individuals or groups - it requires more than a government grant and some training/capacity building interventions but all sectors of the state, including poor people and communities to fully participate in the architecture, financial and non-financial support.

In order to survive and thrive the social enterprise needs to produce a valuable product or service, it requires a market to sell to, a supply chain, water, electricity, roads, communication, skilled labour, management expertise and regulatory approvals. And it requires finance. All these resources need to be secured and integrated from across government, the private sector and the rest of the community, as illustrated below.

The sheer cost and effort to secure and integrate all these resources is typically beyond the reach of your average social entrepreneur and severely limits the growth of the social enterprise sector. The mobilisation and integration of these resources on behalf of the social entrepreneurs in welfare dependent communities is a role the government needs to step into and a role the NDA plans to fulfil.

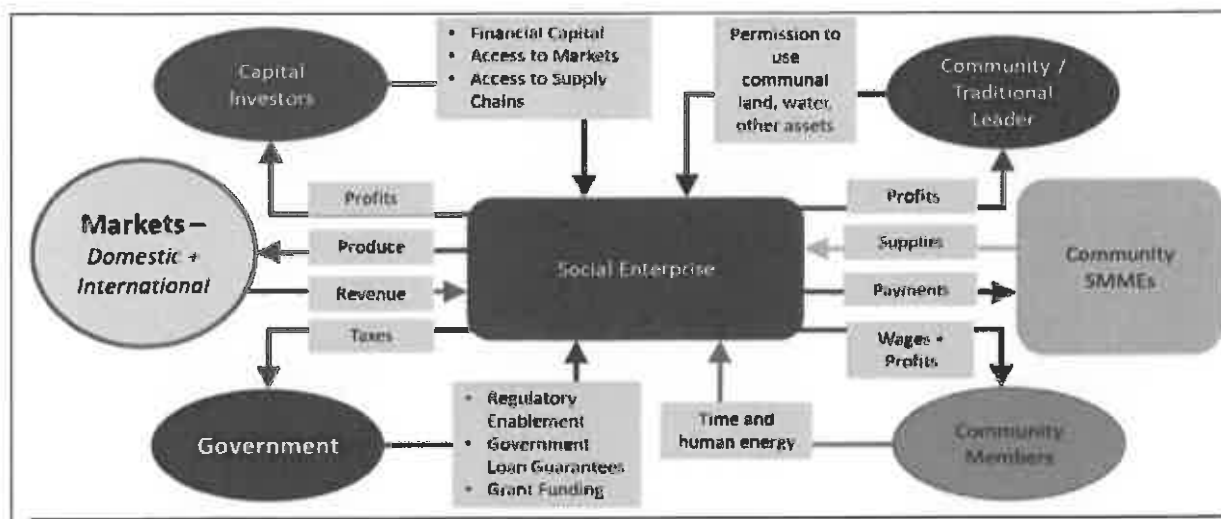
Figure 12: Social Enterprise Contribution Model



All these social partners involved in supporting social entrepreneurs requires to share the same goal of poverty eradication through participation of the poor in developmental efforts resulting in households members to generate income. Government spheres, private sector, community, including local CSOs have to commit in contributing value add inputs appropriate for member or members of the social enterprise. For example, community members and CSOs can provide mechanisms for mobilising, assessments, identifying different pathways or sectors of income generation these social entrepreneurs have interest and focus in the community. This approach create trust amongst themselves and commitment to participate for shared benefits. Without trust and benefits from participation most social entrepreneurs are likely not to survive once the financial support fails to come through or dries up. The government is critical for ensuring enabling environment for the social entrepreneurs hope for survival and growth, especially creating a space for markets for products and services. The private sector does not come with funding or investments but also create products pipeline for their supply chain – thus by funding these initiatives it guarantees the private sector a stable and predictable supply of inputs for their products processing and supply to the markets. All the parties have benefits, while members of these entrepreneurs are guaranteed sustainable income for their livelihoods and eventually they have lifted themselves out of poverty and reliance on social security grants income for basic needs.

There is a value exchange for all the social partners who contributes resources to social enterprises. The various value exchanges is depicted below:

Figure 13: Social Enterprise Resource Allocation Value Exchange



This figure demonstrate the value chain for all stakeholders and benefits derived. All of the players have specific benefits for every investment they provide in this value. There is a clear benefit and sharing in the success of the social enterprise. The government, for its investment it increases its tax base and possible reduction in social security spending. The private investments and local businesses are able to meet supply demands for their domestic and international markets. The community structures (CSOs, traditional leadership, municipalities) levies for use of land, water, electricity etc. The social entrepreneur(s) they generate income, wages and profits.

This section of the turnaround strategy is aimed at assisting the NDA in redesigning its interventions and efforts aimed at eradicating poverty using mechanisms similar to the ones to the social entrepreneurs. The second objective, of this section is to promote the concept of approaches needed in the context of South Africa, where social entrepreneurs – cooperatives, street vendors, community income generation initiatives - are still classified as informal sector. The NDA research, development policy and lobby function can focus on influencing supportive environment for this area to be formally recognised as a sector that provides pathways and opportunities for earning a decent income, move millions of those fully dependant on social security grants, generate wealth for households and contributing to growth of the South African economy. As already presented on the lessons from China and Vietnam – appropriate responsive development interventions were used to levels that can be defined as having eradicated poverty within two decades.

Mission, Vision and Business Model

The NDA Turnaround Strategy vision and mission centres around development interventions designed and implemented to provide developmental pathways for the section of our population trapped in the cycle of poverty. Poverty, unemployment and inequalities are main pre-occupation of the state. However, interventions by government to address the triple challenges seem not to be achieving positive outcomes at a pace anticipated by government and acceptable to citizens. The NDA came to a conclusion also that its efforts seem not to contribute positively towards speeding positive outcomes on behalf of the state, against its primary mandate of contributing

towards eradication of poverty and its causes. The proposed turnaround strategy attempts to focus the NDA on the target beneficiaries who are economically active but dependant on social grants for survival and sustenance.

The proposed vision and mission repositions the NDA within the Social Development Portfolio as the development agency that contributes towards implementing interventions that would link those clients to sustainable income generation projects with a potential to reduce those people dependant on the social security net.

Vision
A society free of poverty and its causes

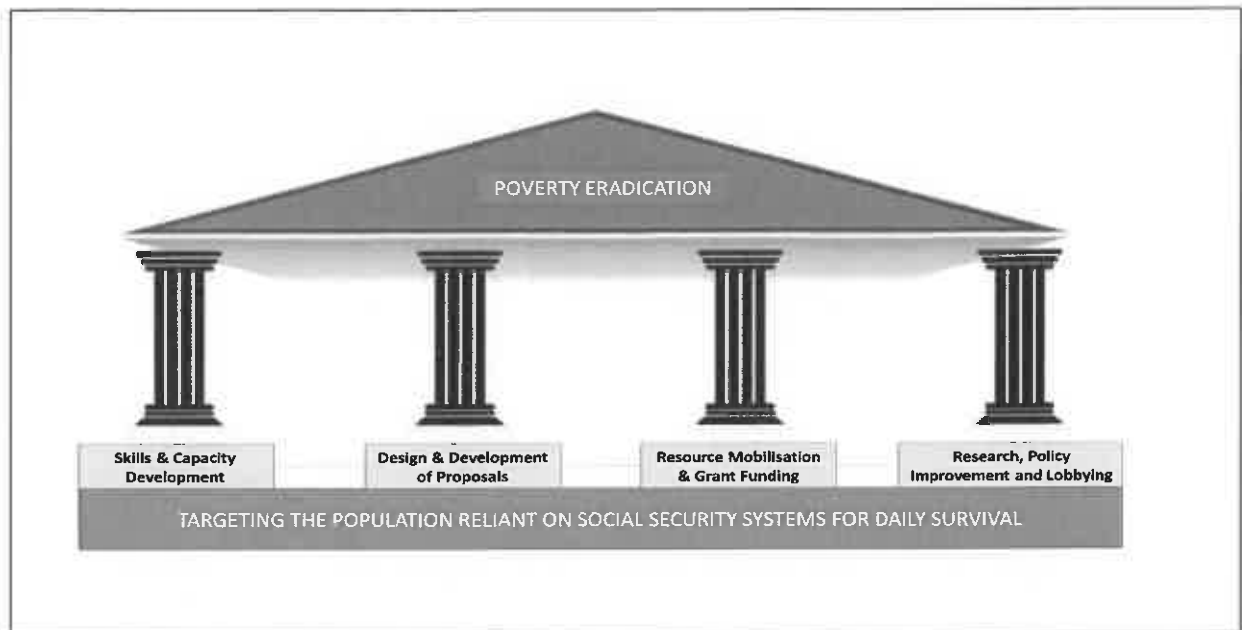
The vision links directly to the NDA mandate and the founding legislation of the Agency. A vision is a long term perspective of the institution, its immediate, medium and long term developmental will thrive towards meeting this vision, especially working within the Social Development Portfolio and social partners across all sectors.

Mission
Creating sustainable income generation pathways for the economically active population reliant on social security for their basic needs.

The mission clearly articulates the target population to benefit from the developmental interventions, it also articulates the outcomes to measure if the NDA is leaving up to its commitment of contribution in the eradication of poverty. The contribution towards the mandate needs to be measurable and linked to developmental interventions to produce the outcomes of the mission.

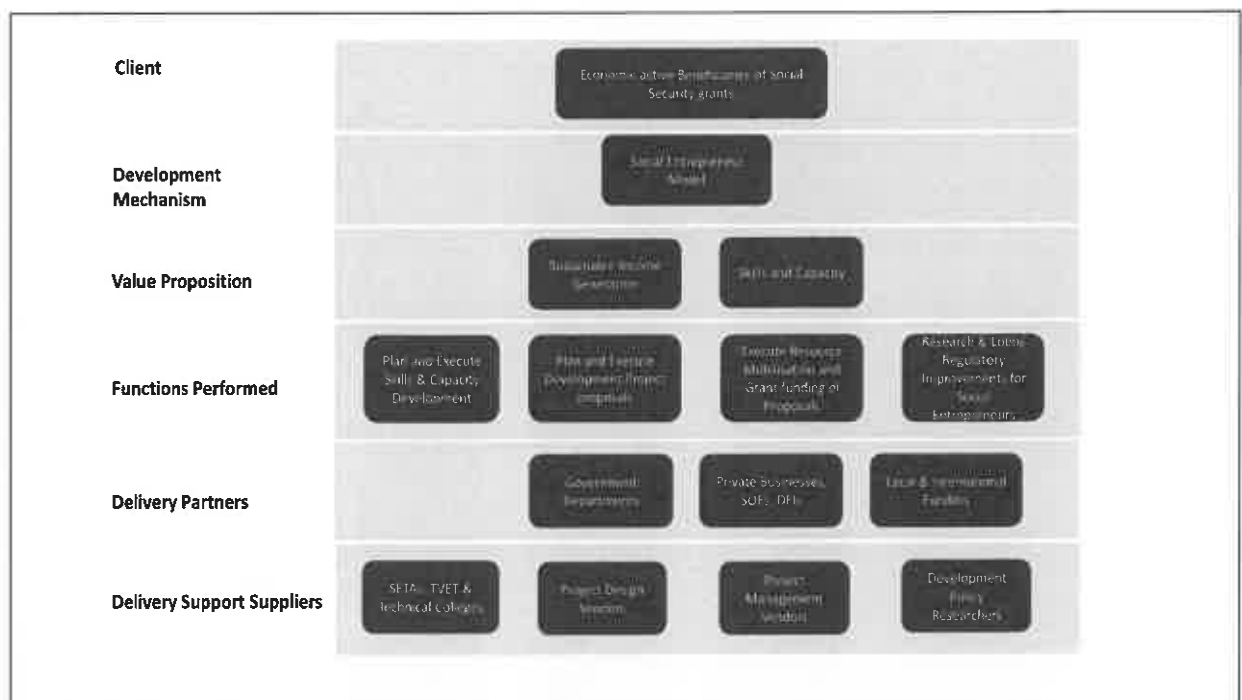
The pillars that support the entire turnaround strategy are presented in detail in the strategy document. They link those who are poor to a range of interventions, when implemented in an integrated approach and all the outputs are aggregated they will produce the results presented in the mission statement of the NDA.

Figure 14: NDA turnaround strategy pillars



The process for developing the turnaround strategy proposed the key areas of focus that will support the pillars of the strategy. They are also described in detail on the service delivery model for the NDA to deliver of its mandate. It will assist the NDA in defining its programming and targeting and results of its developmental interventions.

Figure 15: NDA turnaround strategy theory of change framework



The turnaround strategy is consolidating the NDA approaches into a single view to promote accountability and oversight of its programmes. It also focuses the NDA to practical targeted beneficiaries, which makes it possible to provide evidence of its contributions towards a demand where government efforts are directed to make a contribution. The present location of the NDA, the Department of Social Development, makes the NDA possible to fully occupy the development space within the department. This is because it the Department of Social Development that responds to the outcomes of poverty through its social welfare and social security interventions to provide relief to those trapped in poverty. The turnaround strategy is directly targeting those beneficiaries of social security function of the DSD, it therefore establishes a niche that is aligned to its mandate.

NDA Development Interventions Operating Model

The NDA Act mandates the NDA to implement projects and programmes aimed at eradicating poverty and its causes. It further provides a vehicle which are CSOs that are providing developmental interventions and direct services to the poor in their communities through funding. The NDA Act also provides channel for the NDA to use CSOs with capacities to strengthen the capacities of those CSOs that are providing direct developmental services in poor communities. In South Africa, poverty has become chronic, with millions of economically active population reliant on social security grants for their basic needs. The unemployment rate remains high with the formal economy not creating enough jobs, with the youth being the most affected population group.

The NDA being a public development entity that was created by the state to contribute towards poverty eradication has used a number of approaches to contribute towards its mandate but has not made inroads in the reduction of poverty levels. The current model has been found to be unable to reach the poor. The target beneficiaries in this model is the CSOs which is skewing the benefits of the development efforts to members of the CSOs as opposed to people who are poor. This has resulted in the perception of the public and stakeholders to be seen as ineffective. This can also be observed in the key performance areas (KPAs) and key performance indicators (KPIs) to focus on interventions areas to be measured against the CSOs as beneficiaries. For example, all the current KPIs have been structured to measure efforts towards supporting the CSOs, this includes level of funding for CSOs, capacity building for strengthening CSOs, funding raised for CSOs. This makes it difficult for the NDA to measure any efforts that has benefitted the poor.

The second limitation of the current model is that it does not integrate with the function of the Department of Social Development Portfolio, which is made of the Department of Social Development, South African Social Security Agency and the National Development Agency. The DSD portfolio configuration makes practical sense because both of the Agencies are the two sides of the same coin. The South African Social Security Agency (SASSA) provides short term relief, social safety net, to the millions who are poor. The relief comes in a range of grants to provide relief to those who cannot afford basic needs. On the other side the NDA is providing developmental interventions to pull out those dependant on the social relief grants to sustainable

livelihoods by providing development pathways through participating in economic activities. The CSOs development approach does not link to this expectation of the DSD portfolio configuration. The Department itself sees NDA as part of its community development function within the department as opposed to be seen as a link to reduce the heavy dependence of grants for poor people.

