NDA

National
Development
Agency

National Development Agency
Strategic Plan 2016-2021

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

1. was developed by the management of the National Development Agency under the guidance of the Interim Accounting Authority of NDA and the Department of Social Development and takes into account all the relevant policies, legislation, and other mandates for which the National Development Agency is responsible; and

2. it accurately reflects strategic outcome-oriented goals and objectives, which the National Development Agency will endeavour to achieve over the period.

Mr Solomon Shingange
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Approved by:

Ms Bathabile Dlamini, MP
Minister of Social Development

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ACRONYMS

Table 1: List of Acronyms

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

FOREWORD BY THE MINISTER OF SOCIAL DEVELOPMENT

In the State of the Nation Address (2014), it was stated that South Africa still faces triple challenges of poverty, inequality and unemployment, and that dealing with these challenges have become a central focus of all democratic administrations.

The National Development Plan affirms that South Africa has the potential and capacity to eliminate poverty and reduce inequality. This, however, requires a new approach, moving away from a passive citizenry of receiving services from the State to one that systematically includes the socially and economically excluded, where people are active champions of their own development, and where Government can work effectively to develop people's capabilities to lead the lives they desire.

Programme Mikondzo provides a relevant platform for the NDA to demonstrate its contribution towards bigger goals of reducing poverty, unemployment and inequalities, while fostering economic growth and job creation. The Mikondzo approach affirms the critical role the NDA has to play in building the capacities of Civil Society Organisations working in the most deprived and poor municipalities in South Africa.

In discharging its mandate, the NDA has to empower and enhance the capacity of the civil society sector so that it helps to build more cohesive communities, free from violence against women and children. Government alone cannot successfully respond to the social and development challenges we face. Civil Society Organisations should therefore work in partnership with Government, to create an enabling environment for the development of poor communities.

Ms Bathabile Dlamini
Minister Of Social Development, MP

FOREWORD BY THE INTERIM ACCOUNTING AUTHORITY OF THE NDA

It is a great privilege to present the reviewed Strategic Plan on behalf of the National Development Agency (NDA). This five-year Strategic Plan seeks to provide a revised roadmap for the current Medium-term Strategic Framework (MTSF) period. The aim is to guide the NDA on how to reposition itself in order to make a positive contribution to the national priorities of the National Development Plan, and focus its efforts towards making a meaningful contribution with regard to poverty eradication, employment opportunities and the reduction of inequalities in South Africa.

The NDA's revised Strategic Plan seeks to refocus the programmes to be more responsive to the mandate of the NDA. The NDA also seeks to enhance its operational structure and resources that will be required to drive the mandate and respond efficiently and effectively. The Strategic Plan is based on the review processes and the Mikondzo approach adopted by the social development sector on service delivery to the poor.

The NDA focus is shifted to building the capacities, especially of CSOs, that are at the emerging stage requiring support and skills to be productive in responding to community needs. This forms a basis for the NDA to restructure its programmes and activities for the planned period.

Mr Thokozani Magwaza
Interim Accounting Authority of NDA
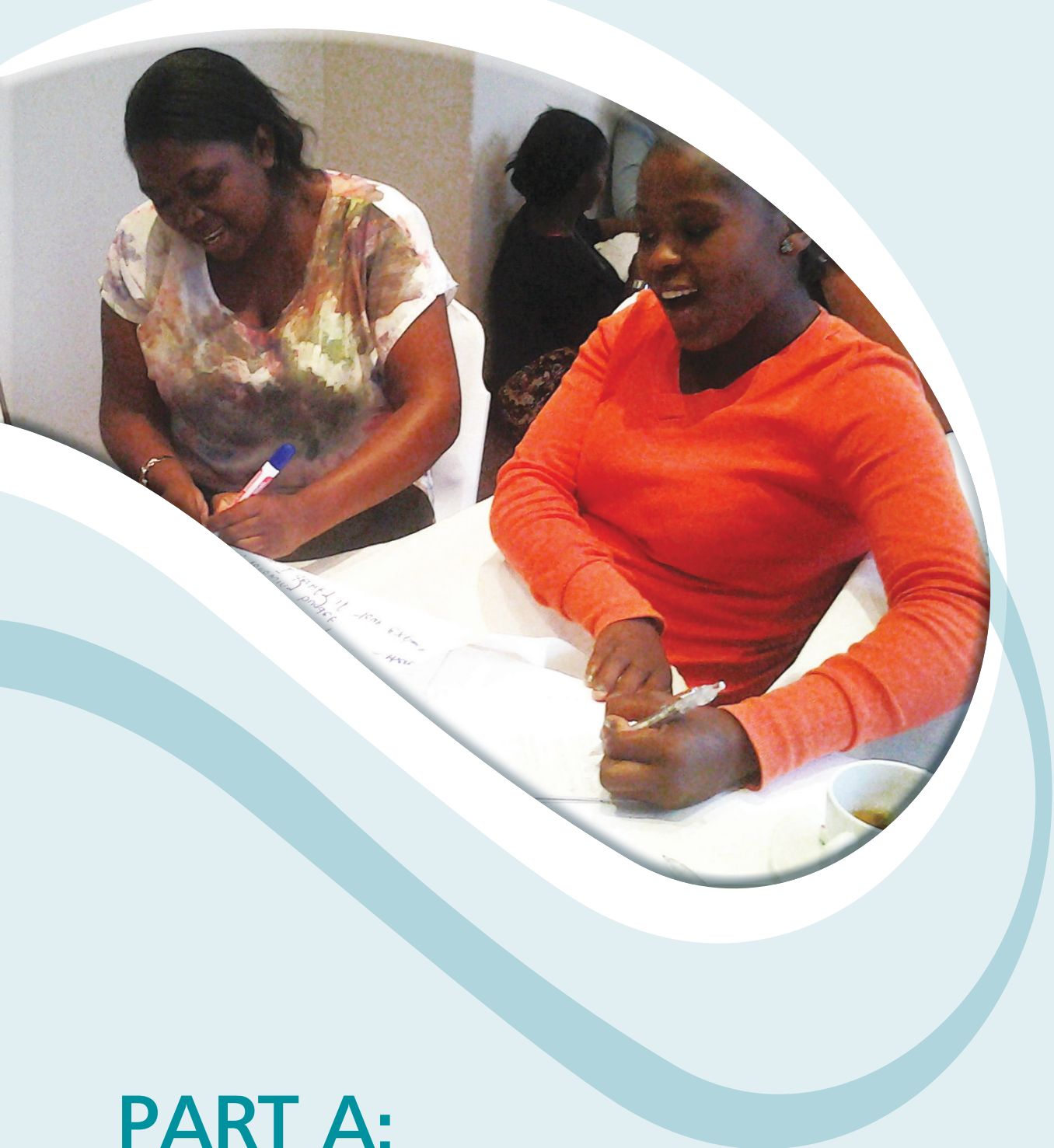
PART A:
STRATEGIC OVERVIEW

PART A: STRATEGIC OVERVIEW

1. **Vision**

   A society free from poverty

2. **Mission**

   Facilitate sustainable development by strengthening CSOs involved in poverty eradication through enhanced grant-funding and research.

3. **Values**

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

   • Integrity
   • Dignity
   • Empowerment
   • Accountability and responsibility
   • Transparency
   • Excellence

4. **Legislative and other mandates**

4.1 **Constitutional mandates**

   The NDA strategic intentions and objectives are guided by the requirements of Chapter 2, sections 27 – 29 of the Constitution of the Republic of South Africa. The NDA-legislated mandate requires the NDA to contribute towards poverty eradication and its causes, thus responding to the Bill of Rights to affirm the rights to health care, food, water, social security, children and education rights. The NDA fulfils these mandates by working through CSOs in the provision of basic minimums.

   The NDA was established by an Act of Parliament, the National Development Act, 1998 (Act No. 108 of 1998) and is classified as a public entity under schedule 3A of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The NDA Act requires the NDA to contribute towards meeting some of the objects of the Non-profit Organisations Act (Act No.71 of 1997), Section 2 relating to strengthening the institutional capacities of NPOs. The NDA, as a State entity is required to adhere to all relevant constitutional requirements and expectations of the Constitution of the Republic of South Africa.

4.2 **Legislative mandate**

   The NDA mandate is derived from the National Development Agency Act, 1988 (Act No. 108 of 1998). In terms of the Act, the primary objective of the NDA is to contribute towards the eradication of poverty and its causes by granting funds to CSOs for the purposes of:

   (a) carrying out projects or programmes aimed at meeting the development needs of poor communities; and

   (b) strengthening the institutional capacity of other CSOs involved in direct service provision to poor communities.

   The secondary objects of the NDA in terms of the Act are-

   (a) to promote-

       (i) consultation, dialogue and sharing of development experience between CSOs and relevant organs of State; and
       (ii) debate on development policy; and

   (b) to undertake research and publication aimed at providing the basis for development policy.

   Further, the agency is required to implement programmes that respond to the following areas of responsibilities:

   • Act as a key conduit for funding from the Government of the Republic, foreign governments and other national and international donors for development work to be carried out by CSOs.
   • Contribute towards building the capacity of CSOs to enable them to carry out development work effectively.

- Create and maintain a database on CSOs, including, but not limited to, the scope and subject matter of their work and their geographical distribution, and share the information in that database with relevant organs of State and other stakeholders.
- Develop, conduct and coordinate policy relevant to its primary and secondary mandates.
- Grant money from its funds in accordance with such criteria and procedures as the NDA determines, with due regard to the NDA's primary object referred to in the NDA Act to any CSO for any project or programme that an organisation intends to undertake or is undertaking;
- Make recommendations with regard to legislation and policies directly or indirectly constraining effective development in the Republic.
- Ensure good governance and accountability processes and systems for the effective functioning of the NDA.

The NDA revised strategy seeks to refocus its programme approach so as to be better responsive to the outlined mandate. It also seeks to enhance its operational structure and resources that will be required to drive the mandate and respond efficiently and effectively. The NDA strategy is based on the Mikondzo approach adopted by the social development cluster on service delivery to the poor. This forms a basis for the NDA to restructure its programmes and activities for the planned period.

4.3 Policy Mandates

Despite other broad-based policies, the Government has adopted the National Development Plan (NDP) – Vision 2030 as its strategic and policy framework for eliminating poverty and reducing inequalities while increasing the employability of its citizens. During this strategic period, the Government became a signatory on the United Nations Sustainable Development Goals (SDGs). In addition, during the strategic planning framework period, the social development sector adopted the Mikondzo approach as its vehicle of responding appropriately to poor community service delivery needs. The NDA's revised strategy is aligned to the National Development Plan/Vision 2030. The alignment is informed by the NDA mandate of contributing towards the eradication of poverty in poor communities. The mandate directly contributes to the main goal of the NDP of reducing poverty, inequalities and unemployment. The NDA, as a public entity, reporting to the Department of Social Development, has aligned its strategy to respond mainly to chapter 11 of the NDP on social protection. The Government pronounced 13 outcomes, which will be used to plan and implement programmes that will respond to the NDP. The Minister of Social Development has been allocated Outcome 13 of the Government outcomes to implement, manage and coordinate. The programmes of the NDA are guided by "Outcome 13: an inclusive and responsive social protection system" of the Government outcomes. The NDA, as an entity of the Department of Social Development, has repositioned its strategy to contribute directly to "sub-outcome 2: improved provision of (improved quality and access) of early-childhood development services for 0 – 4 years; sub-outcome 3: strengthened community development interventions; and sub-outcome 5: optimal systems to strengthen coordination, integration, planning, monitoring and evaluation of social protection services".

During the financial years 2011/12 and 2012/13 both the Minister and Deputy Minister of Social Development visited a number of communities (poor wards and districts with the highest poverty and severely malnourished children) in 1 300 wards. The idea behind the visits was to, among other things, interact with targeted communities and get first-hand information on the service delivery challenges and opportunities within the communities. These visits were undertaken in collaboration with the agencies (SASSA and NDA) and the provincial DSD.

The Mikondzo approach affirms the critical strategic role the NDA has to play in building the capacities of CSOs working in the most deprived and poor municipalities in South Africa. The Department of Social Development and its entities have been implementing Project Mikondzo in the 1 300 most deprived and poorest districts in South Africa. The strategic shift the NDA is proposing will focus on CSOs working in those districts and its main contribution will be building capacities of these organisations. The NDA is, therefore, positioning itself as a catalyst for the civil society sector to meaningful contribute to both Government outcomes and priorities as they relate to poverty eradication. Project Mikondzo provides a relevant platform for the NDA to demonstrate its contribution towards the bigger goals of reducing poverty, unemployment and inequalities.

