

Annual Report 2005/6



NDA
National
Development
Agency

Unlocking Potential

The National Development Agency

Annual Report

2005/6

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NATIONAL DEVELOPMENT AGENCY
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VISION

A developing society free from poverty.

Increasing collaboration and capacity to access and utilise resources in a sustainable manner

MISSION

To contribute to poverty eradication and elimination of its causes

Facilitating leveraging of resources to advance models of best practice in development and inform policy

VALUES

- **Integrity**
To be honest, trustworthy, open and accountable for our actions and the resources entrusted to us
- **Excellence**
To meet and exceed delivery service standards in all aspects of the business
- **Dignity**
To uphold and respect the primacy of the individual, group and society in their quest to seek decent living standards
- **Partnering**
To work in partnership with others for the common good
- **Commitment**
To intervene with skill, diligence and dedication in the pursuit of meeting the needs of our partners
- **Empowerment**
Seeking and unleashing potential in all our stakeholders

BRAND PROMISE

Unlocking Potential

MANDATE

The NDA has a responsibility to ensure that it fulfils its role as defined by the NDA Act, (Act No. 108/1998), as amended.

OBJECTIVES

Funding

Provide financial support for projects and programmes that will have a direct impact on improving the asset base of poor communities

Capacity Building

Identify and support civil society organisations that work to eradicate poverty

Fundraising

Identify, support and encourage any organisations making significant fundraising efforts on behalf of the poor

Research

Utilise our resources to establish a credible database of partners with whom we will promote relationships, dialogue and partnerships

Promote Dialogue & Influence Development Policy

To ensure communication aimed at influencing development policy change as well as information and knowledge sharing

STRATEGIC OBJECTIVES

The NDA has recently crafted its new strategy plan for the next 5 years and the strategic goals identified are listed -

- Organisational transformation
- Partnering for development
- Resource mobilisation for poverty eradication
- Community empowerment for sustainable development
- Communication of credible and relevant researched development information



FOREWORD

by The Minister of Social Development

The National Development Agency

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Foreword

◀ Dr. Zola Skweyiya, Minister of Social Development

In my foreword in the NDA's Annual Report of last year, I announced the appointment of Mr Godfrey Mokate as the Chief Executive Officer of the NDA with effect from 1 June 2005. I expressed the anticipation that the leadership skills and expertise of Mr Mokate would benefit the Agency significantly and result in greater attention being afforded to its governance structures and ensure accountability. My overwhelming sense is that the necessary institutional stability and effective governance to enable the NDA to deliver on its legislative mandate has been created. In addition, the role which the Board has played under the leadership of Bishop Malusi Mpumlwana, has had a very positive impact on the governance of and service delivery by the NDA.

Data on the incidence of Government spending has indicated that the provision of social grants is Government's most pro-poor intervention. There is a high financial cost attached to the scale at which Government provides social assistance, but it has to be seen in terms of the ongoing benefits of poverty reduction and enhanced social inclusion. The Government in general, and the Department in particular, expects the NDA to play a significant role in moving a major component of our society from depending solely on social grants to engaging in sustainable economic activities that will improve their quality of life and contribute towards eradicating poverty. In this regard, the NDA recognises that poverty is a multi-dimensional condition that has historical, economical, social and political origins. It manifests itself in various forms as income, capability and asset poverty. The 2006-2011 Strategic Plan of the NDA positions the organisation at the centre of partnering effectively with Government and private sector partners in poverty eradication. I derive enormous confidence, optimism and hope from the said Strategic Plan.

Despite the challenges encountered during the year under review, the NDA has fulfilled its primary objective of contributing towards the eradication of poverty and its causes, by granting funds and providing for the strengthening of civil society organisations (functioning in impoverished communities) and poor communities. Indeed, the NDA Board has approved the funding of approximately R68.7 million to projects over the past year. In addition, the staff of the NDA continued to forge partnerships with and support local and national civil society organisations and Government initiatives with vigour and determination. Strong partnerships with the various sectors of society including Non Government Organisations, Community Based Organisations, Faith Based Organisations, labour and business are vital for strengthening the second economy. A strong civil society is a catalyst to sustainable development which cannot be achieved without strong partnerships. Strengthening the capacity of civil society to actively engage in social and economic development will be given more attention in the coming year and the NDA will play a significant role in this regard. Linked with this is the employment of systems and tools that will ensure that our people are finally placed at the centre of their own development. No organisations are better placed to ensure that this occurs than the formal and informal community organisations of our people. These organisations are in many cases linked to faith-based institutions and rooted in structures of traditional leadership. They must be supported and capacitated both by collaborative networks among themselves, and by strategic partnerships with Non Government Organisations. The NDA is thus tasked to facilitate these collaborative networks and strategic partnerships.

