



# NDA

National  
Development  
Agency

# STRATEGIC PLAN 2017/2022



social development

Department:  
Social Development  
REPUBLIC OF SOUTH AFRICA



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SOUTH AFRICAN SOCIAL SECURITY AGENCY

## OFFICIAL SIGNOFF

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.



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**Mr Solomon Shingange**

*Acting Chief Financial Officer*



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**Mrs Thamo Mzobe**

*Chief Executive Officer*



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**Ms Judy Hermans**

*NDA Board Chairperson*

Approved by:



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**Ms Bathabile Dlamini, MP**

*Minister of Social Development*

## TABLE OF CONTENTS

PART A : STRATEGIC OVERVIEW.....	6
1. Vision.....	6
2. Mission .....	6
3. Values.....	6
4. Legislative and other mandates .....	6
4.1 Constitutional mandates .....	6
4.2 Legislative mandate .....	6
4.3 Policy Mandates.....	7
4.4 Aims and Objectives of the Five-year Strategic Plan.....	8
5. Situational Analysis .....	9
5.1 Performance Environment.....	9
5.2 Organisational Environment.....	14
5.2.1 Programme focus.....	14
5.2.3 Packaging of NDA services.....	16
5.3 Description of the strategic planning process .....	20
6. Strategic outcome oriented goals of the institution.....	23
Functional Structure of NDA .....	24
PART B: STRATEGIC OBJECTIVES .....	25
7. NDA PROGRAMMES.....	26
8. Resource Considerations .....	28
9. RISK MANAGEMENT .....	31

# ACRONYMS

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

## FOREWORD BY THE MINISTER OF SOCIAL DEVELOPMENT



In the State of the Nation Address (2014), it was pronounced that South Africa still faced the triple challenges of poverty, inequality and unemployment. We continue to grapple with these challenges, which have become a central focus of all democratic administrations. The National Development Plan (NDP) 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.

The NDA business model, which includes the Mikondzo approach on social development interventions, 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 development of CSOs working in the most deprived and poorest municipalities in South Africa. Decentralisation of NDA services will, therefore, ensure that the NDA is visible and accessible to communities and that the NDA is able to deliver development services.

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. CSOs should, therefore, work with government, to make our societies enabling for development action.

A handwritten signature in black ink, appearing to read 'Bathabile Dlamini'. The signature is fluid and cursive, with a small mark above the first few letters.

**Ms Bathabile Dlamini**  
Minister Of Social Development, MP

## OVERVIEW BY THE NDA BOARD CHAIRPERSON



It is a great pleasure to present the revised NDA Strategic Plan for 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 Agency on how to reposition itself in order to make a positive contribution to the national priorities of the National Development Plan, together with Government Outcome 13, and focus its efforts on making a meaningful contribution towards poverty eradication, employment opportunities and the reduction of inequalities in South Africa.

Poverty, inequalities and unemployment are development challenges that are interconnected. This means that the solutions cannot simply be to intervene on isolated symptoms of a larger, more complex and multifaceted problem, hence the NDA has a mandate to contribute towards poverty eradication. Numerous actors have, therefore, been involved in areas complementary to the poverty eradication mandate, in particular the government, private sector and CSOs.

The NDA's revised Strategic Plan seeks to refocus its programmes to better deliver on its mandate. The Strategic Plan focuses on CSO development through CSO formalisation, CSO capacity-building, CSO resource mobilisation and CSO sustainability (through grant funding).

This forms the basis for the NDA to restructure its programmes and activities for the MTSF period.

A handwritten signature in black ink, appearing to read 'Judy Hermans'.

**Ms Judy Hermans**  
NDA Board Chairperson



## 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. Its legislated mandate requires the Agency 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 Agency Act, 1998 (Act No. 108 of 1998, as amended) 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 Agency 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.

### 4.2 Legislative mandate

The NDA mandate is derived from the National Development Agency Act, 1988 (Act No. 108 of 1998, as amended). 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 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 by section 4 of the Act 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 of 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 section to any CSO for any project or programme that the 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 Agency.

The revised NDA strategy seeks to refocus its programme approach so as to deliver better on 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 revised business case, business model and the Mikondzo approach. This forms a basis for the NDA to restructure its programmes and activities for the planned period.

### **4.3 Policy mandates**

The NDA's revised strategy is aligned with the NDP's Vision 2030, which the government has adopted as its strategic and policy framework for eliminating poverty and reducing inequalities while increasing the employability of its citizens. The Agency's strategy responds mainly to Chapter 11 of the NDP on social protection, as a public entity reporting to the Department of Social Development.

The NDA strategy is also aligned with 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 to accelerate development services to poor communities appropriately. 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 since 2013/14. 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 contribute meaningfully to both government outcomes and priorities at they relate to poverty eradication.

The programmes of the NDA are guided by "Outcome 13: an inclusive and responsive social protection system". These are government outcomes that are used to plan and implement programmes that respond to the NDP. The Minister of Social Development has been allocated to implement, manage and coordinate these 13 outcomes.

The Agency 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".

## PART A: STRATEGIC OVERVIEW

### 4.4 Aims and objectives of the Five-year Strategic Plan



This NDA Five-year Strategic Plan seeks to decentralise NDA services to district level and to provide a roadmap for the NDA for the current Medium-term Strategic Framework (MTSF) period, 2017 – 2022. The aim is to guide the Agency on how to reposition itself in order to make a positive contribution to the national priorities of the NDP and to focus its efforts on making a meaningful contribution towards poverty eradication, employment opportunities and the reduction of inequalities in South Africa.

With this Five-year Strategic Plan, the Agency intends to achieve the following:

- To position the NDA as the primary Agency that develops the capabilities of the civil society sector by granting resources 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 by decentralising NDA services to district level for easy access.
- To align the Agency'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 Agency in order to support the strategy.
- To outline measures 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

Fighting developmental challenges in South Africa does not lie exclusively in the hands of government. It is also the responsibility of CSOs, the private sector and other social and development partners. Government, however, is mandated to support CSOs since the government has the responsibility of setting the development agenda and the mobilising of resources for funding national development.

CSOs on the other hand, have the benefit of proximity and better understanding of the needs of the people on the ground. However, the main challenge that has been associated with the CSO sector in South Africa over the years has been the lack of financial security, despite the funding from government and other development partners.

The common enemies of the civil society sector and the state are poverty, unemployment and inequalities. These have been documented in all national economic and development policies of the Republic of South Africa since the advent of the democratic government. All government policies, social and developmental, have identified these three as enemies of the state. The plans and roadmaps, as executed by all social partners, including the civil society sector, have not materialised as envisaged. South Africa lacks coherent strategies and programmes for the civil society sector to deal with poverty, unemployment and inequalities, where the sector takes charge of specific deliverables and offers appropriate resources to the sector to respond to the challenges.

The situational analysis, therefore, provides a rationale for the changes in conditions that are material to both the performance 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 processes and the environmental scan. 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 processes compelled the NDA to address urgently the issues raised on the Agency's abilities to respond effectively to programmes that contribute to poverty eradication in the country.