4.4 Aims and objectives of the five-year Strategic Plan

This five-year Strategic Plan seeks to provide a revised roadmap for the NDA for the current Medium-term Strategic Framework (MTSF) period, 2016 – 2021. The aim is to guide the NDA on how to reposition itself in order to make a positive contribution to the national priorities of the NDP and focus its efforts towards making a meaningful contribution towards poverty eradication, employment opportunities and the reduction of inequalities in South Africa.

With this five-year Strategic Plan the organisation intends to achieve the following:
- To position the NDA, through the Mikondzo approach, as the primary agency that strengthens the capacity of the civil society sector to deliver quality products and services to poor communities and households.
- To make a meaningful contribution towards realising the key priorities of Outcome 13 of the Government and the NDP vision 2030.
- To align the NDA's programmes and interventions that provide a bridge between exclusion from development programmes and easy access to development support provided by the State and other sectors in development.
- To streamline and strengthen internal structures, processes and resources to support effective and efficient operations of the NDA in order to support the strategy.
- To outline an interim measure that will ensure that there is a clear direction and outcome of the changes required to achieve the strategic shift of the NDA.

5. Situational analysis

The situational analysis provides a rationale for the changes in conditions that are material in both performance environment and organisational environment that compelled the NDA to review and revise its strategic approach in combating poverty in poor communities as it implements programmes through working with the civil society sector. The rationale for reviewing and revising the strategic plan at this point of the MTSF has been largely influenced by the outcomes of the NDA review, Mikondzo and environmental scan processes. The review of the NDA covered assessing the relevance of the legislative mandate of the NDA, programme focus and efficiencies in responding to the mandate. The outcomes of the NDA review process compelled the NDA to urgently address the issues raised on the NDA's abilities to respond effectively to programmes that contribute to poverty eradication in the country.

5.1 Performance environment

The National Development Agency has, since its inception, approached its mandate from a civil society grant-making perspective, which at the time was relevant and brought hope to CSOs. The NDA was seen as the viable vehicle to make resources available and accessible to CSOs for development purposes. Over the years, the NDA also brought into focus a number of development elements that complemented the grant-making focus, which included capacity-building and resource mobilisation. However, the current economic conditions, which are characterised by persistent high, even growing, levels of poverty in South Africa triggered by structural causes, have continuously increased the demand for community services directed at poor communities and individuals.

The NDA's initial grant-making strategy was largely based on the economic concept of demand and supply. In a programme based on this concept, a number of assumptions are made, however, when it is applied to developmental programmes in an environment of high levels of poverty and inequality, it will be difficult to maintain equilibrium between demand and supply. The call for proposals, which was the initial approach, could not be sustained as the demand for funding was consistently growing and the resource abilities could not match the demand. This approach was revised to adapt to a more developmental approach of project formulation where the NDA uses controlled targeting to fund community projects. The project formulation approach brought in a number of development elements, which include community identifications based on levels of poverty; community-based projects contributing to community-specific needs; focusing on key developmental areas such as ECD, income generation, food and nutrition security; assessment of needs including levels of funding, and finally the development of a project plan with the CSO implementing the project. However, in an environment where national resources are shrinking, thus reducing also the national allocation to the NDA, this approach has been perceived to be very selective, non-inclusive and non-transparent, as civil society has no role to play in making a decision on whom to fund and whom not to fund. The environmental scan conducted by the NDA for the strategy review process triggered dissatisfaction from the civil society sector on this grant-funding approach, which stems from the

view that the NDA firstly, unilaterally decides whom to fund and what to fund; secondly this approach moves the NDA out of its role of being a conduit for funding to that of project implementation, thus competing with the sector for access to funding. The issues raised above are key in reforming and redirecting the NDA development approach, which required the NDA to work through the sector.

To better understand the effect of performance environment on the NDA in its quest to effectively execute its mandate, three factors must be taken into consideration:

- The environmental conditions that affect the civil society sector to fully and effectively participate in the South African developmental discourse.
- Socio-economic conditions that fuel poverty and its causes in South Africa.
- National and global policies that have an impact on development and poverty eradication.

The civil society sector has been the cornerstone of change in South Africa for many years. This sector has the potential to be close to the ground and resonates with local development agendas. It is for these reasons that the NDA focus must be on the sector's ability to contribute positively and effectively in local development agendas. There are critical structural and environmental challenges the sector has been facing, making it difficult for the sector to thrive at the best of its potential. The sector has been facing coordination and united trajectory over the past years. This has resulted in the sector's failure to present a common vision and strategy to contribute to national, provincial and local development activities.

The sector, in its response to local development programmes, has seen a number of new NPOs being registered in the Department of Social Development NPOs Register. However, most of these NPOs do not remain compliant with the Registration Act. This resulted in the Minister of Social Development placing a moratorium on the deregistration of some of these organisations before interventions have been implemented by the sector, specifically the NDA, on the capacity-strengthening of the organisations. In addition to the capacities of some of these organisations, many of them are unable to survive beyond their first-year anniversary because of a lack of access to funding. Despite a number of Government departments in the social and economic development clusters funding NGOs on their allocations, many would not qualify because they are not compliant with the registration requirements.

In the context of huge development deficits epitomised by mass unemployment, high inequality, pervasive poverty and underdevelopment, South African communities continue to face immense challenges in regard to meeting the needs of individual members. Socioeconomic disparities are evident in the country and they continue to be defined along racial, gender, geographic and spatial lines. The social ills are immense and negatively impact on South Africans, despite various Government efforts aimed at raising their quality of life, since 1994. This only goes to show how deeply apartheid institutions, policies and legislation were entrenched. Key among the present social development deliverables of the State are the social grants that have acted as buffers against chronic poverty and extreme destitution, namely old-age grants, child support grant, care dependency grants, grant-in-aid, disability grants, foster care grants and war veterans' grants. In 2014/15, about one third, (32%) of South Africans benefited from social grants, which were reported to be 16 642 643 people. Children constitute the largest number of grant recipients (about 11,7 millon grants), showing an increase of over 600 000 beneficiaries from the previous year. In the South African case, community-driven initiatives by both State and non-State actors operate within a context where there are numerous development challenges and very high levels of poverty as indicated by the social grant figures. The NDA, working with the social development cluster, has an opportunity to mobilse communities and households to form structures that can formulate and implement self-help programmes to move some of the economically active individuals out of the social security system.

In post-apartheid South Africa, fighting the legacy of poverty and underdevelopment has always been a central theme of Government. This was cemented in the Reconstruction and Development Plan (RDP) of 1994 and reiterated in the National Development Plan (NDP) published in 2011 (Stats SA, 2015). While there is a slight improvement in a number of areas as borne out by the statistics provided in the next section, various Government reports, including the Diagnostic Review by the National Planning Commission (NPC) and other household surveys reveal that South Africa has high levels of poverty, unemployment and inequality. Cognisance should be taken of the causes of these, which include unemployment, low economic growth rate and the inability of macroeconomic forces in meeting the basic minimums. In line with this, Statistics South Africa has found the following trends both provincially and nationally:

Figure 1: National Poverty Levels 2014
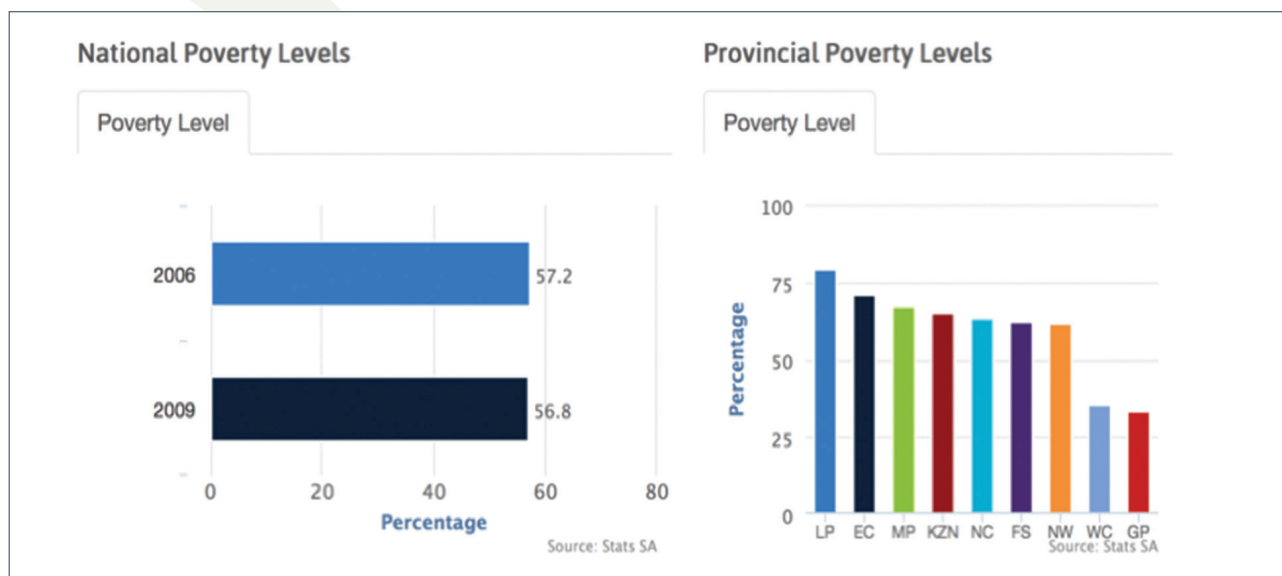
(Source : Stats SA)

From the above figure it is clear that provinces such as Limpopo, Eastern Cape, Mpumalanga, KwaZulu-Natal and Northern Cape are the most affected in contrast with Western Cape and Gauteng.

To contextualise the operating environment with direct bearing on the NDA mandate, Stats SA household surveys provide the most up-to-date and current information in this regard. According to the 2014 General Household Survey (GHS), more people continued to rely on State coffers as the percentage of individuals that benefited from social grants increased from 12,7% in 2003 to 30,2% in 2013, before declining slightly to 29% in 2014. Concurrently, the percentage of households that received at least one grant increased from 29,9% to 45,5% in 2013 before declining slightly to 44,5% in 2014.

The survey confirms that addressing the early-childhood development needs of those aged 0 – 4 years pays significant dividends. South Africa has, in this regard, made comprehensive early-childhood development (ECD) programmes a very important educational priority. The ECD programmes are offered at day-care centres, crèches, playgroups, nursery schools and in pre-primary schools. Approximately 50,8% of South African children aged 0 – 4 years attended day-care or educational facilities outside their homes. The highest attendance was reported in the Free State (46,4%) and Gauteng (46,0%). By comparison, 42,7% of children remained home with their parents or guardians while another 6,4% were looked after by other adults. The relevance of this information is that there is still a large proportion of South African children who due to a lack of facilities and/or means, miss out on the early-childhood development programmes, which are critical in breaking the cycle of poverty.

