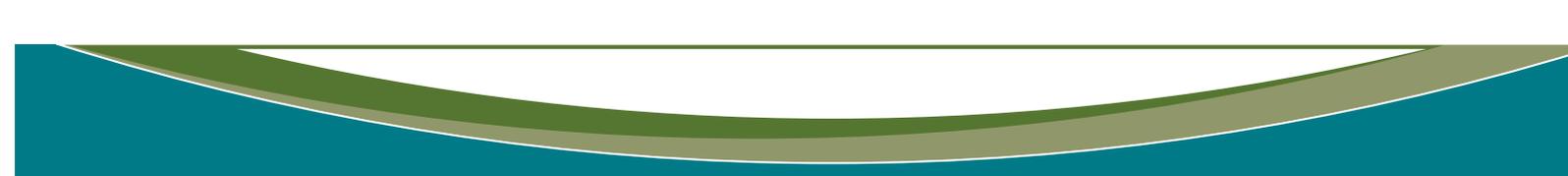




**NDA**

National  
Development  
Agency

National Development Agency  
**Strategic Plan 2014/15 - 2018/19**



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## ACRONYMS

AgriSETA	-	Agricultural Sector Education and Training Authority
BAT	-	Bartel Arts Trust
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 (ETDP SETA)
ENE	-	Estimates of National Expenditure
GAAP	-	Generally Accepted Accounting Principles
GCIS	-	Government Communication and Information System
HWSETA	-	Health and Welfare Sector Educational Training Authority
ICT	-	Information Communication Technology
KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
MoA	-	Memorandum of Agreement
MoU	-	Memorandum of Understanding
MTEF	-	Medium Term Expenditure 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

## **CHIEF EXECUTIVE OFFICER'S OVERVIEW**



**Dr Vuyelwa Nhlapo**  
**Chief Executive Officer**

## **CHIEF EXECUTIVE OFFICER'S OVERVIEW**

The National Development Agency (NDA) is entrusted with a critical mandate of contributing towards the eradication of poverty in South Africa. In delivering on this key government priority, the Agency has had a strategic reflection on its positioning in relation to the government-wide priorities and policy decisions, and the socio-economic and political environment. The NDA has specifically reviewed and aligned its role to the National Development Plan 2030 and positioned itself as a relevant, effective and efficient institution that can strategically leverage the capabilities and competencies of civil society to address the triple challenges of poverty, unemployment and inequality.

The NDA's role needs to be more facilitative and supportive as opposed to being a direct implementing agency of programmes and projects in poor communities; as well as interventions aimed at enhancing the delivery capacity of civil society organisations.

### **Delivery on the NDA Mandate**

The NDA Act 108 of 1998, as amended, instructs the Agency to “strengthen the institutional capacity of other civil society organisations involved in direct service provision to poor communities”. Historically, the Agency has not devoted sufficient strategic focus and resources towards this area. The broader civil society movement has criticised the Agency on its performance in this area and have repeatedly appealed for more resources to be directed at strengthening their institutional capacity. There is broad acknowledgement, from both government and civil society, that community groups perform critical functions in enabling poor communities to access government services.

## CHIEF EXECUTIVE OFFICER'S OVERVIEW

### **Repositioning CSOs as effective partners in addressing poverty, unemployment and inequality**

The Department of Social Development (DSD) has reported that by the end of the 2012 financial year, it had registered 85 248 not for profit organisations. A trend analysis, however, revealed that most of the registered organisations were de-registered at the end of that particular year due to non-compliance with the regulatory provisions of the Non-Profit Organisations (NPO) Act.

The NDA took a deliberate and strategic decision to focus on some of these organisations as they are a key component of the service delivery chain. This will also assist in unlocking some of the resources for service delivery in poor communities, thereby enhancing capacity to significantly impact on poverty, unemployment and inequality.

### **Enhancing accountability and impact**

The Department of Social Development reportedly transfers R4.5bn annually, at national and provincial levels, to developmental welfare organisations. Most of these organisations are unable to deliver quality services to poor communities, and report on these funds owing to institutional and technical capacity constraints. The NDA will therefore partner with government departments that provide services to the poor through civil society organisations (CSOs) and specifically manage funds and source (internally and externally) expertise to strengthen the capacity of these CSOs.



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**DR VYELWA NHLAPO**

**CHIEF EXECUTIVE OFFICER**

## OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

Was developed by the Management of the National Development Agency under the guidance of the NDA Board and the Department of Social Development. It takes into account all the relevant policies, legislation and other mandates for which the National Development Agency is responsible; and

It accurately reflects strategic outcome oriented goals and objectives which the National Development Agency will endeavour to achieve over the period from 2014/15 to 2018/19.

**Mr Phumlani Zwane**  
**Chief Financial Officer (CA, SA)**

Signature:



**Dr Vuyelwa Nhlapo**  
**Chief Executive Officer**

Signature:



**Mr Malose Kekana**  
**Chairperson of the Board**

Signature:



*Approved by:*

**Ms Bathabile Dlamini**  
**Minister of Social Development**

Signature:



**PART A:**



## PART A: STRATEGIC OVERVIEW

### 1. Our Vision

A society free from poverty

### 2. Our Mission

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

### 3. Our 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
- Partnering

### 4. Our Legislative Mandate

The NDA is a public entity, listed under Schedule 3A of the Public Finance Management Act (PFMA). It was established by the National Development Agency Act, (Act No 108 of 1998 as amended), and reports to the Parliament of the Republic of South Africa through the Minister for Social Development.

Its primary mandate is to contribute towards the eradication of poverty and its causes by granting funds to civil society organisations (CSOs) to:

- Implement development projects in poor communities
- Strengthen the institutional capacity of CSOs that provide services to poor communities

**The secondary mandate is to:**

- Promote consultation, dialogue and sharing of development experience between CSOs and relevant organs of state
- Debate development policy
- Undertake research and publication aimed at providing the basis for development policy.

## 5. Aims and Objectives of the 5 Year Strategic Plan

The purpose of this 5-year strategic plan is to provide a roadmap for the NDA over the Medium Term Strategic Framework (MTSF) period. The aim is to guide the Agency on how to make a positive contribution to the 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.

### The objectives of the NDA strategic plan are:

- To position the NDA as the primary Agency that strengthens 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 the NDP vision 2030
- To align the Agency's programmes and projects to support the actions required to achieve the objectives of the social protection chapter of government's programme of action;
- To streamline internal processes to support effective and efficient operations of the Agency in order to support the stated outcomes of the strategy
- To provide the overview of financial and non financial resource base required to achieve the stated outcomes of the Agency's Strategic Plan.

### Purpose Statement

To contribute towards the eradication of poverty, inequality and unemployment by increasing the capability of CSOs that deliver development programmes.

## 6. Situational Analysis

The NDA, in its years of existence, has gained experience in working with CSOs in poor communities. Through this, the NDA has invested in processes, infrastructure and capacity building model to support NPOs in the country. Since its inception, the NDA has managed to contribute towards poverty eradication through providing grant funding to CSOs to the value of R1 162 015 676. This amount does not begin to address the tip of the challenges of poverty in poor communities. The NDA therefore acknowledges its limited funding from government that has prevented it from expanding its footprint to all poor communities. It is for this reason that NDA has identified, as part of its strategic thrust, mobilising resources and building partnerships with other development partners.

The Diagnostic Review by the National Planning Commission (NPC), reveals that the high levels of poverty and inequality have a historical basis in apartheid and are driven principally by the fact that there is very high unemployment and that the quality of education for the majority of the population remains poor. Central to addressing these challenges sustainably over time, is our ability to create jobs for more people and to improve the quality of education, especially for poor black people.

The key strategic objectives as outlined in the diagnostic report are the elimination of poverty and the reduction of inequality. South Africa is considered an upper middle-income country by virtue of the average national income per capital.

Reaching children in the age group 0–4 years with the intention of providing state support for early childhood development (ECD) programmes is a very important educational priority. These programmes can be offered at day-care centres, crèches, playgroups, nursery schools or pre-primary schools. At the time of the 2012 General Household Survey (GHS), 37% of 0–4-year-olds attended these kinds of institutions. Children in Free State (46,7%) and Gauteng (45,7%) were the most likely to attend these centres, while children in Northern Cape were least likely to do so (25,6%). The survey found that children of this age group who lived in Mpumalanga (81,2%) and KwaZulu-Natal (71,3%) were most likely to receive ECD stimulation whether it was at home or at a centre. Children living in Western Cape (56,9%) were the least likely to receive this kind of stimulation.