### 5.1 Performance environment

The NDA has, since its inception, approached its mandate from a civil society grant-making approach, which at the time was relevant and brought hope for CSOs. The NDA was seen as a 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. These included capacity-building and resource mobilisation. However, the current economic environmental 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". For a programme based on this concept, a number of assumptions are made when it is applied to developmental programmes in an environment of high levels of poverty and inequalities. It, therefore, makes it 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 used controlled targeting to fund community projects.

The project formulation approach brought in a number of development elements which included: community identification 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 was perceived to be very selective, not inclusive and non-transparent as civil society has no role to play in making a decision whom to fund and whom not to fund.

## PART A: STRATEGIC OVERVIEW

The environmental scan conducted by the NDA for the strategy review process triggered dissatisfaction on this grant-funding approach from civil society. Civil society dissatisfaction stemmed from the view, firstly that the NDA unilaterally decides whom to fund and what to fund; and 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 in terms of access to funding. The issues raised above are key in reforming and redirecting the NDA development approach, which required the Agency to work through the sector. However, funding of CSOs remain a critical component of CSO development through ensuring effective resource mobilisation and CSO sustainability strategies, which form part of interventions through the NDA programmes.

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

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

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 to local development agendas. The sector has been facing critical structural and environmental challenges, making it difficult to thrive at the best of its potential. The sector has also been facing coordination and unification challenges 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 real terms, has been growing over the years. The number of NPOs that are registered with the NPO Directorate of the Department of Social Development is increasing every year. The Department of Social Development, is reported to have over 150 000 NPOs registered on its database, however, the number of non-compliant NPOs is also very high – over 60% of the total number of registered NPOs. Of further concern is that 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 by 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 in their allocations, many would not qualify because they are not compliant with the registration requirements of the NPO Act and accounting for funds in terms of the PFMA.

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 with 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.

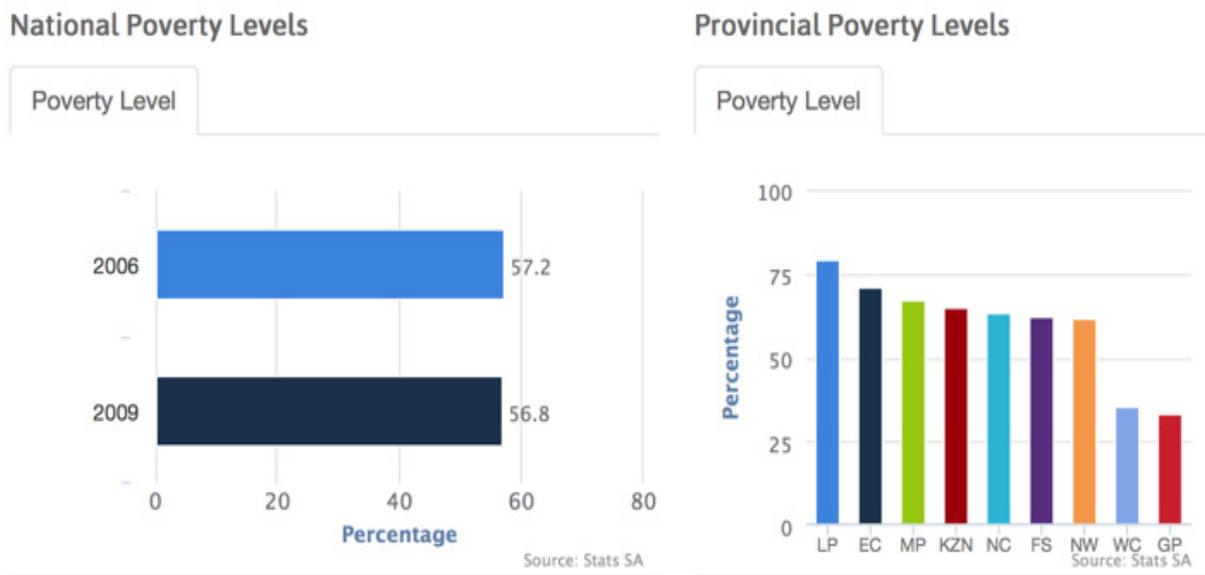
Key among the present social development deliverables of the state are the social grants that have acted as buffers against chronic poverty and extreme destitution, namely child support grants, old-age grants, care dependency grants, grants-in-aid, disability grants, foster care grants and war veterans' grants. In 2014/15, about one third, (32%) of South Africans benefited from the social grants, which was reported to be 16 642 643 South Africans. Children constitute the largest number of grant recipients at about 11.7 million grants beneficiaries showing an increase of over 600 000 beneficiaries from the previous year.

In South Africa, 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 grants figures. The NDA, working with the social development cluster, has an opportunity to mobilise 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 NDP published in 2011 (Stats SA, 2015). While there is a slight improvement in a number of areas as borne 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 regarding the causes of these challenges, which are mostly caused by unemployment, a low economic growth rate and the inability of macroeconomic forces to meet 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 the 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 (ECD) needs of those aged 0 – 4 years pays significant dividends. South Africa has, in this regard, made comprehensive ECD programmes a very important educational priority. The ECD programmes are offered at day-care centres, crèches, playgroups, nursery schools and 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 at 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, either due to lack of facilities and means, miss out on early-childhood development programmes, which are critical to breaking the cycle of poverty.

## PART A: STRATEGIC OVERVIEW

The survey further indicates that nationally, 33,4% of individuals aged 5 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.

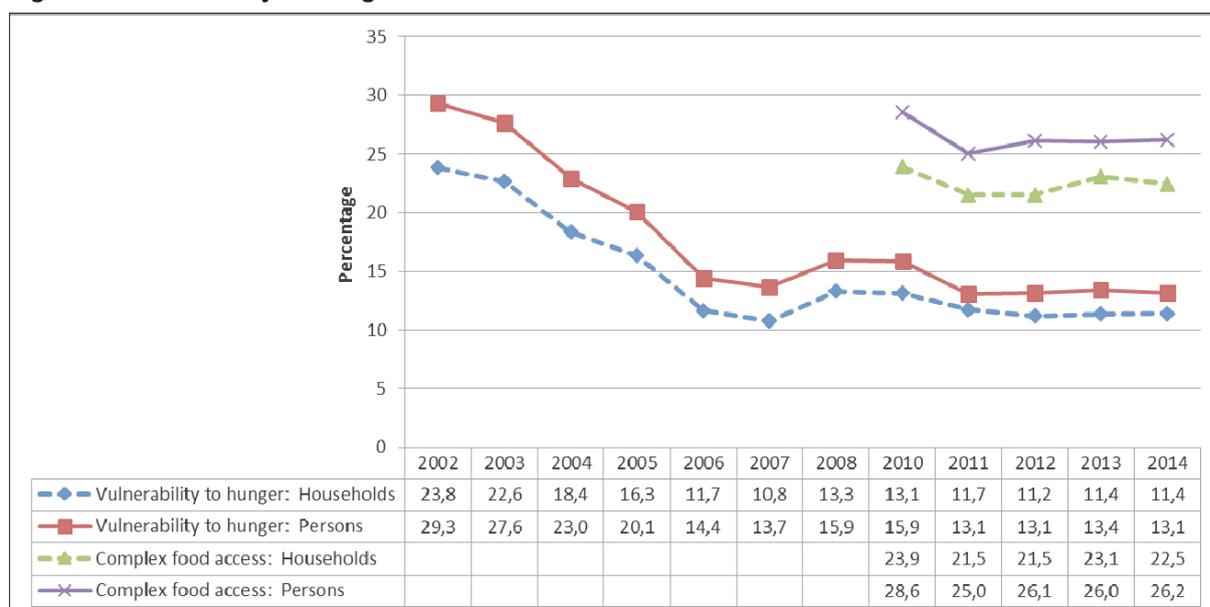
The percentage of learners who reported that they were exempt from paying school fees increased from 0,4% in 2002 to 65,4% in 2014. Provinces with the highest proportions of learners exempt from paying school fees were Limpopo (92%) and Eastern Cape (81,5%). Learners were least likely to benefit from the 'no fee' system in Gauteng (45,3%) and 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 Western Cape (94,6%) and Gauteng (90,9%) had access to adequate sanitation, while about half of those had access 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 was 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**