The survey further indicates that nationally, 33,4% of individuals aged five years and older attended an educational institution. Approximately 87% of South African individuals above the age of five years who attended educational institutions were in either primary or high school, while 4,9% attended tertiary institutions. Lack of money for fees remained the primary reason a large proportion of individuals in this age group were not studying. Less than one-quarter (23,5%) of premature school-leavers in this age group blamed a lack of money for not studying.
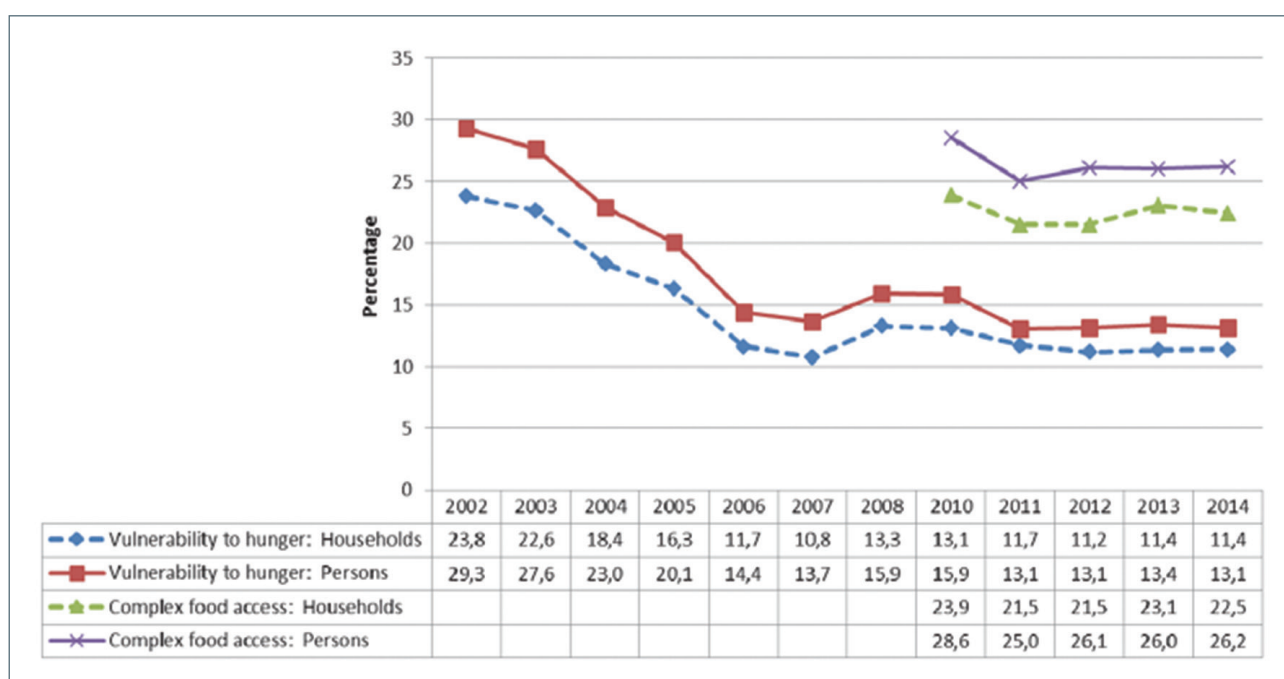
The percentage of learners who reported that they were exempt from paying school fees increased from 0,4% in 2002 to 65,4% in 2014. Provinces with the highest proportions of learners exempt from paying school fees were Limpopo (92%) and the Eastern Cape (81,5%). Learners were least likely to benefit from the no-fee system in Gauteng (45,3%) and the Western Cape (40,7%).

Although 90% of South African households had access to piped water in 2013, only 78,5% of Eastern Cape households enjoyed such access. This situation does, however, represent a substantial improvement from 2002 when only 73,9% of households in this province had access to piped water.

Nationally, the percentage of households with access to RDP standard sanitation increased from 62,3% in 2002 to 79,5% in 2014. The majority of households in the Western Cape (94,6%) and Gauteng (90,9%) had access to adequate sanitation, while about half of those in Limpopo (54,0%) and just below two-thirds of those in Mpumalanga (64,3%) had adequate access. Despite the improved access to RDP standard sanitation facilities, many households continue to be without any proper sanitation facilities. Nationally, the percentage of households that continued to live without proper sanitation facilities had been declining consistently between 2002 and 2014, decreasing from 12,3% in 2002 to 4,9% during this period. About one-quarter of households were concerned by poor lighting and inadequate hygiene, while 22% felt that their physical safety were threatened when using their toilets.

Figure 2 shows that the percentage of households that had limited access to food decreased from 23,9% in 2010 to 22,5% in 2014. Simultaneously, the percentage of persons with more limited access to food declined from 28,6% in 2010 to 26,2% in 2014 (Stats SA: General Housing Survey – 2014).

Figure 2: Vulnerability to hunger 2002 – 2014

	2002	2003	2004	2005	2006	2007	2008	2010	2011	2012	2013	2014
Vulnerability to hunger: Households	23,8	22,6	18,4	16,3	11,7	10,8	13,3	13,1	11,7	11,2	11,4	11,4
Vulnerability to hunger: Persons	29,3	27,6	23,0	20,1	14,4	13,7	15,9	15,9	13,1	13,1	13,4	13,1
Complex food access: Households								23,9	21,5	21,5	23,1	22,5
Complex food access: Persons								28,6	25,0	26,1	26,0	26,2

(Source: Stats SA)

The Government-operating environment is always guided by national and global policy frameworks. In the first term of the current administration, the Planning Commission was set up to develop a long-term vision of the country development agenda. The Planning Commission produced a review report and the National Development Plan/Vision 2030. The National Development Plan was adopted by the ruling party at its national conference in Mangaung, as the policy and strategy for addressing development issues in South Africa.

The National Development Plan is comprehensive in its approach and identifies areas on which South Africa must focus in response to the challenges of poverty, unemployment and inequalities. Following the adoption of the National Development Plan by both the ruling party and Government, a number of outcomes were developed to inform programming and implementation. There are 13 outcome areas that Government will focus on in the MTSF, the Department of Social Development, through the Minister, is tasked to deliver on Outcome 13 of the Government MTSF.

The approach adopted by the Department of Social Development in the delivery of this outcome is through "Mikondzo', which means bringing services closer to the people. This has been adopted as an anchor strategy for all social cluster programmes to enable Government to achieve the goals and objectives of the social cluster.

The South African Government and the civil society sector have recently participated in the negotiations for defining and adopting the UN Sustainable Development Goals (SDGs), which are replacing the Millennium Development Goals (MDGs). The SDGs adopted by the UN Assembly state the following in its preamble, "This Agenda is a plan of action for people, planet and prosperity. It also seeks to strengthen universal peace in larger freedom. We recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development."

This statement resonates with the aspirations and expectations of the National Development Plan and the national outcomes of the Government of the Republic. All 17 goals adopted in the SDGs are relevant to the South African development agenda.

In drawing up the revised NDA Strategic Plan 2016 – 2021 management sought to anchor its strategy, going forward, on current national and global policy and strategic frameworks, which have been discussed above. In addition, the NDA understands that South Africa exists in a global community, to which the NDA has to contribute positively.

The NDA owes its birth to a deliberate process born out of a realisation that the scourge of poverty was real, and that experience in South Africa and globally, supported CSOs as important partners in the fight against poverty, which has skyrocketed to 45,5 percent according to Stats SA.

During the environmental scan process, wherein external stakeholders took part, issues of impact and change resulting from NDA interventions, relationships and partnerships with various line departments of Government, the actual location of NDA within Government has been debated extensively between the NDA and its stakeholders.

Stakeholders felt that the mandate of the organisation as outlined in the founding legislation and other background information is still relevant and the NDA should continue with its task of eradicating poverty. However, as part of the process to sharpen interventions in contributing to poverty eradication, the NDA should continue to have dialogue on development issues with Government and civil society.

Although the mandate of the NDA provides a unique opportunity to contribute towards the priorities of the NDP/ Vision 2030, Government outcomes and the recently adopted SDGs, there are several critical questions to be addressed since it has been launched 10 years ago. The questions are: what impact has the NDA had in its mandated areas and to what extent can the NDA, going forward, contribute to addressing the challenges that the NDP seeks to address. These questions arose due to an observation that some of the NDA programmes were not yielding the desired impact. Some projects that were funded by the NDA lacked sustainability and have since been cancelled.

The legislative mandate of the NDA is very clear about the importance of CSOs as primary stakeholders and partners for the NDA, and the support that must be given to them. Indeed, the history of the NDA is very much anchored in the desire to support CSOs in their catalytic role as agents of change and development in the fight against poverty. During stakeholder consultations, it was lamented that the NDA implemented its mandate in a skewed fashion by funding projects directly, thereby bypassing CSOs. Clearly a conclusion can be drawn that there is a need for the NDA to revise its strategy and approach. This will ensure that CSOs have a role to play in the planning and implementation of development programmes directed at poverty eradication in poor communities.

Although there were many concerns raised by the CSOs during consultations, the general view was that there was a breakdown in the relationship between the CSOs and the NDA. This was caused by aspects such as, lack of accountability of some CSOs, disorganisation among their ranks and lack of focus and diligence in their work.

One of the areas raised by stakeholders was the duplication of services of other line departments. There is also a compelling need that the NDA should partner with various departments and entities in the fight against poverty. Stakeholders agree that for the NDA to attain a better reach, the organisation has to harness the extensive network of CSOs. The challenges that face CSOs are well documented and as part of the solution, they should be addressed by the improved programmes to be designed by the NDA.

5.2   Organisational environment

The NDA review process and the environmental scan have both shown that the NDA legislative mandate is relevant and appropriate. The Executive Authority is also in agreement with the views of relevance of the NDA mandate. However, these structures have also raised concern on the approaches used by the NDA in responding to the mandate through its programmes, intervention focus and organisational abilities. The NDA organisational environment has been limiting in terms of implementing programmes that are effective in positively contributing towards poverty eradication. It is crucial to understand that the NDA as an agency and its programmes are not the panacea for the eradication of poverty in South Africa.

The mandate suggests that grants to CSOs, through the NDA, must have the primary objective of building the capacity of these organisations to better deliver services to poor communities. It is, therefore, imperative for the NDA to be seen to be adopting a business operation model that is anchored in a bottom-up approach. This approach requires extensive community mobilisation and engagement processes to identify needs, assess required interventions and respond to those interventions guided by local conditions. The Mikondzo approach used by the social development sector for poor communities is an appropriate community engagement for the NDA. It is for this reason that the NDA has adopted Mikondzo as its strategy for social mobilisation and engagement.

The main aim of the NDA is to capacitate CSOs in all poor communities across all provinces. Its interventions have been defined and the targets are community-based organisations providing services or opportunities to improve the livelihood of people living in poor communities. The strategy is based on the NDA integrating its work with the social development sector, municipalities, and other public and private agencies that work with communities and the CSOs.

5.2.1 Programme focus

The new NDA business operation model has defined a package of interventions that will be made available to CSOs at community level. It has also defined the process of engagement with communities and the civil society sector. This will allow the NDA to have a niche and focus. It also identifies needs that would need referral to other organisations (public or private) for support that the NDA cannot offer.

The focus of the NDA is on new and struggling community-based organisations that need support to improve and sustain the community-based programmes. The NDA has defined the different levels of development of the organisations. During the processes of community engagements and profiling, the NDA will conduct an assessment to measure the level of development of these organisations. The CSO classification process is crucial for targeting organisations that require direct interventions from the NDA. The criteria for classification are presented in Figure 3 below.