The current model is not the only contributor to the NDA poor performance in relation to its mandate, but also is the funding model of the NDA. The total allocation to the NDA is just over R220 million a year with about 70% is spent on administration functions and fixed cost. This leaves about 30% to fund its mandate cost, which is development projects addressing eradication of poverty. SASSA makes social grants transfers to about 28 million beneficiaries including the social relief in distress grant of R350. This is the target population of the NDA as per the configuration of the DSD portfolio, from a funding allocation point of view, the NDA allocation cannot make any dent on poverty eradication. It is from this point of view that the NDA operation and development service delivery to the poor currently residing with the social security system is without any pathways out of social security dependency.

The proposed turnaround strategy attempts to address these points, as the DSD portfolio level. The NDA integrates directly with the social security function as a relief to the overburdened system and to off-load social security beneficiaries to sustainable livelihoods through development interventions that provide pathways to earning a sustainable income. It also presents the NDA as a useful solution to initiate developmental interventions that are specifically targeting the poor to become economically active, thus reducing poverty. This will also ultimately improve the South African economic performance and start to create jobs, especially in local communities. This approach will not only make government see the contribution of the NDA differently, but it will also create a willingness for the private sector and donors to have an appetite to contribute significantly into development projects that create economic activities for the poor.

To support the proposed NDA operation model, the NDA will redesign its operation structures, build new capacity and technical requirements for its human capital and review its information technology systems. This will also require the NDA to develop and review all its business and service delivery policies, business processes, procedures, organisation structure, governance forums, key performance areas and indicators. The NDA will undergo comprehensive organisational transformation to enable the institution to deliver on its mandate of contribution to eradication of poverty and its causes.

The core of the new NDA operating model is a process that starts with appropriate targeting of the beneficiaries of development interventions. The target population is already defined in its mandate "those living in poverty and supported by the state for their daily survival". This target group is mainly located in the social security grants of SASSA. The targeted population in these systems are those who are economic active but they are reliant on some form of grant for their survival. This will be supported by development projects pipeline designed to respond to the

beneficiaries' state of poverty. The outcome of these developmental projects and programmes is the creation of a sustainable income for the beneficiary.

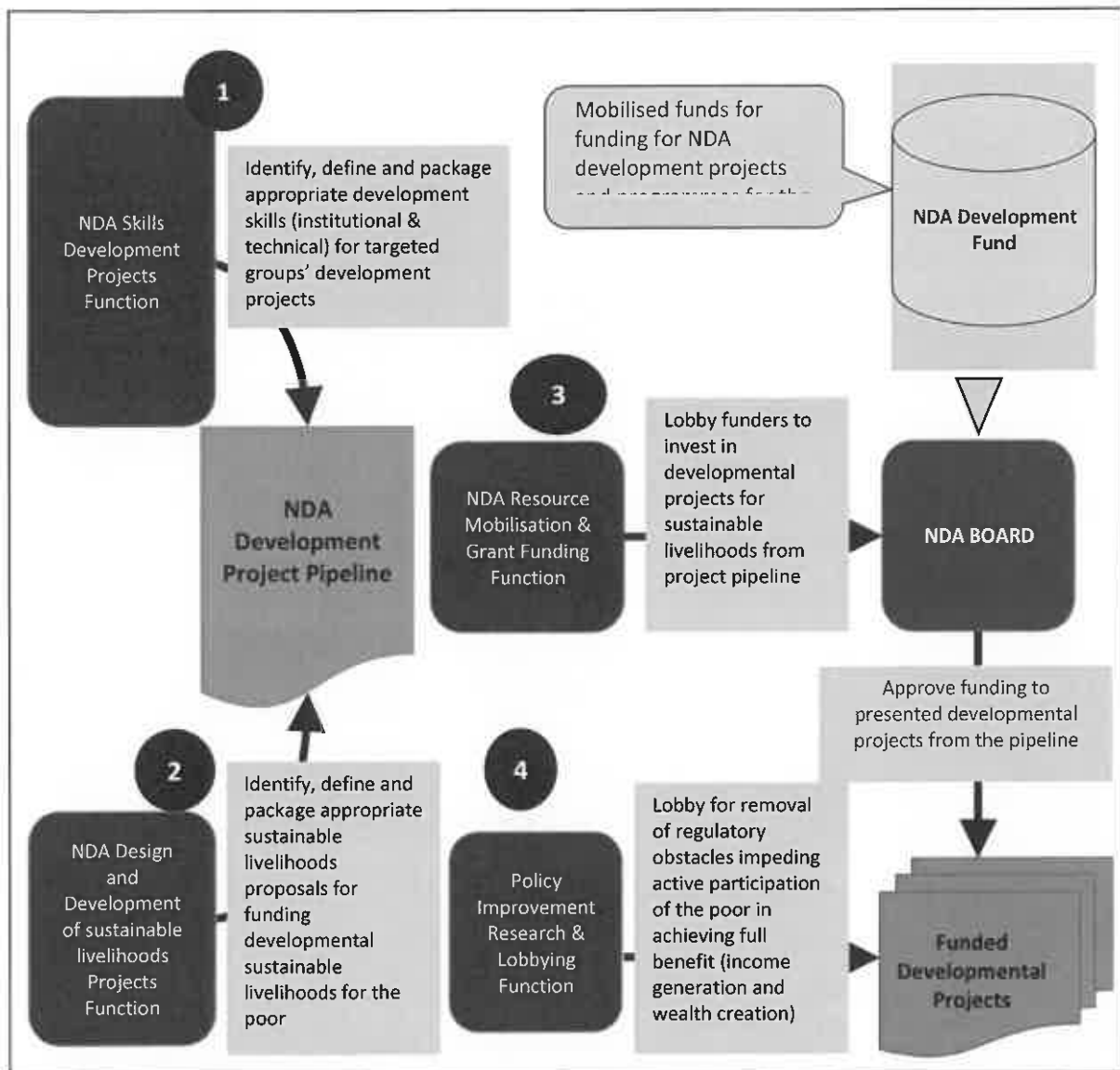
Understanding the current environment for supporting income generation outside the formal business architecture, survival of these development efforts is a challenge, the NDA through its secondary mandate will lobby for development, reviews, and removal of regulatory mechanisms and instruments that marginalise this sector of economic activities. South Africa still classifies such income generation activities run by less advantage people as "informal business". This sector needs to be recognised and supported by regulations and laws that provide an enabling environment for these individuals and formations to be regarded as part of the South African economy. For example, street traders, Spaza shops, stokvels, backyard farmers or communal land farmers, individual plumbers, carpenters, builders, garden maintenance trading their services in the streets are all called "informal businesses" which are not supported in South Africa. The NDA will use the well documented concept of "social enterprises" to create pathways for most of these products and services can be deployed by those provided with poverty reduction development intervention.

The operating model recognises the fact that it takes more than a government grant funding from the state to successfully implement a sustainable economic livelihood programme for the poor and to create an income to move them out of poverty. Apart from funding it also requires range of demands from the person to generate the income required for sustaining themselves and their families to run the social enterprise. The setting up of these developmental initiatives need comprehensive support for them to survive and grow and eventually become a reliable source of income. These demands may include access to water, electricity, transport, communications, premises, equipment, compliance to regulatory frameworks, technical and vocational training and supply chains and markets. Without all these elements being provided as part of the support for the poor, the developmental interventions are unlikely to be fully realised.

To address this requirement for a holistic supportive environment for developmental interventions aimed at poverty eradication, the NDA must leverage its resource mobilisation conduit mandate to convene key stakeholders from the capital markets, government departments, state owned enterprises, development agencies and commercial industries to assist promising social entrepreneurs to convert their ideas to sustainable social enterprises as quickly and inexpensively as possible.

The NDA Development Fund will be established to create a mechanism for accountability, transparency and fairness in allocating and approving its development interventions for the poor who are the main beneficiaries of the NDA through stakeholders funding contribution.

Figure 16: Proposed NDA Development Operating Model



Another critical success factor for the feasibility of the new social enterprises is the acquisition of appropriate skills relevant to sustain the social enterprise. The current approach of capacity building and skills development which focuses only on CSOs is inappropriate for poverty eradication developmental interventions. The proposed capacity building is directed to the poor as target beneficiaries to benefit from the capacity building and skills interventions. The outcome, as means to an end, will be measured through the acquired abilities to sustain their social enterprises and growing their income. To achieve this, a major focus of the new operating model is also to solicit and direct vocational training and capacity building efforts, management and organisational development to those that are currently relying on social security grants only to diversify their source of income as to achieve non dependency on government social support for their living.

In order to determine which potential social enterprises to support each business plan will be evaluated for its ability to generate revenue for the community, both in terms of social enterprise

ability to generate disposable income for themselves, creation of reliable income for sustainable livelihoods for themselves and their families, creation of wealth for themselves and families, better quality of life. Ultimately the objective of social enterprises is to grow and sustain the money supply side of their livelihood whilst moving away from the social and welfare dependency from the state in meeting the daily basic needs. This will finally create a poverty free households and communities.

Proposed programmes for development

In order to execute the proposed development model the NDA will restructure into four developmental interventions functions:

- NDA Design and Development of sustainable livelihoods Projects Function
- NDA Skills Development Projects Function
- NDA Resource Mobilisation and Grant funding Function
- Policy Improvement Research & Lobbying Function

The Design and Development of sustainable livelihoods Projects Function will be responsible for identification, analysing, designing and developing all developmental projects and programmes to be implemented by the NDA aimed at contributing to poverty eradication. Using information collected from engagements with local communities, CSOs, municipalities, District Development Model structures at local level, SASSA information systems, StatsSA, and any other sources of information on poverty in the local community, they will identify potential target beneficiaries for support, identify areas or sectors of potential social entrepreneurs participation, assess beneficiary needs for support and prepared social entrepreneurs proposals and plans, with costing and benefits outcomes that can be linked to sustainable livelihoods for the beneficiaries.

The Resource Mobilisation and Grant Funding Function requires a range of private, government and donor institutions to make commitments for funding developments projects and programmes finalised by the Design and Development of sustainable livelihoods Projects Function. Resource mobilisation will be driven by projects and programmes completed the development stage and ready for funding or support. This will ensure funding by stakeholders are not delayed by internal processes for development of the project. This will improve efficiencies and reduce waiting time for the beneficiaries to start their developmental activities. Currently the approval and release of funding after identification of the projects may take anything between 6 to 12 months before funding reaching the project. The approach and funding method will also allow direct funding to the project without the funds going through the NDA banking and financial management systems that have bureaucratic processes that delay the funding to reach beneficiaries quicker.

The Skills and Capacity Development Projects Function is a function that focuses on skills assessment requirements to support the social enterprise to acquire the requisite knowledge and abilities to improve the chance for the social enterprise to survive and grow. The skills development function will use SETAs to fund these skills development required by social entrepreneurs. SETAs would use appropriate skills development insituttions, especially, TVET and Community Colleges for this purpose. Since social enterprises are operating in the South African business environment, for them to grow they would need governance and compliance skills and knowledge, CSOs and other governance and compliance organisations will be sourced to provide capacity development

in this area. The NDA Act, does allow the NDA to partner and fund CSOs with needed capacities to capacitate and support organisations providing direct services in poor communities. The NDA will establish a range of skills, capacities development interventions focused on this target group of social entrepreneurs. The skills development and capacity building component is critical for survival and recognition of this type of entrepreneurs. The difference between the proposed function and the current capacity building interventions:

- i) Current capacity building interventions are generic, mainly focusing on institutional development and compliance, including financial management for organisations. Whilst this intervention must focus on specific capacities and skills appropriate for ensuring the social entrepreneurs can manage their income generation initiatives.
- ii) Current capacity building is focused on the funded CSOs and any other CSOs found to need interventions from the programme needs assessments. The new skills and capacity building function will focus on the social entrepreneurs as beneficiaries – not the organisation.

This abnormal or misalignment has resulted in failure to appropriately respond to needs of the beneficiaries whose interest are to gain income to meet their basic needs and grow to provide sustainable livelihood for themselves.

Policy Improvement Research & Lobbying Function the growth of social entrepreneurs as mechanism to provide opportunities to fully participate and be productive has been hampered by legal, regulatory and compliance requirements that are restrictive for poor people to see it as a vehicle out of poverty. The policy improvements, research and lobbying functions will focus on identifying regulatory and legislations, including by-laws in municipalities that restrict this economic sector by lobbying regulatory changes to promote the establishment and recognition of social entrepreneurship by the state and local governments as businesses that contribute to local economies. The function will base its lobbying agenda on evidence based studies and appropriateness to allow those that are classified as poor and indigents, whose lives are fully dependant on state support. Cooperatives, small traders and street traders have not been given the recognition they deserve to change the face of poverty in South Africa. Yet this sector can be grown to the largest contributors to local economies and employment with far less investments compared to the formal sector. Research, policy and regulators improvements are the basis for responding to poverty eradication at local level.

All the new four functions will be staffed with individuals that have the necessary business planning, resource mobilisation, learning and development as well as research, policy and lobbying skills. NDA will make a significant and ongoing investment to improve the skills of its workforce to excel at the four functions.

The NDA will need to adopt a high performance culture underpinned by quantitative and qualitative measurements. The overall key performance indicators for the NDA will be based on means and outcomes linked to poor and indigents moved out from dependency on social security systems support to dependency on their efforts to gain sustainable income to meet their daily needs. The SASSA payment systems and indigent support systems will be used to provide evidence for effectiveness of the NDA developmental approaches and mechanisms employed to eradicate

poverty. This represents a very hard, objective measure of success that can be translated to financial benefit for poor people, national fiscal saving and reduction in the state borrowing to fund social security demands created by the ever increasing numbers of poor people in the country. This key performance indicator will be decomposed into lower level performance indicators. Staff promotion and remuneration will be linked to meeting and exceeding these hard quantitative targets.

The Mechanisms for needed for poverty eradication

The District Development Model will be used as a framework for service delivery for the development interventions aimed at poverty eradication in poor communities. The alignment of the three spheres of government (National, Provincial and Local) provide a better organisational platform for the NDA to work with all levels of government and present a better platform to collaborate in the fight against underdevelopment by sharing a common goal, coordinated planning, sharing resources, and sharing the same outcomes and impact. At the centre of this framework is eradicating poverty and its causes across all districts in the country. The NDA turnaround strategy mechanism for implementation, at district level, will be able to accurately define the targeted audience, who are all poor people who are only dependant of social security for their livelihood. The aim is to move all those who are in the economically active cohorts of the population currently dependant on government social security support to meet basic needs.