**(General Household Survey (GHS), 2012)**

With regards to social security, the 2012 GHS indicates that the percentage of individuals that benefited from social grants has increased from 12,7% in 2002 to 29,6% in 2012. Simultaneously, the percentage of households that received at least one grant increased from 29,9% to 43,6%. Individuals in Eastern Cape (40,3%), Limpopo (37,7%) and KwaZulu-Natal (36,1%) were most likely to be grant beneficiaries. More than half of households in Limpopo (58,8%), Eastern Cape (58,2%), and Free State (53,1%) received at least one grant compared to 27,2% of households in Gauteng and 34,2% of households in Western Cape.

With regards to access to food, the 2012 GHS indicates that household access to food has improved according to two measures. Using the Household Food Insecurity Access Scale which is aimed at determining households' access to food, the percentage of South African households with inadequate or severely inadequate access to food decreased from 23,9% in 2010 to 21,5% in 2012. During this time, the percentage of individuals that were at risk decreased from 28,6% to 26,1%. Between 2002 and 2012, the percentage of households that experienced hunger decreased 29,3% to 12,6% while the percentage of individuals who experienced hunger decreased from 23,8% to 10,8%.

According to 2012 GHS, the vast majority (76,9%) of households that were involved in agriculture, did it to grow additional food. Nationally, only 5,7% of households became involved in agriculture in order to generate more income.

GHS 2012 shows that most households in South Africa continued to rely on income from salaries. Nationally, salaries (64,9%) and grants (39,5%) were received by the highest percentages of households. Provincially, Western Cape (77,3%) and Gauteng (75,6%) households were most likely to receive salaries while households in Limpopo (53,7%) and Eastern Cape (55,1%) were more likely to receive grants than salaries. More than a third of households in Eastern Cape (37,9%) and Limpopo (32,8%) selected social grants as their households' main source of income while more than two-thirds of households in Western Cape (73,1%) and Gauteng (71,2%) selected salaries. A fifth (17,7%) of households in Limpopo selected remittances as a main source of income.

## 6.1 Performance environment

The dawn of democracy in 1994 brought hope to South Africans particularly those who had been previously disadvantaged because of apartheid policies. This new hope was premised on a vision of creating a people centred society and a better life for all expressed in the Reconstruction and Development Programme (RDP), whose goals were to eliminate poverty and inequalities from decades of apartheid.



These goals were based on six basic principles, which, among others, include an integrated and sustainable programme and a people-driven process. The integrated and sustainable programme on the one hand emphasized that the legacy of apartheid cannot be overcome with piecemeal and uncoordinated policies, but rather with coherent, purposeful and sustained strategies implemented at all three government spheres, parastatals and CSOs. The Reconstruction and Development Programme (RDP) therefore made explicit reference to building the capacity of civil society through extensive development of human resources. It provided a central role for non-profit organizations. A vibrant and diverse civil society is important in consolidating and sustaining democracy as well as holding government accountable.

Since 1994, government has involved civil society in various stages of policy development aimed at alleviating poverty. Despite the State's attempts to address poverty and inequality, their prevalence are still marked and largely defined along gender, age, race and spatial dimensions. The NDP contends that eighteen years into democracy, South Africa remains a highly unequal society where too many people live in poverty and too few are employed. The quality of school education for most black learners is poor. The apartheid spatial divide continues to dominate the landscape. A large proportion of young people feel that the odds are stacked against them. Moreover, the legacy of apartheid continues to determine the life opportunities for the vast majority.

The continued challenge of poverty raises a number of questions on the quality of participation of various actors in the policy process, challenges in the implementation of public policy and the approaches used, in particular the extent to which such approaches empower the poor. Furthermore, the continued challenge of poverty raises a question on the extent to which strategies and interventions aimed at addressing the extremity of poverty are sustainable in order to achieve long-term benefits and remove the poorest of the poor from the cycle of poverty trap.

The National Development Plan (NDP) is a plan for the whole country, which offers a long-term perspective to address challenges identified in the Planning Commission's Diagnostic Report released in 2011. It defines a desired destination and identifies the role different sectors of society need to play in reaching that goal. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

The NDP proposes a multidimensional framework to bring about a virtuous cycle of development, with progress in one area supporting advances in others. In particular, young people deserve better educational and economic opportunities, and focused efforts are required to eliminate gender inequality. Promoting gender equality and greater opportunities for young people are integrated themes that run throughout this plan.



The mandate of the NDA provides it with a unique opportunity to contribute towards the NDP2030. Acknowledging the fact that NDA has been in existence for over ten years, the critical questions are: what impact has NDA had in their mandated areas and to what extent can NDA, going forward, contribute in addressing the challenges, which the NDP seeks to address. This strategic plan seeks to address those questions.

## **6.2 Organisational Environment**

### **NDA financial base**

The NDA has experienced a progressively declining financial resource base over the past three years. Its grant has been increasing by a smoothed average of around 3% over the past three years, which is significantly below inflation. The decline in the financial resource base was mainly due to the following reasons:

- Declining grant allocation from Department of Social Development ;
- Rising fixed costs and
- Lack of financial reserves

### **NDA Review**

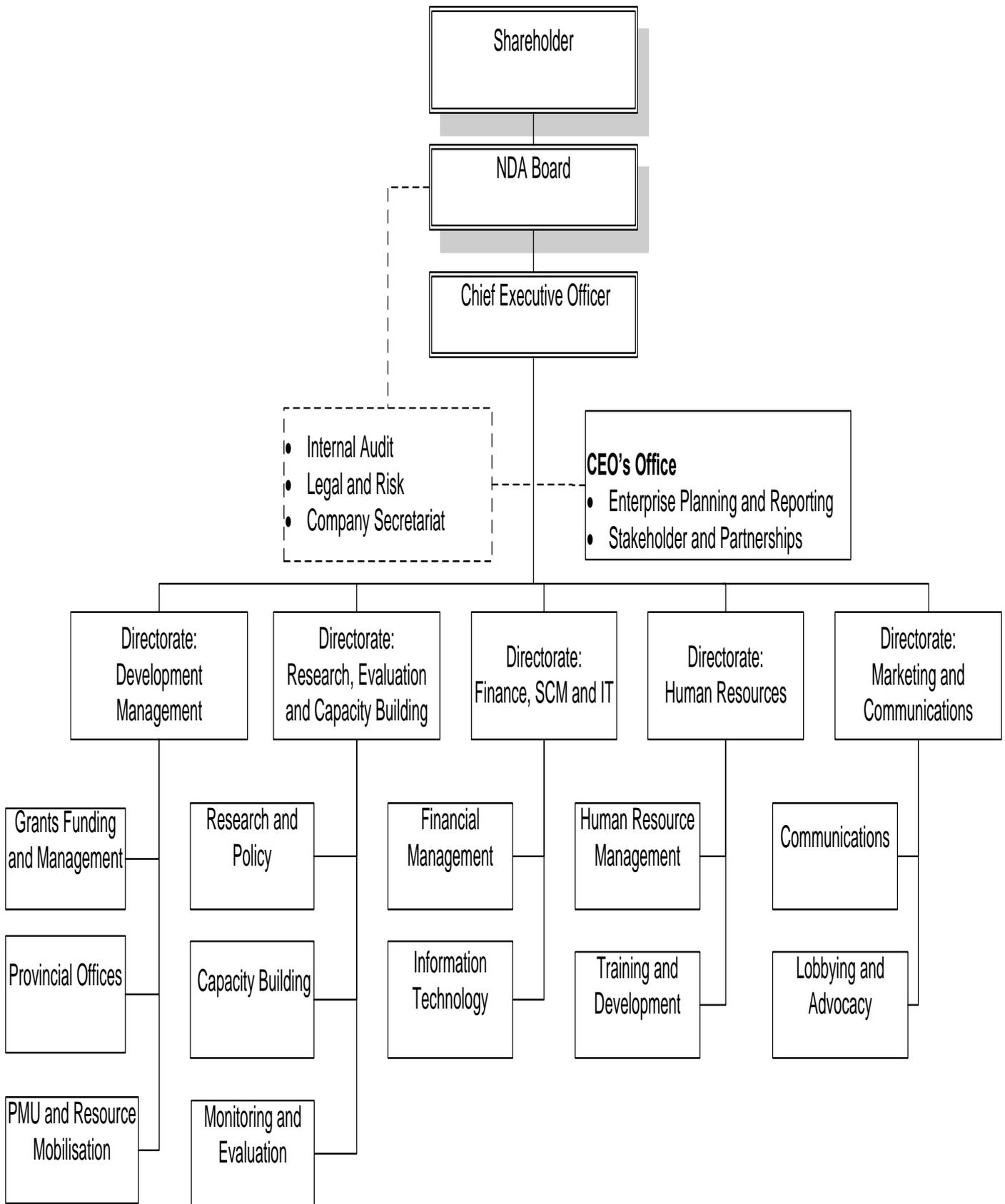
The Department of Social Development, together with the National Treasury initiated a review of NDA to take stock and consider the benefits of a coordinated policy and governance system for the enterprise informed by a central policy that proceeds from government's developmental objectives and its desire to fast track poverty eradication. The review is focusing primarily on what the NDA currently does, what it should be doing, as well as the opportunities that the NDA can explore that are currently not catered for by other development finance and government institutions. This exercise will provide a sound basis of engagement on what the mandate of NDA must be as well as how can the institution be better resourced to deliver on its mandate. At the time of developing the strategic plan, the review had not been finalised.