Figure 3 : Assessment and classification of organisations at community level
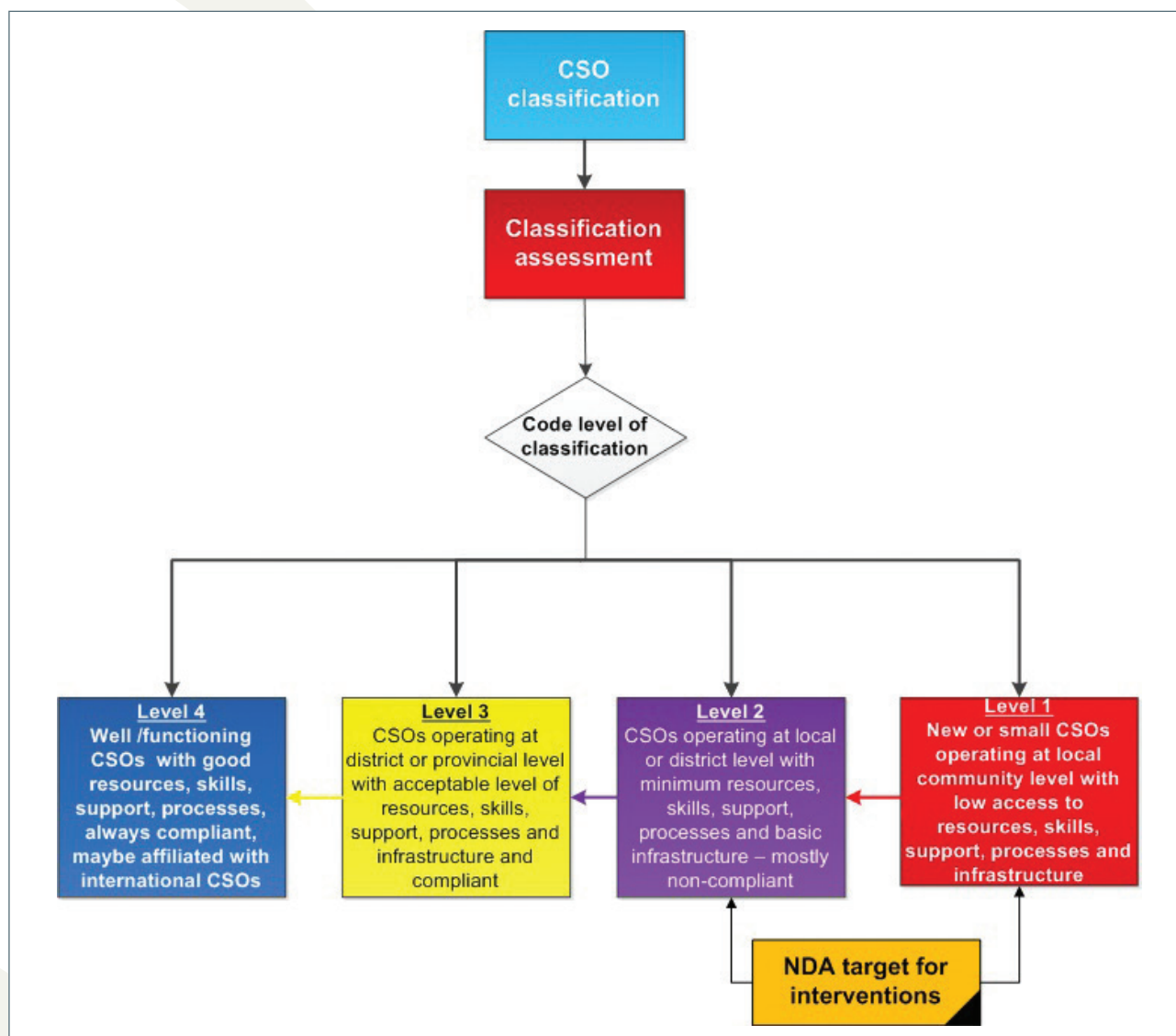

The organisations classified as level 1 or 2 in Figure 3, are usually based in less-resourced areas and providing community-felt needs. They are driven by passion and eagerness by community members to address a problem that no one is addressing. In most cases these organisations are not properly constituted and not registered with the relevant authority. In some cases they may be registered but they are not complying with the statutory requirements for compliance and remaining registered. This presents a limitation and exclusion for them to access funding from the State or corporate social investment funding from the private sector. They are the most disadvantaged organisations in the sector with no one providing targeted programmes to assist them to get formally constituted or providing required information to remain compliant once they have registered. The NDA has identified the gap in the development agenda, thus will focus in this area for its interventions.

5.2.3 Packaging of NDA services

The NDA has defined a package of services that will address challenges faced by the defined target audience of CSOs at community level. The combination of services required will be determined by a process of engagement and needs assessment based on the Mikondzo approach. The Mikondzo approach requires a multi-disciplinary team to work together with communities to identify problems, develop solutions with communities, and implement the solutions with communities. It is a typical participatory process that enhances the abilities of communities to organise themselves and to define how to respond to community development challenges.

Figure 4: Project Mikondzo Model for Community Development
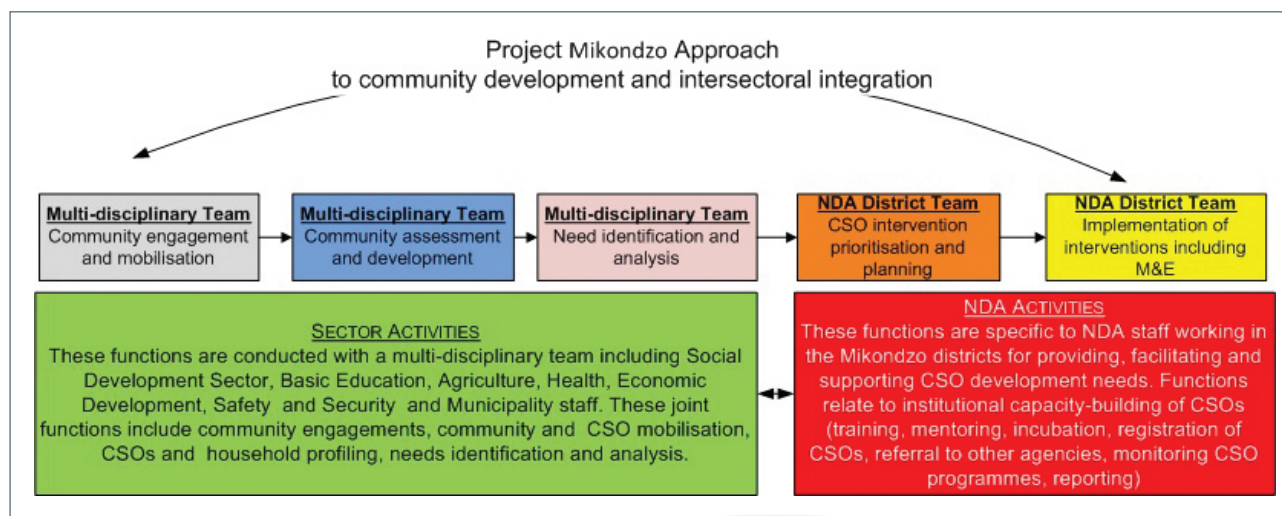
The NDA service delivery model, within the Mikondzo approach, has defined a package of interventions that will be delivered to CSOs. The interventions are defined as follows:

CSO mobilisation – This is the engagement process with a social development sector multi-disciplinary team that engages communities and CSOs at local level to identify developmental needs, possible interventions, referrals to other departments and supporting communities to develop community structures or formations to organise themselves.

CSO empowerment – Community empowerment through CSOs provides the NDA a space to implement interventions that use development creation principles focusing on the following outcome areas for local CSOs:

Confident – Involve CSOs in discussions about development projects in the community, including planning, funding requirements and work entailing how you go about getting work done. This process makes sure that the information provided is accessible and that time has been taken to ensure people understand. As a result CSOs gain skills, knowledge and confidence, which will help them take part in current and future projects.

Inclusive – Creation of development interventions is based on the awareness of the make-up of the group you are working with – how reflective are they of the local population and users, in terms of age, gender, race, etc. It allows for finding ways to involve people who have not participated in the community structures, but might have an interest in doing so. You encourage discussion. As a result you gain a cross-section of views, experience and expertise; local structures learn more about each other and work together.

Organised – The approach encourages CSOs to work as a team and benefit from each other's strengths. You support them to develop processes for discussions and decision-making, which are understood by everyone there. As a result, they all understand how the decisions will be made on how community-based structures can tackle development issues at local level. They have collective responsibility for addressing a range of local development challenges.

Cooperative – This process promotes working together to identify and implement action, encouraging networking and connections between CSOs. The outcome is working in ways that build positive relationships across groups, identify common messages, develop and maintain links to national bodies and promote partnership at all levels.

Influential – This process encourages CSOs to make decisions and they do this within known parameters. They decide on the design and timescale of the work, based on aesthetics, ecological considerations and the practical and economic context. As a result, they can see the benefit of their involvement in the change that takes place and feel collectively responsible for achievements.

CSO institutional capacity-building – This is a process of developing and strengthening the institutional skills, instincts, abilities, processes and resources that organisations and communities need to survive, adapt, and thrive in the fast-changing world. The institutional capacity-building programme for CSOs will focus on the following areas: financial management, conflict resolution and management, governance, compliance and registration, fundraising and resource mobilisation, project planning and management, and project monitoring and reporting. The programme will use the following interventions to enhance the abilities of CSOs, especially those that are merging or struggling to realise their goals:

Training – Formal and non-formal provided to communities and organisations to improve and enhance their understanding of the organisation's operational area, organisation management processes, including registration and compliance issues and technical skills support to improve the quality of the organisation work or products.

Mentorship – This is a critical process in learning and gaining skills. The NDA will facilitate and provide platforms for CSOs mentorship at local level. Organisations and individuals with appropriate skills will also be recruited to become mentors of these organisations.

Incubation – Small businesses have benefited from incubation programmes. The NDA will create infrastructure for CSO incubation at district level. These structures will ensure that CSOs have access to specialised skills, templates, access to information and support to enhance their organisational abilities to grow through developing skills for resource mobilisation, networking and expanding their own operations.

CSO resource mobilisation and referrals – This intervention is critical for assisting CSOs to identify resources and linking them to available resources at all levels. As the NDA phases out its grant-funding for project implementation for CSOs, this intervention will assist them in identifying and linking them to available funding within their local area and nationally. In addition, the intervention will have referral processes to available resources for funding and will ensure that the organisation has the ability to account for any funding they have accessed.

Figure 5: NDA CSOs package of services and skills requirements to deliver the package
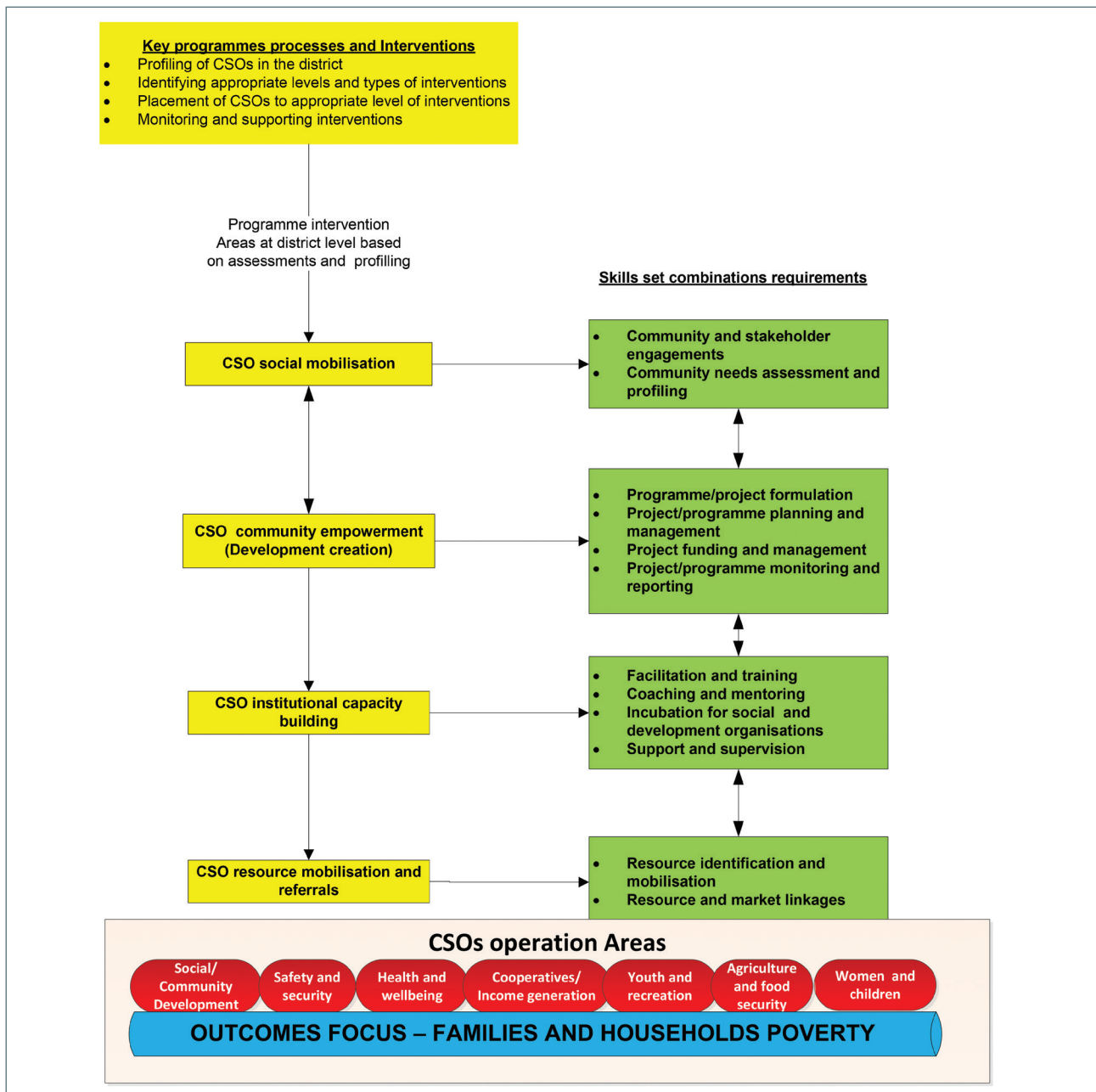
The redesigning of the NDA focus area and the packaging of services will be delivered at district level. This then requires the NDA to first establish district offices, first in the Mikondzo districts and then in some districts identified by municipalities and provinces as poor local municipalities in the country. For the model to become functional, the following would be required:

Location – The NDA has already established advisory centres in some districts across the nine provinces. However, some of these centres are not aligned to the Mikondzo districts or municipalities defined as poor nodes. Those that are aligned will be converted into district offices. Where there are no centres, new district offices will be established.