(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 National Planning Commission was set up to develop a long-term vision for the country's development agenda. The National Planning Commission produced a review report and the NDP – Vision 2030. The NDP was adopted by the ruling party at its national conference in Mangaung, as the policy and strategy for addressing development issues in South Africa. This plan was then approved by government as the overarching plan for the country.

The NDP is comprehensive in its approach and identifies areas that South Africa must focus on for responding to the challenges of poverty, unemployment and inequalities. Following the adoption of the NDP 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 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 the 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 aspiration and expectations of the NDP 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 2017/2022, management sought to anchor its strategy, going forward, on current national and global policy and strategic frameworks, which are discussed above. In addition, the NDA understands that South Africa exists in a global community, to which the NDA has to contribute to positively.

The NDA owes its birth to a deliberate process born out of realisation that the scourge of poverty was real, and that experience in South Africa and globally supported the view that CSOs are important partners in the fight against poverty, which has skyrocketed to 45.5% 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, and the actual location of the NDA within government have 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 existed for the past 10 years. The questions are: what impact has the NDA had in their mandated areas and to what extent can the NDA, going forward, contribute to addressing challenges which 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 which were funded by the NDA lacked sustainability and have since died.

The legislative mandate of NDA is very clear about the importance of CSOs as primary stakeholders in and partners of the NDA, and the support that must be extended to them. Indeed, the history of the NDA is very much anchored in the desire to support the 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 is implementing 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

## PART A: STRATEGIC OVERVIEW

approach. This will ensure that the 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 a lack of accountability by 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 the 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 all 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 about 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 limited in terms of implementing programmes that are effective in positively contributing towards poverty eradication. The understanding should be that the NDA as an Agency and its programmes are not a panacea for the eradication of poverty in South Africa.

The mandate suggests that grants to CSOs through the NDA must have a primary objective of building 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 on 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 bringing interventions into poor communities is an appropriate platform for the NDA. It is for this reason that the NDA approach towards CSO development is aligned to the social development sector approach of Mikondzo.

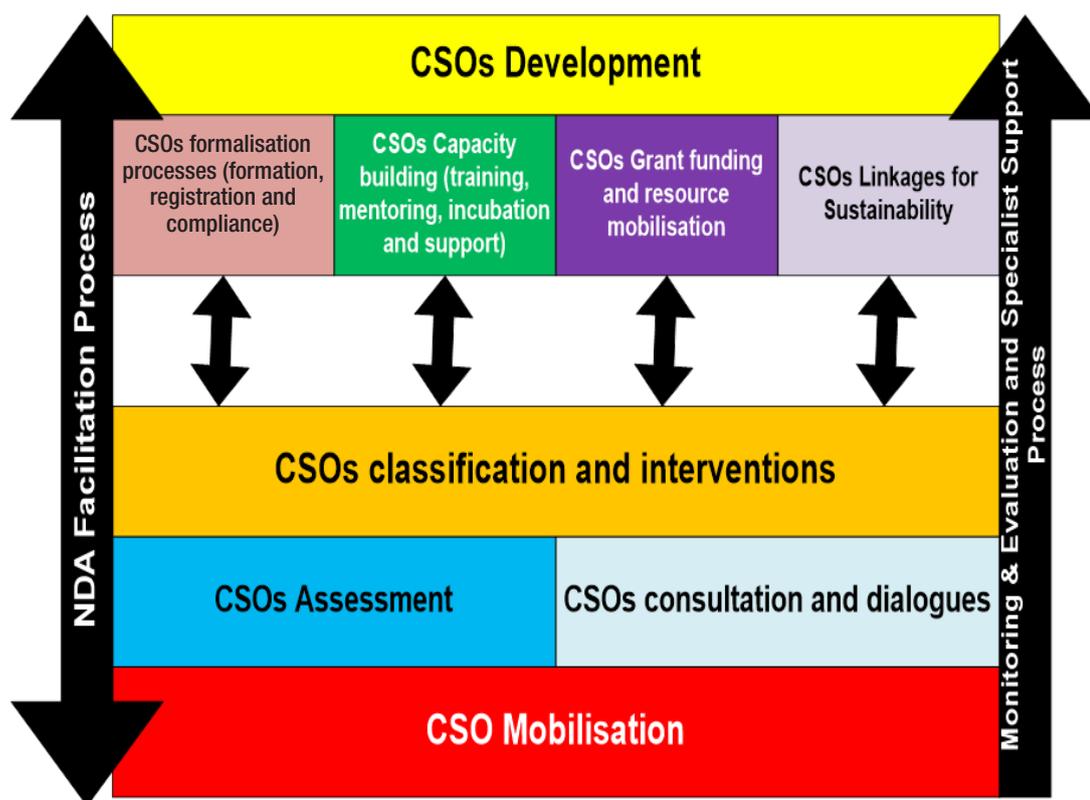
The main aim of the NDA is to develop CSOs in all poor communities, across all provinces. Its interventions have been defined and the target is the community-based organisations providing services or opportunities to improve the livelihood of people living in poor communities. The strategy is based on the Agency 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 operating 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, consultation and dialogues with communities and the civil society sector. This will allow the Agency to have a niche and focus. The model also assesses and identifies needs that would require specific developmental interventions for the community-based organisations that will be offered by the NDA and develop linkages with other institutions (public or private) for referral to provide development support in areas outside of the NDA mandate.

The focus of the NDA is on new and struggling CSOs that need support to improve and sustain their community-based programmes.