## 6.2 Government Priorities

The government of South Africa, through its NDP defined its outcomes including those that have a direct bearing on the NDA mandate. Below is a selection of government's priorities that link to the NDA mandate

GOVERNMENT OUTCOME	NDA PROGRAMME
<p><b>Outcome 1:</b> Quality basic education (<b>Chapter 9 of the NDP</b>)</p>	<p>NDA ECD Programme</p> <ul style="list-style-type: none"> <li>• Infrastructure upgrade</li> <li>• Capacity Building of ECD practitioners and ECD management</li> <li>• Nutrition through Food gardens at ECD sites</li> </ul>
<p><b>Outcome 4:</b> Decent employment through inclusive economic growth (<b>Chapter 3 of the NDP</b>)</p>	<p>Grant funded programmes and projects and Capacity building</p>
<p><b>Outcome 7:</b> Skilled and capable workforce to support an inclusive growth path (<b>Chapter 9 of the NDP</b>)</p>	<p>NPO Capacity Building programme</p>
<p><b>Outcome 5:</b> Vibrant, equitable, sustainable rural communities contributing to food security for all (<b>Chapter 6 of the NDP</b>)</p>	<p>NDA grants funds for Food Security projects</p>
<p><b>Outcome 13:</b> An inclusive and responsive social protection system (<b>Chapter 11 of the NDP</b>)</p>	<p>Grant funded programmes and projects and Capacity building are biased towards vulnerable groups: women, youths, victims of gender based violence, people leaving with disability.</p>

# NDA Organisational Structure



## 6.2 Description of the strategic planning process

In line with the requirements of Treasury Regulations 30.1, each year the NDA embarks on strategic planning process, which involves key staff and Board participation. The process of review included consultation with internal stakeholders (NDA staff) and a joint review session with the NDA Board. The NDA was also part of the DSD's strategy session to develop the MTSF chapter on Social Protection, which will guide the priorities of the Social Development sector over the MTSF period.

## 7. NDA Strategic Outcome Oriented Goals

<b>Strategic Outcome Oriented Goal 1</b>	Increased capability of CSOs that deliver development programmes to reduce poverty, inequality and unemployment.
<b>Goal statement</b>	To leverage resources and increase the number of CSOs capacitated in institutional strengthening and technical skills from <b>690 to 14 000 by 2019</b> .

### Strengthening Capacity of CSOs

The NDA acknowledges the significant role that (CSOs) could play in strengthening community building and cohesion for developmental action. In fact, the NDA believes that capacity building of the sector should receive prominence because it is only through grass roots capability, competencies and collective action that South Africa will realise the common goal of skills and sustainable development. The NDA in its response to this legislative mandate designed an approach towards supporting CSOs based on their grant funding. This approach, in its developmental perspective, provides CSOs with the necessary resources, both financial and material, to ensure that when a CSO is supported by NDA, its resource needs are also met to ensure that the project is successful, has the necessary inputs to make it work and is sustainable in the long term.

### Development programmes to reduce poverty, inequality and unemployment

#### • Food Security

The issue of food insecurity has been critical in many parts of the world including South Africa. In South Africa, food security has received much attention since 1994. The right to have access to sufficient food is embedded in Section 26 and 27 of the South African Constitution. The Constitution indicates that every South African citizen has a right to sufficient food and water; and social security.

The General Household Survey of 2012 indicates that household access to food has improved according to two measures. Using the Household Food Insecurity Access Scale which is aimed at determining households' access to food, the percentage of South African households with inadequate or severely inadequate access to food has marginally decreased from 23.9% in 2010 to 21.5% in 2012. During this time, the percentage of individuals that were at risk of food insecurity decreased from 28.6% to 26.1%.

In developing the NDA strategic intent to address food security, the NDA is aware of the social, economic, political and cultural dimensions of food security at both a global and national level. The United Nations Development Programme (UNDP) report of 2006 pointed out that food insecurity is closely linked to poverty, income and unemployment.

The report revealed that poverty and unemployment had a strong relationship with food insecurity and in most cases food insecurity manifested in multiple deprivations. In addressing food security challenges, the NDA has identified its target as the rural poor, especially women, youth, the elderly, children and people with disabilities.

## • Income Generation Programmes and Projects

The NDA's focus on income generation is linked to one of government's strategic priority areas - to create decent jobs and sustainable livelihoods. In adopting Income Generation Programmes and Projects as a focus area, the NDA has prioritised job creation in order to contribute to government's strategic intent of creating decent employment/jobs. The statistical quarterly labour force survey for Q3: 2012 shows that there were approximately 3.9 million persons unemployed in South Africa.

During the financial and economic crisis, the level of unemployment increased rapidly, reaching a peak of 4.4 million in Q2:2010, and remaining around this level in the following quarter. The number of unemployed persons rose to 4.5 million in Q1:2012, but declined by 56 000 persons between Q1:2012 and Q2:2012, while there was an increase of 197,000 between Q2:2012 and Q3:2012. The number of unemployed persons at 4.6 million in Q3:2012 was the highest level of unemployment since the Quarterly Labour Force Survey commenced in Q1:2008.

The National Development Agency will, over the next five years, position Small Micro and Medium Enterprises (SMMEs) in the strategic sectors that government will promote for growth and development. This will be done through a general programme approach through the normal individual project method. The NDA will play a key role in developing the asset base and balance sheet of emerging enterprises through grant funding.





## • Early Childhood Development

The South African government has, since 1994, prioritised Early Childhood Development (ECD) as an integral part of addressing the legacy of apartheid education policies. ECD has been recognised as one of the most powerful tools of breaking the intergenerational cycle of poverty in South Africa. Childhood lays the foundation for adult abilities, interests and motivation. Therefore, if children learn certain poverty related behaviours in childhood, the behaviours are more likely to perpetuate ... according to Ashworth. K (volume 13:1994) in "Patterns of childhood poverty".

A recent report entitled, "South Africa's Children: A Review of Equity and Child Rights", released by the South African Human Rights Commission, UNICEF and the Department of Women, Children and People with Disabilities notes that "just 43% of children under five in South Africa are exposed to an ECD programme at home, a centre or elsewhere and there are large disparities across provinces". The NDP, released by the National Planning Commission indicates that " research shows that well planned and targeted early childhood development initiatives can be a cost-effective way of ensuring all children have a childhood that is free of factors that impede their physical and cognitive development".

The Medium Term Expenditure Framework (MTEF) directs the social sector of government to "support access and the provision of comprehensive ECD as an instrument to make investments in health, development of capabilities, and mitigate vulnerabilities and to serve as building blocks for future resilience". It further notes that "effective" ECD is also critical in ensuring equitable participation of women in the labour force and social life of communities."

The National Development Agency will over the next five years support ECDs by contributing towards ECD practitioner training, food gardens at ECD sites, educational material and minor infrastructural upgrade.

<b>Strategic Outcome Oriented Goal 2</b>	Evidence-based information that informs development policy and programmes
<b>Goal statement</b>	To undertake research, evaluations, best practice, publications and policy dialogues to improve and influence policy direction for development practices.

**Research and development** is a key pillar in fulfilling the secondary mandate of the NDA as prescribed by the NDA Act, *“to promote- a) consultation, dialogue and sharing of development experience between CSOs and relevant organs of state; and debate on development policy; and (b) to undertake research and publication aimed at providing the basis for development policy”*.

The strategic outcome for the NDA under the research and development programme for the next five years focuses on producing evidence-based information that will inform development policy debates, formulation and provision of relevant information. This information will give guidance to programme planners and implementers on how to design, plan, implement, monitor and evaluate effective programmes implemented by government and the civil society sector to address key development challenges.

**NDA Research and Development Model to Support the NDP/Vision 2030**



The National Development Plan priorities will inform the research and policy agenda of the National Development Agency so as to remain relevant and positively contribute to national development. The outputs of the research and policy agenda are mainly to link government’s developmental policies and legislation to government’s developmental strategies focussing on poverty reduction, creation of employment opportunities and reducing inequalities amongst the population groups. This linkage will be realised through designing and implementing programmes that are informed by research, monitoring and evaluation outputs.

The other key element of the approach is to ensure that research, monitoring and evaluation outputs are packaged in a manner that all the targeted stakeholders can easily utilise to contribute to the development efforts of the National Development Plan. This element will be achieved through the knowledge management process, distilling, analysing and producing best practice examples, development of effective development programmes, and development of guidelines for implementing programmes aimed at poor communities.