Human resources – Each centre will require skills at that level to deliver the package of services defined in the model. This will require a combination of upskilling existing staff based at provincial offices and advisory centres to provide a combination of interventions in the package and also recruiting appropriate staff in terms of skills mix and numbers to appropriately staff the offices. These offices are going to become the engine of the NDA Model. Each district office will be managed by a district manager to plan, coordinate and respond to CSO needs in the district.

Capital cost – The approach and package of services planned for this model will require investment in appropriate infrastructure to deliver a range of services both at the district office and within the community or CSO location. The district offices must also provide infrastructure to conduct training and the incubation of the CSOs, and any community member who requires a skill provided by the NDA to support community development efforts. Each district office must have the ability to provide for information technology needs for both NDA staff and CSOs who may want to access information from these centres.

This business operational model provides the NDA an opportunity to restructure its business requirements and streamline functions while integrating service delivery at district level. This approach addresses all concerns raised by the review of the NDA, the environmental scan conducted by the NDA, the issues raised by the civil society sector during the engagement, the Executive Authority and the National Treasury. The business case the NDA is presenting seeks to articulate the rationale for revising its strategy and focus areas. It also defines its target group for the interventions, and the operational structure and requirements to implement the revised strategy. The aim is to qualify and quantify benefits to CSOs and poor communities through the strategy. The financial outlook of the NDA clearly shows that it requires additional funding to remain solvent. At the current funding levels the NDA can be classified as a going concern and its deficit will soon outstrip its reserves and asserts. This is the major risk that the NDA is trying to prevent the State from facing in the not-too-distant future.

Financial resources

The NDA over the years has been operating far above its national allocation. It has been planning and setting targets based on projected resource mobilisation strategies to leverage funding from a range of stakeholders. This approach towards financing its activities is risky and unsustainable. The NDA, since starting to implement the resource strategy, has not produced the type of outcomes that can inform accurate planning and targeting because there has been no certainty within reasonable timeframes of Government planning to allow adjustments. Most of the NDA mobilised resources come from the provincial departments of social development to support both CSO capacity-building interventions or development management activities. The funding comes at a high price to efficient planning and management.

**Table 1: NDA revenue and expenditure in the past five years (2010/11 – 2014/15)**

FY	2010/11	2011/12	2012/13	2013/14	2014/15
Total revenue	R 93 675 789	R 169 425 919	R 190 275 528	R 221 717 557	R 260 020 695
Government allocation	R 83 469 000	R 163 391 291	R 166 263 000	R 171 713 000	R 178 337 000
Other income	R 10 206 789	R 6 034 628	R 24 012 528	R 50 004 557	R 81 683 695
Total expenditure	R 123 711 121	R 166 619 833	R 196 680 791	R 241 201 134	R 272 462 692
Project grants	R 54 096 449	R 81 002 616	R 94 837 980	R 88 779 626	R 75 789 533
Research	R 1 504 458	R 458 805	R 4 076 287	R 5 010 793	R 4 792 631
Capacity-building	R 1 294 391	R 6 896 022	R 2 819 350	R 37 058 071	R 96 033 765
HR (Staff)	R 51 439 193	R 54 215 179	R 60 218 120	R 69 020 695	R 57 915 201
Support and overheads	R 15 376 630	R 24 047 211	R 34 729 054	R 41 331 949	R 37 931 562
Net surplus/deficit	-R 30 035 332	R 2 806 086	-R 6 405 263	-R 19 483 577	-R 12 441 997

Source: NDA Audited Financial Statement 2010/11 – 2014/15

The Government allocation to NDA dropped to its lowest baseline of R83,4 million in 2010/11 from R144,7 million the previous financial year. This low baseline has adversely affected the funding baseline for the NDA resulting in continuous overexpenditure in subsequent years, regardless of the NDA introducing a programme for resource mobilisation in 2012/13 to fund some of the targets set in the Annual Performance Plan. The resource mobilisation funding primarily is aimed at funding the shortfall of the current NDA Business Model. Currently the capacity-building of the NDA is 70% funded by third-party funds that are raised from different provincial departments of social development based on 'willingness to fund', not on any legislated framework or policy framework of these departments to fund the NDA programme. This arrangement is not sustainable in the first instance, and in the second, the departments are not obliged to transfer any funding

for this purpose to the NDA. Finally, the funds raised from third parties are not transferred to support the programmes of the organisations but are used to fund operational and technical requirements to implement the programme. It is for this reason that this model and its funding requirements are not sustainable and has led to the NDA being classified as a going concern for the State.

Figure 6: Comparison of revenue streams vs total expenditure for the NDA 2000/1 – 2014/15
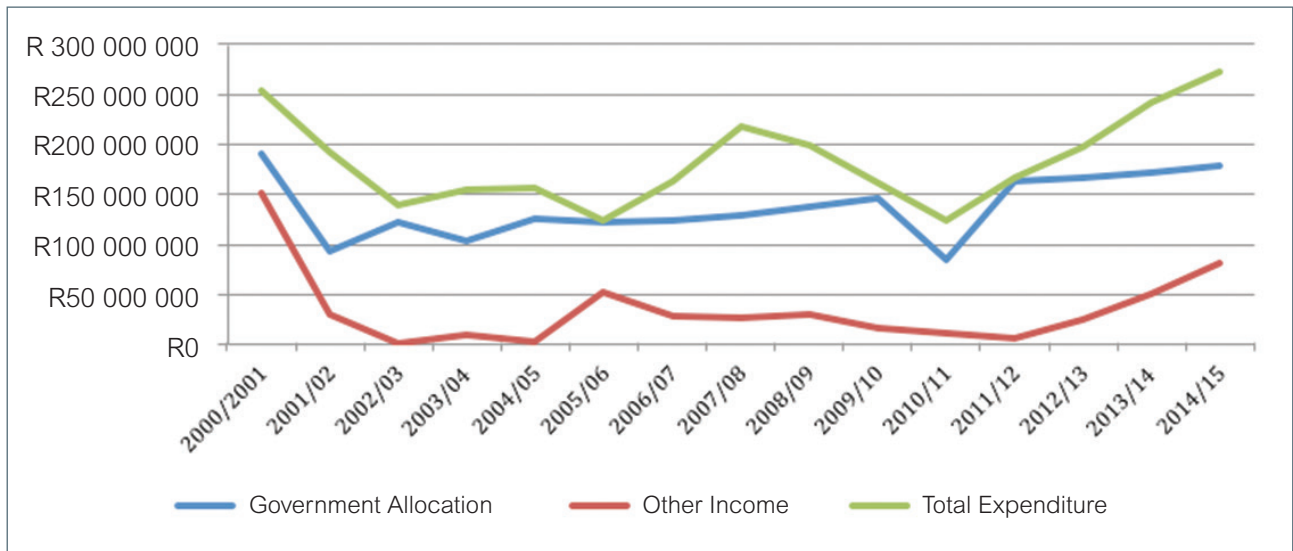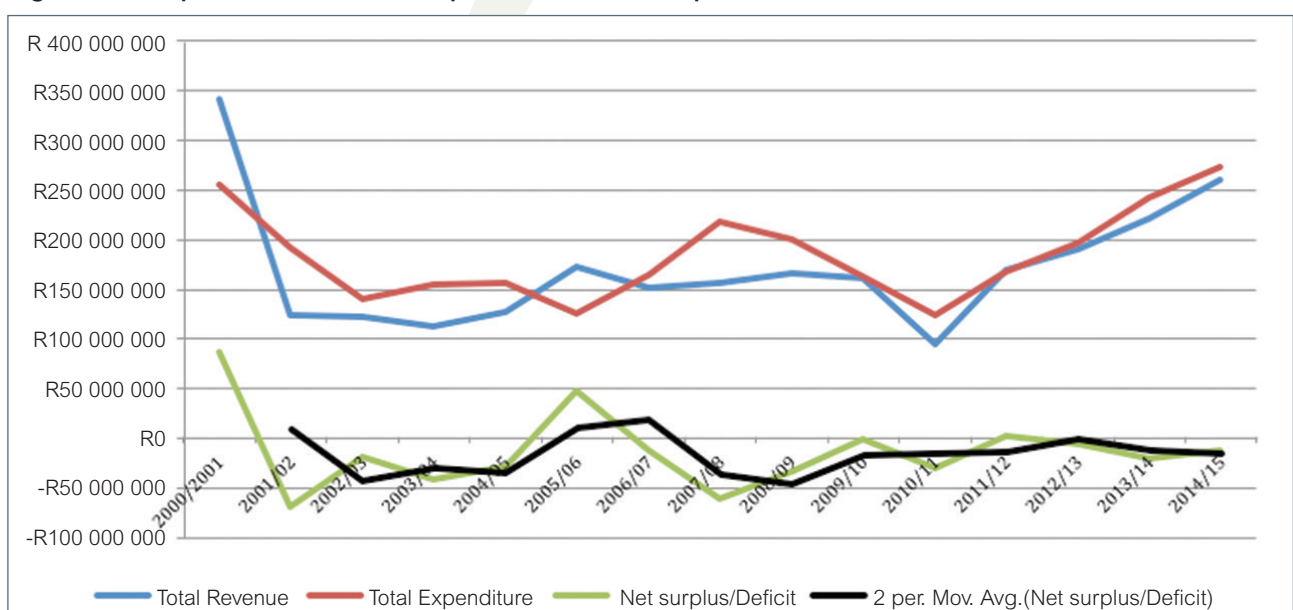

Source: NDA Audited Financial Statement 2000/01 – 2014/15

Table 1 above, shows that the 'real deficit' against Government allocation started early for the NDA – by 2010/11 the deficit was over R40,2 million if you take into account that the accounting deficit is masked by 'other income'. This real deficit has grown to R94,1 million by 2014/15. In the current financial year the deficit will grow even higher if nothing is done to normalise this trend by re-adjusting the NDA funding baseline and reengineering the NDA Business Model.

Figure 6 demonstrates that the NDA has been underfunded from the beginning by the national fiscus allocation. In real funding terms, the NDA has never been funded at the levels of its expenditure. If we remove the third-party funding and other income, which include 'bank interest', that you cannot budget against, it shows that the NDA has been spending above its income from Government allocation. Even when third-party funding started to drastically drop in 2002/03, there was never a review to restructure the NDA Business Model or increase the baseline to align funding levels to support the business model requirements.

Figure 7: Comparison revenue vs expenditure vs net surplus/deficit 2000/01 – 2014/15

Source: NDA Audited Financial Statement 2000/01 – 2014/15

Figure 7 clearly shows the levels of deficit growing. The revenue and expenditure may seem to be narrowing down; this is masked by including third-party revenue, which is a 'conditional grant' from third-party funders while the real financial status of the NDA is running at a huge deficit year-on-year. If you analyse the net surplus/deficit line, it tells you that the organisation does not have a stable income to fund its activities. This was further complicated by introducing the resource mobilisation function to raise 'cash' funding that is included in the total revenue of the NDA resulting in an assumption that the NDA is making efforts to cover the funding shortfall.

The current funding levels of the NDA do not allow the NDA to plan its activities within the State-allocated budget. Technical critical positions in the NDA, such as those of capacity-building specialists, capacity-building officers and information officers are for between one to three-year fixed-term contracts, which impact negatively on staff retention and staff morale. The staff security for these positions has had a disruptive effect as many of them tend to leave at crucial phases of implementation because of better offers elsewhere in the market. Their salaries are dependent on the availability of third-party funding while these are critical skills for the NDA business.