Figure 3: NDA CSO Development Model



The NDA has defined different levels of development of the CSOs. During the processes of community engagements and profiling, the NDA will conduct an assessment to measure the level of development of these organisations:

- I. **CSO mobilisation** – The CSO mobilisation process requires the NDA to provide clear operational processes on the following key areas to ensure that CSOs are properly supported to achieve efficient levels of development. These are:
  - a. **CSO consultation and dialogues** – The aim of this section of the framework is to guide NDA staff on the basic methodology, which will assist in approaching CSO dialogue/consultation at local level, in a way that will set up the major motivation requirements of all actors participating in the CSO mobilisation process.
  - b. **CSO needs assessment** – Civil society assessment is a process of understanding and analysing the context and organisational dimensions of CSOs based on a set of principles, indicators, and other information. Such assessments may be initiated by various actors including government departments, government agencies, donors, the private sector, or civil society networks or organisations themselves.
  - c. **CSO classification** – The effective design of appropriate interventions for CSO development requires a targeted approach. For interventions to have the maximum impact, CSOs assessed should be classified and categorised according to identified needs. The CSO development should provide a description and classification of CSOs based on assessed needs and types and levels of interventions required for improving the operations of the CSO.
- II. **CSO formalisation** – The NDA will be required to facilitate and support CSO formalisation processes to ensure that organisations existing in different forms can be assisted to grow and be formalised. The formalisation process will be informed by the two registration authorities, the Non-profit Organisations (NPO) Act of 1997 and the Co-operatives Act of 2005. In both Acts, there is a set of procedures that needs to be followed in order to register or formalise the organisation.
- III. **CSO capacity-building (training, mentoring, incubation and support)** – The CSO institutional strengthening intervention is aimed at building and institutionalising organisational capabilities to respond to their programmatic needs and compliance to registration and Public Finance Management Act (PFMA) for those CSOs funded by government.

## PART A: STRATEGIC OVERVIEW

**IV. CSO resource mobilisation** – Resource mobilisation is a strategic process that is grounded in effective organisational management, brought to life by creative communication, and maintained through nurturing stakeholder relationships. This reinforces the assertion that resource mobilisation should be considered a core institutional function, rather than just a string of ad hoc activities. The section provides a guide of information and activities that can help the CSO development process to:

- plan resource mobilisation in a strategic, mission-driven — as opposed to donor-driven — manner;
- build skills in proposal writing, handling face-to-face meetings, and communicating key messages;
- design, implement and monitor resource mobilisation activities; and
- learn how other development research organisations in the region have addressed resource mobilisation challenges.

**V. CSO grant funding and sustainability** – The NDA Act allows the NDA to provide grants to CSOs through its own allocation and through being a conduit for government, foreign government (bilateral and multilaterals), private sector (corporate), international organisations and philanthropists (local and international). Secondly, the NDA may grant funds to CSOs from its allocation from National Treasury. The NDA grant-funding approach to CSOs will be aimed at developing the organisations to ensure they have the capacity to deliver quality services, attract more funding based on their performance records, sustain the organisations that can assist the organisation to expand and reach more people in poor communities where they operate.

The NDA grant-funding approach to CSOs is aimed at developing the organisations to ensure they have capacities to deliver quality services, attract more funding based on their performance records, sustain the organisations that can assist the organisation to expand and reach more people in poor communities where they operate. All organisations funded through the NDA for implementing programmes or projects should have been assessed for compliance with registration requirements, financial management record, accountability, capacity to implement and have a sustainability plan to ensure that the organisation will have the potential to grow and be sustainable.

The NDA has to ensure that these organisations are supported and continuously developed through capacity-building interventions, resource mobilisation interventions and sustainability interventions. A sustainable CSO is one that can continue to fulfil its mission over time and, in doing so, meets the needs of its key stakeholders – particularly its beneficiaries and supporters. As such, sustainability should be seen as an ongoing process, rather than an end in itself. It is a process that involves the interaction between different strategic, organisational, programmatic, social and financial elements.

### 5.2.3 Packaging of NDA services

The redesigning of NDA focus areas and the packaging of services will be delivered at district level. This then requires the NDA to establish district offices; first in the most deprived districts and 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 to establish offices in all nine provinces to ensure that its services are closer to where people reside and where CSOs operate. These district offices will be the centres where all NDA services are delivered and these offices have all the requirements to support the interventions outlined in the CSO Development Model. These district offices will, however, require investment capital to set them up and get them in a state where they are fit to deliver. The medium to long-term strategy is to have the NDA establish an office in each of the 52 districts in the country. However, this will be implemented in an incremental manner and informed by available resources to establish these offices.

**Human resources** – Each district office will require skills at a level to deliver the package of services defined in the model. This will require a combination of up-skilling 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, account and respond to the needs of CSOs in the district.

**Capital cost** – The approach and package of services planned for this model will require investment in appropriate infrastructure to deliver the 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 incubation of the CSOs and any community members who require a skill provided by the NDA to support community development efforts. Each district office must have the ability to provide information technology needs for both NDA staff and CSOs who may want to access information from these centres.

This business operating model provides the NDA with 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 presented the NDA with a rationale to revise and articulate its strategy and focus areas. The strategy, therefore, provides parameters for outlining its CSOs development interventions, 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 assets. This is the major risk that the NDA is trying to avoid for the state to face in the not-too-distant future.

### **Financial resources**

The NDA revised its strategy and business model in response to the review process. The business model is based on the decentralisation of NDA services to districts, which requires the setting-up of 27 district offices across nine provinces and increasing its staff complement from 135 to 587 employees over the MTEF period 2017/2018 to 2019/2020. This model requires substantial financial resources. The current baseline allocations from the fiscus over the MTEF are, however, not sufficient to fully implement the revised strategy.

Processes to secure the shortfall between the current baseline allocations and the full financial resource requirements to implement the strategy have already commenced. Funding of the shortfall between the current baseline and resource requirements to implement the revised model will be based on long-term and medium-term approaches. The medium to long-term approach to funding is based on approval of function shift process and budget readjustment from National Treasury.

Over the years the NDA 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 it started to implement the resource mobilisation 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 adjustment. 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 for efficient planning and management.

### **Human capital**

Critical human capital will be required to support the NDA's proposed business model over the MTSF. 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 re-aligned and redefined, including the skills required at all three levels, the business organisational structure to support all elements of the model and matching of skills sets to job profiles required to deliver and respond to the operational requirements. The following are key in implementing the reforms of the NDA:

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

Organisational change management processes need to be 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 that have been put in place for a change management model for the NDA.

## PART A: STRATEGIC OVERVIEW

### Phase 1 – Key activities

- Establishing a compelling case for change and craft vision
- Conducting the NDA's organisational cultural assessment
- Building change elements into programme design
- Preparing and implementing the NDA communications plan

### Phase 2 – Key activities

- Identifying and employing key NDA change agents
- Creating cross-functional NDA teams
- Designing organisation-wide change programme
- Rolling out the change and transformation communication strategy

### Phase 3 – Key activities

- Rolling out the change management programme at the base
- Measuring and monitoring change management
- Embracing learning and knowledge sharing
- Providing needed training support and mentorship
- Facilitating bottom-up and top-down communication

Human capital processes and policies have been aligned to the new operating model. The new human resource processes and policies will enhance the implementation of this business model. The recruitment process and job matching to functions are informed by the new operating model of the NDA to ensure that the right skills mix and number of human resources are matched with service delivery levels (districts), the supervisory and technical support level (province) and the strategic and policy level (national). This alignment will greatly enhance the efficiencies of the NDA.