The NDA will use various channels to disseminate knowledge and information produced by the research and development programme, which will include publications, symposiums and colloquiums, workshops with stakeholders and the knowledge management portal of the NDA. To ensure active citizenry participation in the development agenda of the country, the NDA will provide the CSOs with relevant information to assist them to assume ownership and responsibility of their local development efforts, including access to resources that would support their development programme. The NDA will enhance its lobbying and advocacy function, through research, monitoring and evaluation outputs, to influence adoption of policies, legislation and programmes that are aimed at promoting implementation of programmes and projects that can enhance sustainable livelihoods at community and household levels.

<b>Strategic Outcome Oriented Goal 3</b>	Increased resources towards poverty eradication programmes and projects
<b>Goal statement</b>	To mobilise R650 million in cash and in-kind through sustainable partnerships towards building the capabilities of communities and households for self reliance by 2019

The NDA is aware of the fact that the Medium Term Expenditure Framework (MTEF) allocation from National Treasury is not sufficient to meet the present and future resource needs required to enable the organization to deliver on the identified strategic priorities. As a result, the Agency established a Programmes Management Unit, which will identify and leverage additional resources to contribute meaningfully to the poverty eradication agenda of the country.

The programme management unit within the NDA will serve as a coordination nerve centre, in line with Government’s policy and key priorities dealing with poverty eradication. The alignment will ensure that interventions are targeted at job creation, participation of the poor in the mainstream economy, capacity building, promotion of strategic partnerships to tackle poverty and research aimed at influencing policy.

The NDA's strategic interventions will focus on the following:

- Strengthening partnerships and stakeholder management - by building and maintaining relations with all NDA stakeholders through dissemination of information, perceptions management and positioning of the organization as a leading poverty eradication development Agency, and
- Developing and implementing a resource mobilization strategy, targeting the private sector and business, other national and international donors in delivering development programmes.

<b>Strategic Outcome Oriented Goal 4</b>	Increased internal efficiency, cost effectiveness and organisational sustainability
<b>Goal statement</b>	To strengthen internal systems, processes and human capability to deliver on the NDA mandate

The programme is aimed at 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. The implementation of this programme will be supported by the following functions: Combined Assurance provided through Audit, Risk and Governance and support services provided by Finance, Supply Chain Management and Information Technology; Human Capital as well as Marketing and Communications.



**PART B:**



## PART B: STRATEGIC OBJECTIVES

### 8. NDA PROGRAMMES

#### 8.1 Programme 1: Capacity Building

The National Development Act No. 108 of 1998 (as amended), instructs the NDA to contribute towards eradication of poverty and its causes by granting funds to CSOs; and strengthening CSOs capacities involved in direct service provision to poor communities. The mandate requires the NDA to build and enhance capacities of these organisations through well-designed and effectively executed capacity building interventions to strengthen organisational efficiency, operational excellence and sustainability to better deliver services to poor communities.

<b>Strategic Objective 1</b>	To expand access to capacity building interventions to civil society organisations and their project members in order to improve the quality of services they deliver to communities.
<b>Objective statement</b>	To increase the number of CSOs capacitated in institutional strengthening and technical skills from 690 to 14 000, benefiting 42 000 staff members by 2019.
<b>Baseline</b>	690 CSOs capacitated through institutional strengthening and grant funding, benefiting 9242 staff.

#### Capacity Building Approach

The NDA capacity building approach is anchored on grant funding and capacity building. The grant-funding component will focus on funding NPOs operating in the areas of income generation, food security and early childhood development from NDA grant funding allocation. The capacity-building component will provide a range of capacity interventions aimed at all NPOs that require capacity strengthening based on assessments of needs. The approach also recognises the critical lack of lobbying and advocacy for financial support, leveraging resources and training on NGOs strengthening and management. The approach, therefore, is a deliberate effort to design and implement a lobbying and advocacy strategy and plan to support this approach.

## Implementation Approach

The implementation approach towards meeting the objectives of the plan will focus on four major operational areas. The aim is to ensure that the implementation plan has a structured approach and has defined major and sub-activities for each area of operation. The objectives of the plan are to:

- Provide capacity building interventions to all non-compliant organisations (excluding de-registered NPOs) currently in the DSD NPOs register.
- Increase the number of compliant NPOs in the DSD NPO database and maintain their compliant status.
- Enhance the skills and capacity of NPOs to improve effectiveness and efficiency of operations
- Strengthen the capacity of NPO network organisations at local, provincial and national.

### Operating Model for Capacitating NPOs in South Africa

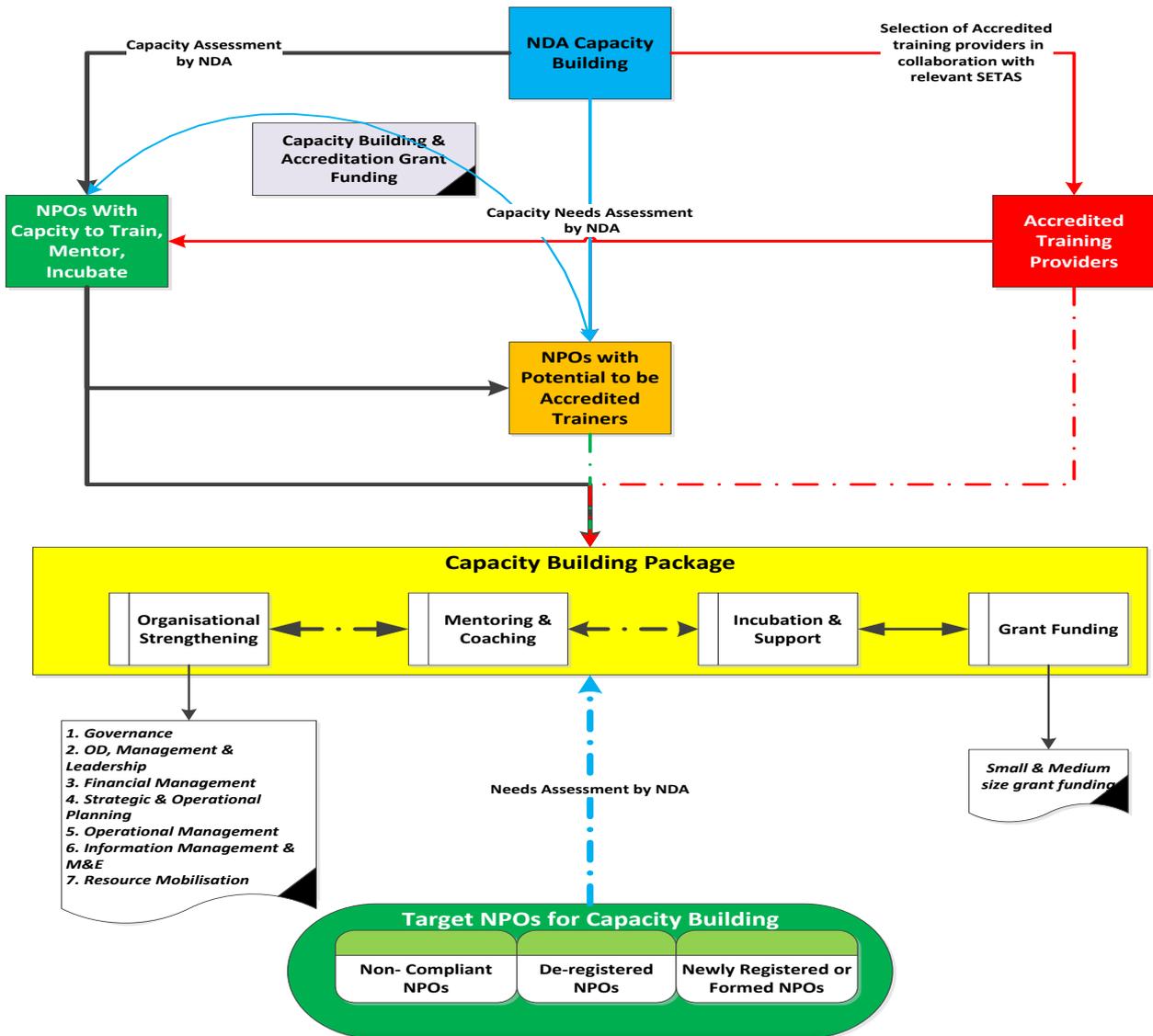
The package for NPOs capacity building will be anchored on four pillars; these are organisational strengthening, mentoring and coaching; incubation and support and finally, grant funding. The four elements are crucial for effective capacity building for NPOs. The four pillars are outlined below:

**Organisational strengthening** - NPOs strengthening uses different methods of teaching and learning. Training will be in the form of skills development training, workshops and formal (SAQA) South African Qualifications Authority aligned training. The type of training used will be informed by capacity building assessments that will be conducted on organisations and staff of these organisations.