The process of identifying those who are in the economically active cohort but dependant on some forms of state social security systems will produce the target group as beneficiaries of the NDA developmental interventions. This process will be able to establishing their economic potential, identify their needs and areas of sector interest, establish local capacities of the local CSOs, packaging business proposals for income generation and business cases, mobilising resources and securing investments from a range of stakeholders (all spheres of government institutions, private sector including local businesses, donor agencies) the DDM has the potential and ability to cooperate in the NDA approach to poverty eradication. In order to inform and retain control of this process modern digital platforms will be developed with a view of maximising the potential of 4IR technologies as well. Block chain in particular has enormous potential to secure social enterprises to the extent that it can attract impact investment capital from across the world. This agenda will be rigorously pursued.

Instead of operating as a silo and merely spending government money the NDA will reinvent itself as a productive facilitator and sustainable development partner that provides a mechanism focused on creating a sustainable livelihood for the poor resulting in poverty eradication and reviving local economies through allowing new contributors rather dependency and consumption population in the local economy.

Process Model for Development Functions

The new NDA organisation will perform 17 formal business processes in order to efficiently operate the new development model for social enterprises targeting social security beneficiaries. Each process will have single process owner that resides in a distinct business unit responsible for one

of the four development functions. However, the NDA would need one person who has an overall responsibility of these functions. This person will be fully responsible that the outcomes of the NDA development programme is coherent, each function fully contribute to the final outcome on time, ensures quality of the contributory functions to the final outcome and account for all the functions created.

Although the design, indicate no co-ownership of processes to ensure accountability for process outcome key performance indicators, each process feeds to other processes in terms of operation. For example, both project development and skills development functions feed to one another and are pre-require for the resource mobilisation and grant funding function, whilst the research, policy and lobby function will depend on bottle neck functions provided by all the three other functions.

The functional ownership is depicted in the Figure below:

Figure 17: Process Model – Functional Ownership architecture



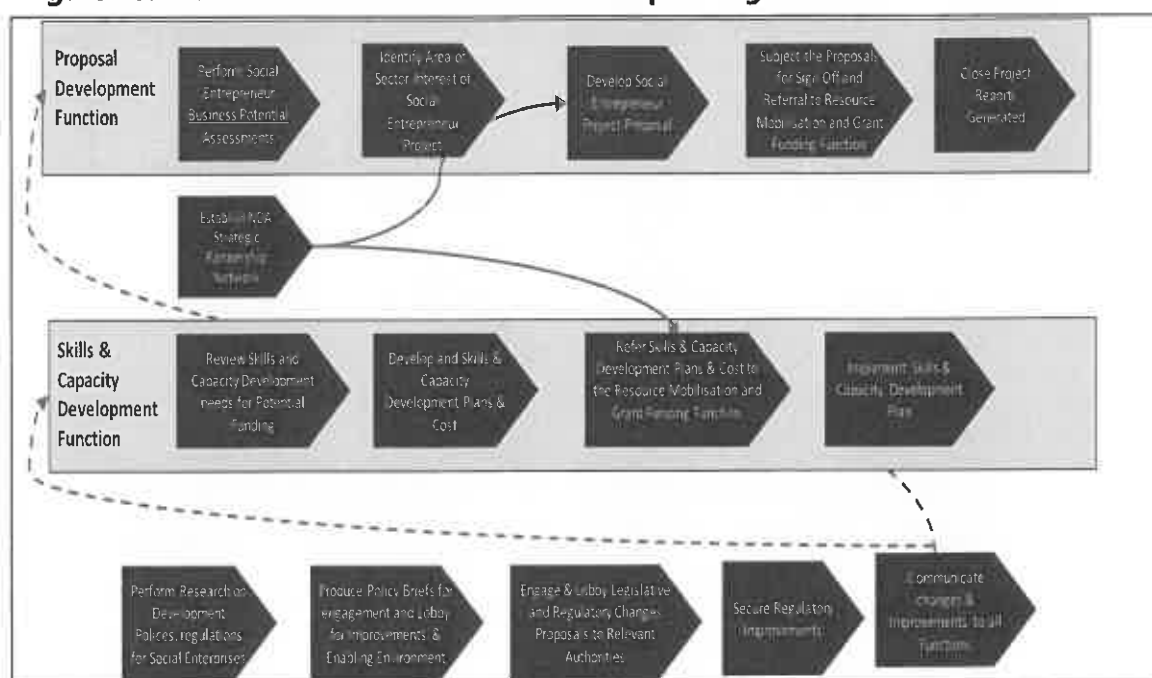
The model architecture provides a map of functions to be performed by each functional area. It also assists each functional area to prepare processes, systems and policies that will allow efficiencies in each operational area to avoid duplication. It also takes into account that some projects will be funded through the NDA funds, which does not stop to start operations because funding has not been confirmed by a third party funder or a funder of the project has not been approached for funding. The Functional Ownership view depicted above suggest that it is possible to start parallel processes between functions as long as both pre-require information each process have access to. However, project design is critical for success of projects starting as both skills development and resource mobilisation requires the project plan outside of establishing the NDA strategic partnership framework, resource mobilisation function would require fundable projects approved by the project development and design function.

In practice there will be a continuous supply of projects that go through a lifecycle of being planned, being presented for resourcing and being implemented upon securing of resources. Both financial and in-kind resources as well as firm commitments on government service delivery and

regulatory approvals will be secured. All these contributions will be considered resource mobilisation. As such the business processes that relate to the development of the project pipelines will mirror those of commercial project development companies (PDCs) that progress potential ventures from concept through to bankable feasibility studies (BSF).

CSOs will play an integral role in identifying high potential social entrepreneurs as well as building the coalition within the community necessary to provide capacity building, support and mentoring resource contributors with the comfort that the community's interest and their interests are aligned.

Figure 18: Process Model – Cross Functional Sequencing



From the project lifecycle perspective, and being mindful of there being a continuous flow of projects going through their lifecycle, the practical sequencing of the all the other functional areas businesses processes is depicted in the Figure 18 above.

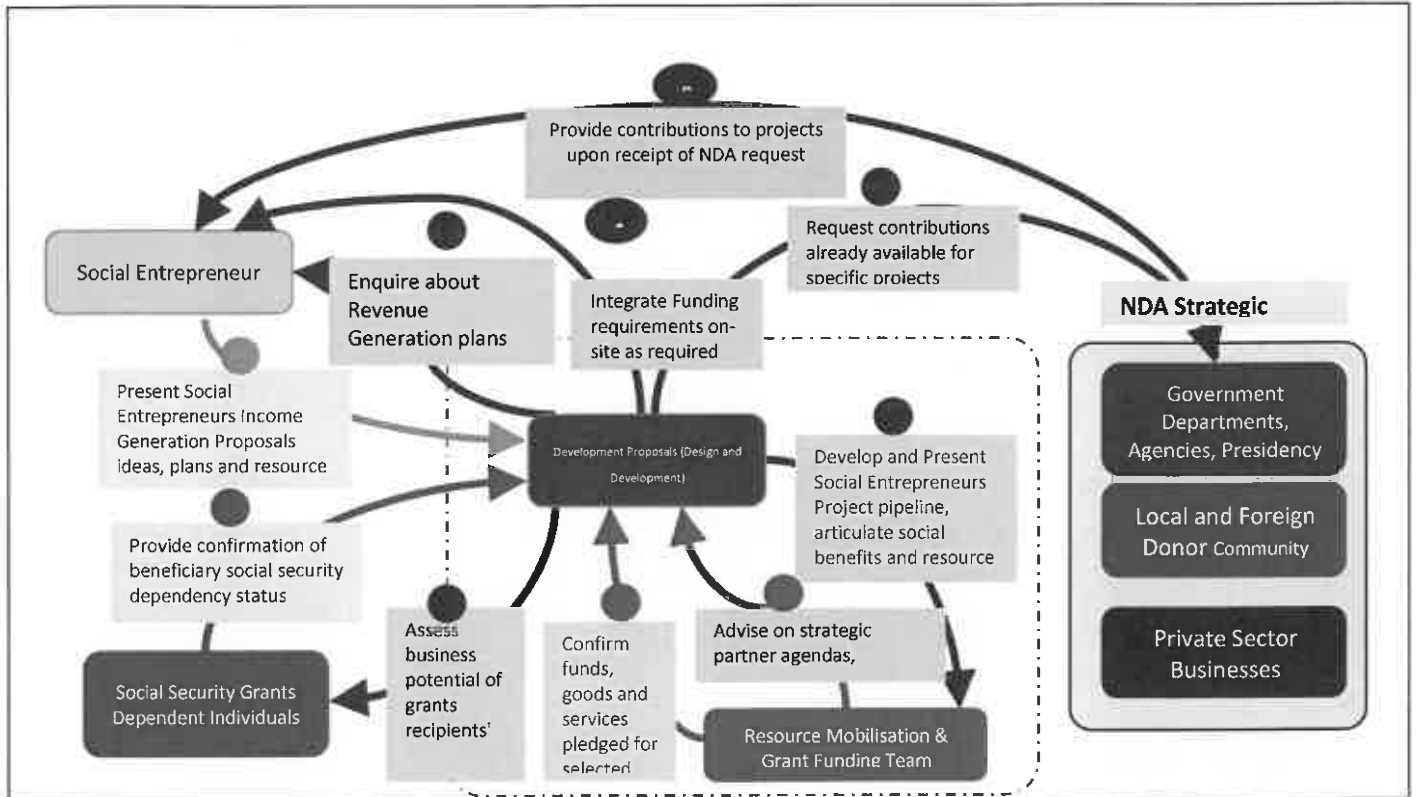
Poverty Developmental Functions of the Operating Models

There are four functions that will drive the NDA poverty eradication approach focusing on support to build abilities for individuals trapped in the cycle of poverty. These approaches can be adapted to any income generation activities for supporting social entrepreneurs existing as groups or individuals. The aim is to ensure that all poor who are not in any gainful economic activity can participate for purposes of generating income that benefit themselves and households at micro level. It has also a potential for groups of individuals to form any grouping that provide a potential for the group members to organise themselves into an income generation community based entity. In South Africa, cooperatives, NPOs, Stokvels are increasingly being recognised as grouping that can perform income generation activities for their economic benefits. However, they operate on different regimes of regulatory frameworks.

Developmental Projects Design and Development

The developmental projects design and development provides an operational framework that can be adapted to meet the requirements for project ownership by the individual or groups social entrepreneurs.

Figure 19: Developmental Projects Design and Development Approach



This approach have key requirements to be integrated to design and develop an income generation of social entrepreneurs. The type and sector for the project has to be in the interest of the poor people identified for developmental interventions. It therefore requires the NDA to have engagements and assessments of capacities of the member(s) of the social enterprise.

A project idea, then need to be developed with the member(s) to ensure that they can commit to make the project works. This requires to scope their product or service they plan to provide, the market within or outside their communities, the cost of establishing such income generation activity and local resources that can support the project from its initiation to maturity phases of the project. The aim is to ensure hope and commitment for members to succeed in their enterprise venture.

The NDA would then prepare a proposal for funding in any of the NDA funding pipeline of funding resources to ensure the members can see a start of what they would own and bring income to themselves and their households.

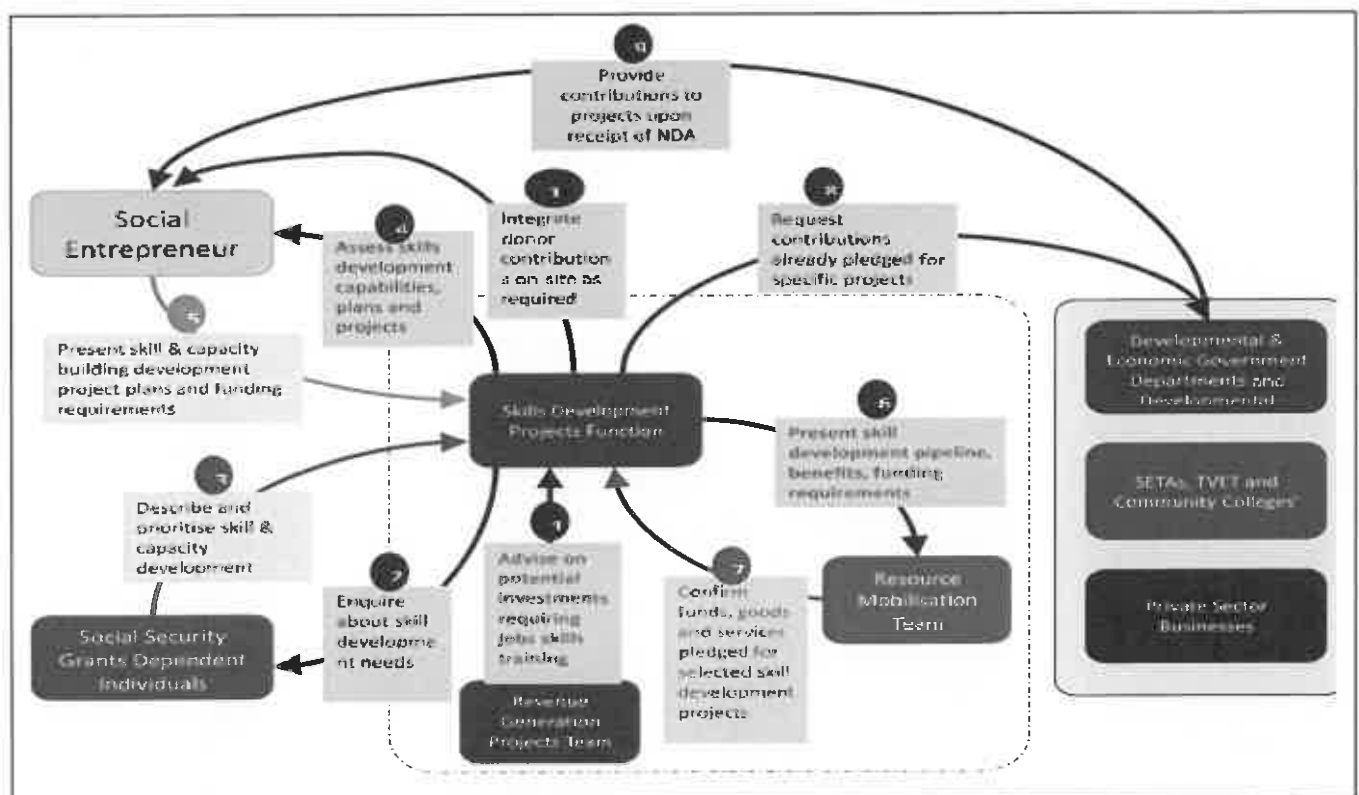
These are projects that can be used by the NDA to solicit funding. This pipeline is driven by project demands as opposed to the current approach of requesting funding area of the NDA where there

is not a proposal developed or idea of project from the beneficiaries but the need is driven by the CSOs to be funded. In this case CSOs participation in the project will be driven by septic need from the beneficiaries and the role of the CSOs is pre-defined at the proposal development stage.