### Internal processes

The NDA Information Communication & Technology (ICT) enabler is being designed to integrate and unify all of the discrete elements that make up the business workload – not just the NDA business operations – 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, will be able to enforce an enterprise-wide baseline for standards and methodologies. A workflow process engine consisting of simplified configuration with customised coding and advanced audit trails will be available for all critical changes, including providing document management, with full version control, check-in/check-out, and full content-search capabilities.

The benefits of this ICT model with regard to supporting the proposed business operations are the following:

- The technology-enabled functions in the NDA are to be integrated into the social development sector, including the civil society sector, with the information and support to be aligned with the demands required to meet objectives with available resources.
- The NDA monitors and reports on the progress of all CSOs who have access to 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 related benefits.

The following are key activities in the development and establishment of a functional and responsive information technology infrastructure and system to support the business model of the NDA.

### **Business mapping**

- Define high-level plan.
- Mobilise and launch integrated project teams.
- Create NDA business strategy with provincial client departments.
- Quantify/Qualify current processes.
- Define 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 organisational 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 operating model, the NDA must increase its footprint and establish fully functional district offices. These access point infrastructure must take into consideration how it 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 skills set and infrastructure are available for purposes on community and CSO needs.

The physical infrastructure, to meet the business demand, will not only affect the space required for doing business at district level but also the appropriate infrastructure for accommodating provincial and head office operations. The establishment of NDA infrastructure has been informed by an assessment process to match the physical space requirement and location of these offices. These are some of the drivers for reconfiguration of physical infrastructure requirements:

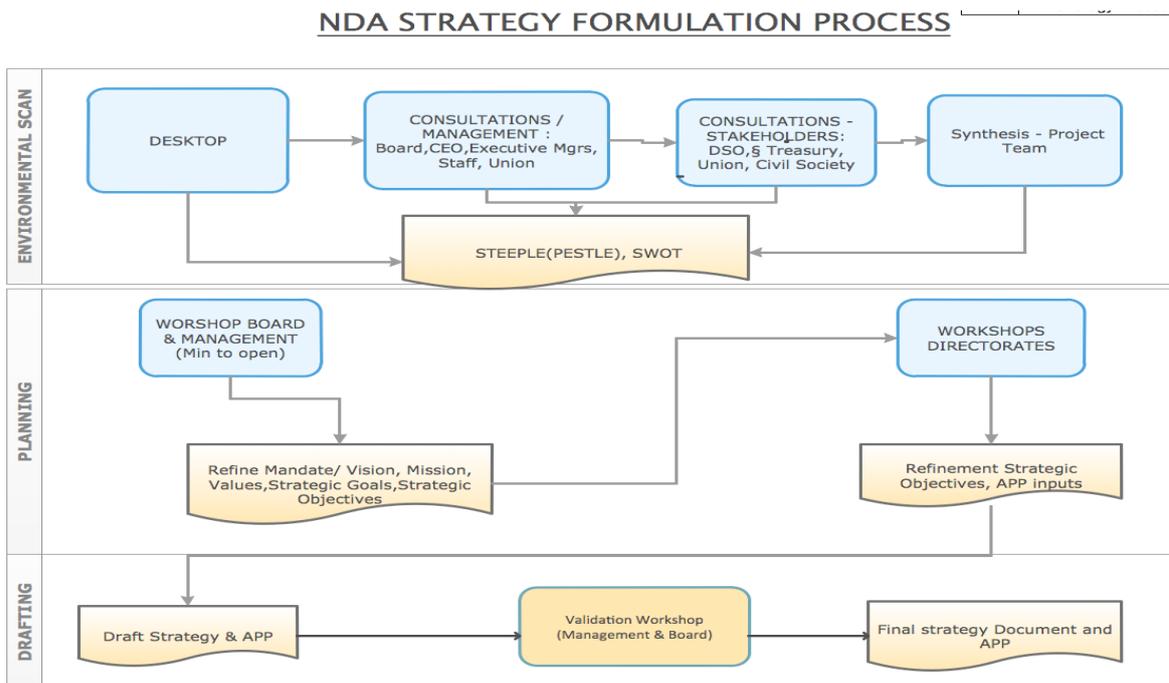
## PART A: STRATEGIC OVERVIEW

- Office space to accommodate personnel in Head Office, provincial offices and NDA district offices.
- Work stations (furniture, ICT hardware, software and connectivity especially in new sites).
- ICT infrastructure for communities to access information and used by NDA to share information with the target population and stakeholders on NDA work with 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 Regulation 30.1, together with the National Treasury's Framework for Strategic and Annual Performance Plans, the NDA embarks on a strategic planning process, which involves key staff and board participation each year. 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 inputs have thus been taken into consideration in this strategic planning exercise.

**Figure 4: Strategy Formulation Process**



During the 2015/2016 financial year, the NDA underwent a process of repositioning as a response to the outcome of the NDA review undertaken by the National Department of Social Development at the request of the National Treasury. The outcome of the review, together with the environmental scan, was used as the basis for the development of the new NDA business case, which prompted the development of the current NDA Strategic Plan and Annual Performance Plan (APP).

The current NDA Board started in April 2016 after the NDA business case was finalised, including the tabling of both the Strategic Plan and the APP in Parliament. The NDA Board therefore embarked on a board strategic session in order to build rapport and synergy on the NDA business case including a service delivery model so as to establish a common ground among boardmembers and stakeholders and the direction that the NDA should take. The inputs provided by the board require that the NDA provides CSO financial support as part of development, as articulated in the National Development Agency Act, 1998, as amended.

## NDA strategic priorities and focus

The strategic planning process concluded that the NDA business case be revised with the Board inputs and the Agency 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, which is the responsibility of the National Department of Social Development. The NDA strategy will have three programmatic areas, with subprogrammes for Programme 2 of the NDA.

The business operating model is anchored and driven by imperatives of increasing its footprint across the nine provinces and the social development sector approach of Mikondzo. This approach requires the NDA to decentralise its business model to operate and focus on the areas identified by government as high-poverty-level 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 CSO development and institutional capacity strengthening to enable these organisations to improve their operations. If these CSOs are provided with comprehensive development interventions, which include formalisation, insitutional capacity-building, resource mobilisation and sustainability as a package, they are likely to remain compliant with registration regulations and compliance requirements.

Finally, working with the social development sector, the Mikondzo approach 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 operating model, the NDA has redefined its programmes. The NDA strategy has identified four programmes, which include governance and administration of this 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: CSO development** – The programme provides a comprehensive package that is aimed at developing CSOs to their full potential so as to ensure that CSOs, especially those operating in poor communities, have capabilities to provide quality services to the communities they are serving. This programme will have the following subprogrammes to ensure that the full comprehensive package of services are efficiently delivered and accounted for:

- **Subprogramme 2.1: CSO mobilisation and formalisation** – Focuses on engagements, assessments and needs analysis for CSOs, prioritisations of interventions required by CSOs, facilitating registration of CSOs that need support to register with appropriate registration authorities (NPO and Cooperatives).
- **Subprogramme 2.2: CSO institutional capacity-building** – The subprogramme will focus on strengthening institutional capacities of CSOs across all districts and local municipalities in nine provinces. The subprogramme will focus on organisational development for the CSOs to ensure that these organisations have sound systems, processes and capabilities to deliver quality services, comply with good governance, accountability and reporting requirements of a CSOs. The capacity-building interventions will be provided through training, mentoring and incubation to all CSOs assessed and requiring institutional capacity-building development.
- **Subprogramme 2.3. CSO resource mobilisation (financial and non-financial resources)** – The subprogramme focuses on all resources (government, foreign governments, international agencies, and private sector) mobilised for purposes of strengthening the CSO capabilities, funding levels, and increasing CSO coverage and services.
- **Subprogramme 2.4. CSO grant funding and sustainability (linkages to resources, networks and grant funding)** – The subprogramme focuses on ensuring that all CSOs assessed for development needs are linked to appropriate available resources, are supported to establish or strengthen networks that can provide a range of development opportunities, and are provided with grants that can ensure their sustainability and growth.