**Mentorship** - Mentoring relates to the development of a relationship involving a more knowledgeable mentor and a less knowledgeable participant or mentee. The mentorship program for NPOs capacity building will require frequent contact between the mentor and the mentee for the communication line to remain open. Mentoring will be in the form of interactive relationships wherein both parties can contribute to each other's growth at personal (staff) and organisational levels. NPOs will be assessed for appropriate mentorships formats to support them.

**Incubation** - The incubator will help NPOs to nurture and facilitate the development of organisations through the provision of a platform to facilitate enhancement of skills, small grant funding, resource mobilisation, improve quality of services, and enhance NPOs business operations processes. The use of an incubator improves the chances of a weak organisation to remain sustainable over time, and also provides strong opportunities to build relationships with other organisations in the sector.

**Grant Funding** – to ensure that NPOs are effective and sustainable in their community development efforts, grant funding will be key as part of capacity building interventions. The types and nature of grants provided to NPOs will be classified according to needs to ensure maximum return benefit from the grant. The grant regime will ensure that NPOs providing capacity building have access to capacity building grants and those that need grants for implementing programmes are also provided with the opportunity of accessing those grants from various sources, including the government, corporate, local and international donors; and the NDA through its existing grant funding programme.



**Figure 1: NPOs Capacity Building Service Delivery Model Structure**

The major concern with NPOs is that many of them who register as NPOs are falling away due to non-compliance with regulatory requirements of the NPOs Act. This limits their abilities to fulfil their developmental mandate thus impacting on national development course because both the public and private sectors rely on NPOs to deliver services that respond to community needs. The operating model for the NDA thus focuses on non-compliant, deregistered and newly registered NPOs.

## CAPACITY BUILDING IMPLEMENTATION FRAMEWORK

There are a number of elements that needs to be considered if the NDA is to implement an effective capacity building programme for NPOs in the country. The bases for considering these elements are informed by a number of factors:

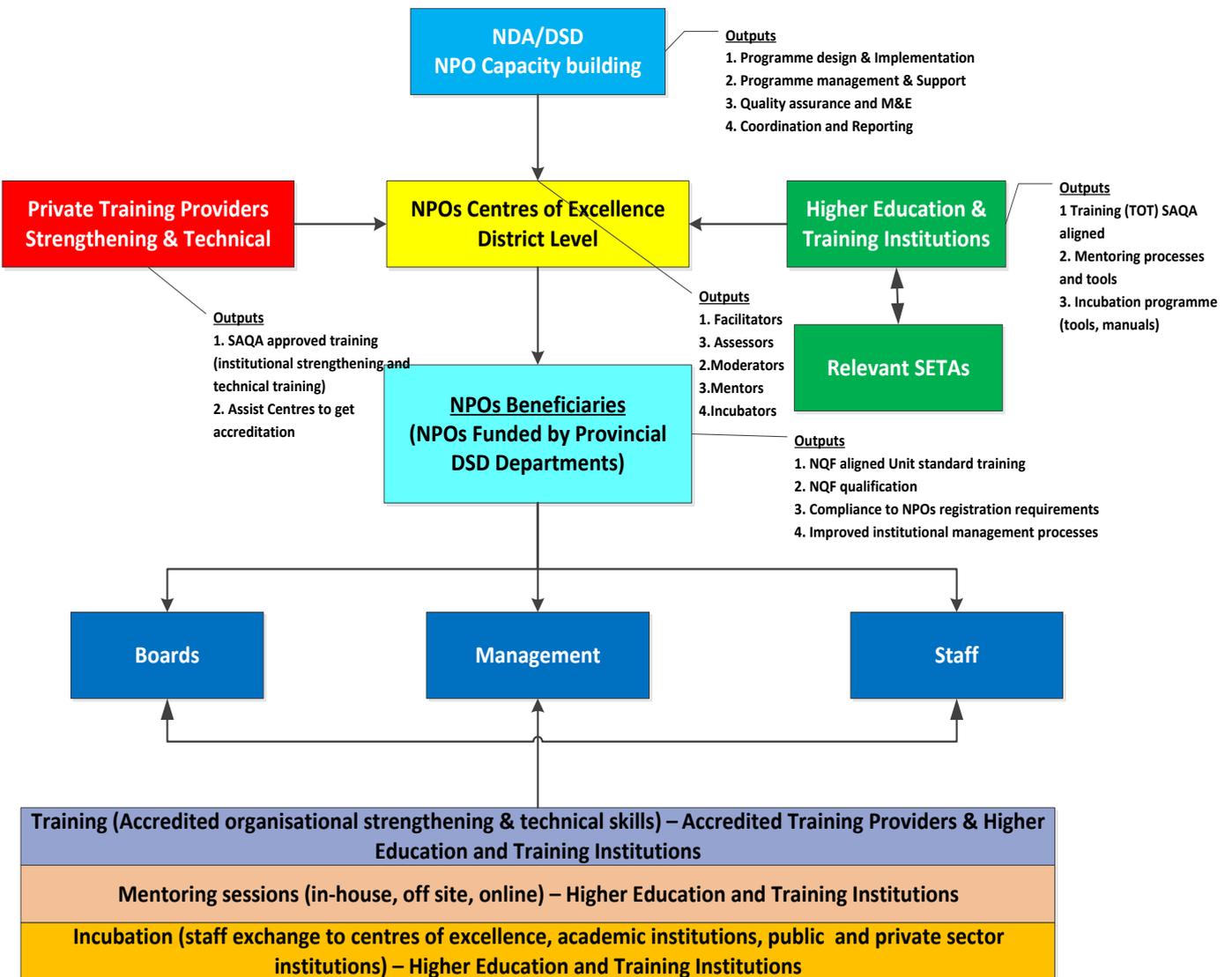
**Programme design** – the programme design has integrated training (formal), mentoring and incubation as a package to ensure that skills are developed for staff and management of NPOs in the country. Considering that NPOs staff and management in the country are at different levels of education attainment, experience and skills sets, the NDA has used a combination of approaches to achieve the desired quality of capacities that will enable staff and managers to execute their functions appropriately.

**Inputs required for optimum performance programmes** – the areas required for the capacity building package would need a combination of technical expertise. On the one hand, the NDA requires institutions that are recognised by the skills development framework to be part of the inputs in the programme. For the NPOs capacity building programme, the NDA would need higher education institutions with experience in adult education and off-site training and mentoring. The NDA also needs accredited training providers, through relevant SETAs, to provide accredited training programmes for different levels of the National Qualification Framework (NQF). This will ensure that staff and management of NPOs get certificates of competency on what they are trained on. There are a number of institutions that are running effective incubation programmes for development in South Africa, these institutions have experience, tools and processes for establishing functional and effective incubation centres. These institutions become key in forming part of the inputs for this programme.

**Operation structures** – understanding that the capacity building approach for NPOs implemented by the NDA requires a package of training, mentoring and incubation which all need a set of skills and the training component require adherence to training and skills development frameworks and policies of the country; a number of institutions are required to support this work. The NDA is not a training institution; however, its mandate states that it must provide capacity building to NPOs. It is for this reason that the NDA will require technical support on training to fulfil this mandate requirement. The programme is therefore structured in such a way that there will be a component of Higher Education and Training Institutions, and Accredited Training Providers that will be used to implement this programme. The main aim is to build the required capacities within NPOs themselves to train, mentor and incubate other NPOs in their surrounding communities. The main function of the NDA in these structures will be programme design, management, support and quality assurance to ensure sustainability of the programme.

The functions of all these operational structures need to be well defined to ensure synergy, coordination and cooperation; including sharing of information and best practice. However, there must be a clear distinction of each structure's contribution in such a complex but inter-related programme.