Human capital

Critical human capital will be required to support the NDA proposed business model. The first part is to ensure that the NDA structure is responsive and supportive to this business model, thus the entire NDA human capital perspective and structure must be realigned and redefined including the skills required at all three levels, the business organisational structure to support all elements of the model, and the matching of skill sets to job profiles required to deliver and respond to the operational requirements. The following are key in implementing the reforms of NDA:

Alignment of structure to business strategy and operating model – This includes assessment of skill sets that exist and that are required, matching the skill sets to function at all levels and redefining the operational requirements (job profiles) and positions of NDA staff.

Organisational change management processes will need to structured and be sensitive to all labour laws and public sector policies. This process is crucial for the internal buy-in and the chances of this business model to realise its objectives. The following are key activities to be put in place for a change management model for the NDA.

Phase 1 – Key activities
- Establish a compelling case for change and craft vision
- Conduct the NDA's organisational cultural assessment
- Build change elements into programme design
- Prepare the NDA communications plan

Phase 2 – Key activities
- Identify and employ key NDA change agents
- Create cross-functional NDA teams
- Design organisation-wide change programmes
- Roll out change and transformation communication strategy

Phase 3 – Key activities
- Roll out the change management programme at the base
- Measure and monitor change management
- Embrace learning and knowledge-sharing
- Provide needed training support and mentorship
- Facilitate bottom-up and top-down communication

Human capital processes and policies will be aligned to the new operation model. The current processes and policies are counterproductive in enhancing the implementation of this business model. The recruitment process and job matching to functions are currently assuming that staff at provincial level are managing operations as opposed to implementing. A number of direct implementation functions are outsourced for purposes of fast-tracking implementation. The location of posts and functions are at provincial level, which makes it cumbersome and expensive to deploy service delivery closer to communities. The role of implementing functions, such as the development managers and capacity-building officers, is largely skewed to administrative roles creating many layers of function duplication within the service delivery model. These are the inefficiencies this decentralised approach will be able to correct.

Internal processes

The NDA ICT enabler must integrate and unify all of the discrete elements that make up the business workload – not just the NDA business operation – from demand management to financial management, time and resource management to portfolio management, to access on real-time to product and services by stakeholders, especially the CSOs, so that the NDA has real-time visibility into all business activities, at all times. The solution will provide field-level audit trails for all changes to critical applications and projects, and ensure that data is accurate, helping the NDA to maintain regulatory compliance. Once the functions in the NDA are well-defined, mapped and work-flowed, more agile business processes can be adapted more quickly to respond to changing conditions, as the strategic objectives are being achieved.

The NDA, through the appropriate technologies, must be able to enforce an enterprise-wide baseline for standards and methodologies. A workflow process engine with simplified configuration with customised coding and advanced audit trails should be available for all critical changes, including providing enterprise-class document management, with full version control, check-in/check-out, and full content-search capabilities.

The benefits for this ICT model to support the proposed business operation are the following:
- The technology-enabled functions in the NDA are to be integrated in the social development sector, including the civil society sector, with the information and support needed to align the demands required to meet objectives with available resources.
- The NDA monitors and reports on the progress of all CSOs that have access and utilise the system.
- The model presupposes a risk management framework to ensure that the risks to meet objectives are identified and managed.
- The enhanced capacity of the NDA provides a single point to coordinate planning and delivery by the respective stakeholders.
- The NDA can facilitate CSO-related communication both within the Social Development Sector, and externally to stakeholders with regard to the sector performance and/or new requirements.
- The NDA can provide the National and Provincial Departments of Social Development and other stakeholders with a 'Nerve Centre' where they can see, through customised reporting, the overall status of Social Welfare Services delivered through CSOs and its related benefits.

The following are key activities that will have to be considered to successfully establish a functional and responsive information technology infrastructure and system to support the proposed business model of the NDA.

Business mapping
- Define high-level plan
- Mobilise and launch integrated project teams
- Create an NDA business strategy for provincial client departments
- Quantify/Qualify current processes
- Define the NDA scope and high-level design ('in-out' analysis)
- Assess change management issues
- Outline HR policies and costs
- Identify IT solutions
- Assess estimated IT costs and timelines

Design

- Design 'to-be' processes.
- Design migration plan
- Prepare NDA organisation design
- Develop HR roles, corporate policies and procedures
- Develop training strategy/plan
- Develop IT requirements
- Develop data migration plan
- Design site and infrastructure needs

Implementation and migration

- Set up NDA processes and functions
- Action change management and communications strategy
- Staff NDA and train where necessary
- Set up IT systems and initiate any changes
- Data preparation/testing for pilot
- Commission site alterations and services
- Design office admin and reporting procedures
- Initiate NDA monitoring and evaluation mechanisms
- Manage NDA performance

Physical infrastructure

To successfully implement the business operation model, the NDA will be required to increase its footprint at district level. These access point infrastructures must take into consideration how they will accommodate needs for supporting communities and CSOs in the catchment areas. The objective of increasing NDA access points is to improve access to CSOs and communities to NDA products and services, locate these access points in the best possible location for the poor, and to ensure that the best skill set and infrastructure are available for purposes of community and CSO needs.

The physical infrastructures to meet the business demand will not only affect the space required to do business at district level, but also the appropriate human resources required to fully utilise the spaces. There is an assessment process that will be undertaken to match the physical space requirement and location for all levels of the NDA, as they may change drastically and the alignment of strategy to structure is finalised. These are some of the drivers for the reconfiguration of physical infrastructure requirements:

- Office space to accommodate personnel at Head Office, provincial offices and NDA district offices.
- Work stations (furniture, ICT hardware, software and connectivity, especially at new sites).
- ICT infrastructure for communities to access information, and used by the NDA to share information with the target population and stakeholders on NDA work within communities.
- Capacity-building infrastructure at NDA sites to ensure that in-house activities can be implemented efficiently.
- Brand corporate identity to ensure enhanced visibility.

5.3 Description of the strategic planning process

In line with the requirements of Treasury Regulations 30.1, each year the NDA embarks on a strategic planning process, which involves key staff and board participation. The process of review covered consultations with internal stakeholders (NDA staff), and external stakeholders that included DSD, Treasury, DAFF and Rural DRDLA (Figure 3). A joint planning session was held with representatives of the Department of Social Development from both the national and provincial departments. The status of the CSOs is legislated in the NDA Act and the legislator envisaged that they will perform a particular role to achieve the mandate. In view of this, a special consultative workshop was held with representatives of the CSOs to solicit their input into the NDA strategy. Their input has thus been taken into consideration in this strategic planning exercise.

Figure 8: Strategy formulation process
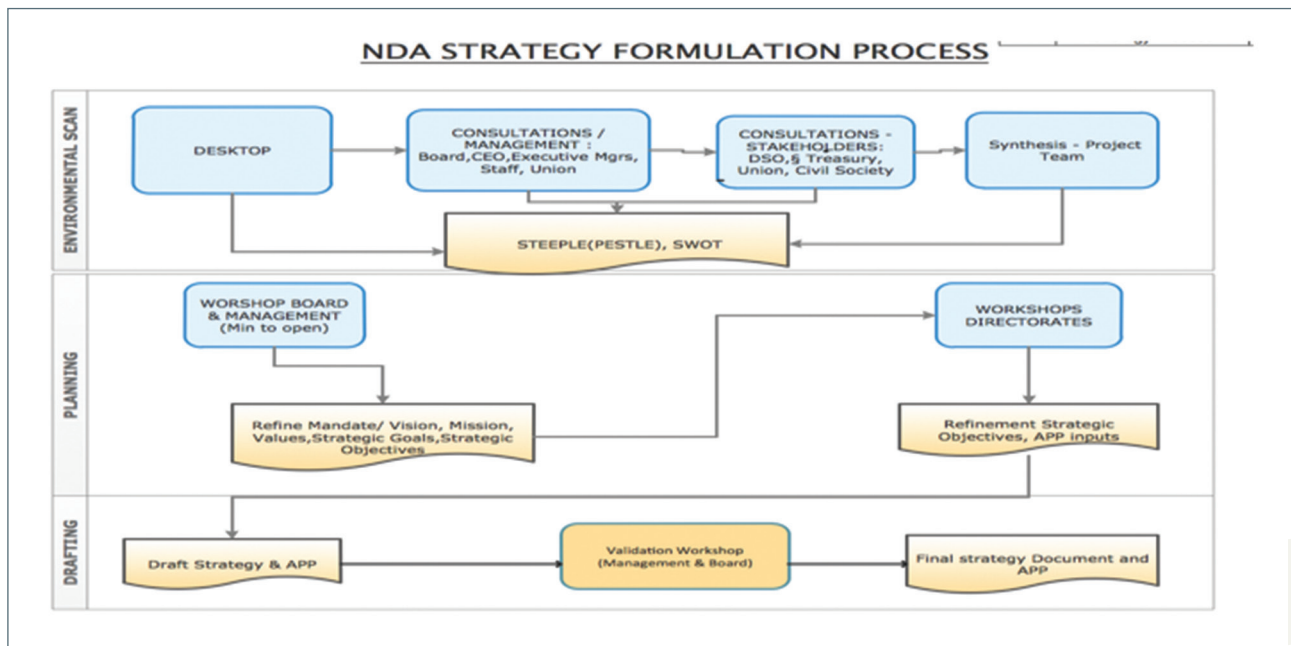
NDA strategic priorities and focus

The strategic planning process concluded that the NDA will need to consolidate its programme areas to increase efficiency and integration internally and with external partners, such as the Department of Social Development and the South African Social Security Agency. This was driven by aligning the NDA to Outcome 13 and the Mikondzo strategy. The NDA strategy will have three programmatic areas, which are the following:

• CSO mobilisation

• CSO institutional capacity-building

• Research and knowledge management

The business operation is anchored and driven from the Mikondzo's social development sectorial approach and strategy. This approach requires the NDA to decentralise its business model to operate and focus on the areas identified by Government as high levels of poverty wards in all provinces. The basis of this approach is that the NDA will develop civil society support interventions that are informed by assessment and analysis of needs at community level. The Mikondzo approach, since it uses the social development sector as a team, allows the NDA to only focus on CSOs' institutional capacity-strengthening areas to enable these organisations to improve their operations. If already registered with the relevant registration authority, they are likely to remain compliant with registration regulations, while if they are not registered, the NDA will support them, through its institutional capacity-strengthening interventions, with registering and meeting compliance requirements of the registration authorities.

Finally, working with the social development sector, the Mikondzo provides the NDA with a platform to refer these organisations to relevant State and private institutions for funding implementation of their programmes. Based on this business operational model, the NDA has also redefined its programmes. The NDA strategy has identified four programmes, which include governance and administration for the revised strategy. The programmes that will guide the NDA in the current five-year strategy are:

Programme 1: Administration – The programme will focus on promoting and maintaining organisational excellence and sustainability through effective and efficient administration that includes performance, employee well-being, cost containment and brand recognition. These will be achieved within a sound governance and administration environment.

Programme 2: Civil society organisations mobilisation – The programme focuses on CSO engagements, assessments and needs analyses, prioritisations of interventions required by CSOs, facilitating community and CSO networks, resource identification and mobilisation to support NPOs, provision of information and referrals of CSOs to other state and private institutions for additional support. This programme will focus on Mikondzo districts identified by the social development sector and poverty wards identified by provinces and municipalities in all the provinces.

Programme 3: Civil society organisations' institutional capacity-building – The programme will focus on strengthening institutional capacities of CSOs across Mikondzo districts and other high-poverty districts identified by provinces and municipalities across all nine provinces. The institutional capacity interventions will only focus on financial management, conflict resolution and management, governance, compliance and registration, fundraising and resource mobilisation, project planning and management, project monitoring and reporting. The capacity-building programme is the intervention arm of the NDA; it will facilitate and provide training, mentoring and incubation to all CSOs identified with a need for any of these interventions in the districts and those funded by the Department of Social Development.

Programme 4: Research and knowledge management – The programme will focus on action research and impact evaluative studies that will be used to inform programme planning, implementation and management of NDA poverty eradication programmes in the Mikondzo districts. In addition, the research programme and evaluation outcomes will inform national policy debates and engagements with the CSO sector and organs of state on issues relating to development and poverty alleviation in general. It will also produce publications and standards for effective best-practice in the CSO sector to promote sharing of lessons and good practice in the social development sector.