Skills and Capacity Building Development Function

The skills and capacity building approach is designed to respond to specific needs of skills development and capabilities required for each of the social enterprises needed to generate income for member(s) of the enterprise. This is extremely important for any project or enterprise survival and growth. Poor people in South Africa are not well educated, especially in starting their own enterprises or income generation. Some may already have the basic skills, but lack the skills of turning around their ventures to become sustainable and provide reliable income. The current capacity building and skills development of the NDA is largely using generic skills and capacity building interventions, largely designed to support NPOs as opposed to poor and indigents populations as direct beneficiaries of the skills and knowledge about the ventures that benefit themselves as poor people.

Figure 20: Skills and Capacity Building Development Function



The Skills and Capacity Building Function and the Design and Development of development projects feed to one another at different levels of project design and development. The information collected at the project design phase, informs the skills and capacity development interventions. Skills and capacity building interventions are meant for membersto acquire their own capacities

and skills to run their enterprises. These skills and capacity development efforts provided must be relevant to the outcomes of the enterprise or income generation activity adopted by the members.

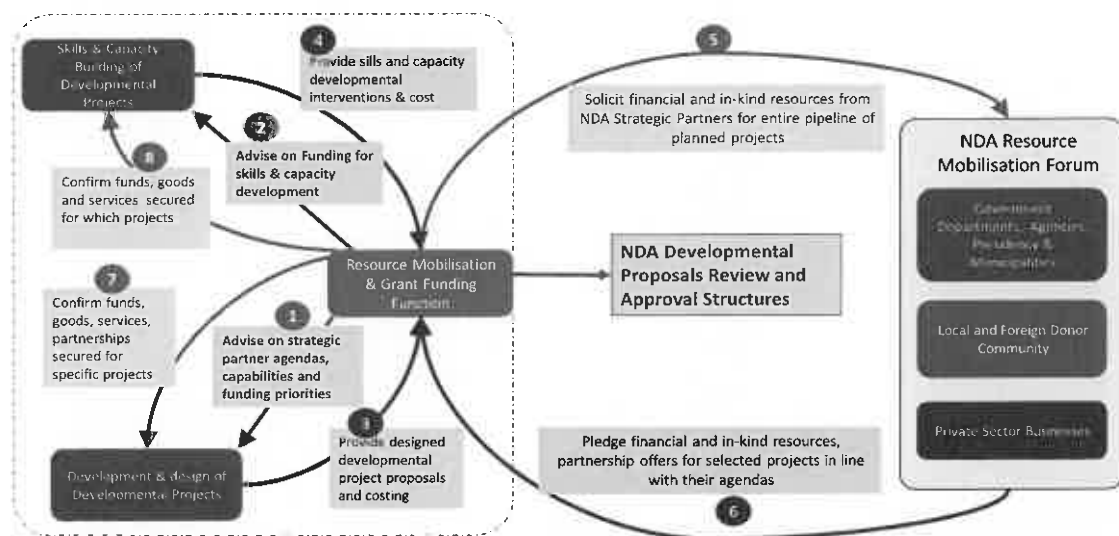
For the NDA to meet the skills sets and capacities in managing and producing quality products and services for generating income, they will need a range of skills and capacity development partners. The NDA would also need to design their interventions such that a combination of interventions delivery channels are defined and selected for appropriate use at the right time for members and the enterprise. This function will therefore be required to define the mode of assisting the enterprise, such as, face to face training, mentorship, support, on the job training. A combination of these types and channels would need to form part of the proposals, thus it is important for the project development and design needs to integrate with the skills and capacity building functions to feed to one another.

The skills and capacity building functions links the social enterprises requirements to resources needed outside the NDA. Each skills and capacity building type and channel defined in the proposals must be supported by partners who have been approached and negotiated to provide that particular interventions. For example, specific SETAs, developmental Agencies providing skills support for small businesses, civil society organisations with capacities, and private sector entities have been approached and their contributions and cost is included in the proposals, including commitments by skills and capacity building partners in the poverty eradication projects.

Resource Mobilisation and Grant Funding Model

The figure below provides a graphical representation of the operating model for the Resource Mobilisation Team.

Figure 21: Resource Mobilisation Function Operating Model



The resource mobilisation and grant funding approach for funding community based income generation projects (social entrepreneurs) will be driven by demand from the social formations in

specific areas and levels of development required to generate income for dependency and survival. The current resource mobilisation approach is driven by areas of NDA projects of interest and it uses a process defined as “Project Formulation Process” which directs its efforts to existing CSOs. The net benefit for both of the current approaches benefit members of the CSOs regardless of their economic status of members and beneficiaries of the funded CSOs.

The departure point of the poverty eradication strategy, is the primary beneficiaries, who are people (individuals) dependant on social security systems who have the abilities to help themselves to move themselves out of the dependency if support and assistance is provided to them. This, therefore, requires the NDA to reconfigure and define its targets, approaches to resource mobilisation and grant funding modalities to ensure effectiveness of its developmental interventions directed to poverty eradication.

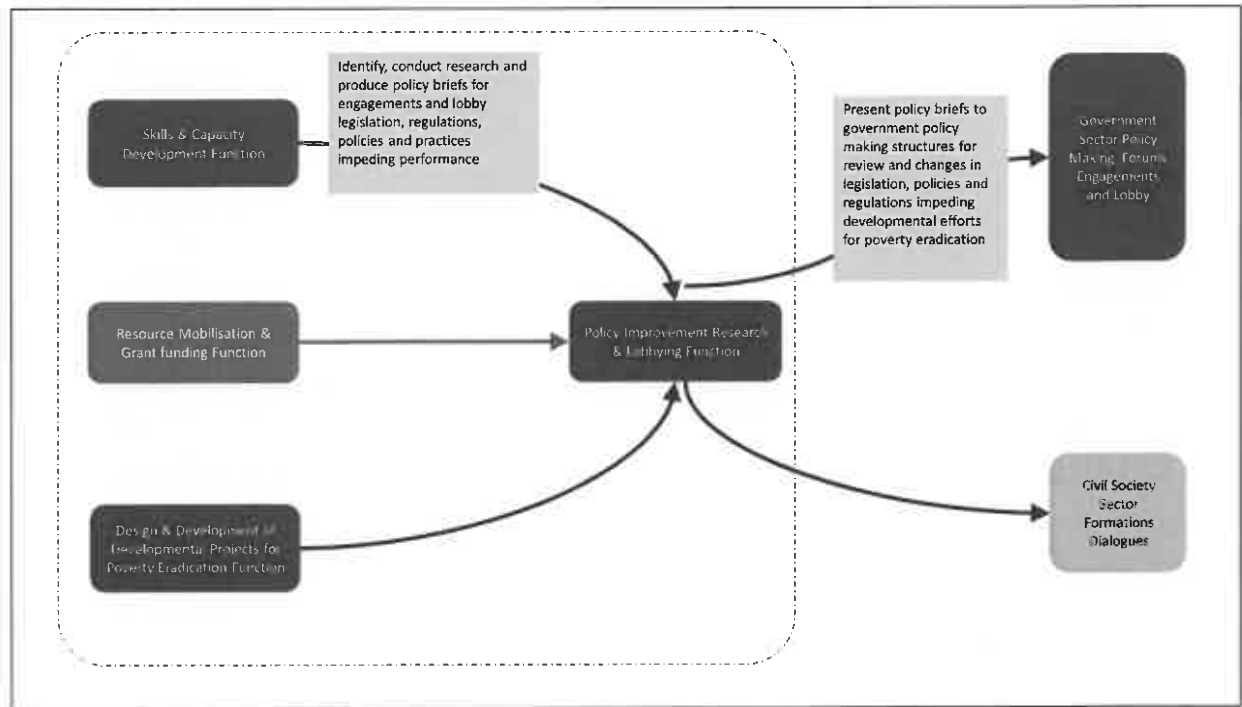
The proposed approach to resource mobilisation, linked to NDA grant funding processes and procedures improves efficiencies of releasing funding to the target group (poor people dependant on social security for their basic needs). The input functions for resource mobilisation and grant funding can solicit funding from any sources with a reasonable success of acquiring the funding needed. This approach improves feedback and coordination of outputs from all three development functions of the NDA.

The model improves current projects and programmes funded by third parties with a defined interest, for example, the current Presidential Stimulus Package and the UIF venture creation funding for members of the UIF are examples of funding that would benefit in this approach. The presidential stimulus package is designed as a volunteer intervention that will provide work experiential learning and use the skills to access employment opportunities. Whilst the UIF venture creation project is designed for skills development and entrepreneurship as an outcome. The common feature on these projects is the financial relief of stipends with specific times, 6 months or 24 months, the opportunity provided by these projects is the period where the participants have been provided with financial relief.

Research, Policy Improvement and Lobbying Model

The enabling environment for income generation initiatives to contribute in poverty eradication are not appropriately provided by national and local legislative, policy and regulatory frameworks. Most of individuals and groups income generation activities are classified as informal trading – not recognised by South Africa’s macroeconomics frameworks – thus leaving them out of the broader economic development of the South African economy. Until this particular perspective is fully addressed by research, policy shift proposals and lobbying this type of grassroots interventions will not be seen from a broader national development efforts for turning around economic outlook of the country. This function is proposed to address this deficiency that has potential to continue to be ignored by the policy makers.

Figure 22: Research, Policy Improvement and Lobbying Model



The approach is first, understanding the impediments experienced by community self-help groups at both structural and implementation levels. Currently income generation efforts which covers all sectors of the South African economy, run by individuals or group of individuals who are not recognised by the current policies as businesses are classified as “informal economy”. There is a very large section of this economy that is not accounted for. In the trading sector, there are street vendors who are trading food products, clothing products, beauty products, building and construction, agriculture products production, etc are traded and sourced by this type of entrepreneurs. In some municipalities they are even allocated a space to freely trade without being intimidated by local law enforcement. This had led to poor and indigent South Africans to see this sector as a pathway out of poverty. In many townships and cities, these industries have been taken over by foreign entrepreneurs who have seen this sector as profitable.

The proposition by the NDA turnaround strategy for addressing the issue of dependency on grants to social entrepreneurs. To change the current status quo about the value of this sector in poverty eradication and the trust by poor people to venture in such economic activities – they need evidence, proposals on reform changes and availability of markets for this group of entrepreneurs. The research, policy and lobby function is for creating of engagements, lobbying and influence in the country legislative, development policies and regulation supportive to this sector.

The current posture of this function does not link its research outputs and dialogues to specific changes and lobbying agenda that changes poor people lives, which at the end, benefit those poor people to actively participate in the economy. The research and dialogue products of the NDA must be designed to support those efforts implemented by the other three functions by creating an enabling environment for all stakeholders in poverty eradication strategies to have interest to invest on projects and programmes aimed at moving poor people on over-dependency on social

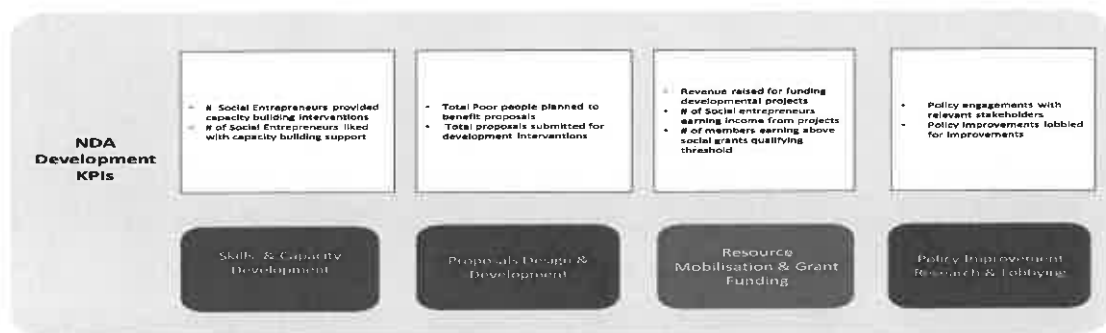
grants but on individuals efforts to actively participate in a range of economic activities for their sustainable livelihoods.

This function may therefore, define relevant research and policy improvements on issues relating to impediments faced by poor population to engage in income generation activities that would results in income generation to meet their daily needs.

Key Performance Areas and Indicators

The NDA’s needs to develop Institutional KPAs and KPIs for its development programme. The Proposed KPIs would need the NDA management and staff to carefully review and adapt to its operation design. However, the basic principle for measuring performance would have to be applied to ensure that relevant information required for measurements has processes and procedures for collection, storage and reporting. These KPIs combined they must be able to demonstrate contribution towards eradication of poverty.

Figure 23: Institutional NDA Development KPIs



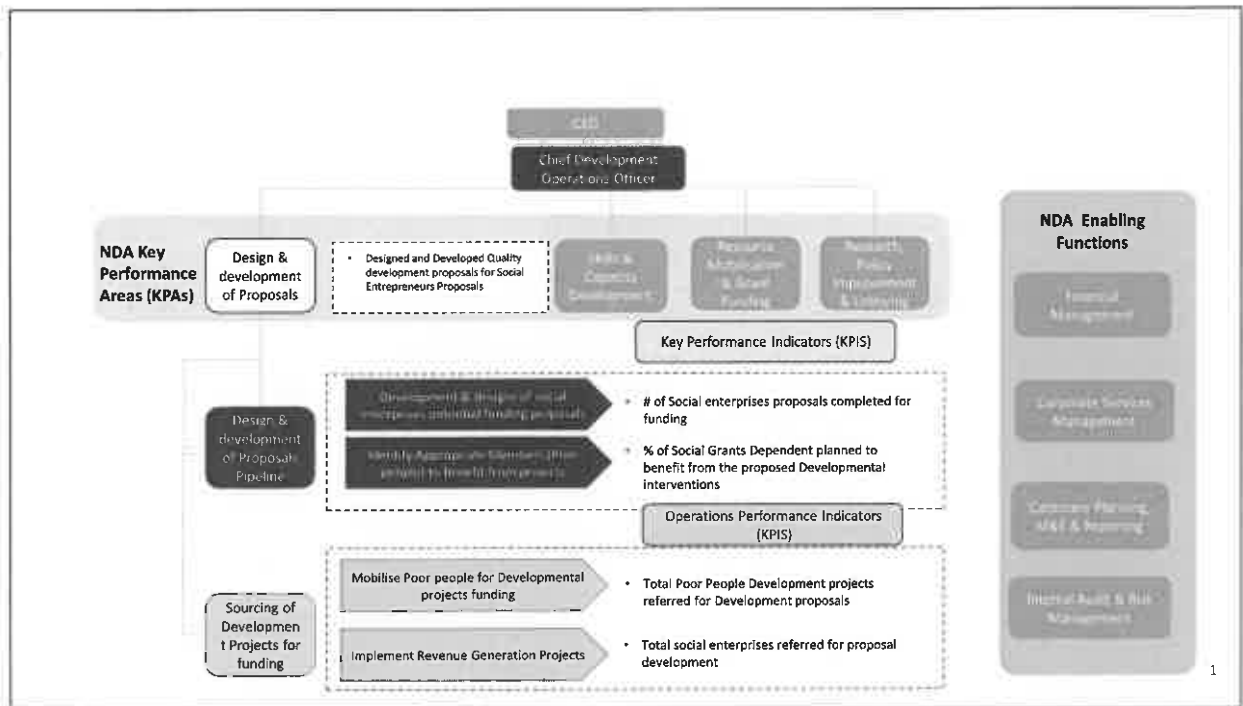
The Proposal also proposes relevant KPIs to monitor outputs from all the development pipeline to ensure targets set for the NDA are tracked and monitored. Where support or deployment of additional resources to support outputs can be provided in time to avoid failure to meet targets. As discussed before these functional areas integrate for purposes of efficiencies, they will be dependency variable across the four functional areas.