# NPOs Capacity Building Implementation Framework





- **The NDA Capacity building Unit:** The Unit is responsible for ensuring that the programme is implemented within defined standards to ensure that the quality of service is standardised across provinces and districts in the country. There are standard tools developed to support and monitor the quality and effectiveness of the programme. There is uniform coordination and support to technical support structures and beneficiaries of the programme. The programme design and plan has the ability to be scaled up over a period of time. The NPOs, through participating in the programme, acquire the required capacities and skills to ensure that they support each other in as far as capacity building in concerned.
- **Accredited Training Providers:** These are accredited training organisations with relevant SETAs; these maybe EDTP Seta, AgriSeta, HWSETA or any other relevant SETA. These providers have an advantage of having presence in all nine provinces, thus provide a wide footprint to support any capacity-building programme. They are also legal entities with SETAs accreditation on the specific sectors. These institutions are accredited to train and certify for competence at low NQF levels, which Higher Education and Training Institutions cannot certify. Given that many NPOs, especially community-based organisations, especially in rural and farm areas, are staffed and run by individuals with low or no education, SETA accredited institutions provide a framework for addressing low levels skills in the

- Higher Education and Training Institutions:** These can be Departments or Units belonging to any higher Education and Training Institution. The role of higher education and training institutions is not only to produce graduates, but to also build relevant skills sets required at all levels of the development agenda of the South African economy. Many Higher Education and Training Institutions in South Africa have community-based programmes focusing on skills development and mentoring programmes for communities. Some of these institutions run evidence-based community development programmes with incubation components. These resources have not been properly exploited for development of community capacities to sustain these programmes. In many cases, when the Higher Education Institutions withdraw their studies from these communities, the initiatives collapse. This capacity-building programme for NPOs will exploit this resource to ensure sustainability by establishing centres of excellence for capacity building for NPOs at district level. These centres, at the end of the interventions, must be able to provide high quality capacity building interventions (training, mentoring and incubation) for other NPOs in their geographical area. This will then ensure that even poor community-based organisations can have access to this service within their localities.
- NPOs Centres of Excellence:** These are NPOs registered with the DSD's NPOs Register and have proof of being compliant. The aim is to make NPOs capacity accessible to all NPOs that require the service at local level. The additional benefit for establishing such programmes at community level is that communities can have referral centres that can provide specialised support required to ensure that NPOs remain compliant with legislation and policies governing NPOs in the country. The outcome expected by implementing this programme is improved service delivery at community and household level for services supported by the public and private sector. The centres will be capacitated by both higher education institutions and SETA accredited service providers to train, mentor and incubate NPOs in areas of institutional strengthening and technical support. The requirements for centres of excellence, is that they must be NPOs themselves, with capacities and infrastructure to be developed and supported to provide the full package of capacity building. These centres, once operational, will have new skills and expertise built through the Higher Education and Training Institutions and the SETA accredited providers on qualified training facilitators, assessors, moderators and mentors. This will allow these centres to apply for accreditation as training providers from relevant SETAs they choose to provide services on in their communities. This outcome is not only going to assist these centres to improve capacities of NPOs but to also have income generated

<b>Strategic Objective 2</b>	To provide support to ECD programmes through improving the infrastructure of ECD centres and technical skills of practitioners in poor communities.
<b>Objective statement</b>	To increase the number of ECD centres meeting the norms and standards supported by the NDA from 298 to 375 by 2019.
<b>Baseline</b>	298 sites funded.



Evidence based research conducted on ECD demonstrates that children who participate in well-conceived ECD programmes tend to be more successful at school, are more competent socially and emotionally, and show higher verbal and intellectual development during early childhood than children who are not enrolled in high quality programmes. Ensuring healthy childhood development, therefore, is an investment in the country's future workforce and its capacity to thrive economically and as a society.

There has been an under-emphasis on the development of the basic skills of management at ECD centres, especially financial management, general administration, record keeping and staff recruitment, selection and development. To improve learning environments, the NDA will strengthen ECD centres management particularly in the areas of governance, management, financial management, fundraising, human resource management, report-writing and how to register with the provincial Departments of Social Development. Currently, an NQF level 5 unit standards has been developed to equip ECD centre principals, governing body members and supervisors with these skills.

To run an ECD centre which is efficient, sustainable and effective in educating and caring for young children, the NDA would ensure that ECD principals, supervisors, teachers and governing body members are appropriately trained. The NDA will support skills programmes, which focus on the acquisition of essential teaching skills for ECD teachers.

The NDA will support the Early Childhood Development sector by providing minor and major infrastructure upgrades to ECD centres, depending on the needs identified following an ECD centre needs assessment. These upgrades will ensure that South Africa's youngest and most vulnerable citizens receive quality early learning programmes in an environment that is safe, secure and hygienic.

For optimal learning to take place at the ECD centre, it is necessary that sufficient age appropriate education equipment be available for use by children. The NDA will resource targeted ECD sites with age-appropriate education equipment, which is durable, safe to play with and fun. With the proper teacher guidance,

The NDA will, over the MTEF period, scale up the rolling out of the mobile ECD service. The mobile facility is used to reach out to vulnerable families, including child headed households, to access psycho-social services through a dedicated team of community “motivators”. A unique feature of this programme is its focus on informal settlements in enabling them to access developmental welfare services rendered by the Departments of Social Development and Home Affairs.

The key advantage of the programme is that it adopts a holistic approach to development of children and places the family as a key pillar in creating an enabling environment for growth and prosperity. It meaningfully engages young mothers, youth and child-headed families in a community outreach programme, which fosters social cohesion. Programmatically, the model demonstrates the following advantages:

- It expands access by “taking ECD to communities” where there are no structures
- It brings services to the doorstep of families and communities that would otherwise not have an opportunity to register their children at an ECD site due to issues of affordability and distance
- Children from underprivileged families have the possibility and opportunity to be developed emotionally, physically, mentally and socially
- Indigent families can be linked to government services
- More communities can be reached through the mobile facility
- It deliberately empowers women and youth

Finally, the National Development Agency will “massify” the implementation of the “Adopt an ECD Campaign”. The purpose of the “Adopt an ECD Campaign” is to facilitate, advocate and lobby for expanded access to provision of ECD in poor communities. The campaign is based on the assumption that South Africa commands sufficient resources to meet current and future needs of learners in the ECD sector. Therefore, improved access to ECD can create a solid foundation for development, lifelong learning and mitigate vulnerability to structural poverty. The rollout will showcase what the NDA has achieved in the ECD sector, linking “indigent” ECD sites to targeted donors and promoting dialogue on the provision of ECD amongst key players.



<b>Strategic Objective 3</b>	To provide support to Food Security programmes through grant funding of food security related community-based projects to benefit poor households.
<b>Objective statement</b>	To increase the number of Food Security projects receiving grant funding from 303 to 475 by 2019.
<b>Baseline</b>	303 sites funded.

The NDA will implement the Household and Community Food Security Programme to facilitate expanded access to food security for poor households and communities whilst creating sustainable livelihoods. The programme supports the vision of “attaining physical, social and economic access to sufficiently safe and nutritious food by all South Africans at all times to meet the dietary and food preferences for an active and healthy life” as articulated in the *Integrated Food Security Strategy for South Africa*, adopted in 2002.

***The NDA Household and Community Food Security programme will have the following objectives:***

- To contribute to the “Food For All” programme through supporting households and community gardens
- To fund projects and programmes that support government’s Integrated Food Security Strategy
- To support food security at ECD sites; and
- To mitigate levels of hunger for vulnerable groups.

This programme will be implemented through backyard food gardens (giving starter packs, training and support on food production), community food gardens (up to 5 hectares) and supporting emerging farmers

<b>Strategic Objective 4</b>	To provide support to Income Generation projects and programmes through grant funding for economic participation of poor households.
<b>Objective statement</b>	To increase the number of income generating projects and programmes to 175 by 2019.
<b>Baseline</b>	175 sites funded.

The National Development Plan chapter on Social Protection places emphasis on employment and economic inclusion. According to the MTEF 2014-2019, “it points to the importance of an explicit identification of capability enhancing strategies for economic inclusion, identification and maximization of the productive impacts of social protection on the local and macro-economy”.

The National Development Agency will support income generating programmes as part of facilitating the economic inclusion of poor communities into the mainstream economy. The objective is to facilitate the creation of income streams and job opportunities for poor people in identified localities. The overriding strategic consideration is to promote and leverage on opportunities offered in the knowledge economy over the next 5 to 10 years. The latter will enable the NDA to invest in strategic and high impact projects in line with government’s

## 8.2 Programme 2: Research and Development

The purpose of the research and development programme is to ensure that the NDA produces evidence-based information that is capable of influencing and directing national and institutional policy on development programmes aimed at reducing poverty, unemployment and inequalities implemented by the civil society sector, public sector and business.

The research and development programme seeks to link research, monitoring and evaluation, 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. Whilst the NDA is primarily mandated to work with CSOs to address poverty, unemployment and inequalities, the Agency 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.

<b>Strategic Objective 1</b>	To undertake research aimed at providing the basis for development policy and programme implementation focusing on poverty eradication, unemployment and inequality.
<b>Objective statement</b>	To conduct research that informs national policy debates and dialogues, and best practice publications on development programmes between 2014-2019.
<b>Baseline</b>	The NDA has produced 62 research reports, case studies, best practice publications and policy briefs on poverty eradication and inequality in the past five years.

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

**Research and policy** – well designed and methodology sound research provide evidence based planning. For the Agency 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 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 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 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 have worked, what lessons can be learned from these programmes and establish “*effective standards*” for designing and implementing effective programmes for poor communities in the country. These effective standards can be used by the public, private and civil society sectors in funding and implementing development programmes, especially those targeting poor communities.