## PART A: STRATEGIC OVERVIEW

**Programme 3: Research and development** – The programme will focus on action research and impact evaluation studies that will be used to inform programme planning, implementation and management of NDA CSO development programmes. In addition, the programme will promote and inform national development policy debates and engagements with the CSO sector and state organs 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.

These programmes will guide the NDA annual and operational planning processes, including resourcing over the MTSF period. The strategy, therefore provides direction on how the NDA will incrementally, over the years, reform its operations towards meeting the needs of the CSOs operating in the country and expand its services so as to make a meaningful contribution to the national goals of reducing poverty, inequalities and unemployment.

### Strategic imperatives

The NDA process of reorganisation and restructuring will be implemented over a period to ensure that its structure is properly 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 continuously evaluate all staff members to ensure 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 new functions and responsibilities.

Further, the NDA will continue to align its information technology systems, policies, procedures and operation manuals to ensure that the Agency better responds to the demands and needs of the civil society sector. The ICT systems and processes have to also be structured with an outward looking perspective to ensure that they 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 Agency systems, policies and procedures must be properly aligned to respond to the sector needs effectively.

The NDA has developed a new communications and marketing strategy, which will focus on building relevance of the NDA especially by the CSO sector and government. It is aimed at creating a new positive image of the NDA amongst all stakeholders. This will ensure that the NDA enhances its own brand and identity across all platforms