For purposes on efficient management, supervision and responsibilities the Turnaround Strategy proposes a set of each functional development area to be used for the NDA annual performance plan to ensure monitoring effectiveness of each functional area performance and there effects in achieving the goal of contributing to poverty eradication.

Developmental Projects Design and Development KPIs

The design and development of projects requires this function to produce developmental projects for funding social enterprises aimed at poverty eradication. Its main contribution is the ability to identify and organised those are classified as economic active population (15-59 years) people who are totally dependent of social grants for meeting their basic needs for survival. The outcomes of this function is to generate developmental proposals that are fundable, viable and the beneficiaries see economic value of these projects to generate sustainable income that benefit themselves and their families. The measurements of the efforts must have a clear link to generating levels of income that can sustain members, and eventually moving them out of the social security systems.

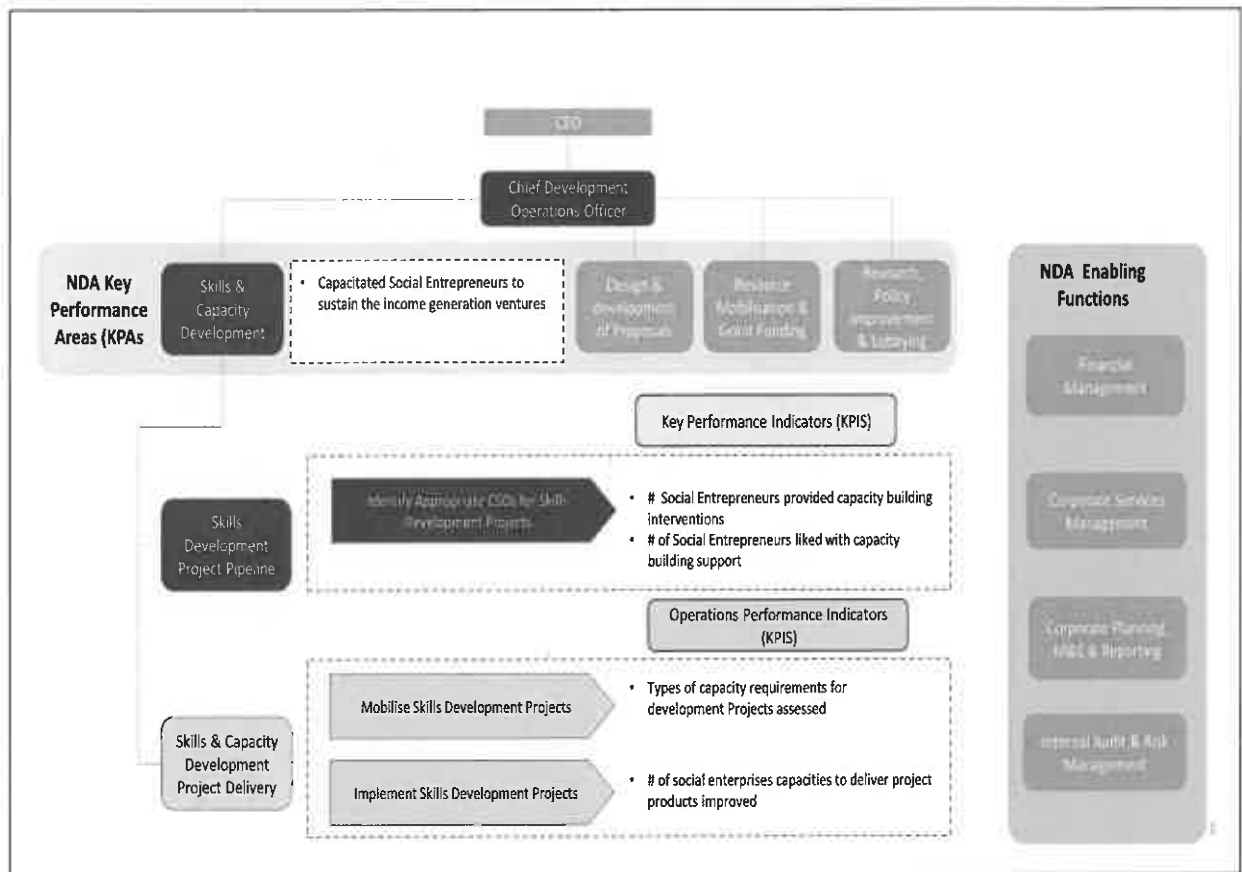
Figure 24: Developmental Projects Design and Development KPIs



Skills and Capacity Development KPIs

The Proposed skills and capacity building KPIs will need the NDA to further engage as an institution to refine them to ensure they allow to approve processes and procedures required for monitoring, evaluation and reporting. They need to practical demonstrate a direct contribution to the overall outcomes the NDA want to achieve by implementing its poverty reduction strategy. There operational KPIs, at Provincial levels that would need to link to specific activities required to feed to the intentions of the Programme.

Figure 25: Skills and Capacity Development KPIs

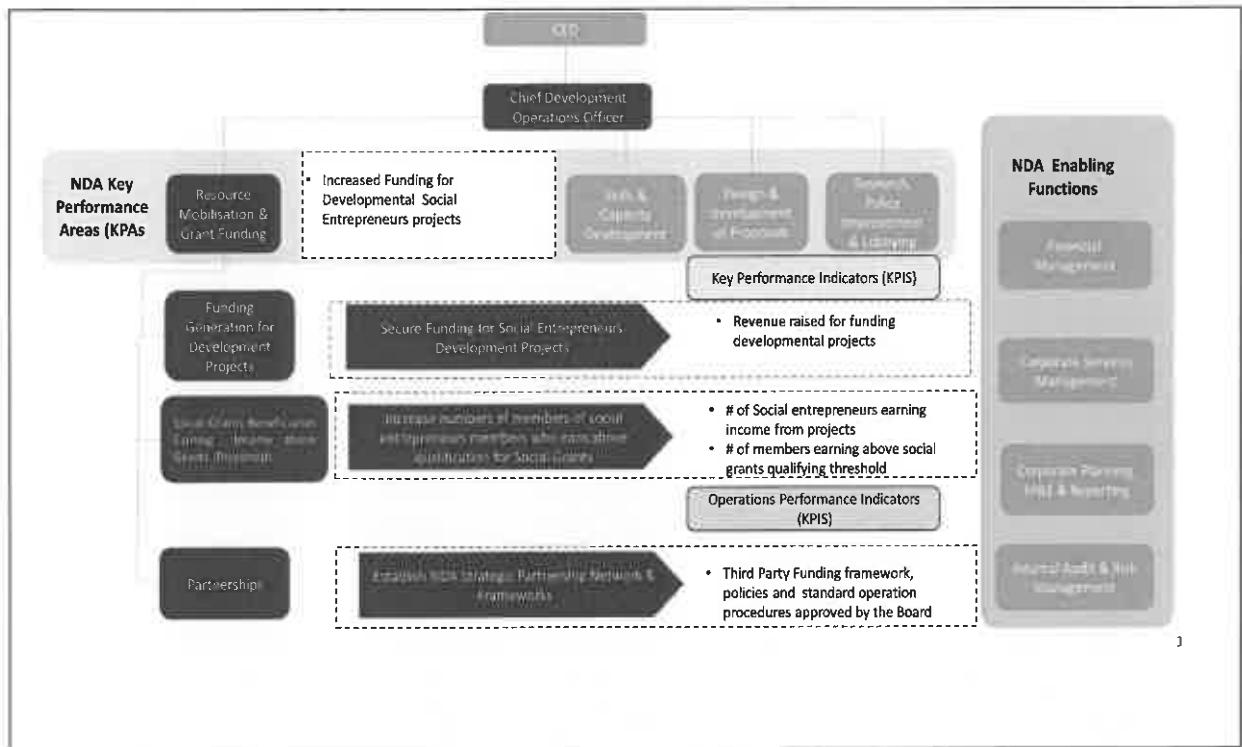


Resource Mobilisation and Grant Funding KPIs

The funding of developmental projects within the NDA has been shrinking, it therefore need to come with strategies to increase its developmental programmes. With adoption of a strategy focusing on responding to the population trapped within the social security system, a robust resource mobilisation efforts is needed. The NDA has recognised the challenge of funding developmental efforts. A resource mobilisation function has been included its current operation model and structure. It has also be noted and recognised that funding has been raised through the current model, however, there has been disjuncture between the resource mobilisation and direct funding to development projects. There has been also been undefined lines between the function for resource mobilisation within the CSOs development programme and the one located at the CEO office. This may have caused confusion for accountability and responsibilities.

In the turnaround strategy, it proposes that these functions have to merged and operated from one centre to maximise efforts and create clear lines of responsibilities. The KPIs proposed and location of the function will assist the NDA to have a focus on this function on raising resources for funding development projects not the NDA support funding.

Figure 26: Resource Mobilisation and Grant Funding KPIs



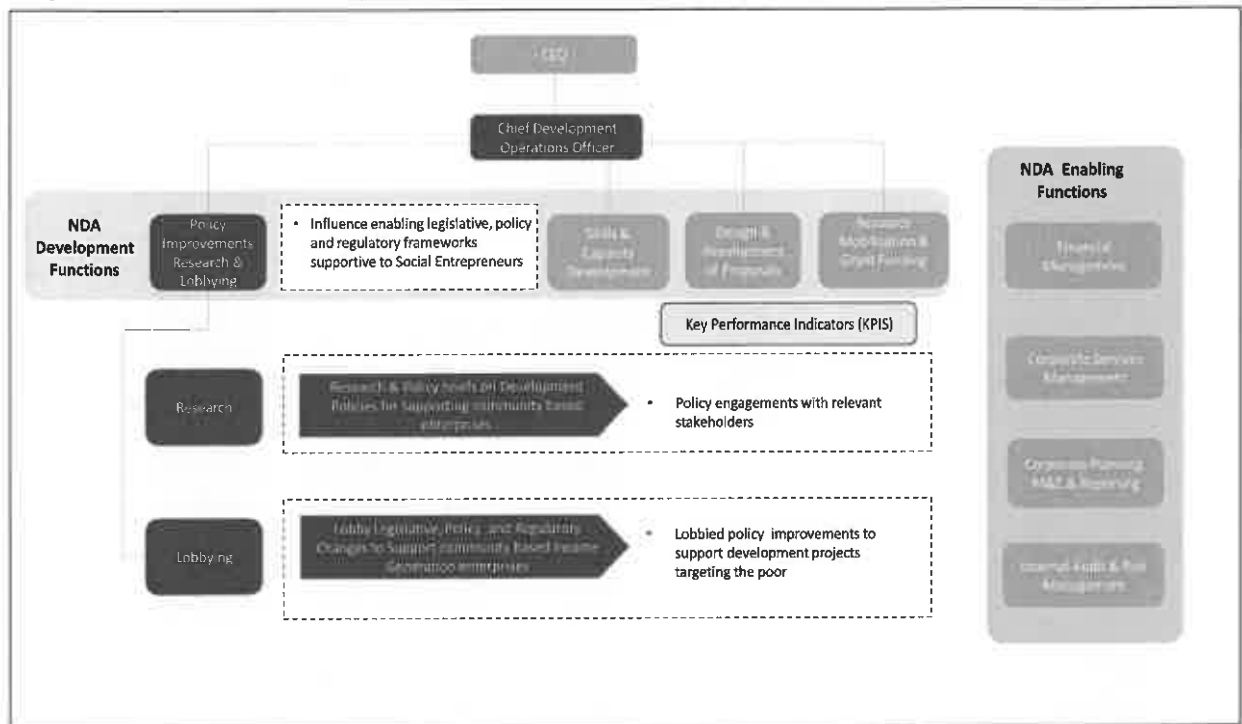
The KPIs proposed for this function are focusing on funding mobilised to fund social entrepreneurs to enable them generate income. They also define the target group to be funded by the NDA. For projects to be funded this criteria becomes important to prove cause and effect, thus enabling the NDA to quantify and qualify its contribution with its poverty eradication projects.

These KPIs they also provide the NDA to account appropriately on the benefits derived by the funding mobilised, including the NDA allocation to projects. It also assist the lobby function in providing evidence that demonstrated to the stakeholders the required outcomes that can be achieved to achieve fighting poverty by focusing on the targeting the most deprived population – those who are trapped in the cycle of poverty and their hope is access to the social security safety net – not a relief but a dependency.

Research, Policy Improvement and Lobbying KPIs

The research, policy and lobby function of the NDA has not been fully developed to its potential for creating an enabling environment to secure a space for those individuals who see informal trading as means to get themselves out of poverty. South Africa operate an open market system, which by its nature is capitalistic driven. This is one of the reasons that the macroeconomic development strategies and policies are focusing on investing in large projects that attracts large direct foreign investments. Whilst this approach is necessary for economic growth, but they have proven not to create benefits for those who lacks skills and access to business opportunities that come with such projects. It is for this reason that the proposal of a poverty eradication strategy for the NDA focusing on people who cannot find employment nor do sustainable economic activities to extricate themselves out of poverty.

Figure 27: Research, Policy Improvement and Lobbying KPIs



This competency will reside as a national competency of the NDA, as opposed to the other three functions. Its intentions is to engage, at national and local spheres of government to create an enabling environment for those classified as informal economy be recognised as major contributors to create a healthy economy. The removal and or review of policy and legislative challenges to bring the poor into the economy of South Africa is critical and urgent to solve the problems of high unemployment and high levels of the economic active cohort of the population is unable to break the cycle of poverty. Importantly, this strategy also assumes that the conditions on the ground will support social entrepreneurs to survive.

The NDA is aware that as it embarks on the poverty eradication strategy it needs to tackle the legislative and policies that makes it is difficult for people who are poor to break out of reliance on social safety nets. Given that the NDA has a secondary mandate, of influencing development policy. It is then proposing a programme, linked to its efforts of funding economic participation programmes, specially designed for the poor, the environment to support this efforts has to be addressed.