**Knowledge Management** – Knowledge management is fundamental for 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 is 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 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 be used by all sectors in improving their programme effectiveness and efficiencies.

The above objective will be achieved through designing operational plans that focus on Monitoring and

<b>Strategic Objective 1</b>	To monitor and evaluate all NDA programmes by 2019
<b>Objective statement</b>	To conduct monitoring and evaluation of all programmes and projects undertaken by the NDA to improve programme performance between 2014-2019.
<b>Baseline</b>	The NDA has produced 585 project evaluations (project monitoring, mid-term and close-out) over the past five years.

Evaluation (M&E). The purpose of M&E in the Agency 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 NDA will be using to monitor projects and programmes.

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

### 8.3 Programme 3: Resource Mobilisation

<b>Strategic Objective</b>	To mobilise resources in cash and in-kind through sustainable partnerships towards supporting and building the capabilities of communities and households for self-reliance.
<b>Objective Statement</b>	To increase resources mobilised towards implementation of development programmes and strengthening capacity of communities and households from R80 million to R650 million by 2019
<b>Baseline</b>	R80.5 million

Alleviating poverty has been flagged as one of the top priorities of Government. The NDA as a legislated Entity to contribute towards this priority is aware of resource limitations that come with this responsibility. The demand for interventions including provision of financial resources and support from the NDA over the years has exceeded the grant allocation. This has warranted a re-emphasis of the NDA’s legislative mandate that focused on a concerted effort of raising own resources to support the expansion of current programmes related to its mandate as well as ensuring future financial sustainability.

Section 4 (1) of the NDA Act 108 of 1998 as amended, provides that “The NDA must 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”. The establishment of the Programme Management Unit (PMU) is considered a strategic vehicle that would contribute to the implementation of this legislative imperative through the following interventions:

- Coordinate and facilitate partnerships with relevant stakeholders, increase the NDA’s financial base and leverage resources to enable up scaling on delivery of programmes, projects and sector focus campaigns;
- Seek partnerships at a strategic and policy level with national departments and private sector towards implementation of development programmes; and
- Provide value-add project management services that focuses on poverty eradication on behalf of stakeholders.

The NDA has put an institutional arrangement to support this strategic re-emphasis through the strengthening of the Partnership and Stakeholder Relations Manager and Senior Manager: PMU. The NDA has set a target to raise R650 million over the next five years through resource mobilisation initiatives.

**8.4 Programme 4: Governance and Administration**

To increase and maintain internal efficiency, cost effectiveness and organisational sustainability, the programme will focus on the following strategic objective:

The Governance and Administration programme will support the NDA Strategy by aligning its interventions

<b>Strategic Objective</b>	To develop and implement systems and processes to improve efficiency and effectiveness of internal control and organizational performance
<b>Objective statement</b>	Maintain sound governance and administration that promotes performance through employee development and growth, efficient financial management and enhanced brand recognition from 71% to 90% by 2019.
<b>Baseline Strategic</b>	71%

and plans to enable the organisation to achieve its strategic deliverables. This will be implemented through the following sub-programmes:

## • **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 MTSF will include, the identification of high profile events where NDA can engage other stakeholders in the development sector and make its voice heard and sell its expertise. In addition, regular engagements with the Government Communications & Information Systems, Parliamentary Portfolio Committee, DSD, SASSA and other partners will be undertaken to boost visibility efforts.

## • **Human Resources**

The 2014-2019 Strategic Plan requires a paradigm focus on optimising organisational performance, focus more on people as key strategy drivers, competencies alignment to strategy, organisational structure alignment to strategy and creation of a conducive and engaging working environment. The outcome of the climate survey undertaken in 2012/13 will be implemented through a revitalisation plan that focuses on the following key areas:

1. Creating a conducive working environment that fosters employee performance and growth through people management and development;
2. Effective leadership to drive strategic execution and organisational performance;
3. Institutionalisation of NDA Values to drive the organisational culture; and
4. Aligning competencies to the new organisational strategic thrust and structure that places more emphasis on capacity building and contribution to the National Development Plan. As a result, this would warrant increased or reduced staff establishment, re-skilling, re-training or redeployment.

## • **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 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.

## • Resource Considerations

### 9.1 Financial Resources

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 percent over the past three years which is significantly below inflation.

## Historical Perspective

### • Declining grant allocation from Department of Social Development

Historically, the NDA has balanced its budget through relying on its 'R100m IDT founding reserve' for the past nine years, which has now 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. However, lately due to 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.

The interest rate declined by an average of 24 % over the past three years as a result of significant decrease in cash held in the books. This is a historical challenge that has faced NDA management for a number of years. Past resource mobilisation initiatives have failed to arrest the declining financial fortunes of the NDA. These efforts are partly constrained by the legislative framework of the NDA, which limits its fund ability to raise external funding and build reserves.

### • Rising Fixed Cost

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 rigorous austerity measures that management has implemented in the past and present; have not been able make any material impact as a great percentage of the NDA's cost bucket which is made up of fixed costs (i.e. employee costs and infrastructure costs). These fixed costs invariably tend to increase at or 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 eight percent while general administrative costs (e.g. goods and services) have increased by an average of 17% respectively.

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 partly its resource mobilisation efforts.

- **Financial Reserves**

As outlined above; the NDA does not have any financial reserves to protect it against unforeseen fiscal pot-holes in its turbulent road to poverty alleviation. This exposes the NDA to increased further financial risks as outlined below.

## **Future Perspective (MTEF)**

The above financial perspective has negatively impacted future sustainability (i.e. MTEF perspective) of the NDA in the following manner:

- **Inability to Fund Core Programmes**

- ◆ **ICT Infrastructure**

The NDA runs its business on an outdated; largely manual and disintegrated ICT infrastructure in terms of integrated business applications platform. The previous efforts towards ICT modernisation initiatives through upgrading the current applications have proven fruitless mainly due to severely limited CAPEX budget. Currently the NDA is investigating the Oracle alternative solution with SASSA who are the primary license holders; with a view of piggy backing on their investment. This alternative, while it could be cheaper, still requires some funding allocation; as well as addressing other limitations which management is still trying to resolve.

- ◆ **Capacity Build Programme**

The NDA has undertaken a fundamental strategic shift in this planning cycle from a purely grant funding model to a hybrid model that is driven by a bias to capacity building of CSOs over this MTEF period. This shift in strategy is currently not adequately funded because the reprioritization exercises could not raise sufficient funding for set up costs; such as new specialist staff required to kick start this programme. In this MTEF submission, the former Programme 1 (i.e. Grant Funding); has been collapsed into Program 2 (i.e. Capacity Building) as part of the budget re alignment to support the new focus areas. However, even with this budget reprioritization exercise; the NDA strategy is still not adequately funded as new 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. The projected funding requirements to support this strategy are attached as at the end of this document.

- ◆ **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. These unavoidable cost increases are resulting in negative mandate to personnel cost ratio. 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.

## • **Planning Approach**

The NDA's current approach to this planning document is that this is only a start to a lengthy planning discussion, which will culminate into a final and realistic funding model and formula for the NDA in the long term. The NDA management is committed to doing everything in its power to put the Agency on a stable growth path, which is nationally relevant.

As part of this approach, the NDA has aligned all its strategic plans with the current NDP of government.

## • **Mitigation Effect**

### ◆ **NDA Review**

Management is hoping that the current external review of the NDA will provide a sound basis of engagement on the above financial and funding risks; and is looking forward to a positive outcome that will strengthen the positioning and mandate of the NDA going forward.

### ◆ **Administration Fee**

The new nationwide Capacity Building Programme for CSOs will be largely funded by the Department of Social Development's provincial offices. As part of the agreed funding arrangement, the NDA has set aside a percentage to cover administration costs. This should mitigate its funding risk going forward, albeit not eliminate it completely.

### ◆ **PMU Implementation**

The NDA has strengthened its resource mobilization programme that is spearheaded by the Chairman of the Board. As part of this initiative, the Agency has also set up a separate unit to be staffed with a specialist fundraising expert who is supported by a senior Stakeholder Manager. These positions are currently being filled and management has set a R100 million annual target for this team to mobilise.