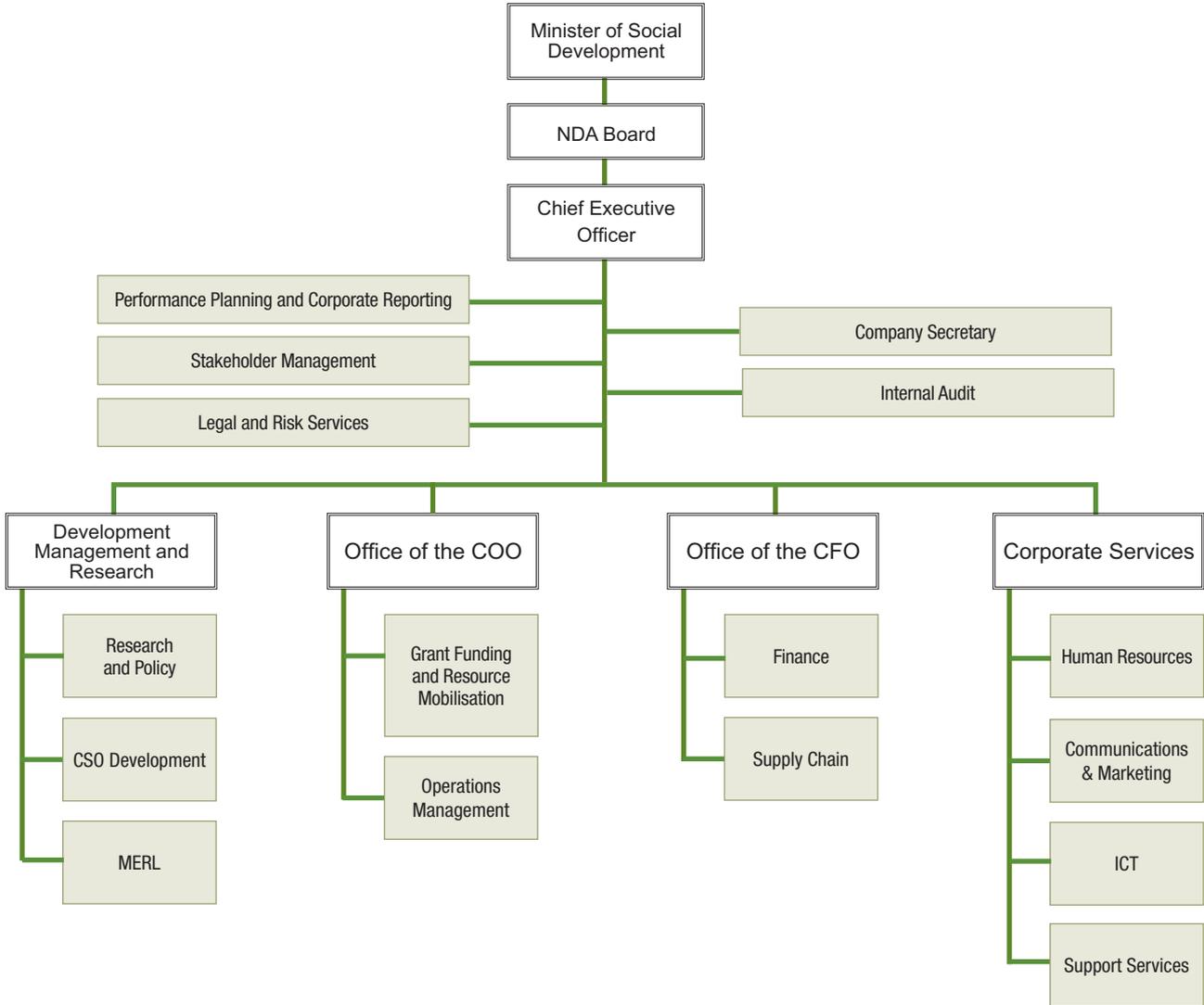


6. Strategic outcome-oriented goals of the institution

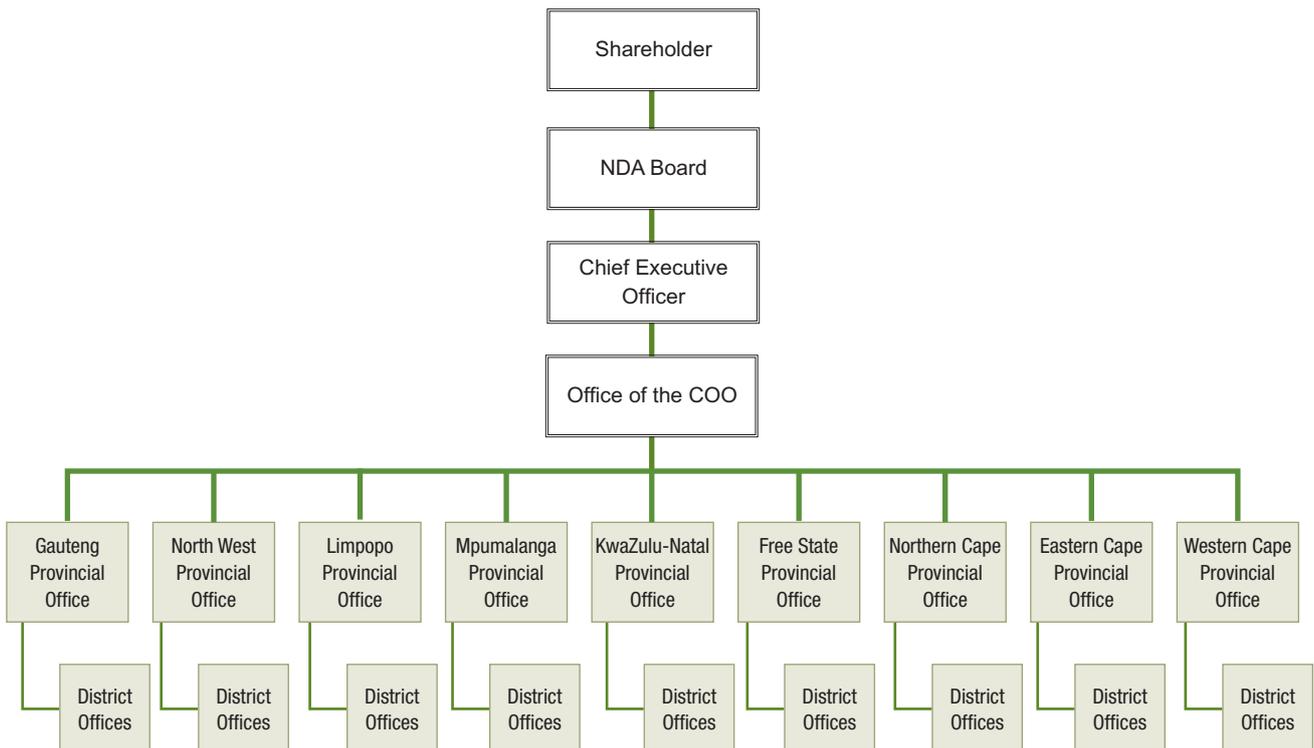
<b>Strategic outcome 1</b>	<b>Developed and strengthened internal systems, processes and human capability to deliver efficiently on the NDA mandate</b>	
	<b>Goal statement 1</b>	Implement financial management, information technology, human resource and communications systems and processes to achieve good governance by 2021/22.
<b>Strategic outcome 2</b>	<b>To increase the number of CSOs that have access to development interventions aimed at developing their capabilities to efficiently manage, mobilise resources and sustain themselves for purposes of improving the quality of services provided by the organisations in poor communities.</b>	
	<b>Goal statement 1</b>	Conduct engagements, dialogues, assessments and needs analysis for CSOs to identify the type of development interventions required by CSOs including facilitating formalisation of the organisations to ensure an increased number of CSOs provided with CSO development interventions including registration by 2021/22.
	<b>Goal statement 2</b>	Implement institutional capacity-building interventions for purposes of improving CSO organisational management, compliance and reporting through training, mentoring, incubation and continuous support to ensure increased number of CSOs capacitated and developed by 2021/22.
	<b>Goal statement 3</b>	Conduct resource mobilisation activities aimed at increasing funding streams for CSO development to ensure increase in the value of funds available for CSO funding from government, foreign governments and private sector by 2021/22.
	<b>Goal statement 4</b>	Implement interventions that ensure sustainability of CSOs through establishing linkages for access to resources, creating local, provincial and national CSO networks and increasing the number of CSOs funded through NDA facilitated funding conduits and the NDA by 2021/22.
<b>Strategic outcome 3</b>	<b>Provide empirical information from research and evaluation studies to inform national development policy formulation, debates and engagements between the CSO sector, the State and the private sector to ensure that CSO participation in development policy is increased by 2021/22 .</b>	
	<b>Goal statement 1</b>	Increase the number of research and evaluation publications, engagements and debates that inform the formulation of national development policies and programmes focusing on poverty eradication initiatives.

# PART A: STRATEGIC OVERVIEW

## NDA Organisational Structure



## NDA Provincial Structure





## 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 communications

The NDA will, through its marketing and communications programme, put emphasis on partnerships and brand-building initiatives targeting the 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 Medium-term Expenditure Framework (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 & Information Systems, the 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 continuously align the structure to maximise efficiencies. The NDA will continue to bring about improvement and efficiencies by implementing the following strategies:

- Creating a conducive working environment that fosters employee performance and growth.
- People management and development.
- Effective leadership to drive strategic execution and organisational performance.
- Institutionalisation of NDA values to drive the organisational culture.

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

#### Finance, supply chain management and ICT

The NDA has reviewed and strengthened policies on cost containment, supply chain management and internal controls. These policies and strategies are aimed at promoting prudent and efficient expenditure management, improving compliant environment and effective internal controls. The organisation has developed and is implementing 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 provide a combined assurance on management of key risks and internal controls. This is implemented through assessing mitigating controls, strengthening of internal control environment, organisational performance monitoring and evaluation, as well as facilitating governance oversight.

## 7.2 Programme 2: CSO development

<b>Strategic outcome 2</b>	<b>Increase the number of CSOs that have access to development interventions aimed at developing their capabilities to efficiently manage, mobilise resources and sustain themselves for purposes of improving the quality of services provided by the organisations in poor communities.</b>	
	<b>Goal statement 1</b>	Conduct engagements, dialogues, assessments and needs analyses for CSOs to identify the type of development interventions required by CSOs, including facilitating formalisation of the organisations to ensure an increase in the number of CSOs provided with CSO development interventions including registration by 2021/22.
	Baseline	New goal statement
	<b>Goal statement 2</b>	Implement institutional capacity-building interventions for purposes of improving CSO organisational management, compliance and reporting through training, mentoring, incubation and continuous support to ensure that an increased number of CSOs are capacitated and developed by 2021/22.
	Baseline	The number of 7277 CSOs were capacitated in institutional strengthening between 2013/14 – 2015/16.
	<b>Goal statement 3</b>	Conduct resource mobilisation activities aimed at increasing funding streams for CSO development to ensure an increase in the value of funds available for CSO funding from government, foreign governments and the private sector by 2021/22.
	Baseline	A total of R275.7 million resources mobilised for CSO development between 2013/14 – 2015/16.
	<b>Goal statement 4</b>	Provide grants to all assessed CSOs with critical development needs and link them to appropriate activities to ensure that they achieve levels of development that are sustainable in the medium to long term by 2021/22.
Baseline	A total of 154 CSOs, including cooperatives, were funded in 2015/16.	

**Programme 2: Civil society organisations development** – The programme provides a comprehensive package that is aimed at developing CSOs to their full potential so as to ensure that CSOs, especially those operating in poor communities, have capabilities to provide quality services to the communities they are serving. This programme will have the following subprogrammes to achieve the strategic goal and goal statements outlined above:

**CSO mobilisation and formalisation:** Focuses on CSO engagements, assessments and needs analysis for CSOs, prioritisations of interventions required by CSOs, facilitating registration of CSOs that need support to register with appropriate registration authorities (NPOs and cooperatives).