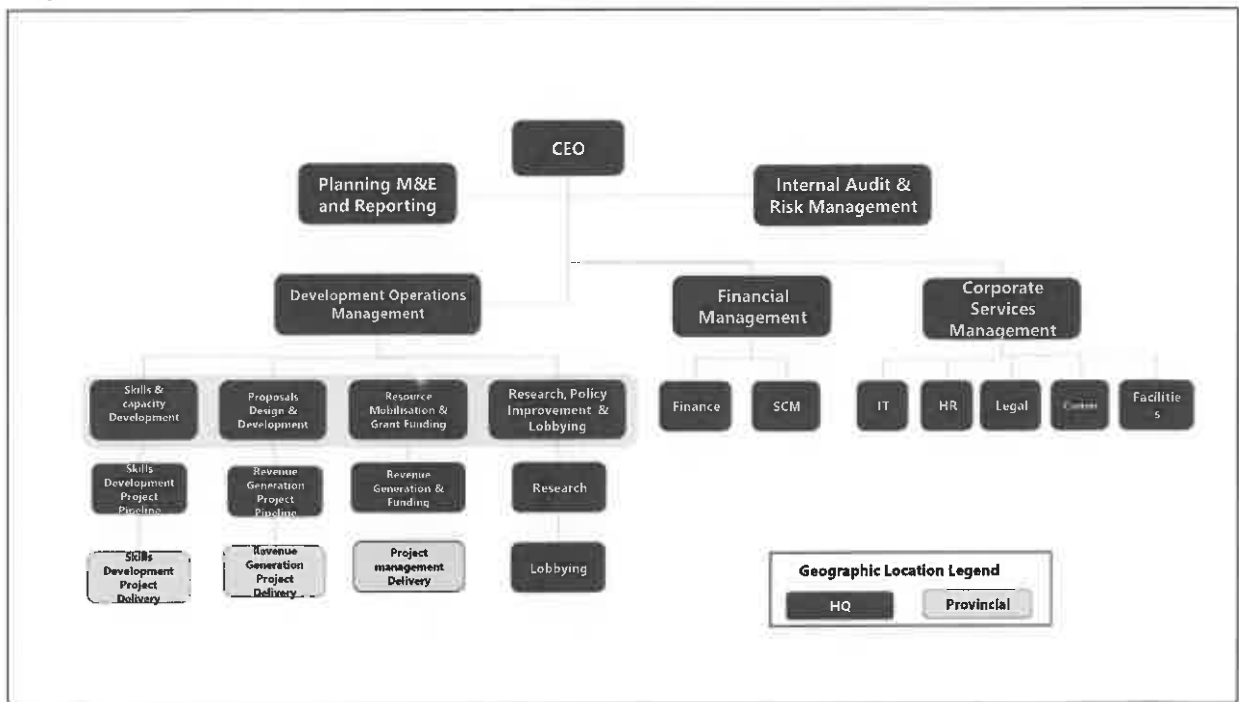
The KPIs proposed for this function will solely focus on engagements with policy makers at all levels of government and provide evidence on the impact of the current polices, regulatory frames and legislation impede the growth that can be derived from turning around the state livelihoods experienced by this population group. The research conducted will be the means of gathering evidence, whilst the policy briefs will be used as lobbying instrument for effecting change. The NDA alone, cannot achieve the required changes lobbying on its own, therefore, all social partners has to be involved, especially with the lobby function. The civil society sector and business are critical stakeholders in driving the Agenda. Structures and platforms within government created for engagements on social and development policy and legislation will be used as platforms. The

success of the function will topical areas that are being debated in these structures by all social partners.

Proposed High-Level Functional Organisational Structure

The turnaround strategy would cause the NDA to review its organisational structure for efficient operations and management. The process has been informed by the reconfigurations of the CSOs Development Division and the Development Management and Research (DMR) Division – research and development unit functions. These functions are interrelated and have a direct impact on the delivery of the NDA mandate. These changes align the functional perspective of all developmental activities under one roof. The business support functions are also re-organised for efficiency and alignment to current practices of organisational structures.

Figure 28: Proposed High Level Functional Organisation Structure



The proposed high-level organisational structure has not included the Accounting Authority (Board) which, as a matter of good governance practice has a full-time office that supports its work, i.e. the Company Secretariat. These functions will be placed in the structure and linked to the appropriate function reporting lines. In most government agencies that have a Board, this function has two reporting lines; one to the Board and another to the Accounting Officer (CEO). The Internal Audit and Risk Management functions have similar reporting lines.

The turnaround strategy has proposed changes in the development function of the NDA. The strategy has created four distinct functions providing direct development services to the NDA target group. These functions will be required to interface with the beneficiaries for service delivery on one hand on the other the programme will be required to lobby on behalf of the beneficiaries for enabling the environment to conduct their business. The enabling environment function and the service delivery functions must direct their efforts to the same target group, the poor who have

to operate in an environment that has regulatory frameworks that are not supportive to establish and grow their ventures. These four functions will be managed by an executive who will take full responsibility for running the development functions efficiently and effectively to deliver on the mandate of the function. Under this function, there are nine service delivery structure, Provincial Offices, their organisation structure and reporting line arrangements has not been included in this structure however, and service delivery requirements have been identified to assist the NDA in structuring its service delivery model to respond to the turnaround requirements.

The financial management function will retain the finance-related function and the supply chain management function as they are currently structured. However, this function will be required to deal with third-party funding, this area of financial management needs skilled executive and financial management staff who proactively anticipate disruptions that come with these types of funding to prepare to avoid any delays and inefficiencies in the financial management processes. NDA's target is the poor people, any funding allocated to this target audience cannot be delayed by inefficiencies in the system and organisation bottle-necks. The SCM function is responsible for the procurement requirement of the entire organisation including provincial offices. The burden on the procurement function will increase as the number of procurement requisitions to be processed will increase significantly. The NDA will need to evaluate the capacities in both integrated systems and human capacities to manage an increased workload.

Corporate services management is a dynamic function by its nature. The responsibilities that are carried out by this function are not related to one another. The functions in the corporate services are also highly specialised and technical. An additional function of legal services, which is currently in the CEO's office as Legal & Risk, the legal component of the current legal and risk function is proposed to be moved to corporate services management. This proposal has been made for improving efficiencies, where all the critical day-to-day operations of the NDA are under one executive. The corporate service management will now house, Information Technology, Human Resource Management, Marketing and Communications, Legal Services and Facilities Management. Managing such a diverse environment, the executive responsible must be able to manage the different unrelated needs and have a working technical understanding of each environment for being able to take responsibility for ensuring efficient and timely support for an organisation that provides developmental services for the poor.

The office of accounting officer functions will be supported by two functional units and the company secretariat. The current strategy, planning and reporting have been reconfigured to provide all strategic, accounting and monitoring and evaluation functions. The new reorganised function is proposed to be planning, monitoring and evaluation and reporting. This function will be responsible for corporate planning requirements, monitoring and evaluation and statutory reporting at the NDA. The proposed movement of the M&E function to this new function is for consolidating all planning, monitoring and reporting functions under one roof. This will consolidate existing capacities from different parts of the institution into a single view for the accounting officer. The internal audit function has been merged with the risk management function. For quality assurance purposes these functions would efficiently operate under one functional unit as the work of these two functions complements the compliance and improvements of controls for the

institution. It also consolidates skills into one single function covering audits, controls and quality assurance.

The following requirements to conclude operational requirements have not been performed by the turnaround processed:

- The **defining of functional areas** and high-level organisational structure for provincial operations. The NDA has to carry out the configuration of service delivery functions that interfaces with beneficiaries of the development interventions.
- The **development and design of a detailed organogram** has not been done by the turnaround strategy processes. The high-level structure has been designed based on the turnaround proposed functional areas including the support functions. The functional areas provided in the proposed structure cannot be taken as positions or persons placed in those functions. The NDA, through a process that it will choose to use, through corporate services management, HR function will perform detailed work of developing an organisation structure with positions, job profiles, job descriptions and grading levels of those positions. Since the turnaround strategy is introducing new functions that did not exist in the NDA before, the Board may need to implement a fair and transparent process of evaluating all staff, including current senior managers and executives to assess skills and management capabilities that matches the placement into the positions using the new job profiles and job description. The turnaround strategy would not encourage the NDA to use the automatic place of all its staff into a new organisational structure.
- **Skills sets requirements:** the new function has not been performed by the turnaround strategy development, therefore, the NDA must perform the skills sets, experience, and track record as a requirement for placement to the positions. This then requires engagement and assurance from management about the job safety of current staff. However, during the review of the NDA operations, it was very clear that the NDA will need more staff than the current staff complement to deliver on its vision of *"a South Africa free of poverty"*. The current staff load and skills mix, including staff ratios to meet the demand, the NDA has to increase its staff capacities and re-purpose current staff to quickly perform the new functions.
- **Cost and cost-benefit analysis:** a new structure has also not been performed, all costing for funding the new business approach of the NDA have been done based on the current staff levels and functions. Therefore, this process would need to be performed once the full organogram, national and provincial, has been finalised.

The NDA brand Strategy

The processes for developing the turnaround strategy conducted an in-depth assessment of the NDA brand as perceived by all stakeholders. Interviews and engagements with a range of internal and external stakeholders was conducted to provide views by those that involved or benefit from the NDA work. This was to assess the perceptions they had on the NDA brand against key principles which are used to test the strength or weakness of a brand. The outcomes of stakeholder's assessments and engagements perceptions and views were analysed for informing approaches in improving the NDA brand. The aim of the exercise it to rebrand the NDA to become the

development agency of choice and stands above its competitors in the business. The outcomes of this process identified three weaknesses in the current NDA brand.

- The **first** was that the NDA does not have a Brand persona and one needs to be created. Against this perception, there is a need to establish an appealing brand persona and imbue it with a character that will enable stakeholders to connect emotively with the brand.
- The **second** area of negative perception was that the NDA Brand Identity needs to be more visually appealing. Stakeholders claim to have a generally favourable experience of the NDA's brand but 78% of respondents believe the NDA should improve its brand strategy and make the brand elements more visually appealing.
- The **third** negative area found from stakeholders was that the NDA Brand does not inspire trust and confidence. Respondents claimed that Brand Management is an area of concern, and the brand does not inspire trust and confidence.

Given these negative outcomes of the current NDA brand, the turnaround strategy responded by proposing a rebranding strategy that the NDA can adopt and implement to improve its image and brand, especially with the shift in service delivery model. Rebranding of the NDA can boost its public image and create trust between the NDA, its beneficiaries, stakeholders and the general public.

NDA Rebranding Strategy

The approach adopted with regards to rebranding was contextualized against the historical development of the science and art of branding over the last 400 years. The Four Key Pillars used for the NDA rebranding strategy is based on: Case for Change, Brand Positioning, Visual Identity and Intangible Identity. This methodology provide the scope and structure of the Rebranding Strategy. It also provided the lens with which to identify and define the NDA's new brand.

The NDA rebranding is based on known measures and methodologies for rebranding products and services for insituttions. The direction proposed by the turnaround it needs a new image of the NDA that will follow the following areas in the table below.

Table 3: Areas for rebranding the NDA for positive perceptions and experience

Areas for branding	How branding seeks to achieve:
• Brand Connectivity	Beneficiaries, CSOs & other stakeholders connect with the NDAs brand at an emotive level.
• Brand Awareness	The brand gets people to think about the NDA's core mission and to act
• Brand Inspiration	The brand inspires trust, confidence, and hope that the NDA can end poverty, and how the brand encourages people to engage with the NDA
• Brand Clarity	People perceive the NDA and the clarity they have about what the NDA does

<ul style="list-style-type: none"> • Brand Distinctiveness 	The brand is distinctive and recognizable among other brands in a crowded organisational landscape
<ul style="list-style-type: none"> • Brand Assurance 	The brand gives assurance to stakeholders that the NDA is committed and capable

These areas of the NDA strategy is embedded on the following pillars required for brand improvements and redesign:

The Case for Change – the case for change needs the brand to represent the mandate of the NDA which will represent the important function it serves in the in the society, it must be represented by a brand persona that need to be created to be associated with the brand, the brand identity needs to be more visually appealing, and the brand must inspire trust and confidence by the public and beneficiaries to achieve brand loyalty.

Brand Positioning – this area of branding has been considered against the proposal of the Turnaround Strategy, which suggests the NDA’s new role should be a driver of economic development for the poor population and households. This is rooted in the understanding that economic development for the poor, if implemented in targeted approach, will result in poverty eradication though focusing on those who are economic active but are not participating in any gainful or income generating activities. Against this rationale, it is necessary to locate the NDA within a repositioning framework defined by two critical axes of the brand landscape, viz. ‘*South African focus vs International focus*’: and ‘*Economic Development focus vs Social Development focus*’. The NDA occupies the segment of the brand landscape where a South African focus intersects with an economic development focus to fight towards eradication of poverty and its causes. Understanding which corner of the brand landscape the NDA occupies is essential to defining the NDAs target audience and key message.

Visual Identity - sits at the coalface of community interaction. It creates a unique recognition of the NDA’s brand and signals its distinctiveness over other organisations operating in the Economic Development sector in South Africa to fight for the poor and create hope for a better future. The NDA’s Visual Identity comprises of three critical components, viz. Typography, Colour Palette and Logo. In assessing the Typographic needs of the NDA, consideration is given to typefaces that will serve the requirements of the NDA in terms of communication, marketing, and branding. Against this context, two families of fonts – Montserrat and Merriweather - are proposed. This suit of typefaces will complement each other to create balance and the necessary nuance needed.



The Montserrat typeface is proposed for its effectiveness in the design of posters and signage. Its key attributes consist of boldness, professionalism, and passion – all which emphasize the proposed character of the NDA. The second font - Merriweather – is selected as an option, mainly for its attributes of being a low-contrast serif typeface. This characteristic ensures it is pleasant to read at very small sizes, which is an important consideration given the voluminous documentation and reports the NDA produces. Together, these two fonts complement each other perfectly, resulting in aesthetically pleasing communication material and marketing collateral.

The colour palette proposed for the new brand does the heavy lifting in creating emotional engagement of the Visual Identity. It is necessary to connect the NDA's brand to the national story of democracy and freedom to entrench the Brand attributes. In this regard the proposed Colour Palette of the new NDA brand is drawn from the six distinctive colours of the South African flag. The proposed typography and colour palette is expressed without distortion in all marketing collateral and communication materials to create consistency of identity and avoid confusion.

The logo represents a key element of the NDA's rebranding strategy. It incorporates the proposed typography and colour palette and includes the design of a new icon to symbolize what the NDA stands for. The logo options are premised on the Four Key Findings of the Brand Assessment.

Six logo options are presented, and each is defined against an appropriate analogy to entrench positive connotations of Brand Value. Each logo option is discussed in detail with regards to how the analogy enhances the NDA's proposed brand; its symbolic meaning; description of the logo elements; its one-color application; and a proposed tagline. Considering the impact that the new logo will have on the NDA's brand, it is proposed that staff and other key stakeholders are engaged around the logo selection and finalization.

The effectiveness of the NDA's brand communication is based on an understanding of its target audience, where to reach them, what platform to use and what marketing collateral to use. This is described as a media matrix comprising:

- the various media platforms (e.g., Facebook, Instagram, Twitter, LinkedIn, WhatsApp, Email, Website and Zoom / Teams),
- specific marketing collateral (e.g., videos, posters, on-line ads, pitch decks, brochures, ad boost, messages, private messages, etc.) and
- the different target audience (e.g., CSO's, Government, Community and Stakeholders).