The process of reorganisation and restructuring of the NDA will also be implemented over a period to ensure that its structure is aligned to its strategy, and its plans remain relevant and responsive to address challenges. This exercise will include reviewing the human resource abilities so as to align them to the new approach. This process will require the NDA to evaluate all staff members to ensure that they have the skills and competencies, placement of staff in appropriate positions and programmes, retraining and skilling of existing staff who require skills development for the new functions, and implement a change management programme that will prepare staff for the new functions and responsibilities.
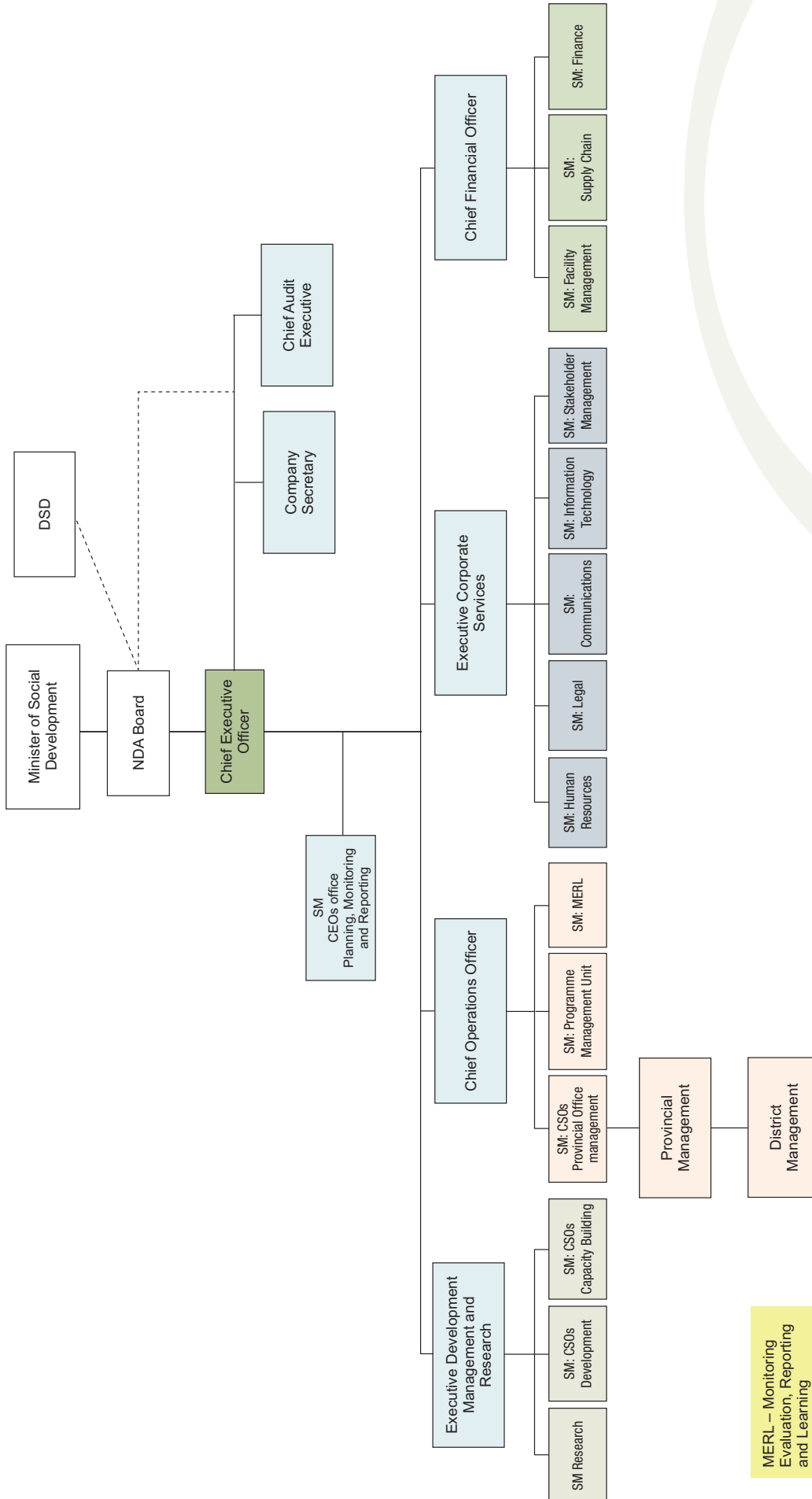
Further, the NDA will review and align its information technology systems, policies, procedures and operation manuals to ensure that the NDA responds better to the demands and needs of the civil society sector. The current systems and processes are inward-looking and do not provide a conducive environment for the civil society sector to easily engage with the NDA. As the NDA is becoming a conduit between the CSO sector and the State, the NDA systems, policies and procedures must be reviewed and properly aligned to respond to the sector effectively.

Apart from this the NDA has to develop a new communications and marketing strategy, which will focus on building relevance of the NDA, especially by the CSO sector and Government. It will also strive to create a new positive image of the NDA within all stakeholders. This will require the NDA to establish its own brand and identity across all platforms.

6. **Strategic outcome-oriented goals of the institution**

Strategic outcome-oriented goal 1	Developed and strengthened internal systems, processes and human capability to deliver on the NDA mandate effectively.
Goal statement	Implement financial management, information technology, human resource and communications systems and process to achieve good governance by 2018/19.
Strategic outcome-oriented goal 2	Engagements, assessments, and needs analyses in identified priority wards (deprived wards and Mikondzo districts).
Goal statement	Conduct engagements, dialogues, assessments and needs analysis in identified deprived wards and Mikondzo for purposes of planning interventions, information provision and making referrals to other institutions for CSO funding, interventions and support outside NDA scope.
Strategic outcome-oriented goal 3	Increased accessibility to capacity-strengthening interventions to CSOs with the aim of improving the quality of services.
Goal statement	Increase the number of CSOs provided with training, mentoring, incubation, funding support and referrals to other institutions.
Strategic outcome-oriented goal 4	Conduct, collate and disseminate research and evaluations that inform the national development agenda.
Goal statement	Conduct action research and evaluations that inform the formulation of national development policies and programmes focusing on poverty eradication initiatives.

NDA Organisational Structure

Minister of Social Development

DSD

NDA Board

Chief Executive Officer

Company Secretary

Chief Audit Executive

SM CEOs office Planning, Monitoring and Reporting

Executive Development Management and Research
- SM Research
- SM: CSOs Development
- SM: CSOs Capacity Building

Chief Operations Officer
- SM: CSOs Provincial Office management
  - Provincial Management
  - District Management
- SM: Programme Management Unit
- SM: MERL

Executive Corporate Services
- SM: Human Resources
- SM: Legal
- SM: Communications
- SM: Information Technology
- SM: Stakeholder Management

Chief Financial Officer
- SM: Facility Management
- SM: Supply Chain
- SM: Finance

MERL – Monitoring Evaluation, Reporting and Learning

PART B:
STRATEGIC OBJECTIVES

PART B: STRATEGIC OBJECTIVES

7. NDA programmes

7.1 Programme 1: Administration

Strategic objective	To develop and strengthen internal systems, processes and human capability to deliver efficiently and effectively on the NDA mandate.
Objective statement	Implement financial management, information technology, human resource and communications systems and processes to achieve good governance by 2018/19.
Baseline	Attained an unqualified audit opinion in the last financial year

Marketing and communication

The NDA will, through its marketing and communication programme, put emphasis on partnerships and brand-building initiatives targeting NDA's primary stakeholders to raise the profile of the organisation. This is aimed at positioning the NDA as a leading capacity-building development agency for the CSO sector and a strategic partner to Government in delivering its priority areas.

The programmes that will be implemented over the MTEF will include, the identification of high-profile events where the NDA can engage other stakeholders in the development sector. In addition, regular engagements with the Government Communications and Information Systems, Parliamentary Portfolio Committee, DSD, SASSA and other partners will be undertaken to boost visibility efforts.

Human resources

To implement this strategy, there will be a need to realign the structure to maximise efficiencies. Previous organisational reviews pointed to the skewed organisational structure, which is top-heavy with many management positions having few reporters. This necessitates a restructuring exercise that will, in the long term bring about necessary efficiencies in terms of performance and lower staff costs. The NDA continues to bring about improvement and efficiencies by implementing the following strategies:

- Creating a conducive working environment that fosters employee performance and growth.
- Managing and developing people.
- Leading effectively to drive strategic execution and organisational performance.
- Institutionalising the NDA values to drive the organisational culture.

Aligning competencies to the new organisational strategic thrust and structure that place more emphasis on capacity-building and contribute to the National Development Plan.

Finance, supply chain management and ICT

The NDA will review and strengthen policies and strategies on cost containment, supply chain management and internal controls. These policies and strategies will be aimed at promoting efficient expenditure management, improving compliant environment and effective internal controls. The organisation will develop and implement an integrated ICT system that supports business processes to enhance operational efficiency that would secure a clean audit and sound administration.

Governance, risk and audit

Governance, risk and audit will provide a combined assurance on the management of key risks and internal controls. This will be implemented through assessing mitigating controls, strengthening of internal control environment, organisational performance monitoring and evaluation as well as facilitating governance oversight.

PART B: STRATEGIC OBJECTIVES

7.2 Programme 2: CSO mobilisation

Strategic objective	Conduct CSO engagements, assessments, and needs analyses in the identified priority wards (deprived wards and Mikondzo districts).
Objective statement	Conduct engagements, dialogues, assessments and needs analyses in identified deprived wards and Mikondzo for the purpose of planning interventions, information provision and making referrals to other institutions for CSO funding, interventions and support outside the NDA scope.
Baseline	New

Civil society organisations mobilisation: The programme focuses on CSO engagements, assessments and needs analyses for CSOs, prioritisations of interventions required by CSOs, facilitating community and CSO networks, resource identification and mobilisation to support NPOs, provision of information and referrals of CSOs to other State and private institutions for additional support. This programme will focus on Mikondzo districts identified by the social development sector, and poverty wards identified by provinces and municipalities in all the provinces.

CSO empowerment: Community empowerment through CSOs provides the NDA a space to implement interventions that use 'development creation' principles focusing on the following outcome areas for local CSOs:

Confident – Involve CSOs in discussions about development projects in the community, including planning, funding requirements and work entailing how you go about getting work done. This process makes sure that the information provided is accessible and that time has been taken to ensure people understand. As a result CSOs gain skills, knowledge and confidence, which will help them take part in this and future projects.

Inclusive – Creation of development interventions is based on the awareness of the make-up of the group you are working with – how reflective are they of the local population and users, in terms of age, gender, race, etc. It allows finding ways to involve people who have not participated in the community structures, but might have an interest in doing so. You encourage discussion. As a result you gain a cross-section of views, experience and expertise; local structures learn more about each other and work together.

Organised – The approach encourages CSOs to work as a team and work to each other's strengths. You support them to develop processes for discussions and decision-making, which are understood by everyone there. As a result, they all understand how the decisions will be made on how community-based structures can tackle development issues at local level. They have collective responsibility for addressing a range of local development challenges.

Cooperative – This process promotes working together to identify and implement action, encouraging networking and connections between CSOs. The outcome is working in ways that build positive relationships across groups, identify common messages, develop and maintain links to national bodies and promote partnership at all levels.

Influential – This process encourages CSOs to make decisions and they do this within known parameters. They decide on the design and timescale of the work, based on aesthetics, ecological considerations and the practical and economic context. As a result, they can see the benefit of their involvement in the change that takes place and feel collectively responsible for achievements.

CSO' institutional capacity-building – Process of developing and strengthening the institutional skills, instincts, abilities, processes and resources that organisations and communities need to survive, adapt, and thrive in the fast-changing world. The institutional capacity-building programme for CSOs will focus on the following areas: financial management, conflict resolution and management, governance, compliance and registration, fundraising and resource mobilisation, project planning and management, and project monitoring and reporting. The programme will use the following interventions to enhance the abilities of CSOs, especially those that are merging or struggling to realise their goals:

Training – Formal and non-formal provided to communities and organisations to improve and enhance their understanding of the organisation's operational area, organisation management processes, including registration and compliance issues and technical skills support to improve the quality of the organisation work or products.