**CSO institutional capacity-building** – The subprogramme will focus on strengthening the institutional capacities of CSOs across all districts and local municipalities in nine provinces. The subprogramme will focus on organisational development for the CSOs to ensure that these organisations have sound systems, processes and capabilities to deliver quality services, comply with good governance, accountability and reporting requirements of CSOs. The capacity-building interventions will be provided through training, mentoring and incubation to all CSOs assessed and requiring institutional capacity-building development.

## PART A: STRATEGIC OBJECTIVES

**CSO resource mobilisation (financial and non-financial resources)** – The subprogramme focuses on all resources (government, foreign governments, international agencies, and private sector) mobilised for purposes of strengthening CSO capabilities, funding levels, increasing CSO coverage and services.

**CSO grant funding and sustainability** – The subprogramme provides grants to all assessed CSOs with critical development needs. This is followed by a process of linking these CSOs to appropriate activities to ensure that they achieve levels of development that are sustainable in the medium to long term.

### 7.4 Programme 3: Research and development

Strategic outcome 3	<b>Provide empirical information from research and evaluation studies to inform national development policy formulation, debates and engagements between the CSO sector, Government and the private sector to ensure that CSO participation in development policy is increased by 2021/22 .</b>	
	Goal statement 1	Increase the number of research and evaluation publications, engagements and debates that inform the formulation of national development policies and programmes focusing on poverty eradication initiatives.
	Baseline	24 research reports, evaluation reports, policy briefs and best-practice publications; 6 development policy engagements and dialogue dissemination sessions and 240 people attended development policy dialogues and engagements.

The programme will focus on action research and impact evaluation studies that will be used to inform programme planning, implementation and management of NDA CSO development programmes. In addition, the programme will promote and inform national development policy debates and engagements with the CSO sector and state organs 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 research and development programme seeks to link research, evaluations, 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 Agency will intensify its research and development approaches to ensure that policymakers and planners have accurate information to formulate policies and programmes outlined in the NDP.

Knowledge management is fundamental for documenting best-practice processes, lessons learned, programme design and implementation. The role of knowledge management is to ensure that all programmes and projects implemented by the NDA and its development stakeholders are documented and widely shared with stakeholders including the CSO sector. Information from research and evaluation will 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 to the consumers of the information. The expected outputs from this function will include handbooks, manuals, briefs and best-practice examples that can be used by all sectors in improving their programme effectiveness and efficiencies.

### 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 founding reserve' for the past nine years, which dried up in the previous financial year. This reserve, together with low disbursements of project funds, have 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 Agency in the short to medium-term.

## **Rising fixed costs**

The current NDA fixed-costs structure has been growing above the percentage of annual rate of growth of funding from all sources. This has meant that the NDA's current strategy is partly funded with contingent income streams, which are not in its books yet. The measures that management has implemented in the past and present have not been able to determine 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.

## **Future perspective**

The above financial perspective has impacted negatively 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 purely grant-funding model to an institutional capacity-building of CSOs in a 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 setup 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 grants contracts the NDA has with CSOs; a new programme area of CSO social mobilisation has been created and linked to the CSO 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 important to exercise financial prudence in assessing the NDA's ratio against 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.

## PART B: STRATEGIC OBJECTIVES

### Projection of human resources

The human resources projections are reflected in Table 2 below.

**Table 2: Human Resources Projections**

Directorate/Unit	Establishment as per the new draft structure	Filled posts	Vacant as per approved structure
Office of the CEO	7	4	3
Company Secretariat	2	2	0
Internal Audit	7	7	0
Office of the COO	13	10	3
Office of the CFO	17	12	1
Development Management and Research	14	6	0
Corporate Services	2	1	1
Stakeholder Management	2	1	1
Auxiliary Services	10	10	0
Legal Services	3	1	2
Communications and Marketing	9	6	3
Human Resources	9	6	3
Information Technology	14	5	9
Provincial offices	126	53	73
District offices	597	51	546
<b>TOTAL</b>	<b>832</b>	<b>175</b>	<b>645</b>

NB These are the projections for the next three years.

## 9. RISK MANAGEMENT

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

**Table 3: Top 3 Risks of NDA**

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.	Process of function shift from DSD to NDA not completed timeously to fully implement the new business model	High	Business case presented to National Treasury, DSD, HSDS and approved by MINMEC	High	Implementation of the Function Shift Plan	Business case and progress report on function shift presented to NT and MINMEC	1 April 2018	CEO/Board	All
2.	Inadequate resources to fully implement the NDA mandate	High	Business case presented to National Treasury and DSD  Resource mobilisation  Resource mobilisation strategy and implementation plan	High	Efficient and functional PMU:  -Increased and successful resource mobilisation initiatives  -Partnerships with stakeholders maintained  -Board political support	CSO mobilisation framework, standards, guidelines and tools	Ongoing	CEO/PMU	All
3.	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 2018	Corporate Services/IT	All

## PART B: STRATEGIC OBJECTIVES

Revisions to legislative and other mandates

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

### Budget per programme for the MTEF Period 2018-2020

	YEAR 1 (2017/18)	YEAR 2 (2018/19)	YEAR 3 (2019/20)	RATIO OF MANDATE & ADMIN AS % OF ALLOCATION
<b>REVENUE</b>	<b>200 913 000</b>	<b>212 578 000</b>	<b>224 482 000</b>	
Transfer from Department of Social Development	200 913 000	212 578 000	224 482 000	
<b>TOTAL EXPENDITURE</b>	<b>200 913 000</b>	<b>212 578 000</b>	<b>224 482 000</b>	
<b>PROGRAMME 1: ADMINISTRATION AND GOVERNANCE</b>	<b>83 692 430</b>	<b>88 462 667</b>	<b>92 197 942</b>	<b>42%</b>
Compensation of Employees	39 055 622	41 789 516	44 714 782	
Capital Expenditure	2 600 000	2 678 000	2 827 968	
Overheads and operating costs	42 036 808	43 995 151	44 655 192	
<b>TOTAL MANDATE COST</b>	<b>117 220 570</b>	<b>124 115 334</b>	<b>132 284 058</b>	<b>58%</b>
<b>PROGRAMME 2: CSO DEVELOPMENT</b>	<b>103 972 912</b>	<b>110 293 375</b>	<b>117 569 140</b>	
Compensation of employees	73 386 869	78 523 950	84 020 626	
Institutional capacity-building	15 408 000	16 332 480	17 247 099	
CSO engagements, needs assessment and support	15 178 043	15 436 946	16 301 414	
<b>PROGRAMME 3: RESEARCH AND DEVELOPMENT</b>	<b>13 247 658</b>	<b>13 821 959</b>	<b>14 714 918</b>	
Compensation of employees	8 557 348	8 906 362	9 529 808	
Commissioning and publication of research studies	3 767 400	3 955 770	4 177 293	
Monitoring and evaluation of programmes	922 910	959 826	1 007 817	
<b>SHORTFALL/ SURPLUS</b>	<b>-</b>	<b>-</b>	<b>-</b>	





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