Marketing collaterals must have a clear and consistent design aesthetic to create a sustained brand impact. Against this need, proposed options for various collateral have been presented to demonstrate consistent use of colours, typography, design, and layout etc. These include design concepts for brochures, digital adverts, flyers, postcards, posters, digital banners for various social media platforms, website options etc.

Intangible Identity - forms the basis of brand loyalty. It is appreciated that the NDA's audience connects emotionally with the NDA's brand through three touchpoints that cannot be physically seen, heard, or felt. These three intangible touchpoints are: Values and Culture, Personality and Character, and the NDA's Vision and Mission. A positive Brand Persona emerges from these interactions and will help to reinforce culture and behaviours.

Values and Culture is a key Brand Value, and it determines how all stakeholders embrace the qualities the NDA represents. Desired attributes of the NDA Brand and Culture include integrity, dignity, empowerment, solidarity, and courage.

Personality and Character underpins the Brand Persona, and therefore becomes an important component of the Brand Identity at an intangible level. To achieve this the NDA adopts a personality profile that resonates with its Mission and Vision. It is proposed that the NDA adopts the Brand Persona of a Provocative Optimist. This Brand Persona signals to its audience in a non-verbal manner that the NDA believes passionately that poverty is an injustice, however it is hopeful that it can be beaten.

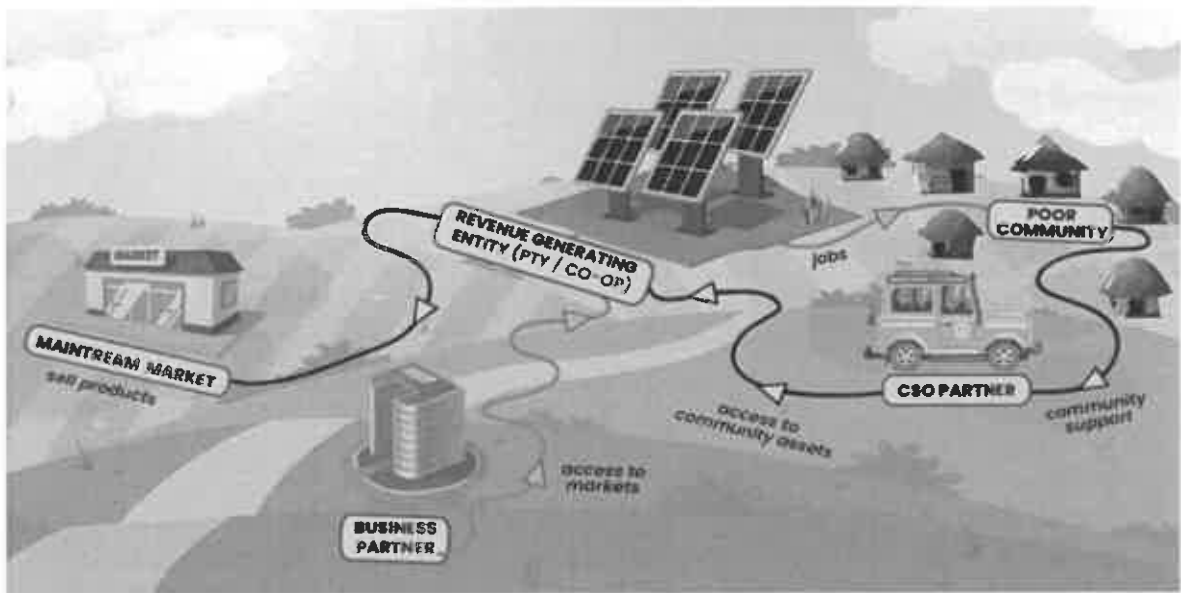
Vision and Mission form the basis of the Brand Message. It provides strategic direction against which all implementation plans are mobilised.

Finally, the Rebranding Strategy thrives to ensure that the NDA be recognised as the first port of call for any economic development opportunity that will benefit rural communities.

The NDA's new Brand will serve as an important vehicle of the Turnaround Strategy and will therefore contribute to the desired outcome of contributing in eradicating poverty in South Africa.

The Turnaround Strategy defines the strategic vision for the NDA whilst the Rebranding Strategy give life and legs to the Turnaround Strategy. In this context, the Turnaround Strategy is the roadmap and the new Brand is the vehicle through which all Stakeholders can experience the journey. This Rebranding Strategy provides the framework about how the brand can support and enable the implementation of the new strategy roadmap. When we talk about creating the vehicle, it's about the attractiveness on how the story will flow:

Fig 29: Sample Graphical Depiction of the Story Flow



A key success criterion to the Rebranding Strategy is to ensure that the new Turnaround Strategy for the NDA has buy-in through-out the organisation and can be credibly positioned with all external stakeholders, especially its potential funding stakeholders.

Although many non-profits organisations and government institutions continue to take a narrow approach to brand management, using it only as a tool for fundraising, a growing number are moving beyond that approach to explore the wider, strategic roles that brands can play: driving broad, long-term social goals, while strengthening internal identity, cohesion, and capacity. The Rebranding Strategy will contribute to sustaining the NDA's social impact, serving its mission, and staying true to the organization's values and culture. Ultimately the NDA's new brand needs to support the organisation's ability to make a material impact in reversing unemployment and giving the members of marginalised communities hope for their future.

The Proposed New NDA Logo Components

The Logo of an Organisation where the typography, colour, Iconography comes together. The logo represents a key element of the NDA's rebranding strategy. Six options of the new Logo are proposed for consideration. Each Logo option is supported with an explanation that talks to:

- Analogy used
- How it relates to the NDA?
- Symbolism of the logo
- Elements of the Logo
- One-color application of the Logo
- Tagline of the Logo

The six logo options and their explanations are presented in the following pages.

Logo Options



OPTION 1 The Butterfly

Fig 17: Logo Option 1

ANALOGY: THE BUTTERFLY - The imagery of a butterfly spreading its wings helps us to connote, in the audience's mind, the ideas of freedom and transformation, because these are the two concepts that come to mind when we see a butterfly. That is their ability to flitter joyously across open fields feels like what freedom should be and their ability to evolve from a caterpillar to a butterfly is an extraordinary example of transformation.

HOW IT RELATES TO THE NDA - To dig deeper into the significance of freedom, and why it is necessary to plant this seed of an idea in the audience's mind, is to look at what freedom means to the rural, poor communities that the NDA serves. To be free is to rise above the constraints of poverty, to break free of the shackles of economic depression. The butterfly spreading its wings is a powerful image of being empowered, ready to take flight.

To explore the significance of transformation, is to understand the painful process of transformation the NDA is undergoing... from its caterpillar years where it struggled to find a way to truly fulfil its important mandate, to its search for a turnaround strategy. The turnaround strategy will result in a new NDA, a butterfly that will spread its wings and pollinate the rural communities with economic opportunities.

SYMBOLISM - In this way the image in the white space also appears like a person holding their arms outstretched, with the green dot between the wings being the head of the person, the two legs protruding at the bottom, and the yellow antenna representing aspiration. The green dot / head also symbolizes a rural community, a spot on the map of poverty and shows the focus of the NDA. The ombre colour gradient and the green petal-like shape in the wings gives the impression that the wings are beating, which suggests movement, flight, progress.

LOGO ELEMENTS - The colours resonate with the South African flag as discussed previously, and therefore relates to the NDA's South African focus. The name is placed below and spread out like a field, to further emphasize the connotation to a butterfly.

ONE COLOUR APPLICATION - The logo works well as a one colour because the lines are clearly defined, and the imagery of beating wings can be clearly seen. This version can be applied to a company stamp, one colour collateral, embroidery, etc.

TAGLINE - The tagline underlines the concept of the butterfly and freedom. It is a simple, bold assertion that talks to the aspiration of the community the NDA serves.



OPTION 2
Eagle Wings/Victory Medal

Fig 18: Logo Option 2



ANALOGY: EAGLE WINGS / VICTORY MEDAL - In this option, as opposed to the butterfly version, the wings are strong like an eagle. It is outstretched and in full flight. The swirl of colour flowing down represents ribbons around a trophy, with the black circle surrounded by a gold ring, symbolizing the medal of victory.

HOW IT RELATES TO THE NDA - The eagle's wings connote to the idea that the NDA has the strength of purpose and the power to lift the rural communities above poverty. The eagle perspective is also a god's view, a 300-meter view, a large field of vision that represents the fact that this is a visionary Organisation. The medal of victory is about the aspiration that the NDA will emerge victorious and help eradicate poverty. It is a power symbol that talks about positivity, determination and achieving the mandate.

SYMBOLISM - The ribbon swirls form the body of the eagle. However, it also gives the impression of flow, of motion and a pathway of success.

LOGO ELEMENTS - The NDA name is written in two lines below the logo like the base of a trophy to enhance the imagery of a victory trophy. The solidness of this layout also emphasizes the strength of the NDA, and gives a great balance to all the elements of the logo.

ONE COLOUR APPLICATION - The one-color application is not shown here, but it is possible to achieve using strong black lines to give shape to the logo.

TAGLINE - The tagline proposal is the same as the first option; Freedom from Poverty, because eagles also represent freedom.

OPTION 3
Carrying the World /
Reaching for the Stars

Fig 19: Logo Option 3



ANALOGY: CARRYING THE WORLD / REACHING FOR THE STARS This logo is dynamic – and gives the impression of motion, energy and excitement. It connotes a person carrying a huge, spinning globe on their back and reaching for a star. The globe represents the world, but the black dot with the gold ring on the globe represents a specific community in the world. The black dot is also the head of the person reaching for the star, and the loop at the bottom is their legs in motion.

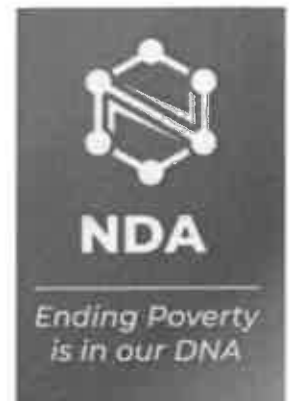
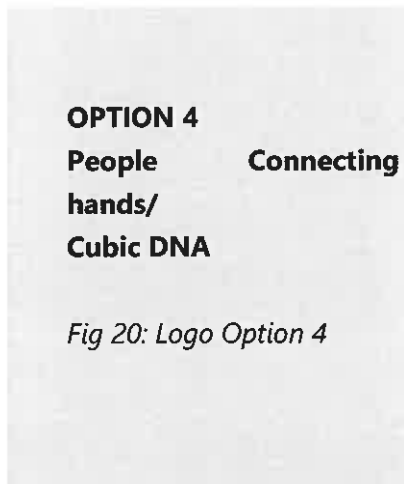
HOW IT RELATES TO THE NDA - The black dot represents a poor, rural community and the person is the NDA, who is carrying the community and lifting it up – to the star. It shows the mandate of the NDA in action. According to the proposed Turnaround Strategy, the NDA should be seen as the main driver of economic transformation in the rural areas. It also shows the weight of responsibility of this task, but conveys the optimism by showing the hand touching the star – achieving its objective.

SYMBOLISM -A star symbolizes excellence, aspiration and vision. The globe in motion talks about the fact that job security and economic prosperity keeps the world turning. The imagery of the person spinning the globe shows that the NDA is the key driver of this process.

LOGO ELEMENTS - The name is written on two lines at the base of the logo, to balance its dynamism and give stability to the logo.

ONE COLOUR APPLICATION - The one-color version shows the person more starkly. The lines are clean and easy to print or embroider. It makes a great watermark. Its minimalism is associated with efficiency and simplicity.

TAGLINE - The tagline relates directly to the hand reaching the star, and, quoting Madiba, it says that even the seemingly unachievable, i.e. eradicating poverty, is nothing.



ANALOGY: PEOPLE CONNECTING HANDS / CUBIC DNA - This logo conjures up the image of 6 people sitting around a table and connecting hands. The elements in the middle are like sparks of lightning / energy that appears when people come together. It is also an abstract, cubic representation of the DNA double-helix. Further, the four green dots when joined, shows the letter 'N' for NDA.

HOW IT RELATES TO THE NDA - The NDA connects and brings people together through collaboration and dialogue. The yellow and black sparks in the middle, represent the energy that is brought to rural communities when the NDA facilitates economic development.

The abstract imagery of the hexagon cube, twisting in 3-d, that is the double-helix of DNA, speaks to the NDA's mandate being core to its identity and core to the Freedom Charter which is the DNA of our constitution. DNA is also a play on the name NDA.

SYMBOLISM -The different people holding hands in the logo, represents all the NDA's key stakeholders, i.e., the private business sector, CSO's, rural community, government etc.

LOGO ELEMENTS -The name is written in a way that balances the main logo icon. The green, vertical line separating the abbreviation and the name in full is a slight echo of the diagonal green line in the logo. The colours resonate with the South African flag, by incorporating all 6 colours of the flag.

ONE COLOUR APPLICATION - The one-color version shows the lines and people's heads more clearly, therefore it is more recognizable. It shows the graphical, abstract DNA in more detail.

TAGLINE - The tagline is a play on the letters DNA and NDA and says that the mandate of ending poverty is embedded in NDA's DNA.

OPTION 5
Sunrise/Sunflower

Fig 21: Logo Option 5



ANALOGY: SUNRISE / SUNFLOWER - There are two strong images in this logo: a glorious sunrise above two mountains, and a flower bulb with two petals opening. Both images talk about hope, optimism and a bright future.

HOW IT RELATES TO THE NDA - The NDA will help rural communities rise up like the sun rising up from behind the mountains of poverty. The strong lines broken up by white space creates a feeling of vibrancy, pulsing energy. It is a logo that talks about hope and success.

In the imagery of the flower bulb opening up, it relates to the work the NDA is doing by helping economic opportunities bloom in the rural communities.

SYMBOLISM - The black spot in the centre of the logo, represents the poor rural communities. The pulsing lines around it creates the impression that the community is growing.

LOGO ELEMENTS - The name is written in 4 lines to enhance the imagery of growth, like a strong stalk holding the flower, or a river that flows from the mountains. The colours are very strongly related to the flag, down to the positioning of each colour that is similar to the positioning of the colours on the South African flag.

ONE COLOUR APPLICATION - The one colour is not shown here, but it is easy to determine how it will look by seeing the version on the right-hand side. It also shows how the logo can be iconic even without the full name of the NDA under it.

TAGLINE - The tagline is simple and strong: Ending Poverty. It is a powerful statement of intent, and nothing more needs to be said.

OPTION 6
Tetris Building Block

Fig 22: Logo Option 6



ANALOGY: TETRIS BUILDING BLOCK - The Tetris cube talks about flexibility of the corner block, that one can twist and turn it to make it slot in with other blocks. It alludes to the ballot box and the key stone in the building of a nation.