**BUDGET PER PROGRAMME FOR MTEF****PERIOD 2015- 2017**

	<b>YEAR 1 MTEF (2014/2015)</b>	<b>YEAR 2 MTEF (2015/2016)</b>	<b>YEAR 3 MTEF (2016/2017)</b>
<b>REVENUE</b>	<b>178 337 000</b>	<b>184 381 000</b>	<b>195 443 860</b>
Transfer from Department of Social Development	178 337 000	184 381 000	195 443 860
<b>TOTAL EXPENDITURE BUDGET</b>	<b>178 337 000</b>	<b>184 381 000</b>	<b>195 443 860</b>

**PROGRAMME 1 : CAPACITY BUILDING**

Direct Project funding (Poverty alleviation projects)

**Direct project costs**

Due diligence

Projects Branding

Projects monitoring and support

Compliance Audits

Direct staff costs ( Development Management )

Strengthening of CSOs and NPOs

Direct staff costs (Capacity Building Practitioners)

Project Management Unit (PMU)

**PROGRAMME 2: RESEARCH AND DEVELOPMENT**

Studies, Research and policy papers

Monitoring and evaluation

Compensation of employees

Impact Evaluation

Knowledge Management and Publications

**MANDATE COSTS****PROGRAMME 3: SUPPORT AND GOVERNANCE FUNCTIONS**

Staff costs (Support and Governance )

Overheads and operating costs

Capital expenditure

**SHORTFALL/ SURPLUS**

	<b>YEAR 1 MTEF (2014/2015)</b>	<b>YEAR 2 MTEF (2015/2016)</b>	<b>YEAR 3 MTEF (2016/2017)</b>
<b>PROGRAMME 1 : CAPACITY BUILDING</b>	<b>99 852 621</b>	<b>105 139 535</b>	<b>118 376 024</b>
Direct Project funding (Poverty alleviation projects)	35 685 821	36 613 942	35 213 747
<b>Direct project costs</b>	<b>4 373 618</b>	<b>4 636 035</b>	<b>4 919 497</b>
Due diligence	500 000	530 000	567 100
Projects Branding	573 618	608 035	644 517
Projects monitoring and support	2 700 000	2 862 000	3 033 720
Compliance Audits	600 000	636 000	674 160
Direct staff costs ( Development Management )	32 527 362	34 446 476	36 513 265
Strengthening of CSOs and NPOs	16 000 000	17 440 000	29 006 248
Direct staff costs (Capacity Building Practitioners)	9 465 820	10 095 082	10 700 787
Project Management Unit (PMU)	1 800 000	1 908 000	2 022 480
<b>PROGRAMME 2: RESEARCH AND DEVELOPMENT</b>	<b>11 906 000</b>	<b>10 852 480</b>	<b>9 694 415</b>
Studies, Research and policy papers	2 200 000	2 332 000	1 717 428
Monitoring and evaluation	2 000 000	2 200 000	2 000 000
Compensation of employees	5 706 000	6 042 654	6 399 171
Impact Evaluation	1 500 000	0	600 000
Knowledge Management and Publications	500 000	277 826	294 495
<b>MANDATE COSTS</b>	<b>111 758 621</b>	<b>115 992 015</b>	<b>128 070 440</b>
<b>PROGRAMME 3: SUPPORT AND GOVERNANCE FUNCTIONS</b>	<b>66 578 379</b>	<b>68 388 985</b>	<b>67 373 420</b>
Staff costs (Support and Governance )	34 167 973	36 218 051	38 391 134
Overheads and operating costs	30 610 406	30 308 435	27 182 286
Capital expenditure	1 800 000	1 862 499	1 800 000
<b>SHORTFALL/ SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>

## PROJECTION OF ACTUAL RESOURCES REQUIRED TO IMPLEMENT CURRENT STRATEGY

PROGRAM NAME	2014/15	2015/16	2016/17
Programme 1: Capacity Building	R 159 783 135	R 184 916 940	R 208 160 061
Programme 2 : Research and Development	R 11 238 990	R 9 258 883	R 9 694 416
Programme 2 : Administration and Support	R 65 543 325	R 69 335 941	R 73 364 433
<b>TOTAL RESOURCE REQUIREMENTS</b>	<b>R 236 565 449</b>	<b>R263 511 763</b>	<b>R 291 218 910</b>

### 9.2 Projected Human Capacity

To deliver on its mandate, the NDA will require a diverse set of skills such as capacity building, resource mobilisation, ICT, supply chain management and development management sector specialists. The NDA workforce plan, based on its strategic shift and operating model, indicates a need to build internal capability, re-skilling and redeployment of employees in certain critical roles. To further strengthen its existing capacity on delivery, the NDA will recruit sector specialists (i.e. ECD, Food Security and National Development Planning). The NDA will increase the current footprint in all the nine provinces through the established Advisory Centres that will be adequately resourced with additional human capacity. These Centres will be resourced with three interns per province. The following human capital positions have been identified to drive the new strategic shift:

### Proposed Additional Staff and projected budget

Position Type	Proposed number	Salary Grade	Budget Required
Capacity Building Officer	27	9	R 12 589 919
Capacity Building Specialist	1	8	R 561 430
ECD Specialist	1	8	R 561 430
Monitoring and Evaluations Specialist	1	7	R 679 499
Food Security Specialist	1	8	R 561 430
Supply Chain Manager	1	7	R 679 499
Senior Manager NDP	1	5	R 1 057 547
Advisory Centre Officers (interns)	18	17	R1 080 000
<b>Total</b>	<b>51</b>	<b>69</b>	<b>R 17 770 754</b>

**As part of implementation of the strategic workforce plan, the NDA endeavours to:**

- To develop and enhance the leadership and management competencies and profiling to deliver on the new strategic shift at R250 000.
- Create job opportunities for youth employment through internship programme at R1.1 million.
- Review NDA's skills mix and competency profiles for alignment to organisational strategy and structure at R10 million.
- Build and retain core, critical and scarce skills at R500 000.
- Re-train, re-skill and re-deploy (restructuring) employees to areas of business where new or emerging skills and capabilities are required at R20 million.
- The NDA values will be reviewed and aligned to the new strategic shift to create the culture of high performance at R10 million.

**The organisation shall consider increasing the targeted percentage depending on increasing revenue from resource mobilisation funding.**

<b>NDA Headcount</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Employees	135	135	137
Internships (Youth Development)	36	45	54
Percentage (%) Net Growth	15%	2%	2%

## 10. RISK MANAGEMENT

The following risks have been identified by the organisation as having a potential to prevent achievement of objectives listed in the strategic plan and the Annual Performance Plans. The matrix below consists of identified risks, ratings and mitigating controls. These were considered the top risks emanating from the risks tolerance assessment conducted.

Risk	What threatens achievement of Objectives	Absolute Risk (Scoring)	Current (What control is in place)	Ctrl Risk (Scoring)	Future (Corrective action to be implemented)	Risk Owner	Provinces and Directorates affected
1	Increased and regressing regulatory and internal audit findings	High	<ul style="list-style-type: none"> <li>• Audit turn-around strategy</li> <li>• Legal &amp; Risk / Internal Audit assessments</li> <li>• AGSA Dashboard audits</li> </ul>	High	<ul style="list-style-type: none"> <li>• Performance Monitoring and evaluation</li> <li>• Institutionalised risk management processes</li> <li>• Strengthened internal controls Establishment of internal audit steering committee implementing an integrated ICT system</li> </ul>	Legal & Risk	EXCO
2	Inadequate financial resources to fully implement the NDA mandate	High	<ul style="list-style-type: none"> <li>• Establishment of PMU Resource mobilisation</li> <li>• Approved partnership strategy and implementation plan</li> </ul>	High	<ul style="list-style-type: none"> <li>• Efficient and Functional PMU Increased and successful resource mobilisation initiatives</li> <li>• Partnerships with stakeholders maintained</li> <li>• Implementing effective cost containment strategy.</li> </ul>	PMU	ALL
3	Poor organisational performance and lack of accountability	High	<ul style="list-style-type: none"> <li>• Performance management System (Contracting appraisal and reporting)</li> <li>• Performance audit and assessment</li> </ul>	High	<ul style="list-style-type: none"> <li>• Quarterly assessment of performance</li> <li>• Punitive performance management and accountability Training and development</li> </ul>	CEO	ALL

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Risk	What threatens achievement of Objectives	Absolute Risk (Scoring)	Current (What control is in place)	Ctrl Risk (Scoring)	Future (Corrective action to be implemented)	Risk Owner	Provinces and Directorates affected
4	Poor brand recognition	High	<ul style="list-style-type: none"> <li>Project and programme launches Internal and external communication tools</li> <li>Establishment of advisory centres</li> </ul>	High	<ul style="list-style-type: none"> <li>Approved Communication and Partnership strategy</li> <li>Increased resources to fund visibility initiatives</li> <li>Knowledge sharing</li> </ul>	Executive M&C	ALL
5	Non Compliance with Laws and regulations	High	<ul style="list-style-type: none"> <li>Corrective action and condonation</li> <li>Procurement monthly exception reports</li> <li>Internal audits</li> </ul>	High	<ul style="list-style-type: none"> <li>Establishment of Internal control unit to conduct regular assessments</li> <li>Corrective measures against transgressors</li> <li>Strengthen capacity in Supply Chain management</li> </ul>	CFO / CEO	ALL



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