Mentorship – This is a critical process in learning and gaining skills. The NDA will facilitate and provide platforms for CSOs mentorship at local level. Organisations and individuals with appropriate skills will also be recruited to become mentors of these organisations.

Incubation – Small businesses have benefited from incubation programmes. The NDA will create infrastructure for CSO incubation at district level. These structures will ensure that CSOs have access to specialised skills, templates, access to information and support to enhance their organisational abilities to grow through developing skills for resource mobilisation, networking and expanding their own operations.

CSOs resource mobilisation and referrals – This intervention is critical for assisting CSOs to identify resources and linking them to available resources at all levels. As the NDA phases out its grant-funding for project implementation for CSOs, this intervention will assist them to identify and link them to available funding within their local area and nationally. In addition, the intervention will have referrals processes to available resources for funding and ensure that the organisation has the ability to account for any funding they have accessed.

7.3 Programme 3: CSO institutional capacity-building

Strategic objective 1	To increase the accessibility to capacity-strengthening interventions to CSOs with the aim of improving the quality of services.
Objective statement	Increase the number of CSOs provided with training, mentoring, incubation, funding support and referals to other institutions.
Baseline	2 531 CSOs

Civil society institutional capacity-building – The programme will focus on strengthening institutional capacities of CSOs across Minkondzo districts and other high-poverty districts identified by provinces and municipalities across all nine provinces. The institutional capacity interventions will only focus on financial management, conflict resolution and management, governance, compliance and registration, fundraising and resource mobilisation, project planning and management, project monitoring and reporting. The capacity-building programme is the intervention arm of the NDA, it will facilitate and provide training, mentoring and incubation to all CSOs identified in the districts and those funded by the Departments of Social Development with a need for any of these interventions.

PART B: STRATEGIC OBJECTIVES

Institutional-strengthening

Institutional-strengthening components will provide a variety of interventions based on assessed needs. The implementation approach also recognises the critical lack of lobbying and advocacy for financial support, leveraging resources and training on NGO-strengthening and management. The programme will use the following interventions to enhance the ability of CSOs, especially those that are merging or struggling to realise their goals:

Training – Formal and non-formal provided to communities and organisations to improve and enhance their understanding of the organisation operational area, organisation management process, including registration and compliance issues, and technical skills support to improve the quality of the organisation work or products.

Mentorship – This is a critical process in learning and gaining skills. The NDA will facilitate and provide platforms for CSO mentorship at local level. Organisations and individuals with appropriate skills will also be recruited to become mentors of these organisations.

Incubation – Small businesses have benefited from incubation programmes. The NDA will create infrastructure for CSO incubation at district level. These structures will ensure that CSOs have access to specialised skills, templates, access to information and support to enhance their organisational abilities to grow through developing skills for resource mobilisation, networking and expanding their own operations.

7.4 Programme 4: Research and knowledge management

Strategic objective	To conduct, collate and disseminate research and evaluations that inform the national development agenda.
Objective statement	Conduct action research and evaluations that inform the formulation of national development policies and programmes focusing on poverty eradication initiatives.
	Facilitate debates and engagements between the CSO sector and the State on the national development agenda.
Baseline	New

The Research and Knowledge Management Programme will focus on action research, programme evaluation, institutional and programme knowledge management, and institutional and programme monitoring and reporting. The aim is to generate, manage and disseminate accurate and reliable information that can be used for informing planning, implementation and assessing outcomes for NDA and CSO programmes.

The Research and Knowledge Management Programme seeks to link research, monitoring and evaluation, and best-practice lessons output to development programmes. The National Development Plan/Vision 2030 has clearly identified development areas and priorities that the country must focus on in order to achieve the vision of reducing poverty, unemployment and inequalities in all sectors of society. While the NDA is primarily mandated to work through CSOs to address poverty, unemployment and inequalities, the NDA will intensify its research and development approaches to ensure that policy-makers and planners have accurate information to formulate policies and programmes outlined in the NDP.

The Research and Development Programme will achieve the above objective by designing operational plans that focus on the following key areas of operation:

Research and evaluation

For the NDA to influence policy debates, policy formulation and sound programme design and implementation for development programmes, methodologically sound research will be undertaken by the NDA on poverty reduction and eradication, unemployment and inequalities using approaches proven to work in developing countries with similar poverty challenges. Countries such as Chile, Brazil and Singapore have managed to significantly reduce poverty, unemployment and inequalities. These countries invested adequately in conducting research that will influence policy-makers and planners to design and implement national programmes that have a positive effect on these challenges. In the next five years, and in line with the NDP/Vision 2030, the NDA research outputs will be used to lobby

and advocate the State to take a pragmatic shift in using the research findings and recommendations to influence policy and programming. The starting point will be to collate information on poverty eradication programmes and projects in the country, to understand how these programmes worked, what lessons can be learned from these programmes, and to establish effective standards for designing and implementing effective programmes for poor communities in the country.

The evaluation will focus on using relevant evaluation methodologies to conduct project and programme evaluation. The aim of the evaluations is to measure outcomes and impacts of the programmes on individuals and households that benefit from them; communities and general population where programmes and projects are being implemented.

Knowledge management

This is fundamental to documenting best-practice processes and applications for programme design and implementation. The role of this function is to ensure that all programmes and projects implemented by the NDA and its development stakeholders are documented, and lessons learned, including best-practices, are shared. Information from research and evaluation needs to be packaged in a manner that makes it easily accessible and usable for and by the targeted audience. The information must be made available in formats and platforms, which are user-friendly for the consumers of the information. The expected outputs from this function will include handbooks, manuals, briefs and best-practice examples that can used by all sectors for improving their programme effectiveness and efficiencies.

Monitoring and reporting

The above objective will be achieved through designing operational plans that focus on Monitoring and Evaluation (M&E). The purpose of M&E in the NDA is to systematically and objectively assess projects and programmes, including policy to objectively measure effectiveness of design implementation and results. The monitoring will be focusing on development and enhancement of systems, processes and tools that will be used to collect information to periodically measure projects and programmes implemented by the NDA and the social development sector, in particular, the civil society sector. This is the only reliable method that the NDA will be using to monitor projects and programmes.

8. ## Resource considerations

The NDA has experienced a progressively declining financial resource base over the past three years. The Agency relies mainly on the grant allocated through the Department of Social Development to fund its operations. The grant has been increasing by a smoothed average of around 3% over the past three years, which is significantly below inflation.

Historical perspective

The NDA has balanced its budget through relying on its 'R100m IDT funding reserve' for the past nine years, which has dried up in the previous financial year. This reserve, together with low disbursements of project funds, has ensured a steady interest income, which was effectively used to cover any funding shortfalls. The declining interest rates, depletion of the reserves, increased project disbursements, coupled with the declining Government funding shortfalls have begun to constrain the future financial sustainability of the NDA in the short to medium-term.

Rising fixed cost

The current NDA fixed-cost structure has been growing above the percentage of the annual growth rate of funding from all sources. This means that the NDA's current strategy is partly funded with contingent income streams, which are not in its books yet. The measures that management have implemented in the past and present have not been able to make any material impact. These fixed costs invariably tend to increase above inflation annually, thus gradually shifting the cost split unfavourably from project funding towards administrative expense categories. The annual staff costs have over the past three years increased by an average of about 8%, while general administrative costs (e.g. goods and services) have increased by an average of 17%.

Despite the above challenge, the NDA has been able to increase its allocation to mandate costs over the past years by 23% in 2012/13. In the same period, the NDA has been able to improve its mandate versus administration ratio from 39:61 in 2010/11 to 58:42 in 2012/13 through its resource mobilisation efforts.

PART B: STRATEGIC OBJECTIVES

Future perspective (MTEF)

The above financial perspective has negatively impacted on the future sustainability of the NDA in the following manner:

- Inability to fund core programmes
- Capacity-building programme

The NDA has undertaken a fundamental strategic shift in this planning cycle from a pure grant-funding model to the insitutional capacity-building of CSOs in decentralised approach over this MTEF period. This shift in strategy is currently not adequately funded because the reprioritisation exercises could not raise sufficient funding for set-up costs, such as the establishment of district office space and additional staff required to kickstart this programme. In this MTEF submission, the former Programme 1 (i.e. Grant funding) is being phased out to only pay existing grant contracts the NDA has with CSOs; a new programme area of CSO social mobilisation has been created and linked to the CSOs institutional capacity programme. The grant-funding budget has been reprioritised to support the two programme areas. However, even with this budget reprioritisation exercise, the NDA strategy is still not adequately funded as new CSO institutional capacity-building funding from DSD provinces is expected to only trickle in at a later stage, thus limiting the actual implementation of the revised strategy.

Support infrastructure costs

The NDA mandate implementation is a human resource intensive business, therefore, the strategic shift as outlined above has a direct impact on infrastructure costs. It is, therefore, important to exercise financial prudence in assessing the NDA's ratio in the light of this backdrop. Furthermore, it must be noted that the figures submitted in this MTEF for support costs are artificially low to balance this submission as required by Treasury, and have no relationship to the actual expected costs to support the current strategic focus.

Going concern and solvency

The NDA has posted a significant deficit of R6,7 million in the past financial year with a further projected deficit of around R12 million at the end of the current financial year as a result of the above outlined cost drivers. This is clearly a risk to the NDA audit outcomes and commercial standing as suppliers and creditors monitor these indicators closely to consider financial terms of engagement.

9. Risk management

The top six corporate strategic risks are described in Table 3 below. These are the risks that are critical and catastrophic for the achievement of strategic objectives.

RISK	What threatens achievement of objectives	Absolute risk (scoring)	Current (what is in place)	Control Risk (scoring)	Future (corrective action to be implemented)	Progress against mitigation	Deadline (by when)	Risk owner	Provinces and directorates affected
1	Inadequate resources to fully implement the NDA mandate		Business Case presented to National Treasury and DSD Partnership Strategy and implementa-tion plan		MTEF submission detailing a full cost analysis to implement the new strategy Partnerships with stakeholders maintained	Resource allocation engage-ments with DSD & NT on NDA Business Case	Novem-ber 2016	CEO/ Board	All
2	Inadequate and inefficient systems and processes to implement the new strategy	High	ICT Strategy	High	Integrated IT systems Operational processes clearly defined and integrated	Appointed Business Analyst	1 April 2016	CFO/IT	All
3	Bloated current structure	Medium	2013/14 approved organisational structure Reorganisa-tion of current structure	High	Approved affordable and aligned structure	2013/14 operating structure	1 April 2016	CEO/ Board	All
4	Lack of relevant expertise and skills to implement new strategy	High	Recruitment and filling of key positions Reorganisa-tion of current structure	High	Funding and recruitment of relevant skills and expertise to deliver on the new structure Retraining and re-skilling of current staff	Reorgani-sation and recruitment of key staff mem-bers to implement the new proposed mandate	1 April 2016	CEO/ Board	All

PART B: STRATEGIC OBJECTIVES

Table 3: Top six risks of the NDA

Revisions to legislative and other mandates

There have been no significant changes to the National Development Agency's legislative and other mandates.

Annexure D: Overview of 2016/17 budget and MTEF estimates

Table A2 National Development Agency								
	Revised estimates	Avg growth rate (%)	Expenditure/ Total: Avg (%)	Medium-term estimate	Medium	Term estimate	Average growth rate (%)	Expenditure/ Total: Avg (%)
	2015/16			2016/17	2017/18	2018/19		
Programme 1: Administration	92 365 569	5%	39.2%	86 462 309	89 224 910	95 264 439	1%	44%
Programme 2: CSO mobilisation	68 265 726	-14%	42.1%	33 014 876	35 262 807	37 501 865	-13%	17%
Programme 3: CSO capacity building	18 000 000	494%	15.5%	47 373 361	55 263 740	66 144 573	66%	27%
Programme 4: Research and Knowledge Management	9 549 705	35%	2.7%	9 293 382	9 989 543	10 647 173	4%	5%
Capital expenditure	4 579 596	0%	1.1%	21 209 071	17 000 000	6 800 000	93%	7%
Total expenditure	188 181 000			197 353 000	206 741 000	216 358 050		
Current MTEF allocation	184 381 000			194 153 000	203 861 000	214 054 050		
Other income	3 800 000			3 200 000	2 880 000	2 304 000		
Total revenue	188 181 000			197 353 000	206 741 000	216 358 050		
Shortfall/ Surplus	–			–	–	–		

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