HOW IT RELATES TO THE NDA - The new Turnaround Strategy proposes that the NDA focuses on building sustainable projects by bringing different stakeholders together. If different stakeholders represent different blocks, then the NDA is the Tetris block shown here, that can connect various blocks / stakeholders together. It shows flexibility of positioning. In the ballot box analogy, it alludes to the fact that the NDA was established over 21 years ago when our democracy was still in its infancy. This shows that the NDA is part of the founding blocks of our democracy.

SYMBOLISM -The 3D image projects strength. The black top protruding on the top attests to the growth potential of communities to rise above their poverty.

LOGO ELEMENTS - The name is written in a 2-part style to mirror the turning / twisting component of the logo. The colours and positioning of the colours are resonant of the South African flag which further reinforces the concept behind this logo.

ONE COLOUR APPLICATION - No one colour is shown, because this logo is best represented in full colour.

TAGLINE - The tagline that works for this logo is like the previous, because its meanings are similar, that is: Ending Poverty.

Media Matrix to Reach Various Markets

Each market segment is reached through the platforms they congregate in. Against this, each platform is best communicated through specific types of collateral. Development communications principles has to be applied when creating messages to target audiences. The first principle is identifying your target audience(s) and segment message(s) suitable for that specific audience or target group in a language understandable to them. Second, your messaging must be consistent, appropriate and simple about the content of what you are communicating for each segment of the target group. Development messages has knowledge that makes your target audience to make choices. Third, you want your audiences to keep engaged, so it is important to always provide your target informed about the brand. Some examples are shown here.

TABLE 4: MEDIA MATRIX

Market:	Platform:	Collateral:
CSOs	Instagram, Twitter	Video, Posters, Online Ads
Government	Email, Website	Pitch Decks, Brochures,
Community	Facebook, WhatsApp	Ad Boost, Messages, Posters
Stakeholders	Linked-in, Zoom	Private Message, Video Calls

Marketing Collateral

The principles that must be applied with respect to various Marketing Collaterals must be applied to ensure connection with your target audience, and present your message to resonate with their feelings, relevance and trust:

- The design and layout should be consistent.
- Pictures should show happy, optimistic people to drive home the hopeful message of the NDA.
- Background colours can be a muted shade of the logo to highlight the vibrancy of the logo.
- The logo should not be used too large. It is a signature, not a boast.

Marketing Collaterals Samples

The following samples have been developed to assist the NDA with visual feel, packaging and presentations of collaterals as part of the NDA rebranding and image of the new NDA turnaround strategy:

- Brochure Sample
- Sample of Digital Adverts
- Flyer Sample
- Postcard Sample
- Poster Sample
- Digital Banner Sample
- Website Options

Brochure Sample



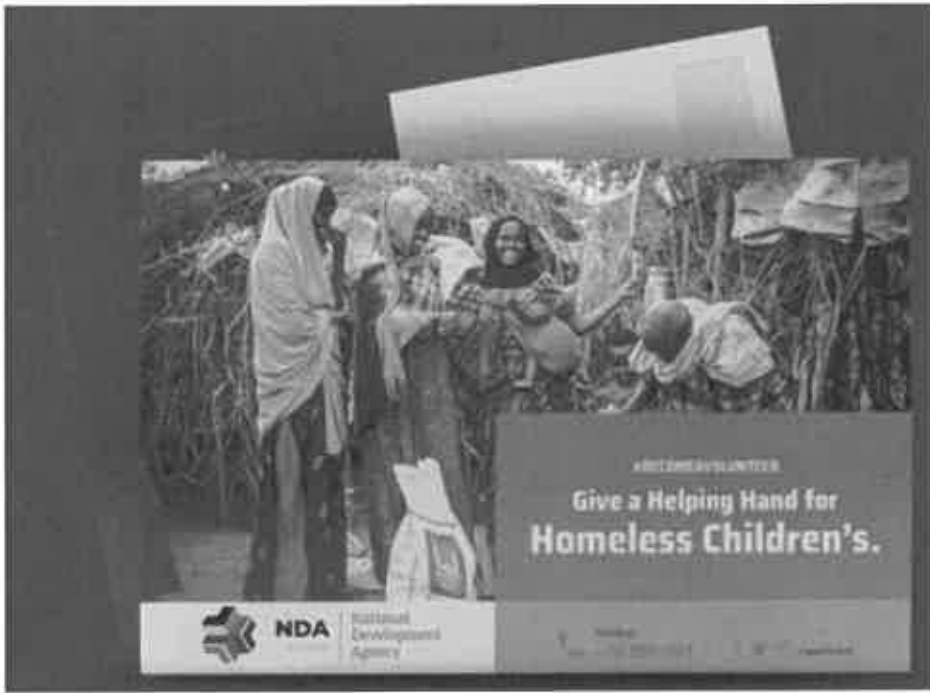
Sample of Digital Adverts



Flyer Sample



Postcard Sample



Poster Sample



Digital Banner Sample



Website Options



Technology architecture

In order to effectively execute its new strategy the NDA will require a modern digital, TOGAF aligned technology architecture that reflects the project based nature of the NDA service delivery and include a performance management solution that codifies the KPIs and dynamically direct behaviours. In keeping with modern solution architectures the NDA should leverage established or best in class solutions for all functions that are generic across all organisations, such as ERP solutions or business intelligence solutions.

The NDA should also look to leverage existing capabilities and economies of scale within the broader government where these would be available. There should also be an assessment regarding hosting all of the NDA's applications on the cloud. NDA should look to develop bespoke line of business solutions that support their unique business processes, especially those that relate to the development of project pipelines as well as resource mobilisation.

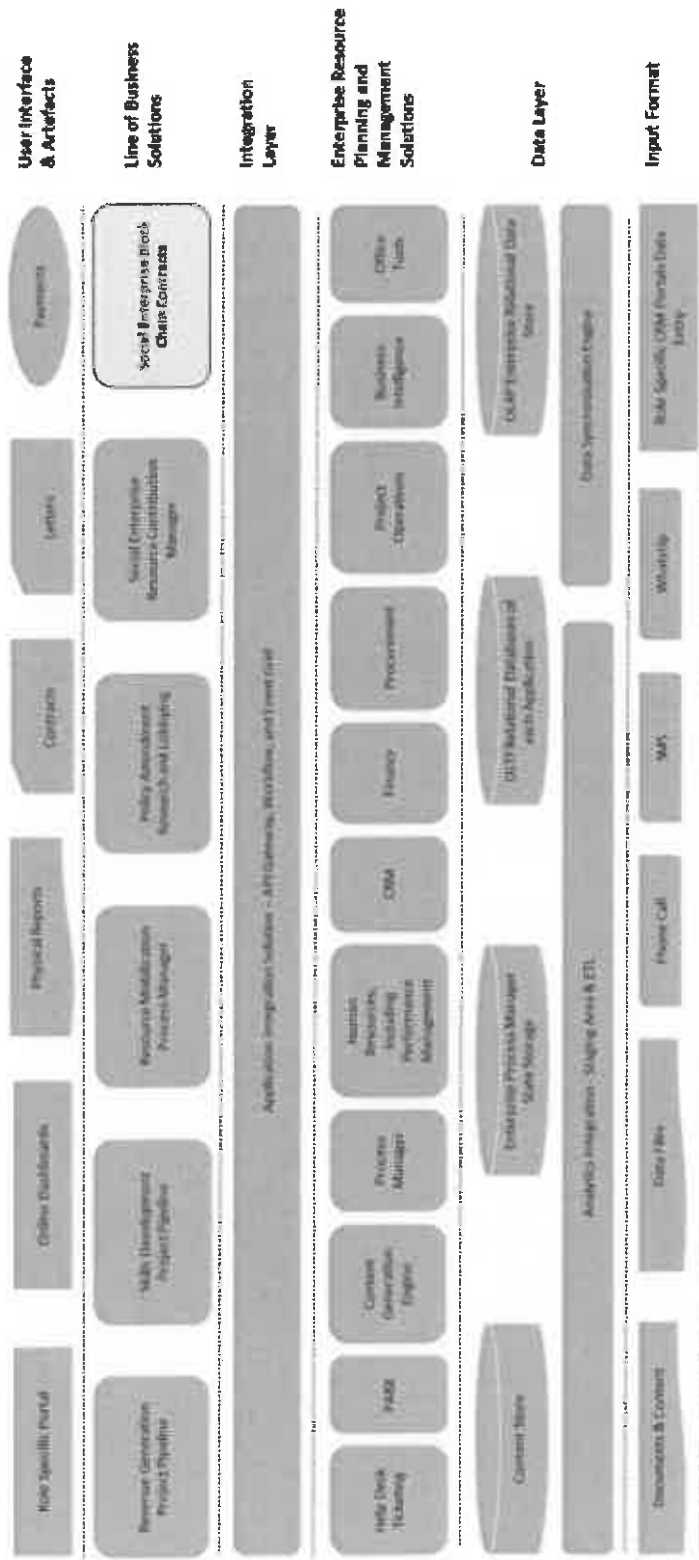
These bespoke line of business solutions should be developed on a mature, world-class ERP platform that is well suited to the development of line-of-business solutions. Suitability should include the availability of a deep local and international community of skilled developers as well as a common data model that can be merely extended to accommodate the line of business features.

The ERP platform and line-of-business solutions must be well supported by leading cloud hosting solution providers. NDA should purchase solution services and steers away from having to acquire deep technical expertise required to design and optimise their hosting infrastructure solution.

Technology Requirements

The new operating model will be very process and information intensive. In order to retain control of the processes and governance in an efficient manner a range of IT solutions will be required. The required Solution Architecture is illustrated below:

Figure 30: NDA Solution Architecture



Funding Model for the NDA

National Development Agency Proposed Funding Model

REVENUE	2022-23 Current FY	2023-24	2024-25	2025-26
DSD Transfer allocation	219,274,000	220,116,000	230,001,000	240,305,000
3rd Party Development Fund (cash)	53,028,335	100,000,000	150,000,000	200,000,000
Other income		-	-	-
TOTAL REVENUE	272,302,335	320,116,000	380,001,000	440,305,000

EXPENDITURE BY PROGRAMME	2022-23	2023-24	2024-25	2025-26
Programme 1 - Governance & Admin	57,912,646	45,729,120	48,231,288	50,895,260
Programme 2 – Development Programme	25,246,562	120,382,658	170,978,757	221,482,253
Employee costs	145,075,828	154,004,222	160,790,956	167,927,488
TOTAL EXPENDITURE	228,235,036	320,116,000	380,001,000	440,305,000

Employee costs - Mandate (Dev Prog)	82,240,849	87,628,992	91,878,294	95,966,677
Employee costs - Admin	62,834,979	63,413,178	66,214,538	69,160,284
Total employee costs	145,075,828	151,042,170	158,092,832	165,126,961

SURPLUS / DEFICIT	2022-23	2023-24	2024-25	2025-26
Revenue	272,302,335	320,116,000	380,001,000	440,305,000
Less: Expenditure	272,302,335	320,116,000	380,001,000	440,305,000
Surplus	-	-	-	-

Notes:

The assumptions made for this funding are:

1. The allocation from the transfer made through the Department of Social Development remain at an annualised rate of over 4% per annual financial year. This will allow the NDA to meet its cost fixed commitments and plan against new support from the

increase, such as IT infrastructure and systems as the NDA stabilise its funding pain points

2. The resource mobilisation will be adequately resourced, especially with staff coming from other functions are merged in the Development programme. These staff will come from DMR, Stakeholder Management Unit and other existing staff with skills place in this sub-programme.
3. The funding mobilised from third parties, only the cash component will be recorded in the funding of development projects. Non cash funding is not included in the model
4. The third party funding will be recorded separately from the allocation by government to avoid the government budgeting process, however, will be declared both during budgeting and financial reporting for transparency and accountability
5. The Development Programme, as the resource mobilisation efforts matures, can meet its target outcomes without using money allocated for management purposes of the NDA by government.
6. The allocation of third party to the sub-functions/programmes of the Development Programme will use a equitable formulae to ensure that all the sub-programmes are funded through resource mobilisation

Development Programme Funding Model

EXPENDITURE BY COST LINE	2022-23	2023-24	2024-25	2025-26
PROG 2: Development Programme	3,147,184	120,382,658	170,978,757	221,482,253
DEVELOPMENT PROGRAMME : SUB-PROGRAMMES	2022-23	2023-24	2024-25	2025-26
Sub Prog 1 - Proposal Design & Development	-	10,412,603	15,913,952	20,936,352
Sub Prog 2 - Skills & Capacity Building Development	-	25,148,154	35,586,147	45,836,406
Sub Prog 3 - Resource Mobilisation & Grant Funding	-	74,396,829	106,310,578	140,416,633
Sub Prog 4 - Research, Policy & Lobbying	-	7,240,858	9,840,576	12,445,434
Project Monitoring & Support	3,147,184	3,184,214	3,327,504	1,847,428

The funding model used a proportional allocation based on critical efforts that demonstrate the outcome and impact in poverty alleviation. We allocates proportions for sharing the third party funding.

The allocation in the above table is the breakdown that makes the total allocation for the Development Programme in the funding model. The variables were used to arrive at proportional allocation for funding allocation for this model were:

- a) Proposals design and development – as much as this function required highly skilled staff at the stage of writing and packaging proposals, the assessments, engagements, information collections, sites visits etc that form the basis for designing and development of proposals can largely be performed by the existing staff at the NDA, without high additional expenditure. The internal staff at both National & provincial level can perform this functions. This function was allocated 10% of the total proposed mobilised funds or 10cents, for every R1 raised.
- b) Skills and capacity building programme - training, mentoring, and support may need funding to perform some of the technical or specialised functions. There will be direct cost for this function outside assessment, developing training and support plans. This area will need the NDA to have allocation to pay for such cost. The cost may be mitigated by other means, such as enlisting the beneficiaries to SETAs to fund such programmes. This functional area in the model was allocated 20% of the total funding or 20 cents for every R1 raised.
- c) Resource Mobilisation and Grant Funding – the grant funding element of this function will need a large fund to meet the needs of the poor, most of this money will be used for direct funding of projects. At the same the pressure for mobilising funding will need to be supported by skilled human capacities and fundable projects. This functional area was allocated 65% of the total funds or R6.50 per R1 raised, this function is the function that has to work and deliver beneficiaries by making resources accessible for development projects
- d) Research, Policy & Lobbying – as much this is one of the important function in the turnaround strategy the required outputs and actions to be taken can be performed by NDA staff, where technical experts may be required to drive an agenda, the cost is manageable. This function can also be co-funded by the government allocation and a marginal allocation from mobilised funding. For the purposes of the development programme funding model 5% of mobilised funds was allocated or 5cents for every R1 raised.

The figures shown in the allocation above consist of the allocation that the NDA has already budgeted for in the MTEF from government and the proportional allocation of the total funding mobilisation target throughout the MTEF. The final figures are there based on the MTEF allocation and the targeted mobilised funding. The NDA may in the future, move out of the government allocation to allow its needs for building the institutional strengthening requirements to ensure capacity of the NDA to deliver.

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