In order to advance cooperative governance and poverty eradication, the NDA has, and will continue to -

- focus its efforts on empowering and improving the capacity of poor and vulnerable people
- deepening transformation amongst NGO's and the broader civil society, whilst paying attention to the financing received by these organisations
- reaching the nodes of Integrated Sustainable Rural Development Programme and the Urban Renewal Programme, whilst also targeting provincial poverty pockets
- increasing the amount of research on and dialogue in our society about poverty relief strategies and the role of civil society
- playing a broker role between civil society, Government and the broad donor community (including the private sector).

In addition, the NDA will be involved with ASGI-SA by mobilising civil society participation therein.

Further, South Africa has pledged support for the Millennium Development Goals which include a commitment to -

- eradicating extreme poverty and hunger
- achieving universal primary education
- promoting gender equality and empowering women
- reducing child mortality
- improving maternal health
- combating HIV/AIDS, malaria and other diseases
- ensuring environmental sustainability
- developing a global partnership for development

The NDA will align itself with these goals to support Government action to meet its local and international commitments. It is also the intention to consolidate and strengthen the networks that the NDA has developed and align them to Government and Departmental priorities. We will ensure that the Social Contract for a better quality of life for all our people comes closer to being realised and that more is done to lift from the shoulders of our people the intolerable burden of poverty and underdevelopment.

It is also recognised that the NDA cannot achieve these objectives alone or with the support of Government only. Government hopes that mobilising resources for the NDA will also foster the mobilisation and alignment of donor funding; the commitment of civil society to our programme of reconstruction and development; as well as the impact of all our efforts on the poorest and most vulnerable members of society who are typically women and children. As the NDA goes about its work of mobilising resources, and facilitating collaborative networks and strategic partnerships, it will continue to pay particular attention to the rights and needs of women and children living in poverty.

I would like to conclude by commending the Board of the NDA for the work performed by the Agency under the Board's guidance over the past two years whilst the Board has been in office. In addition, let me take this opportunity to thank the Board, Management and staff for the significant contributions they have made towards keeping the NDA functioning during some difficult times.

Minister Zola Skweyiya
Minister of Social Development



MESSAGE

from the Chairperson

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Message from the Chairperson

◀ Bishop M.M. Mpumlwana, Chairperson of the Board

As Chairperson of the NDA Board, I am most pleased to report that there has been significant improvement in operations and delivery of service at the NDA over the past year. The confidence we expressed in Mr Godfrey Mokate who was appointed as CEO by our honourable Minister of Social Development in June last year, was most certainly well placed. He has brought much needed leadership and stability to the NDA. Changes have been made, such as the revision of the strategy, a business process review and significant human resource initiatives that, going forward, will greatly enhance the NDA's ability to deliver on its mandate.

This is the 6th Annual Report of the NDA since its establishment. The Report covers the fourth full year of operations under the Ministry of Social Development, as well as the second full year of the current Board. As stipulated in the NDA Act, the Board should be comprised of 11 members, six of whom are from civil society and the other five from Government. The Board has five committees, four chaired and served by Board members. The Audit Committee, being the exception, has one independent non Board member as Chairperson with two other independent non Board members and one Board member. With regret, I report the resignation of Mr Alan Taylor on 31 December 2005 due to other pressing work commitments and Mr George Chaane on 20 April 2005 as a result of illness in his family. Their expertise and wise counsel is sorely missed.

The establishment of the NDA marked a watershed moment in the relationship between Government and CSOs in South Africa. A new socio-economic dispensation was ushered in, which ultimately required a shift from adversarial to co-operative relations to achieve a common goal to improve the quality of life for all South Africans. It created the need to define a mechanism to stimulate dialogue on issues of poverty and, as a result, produce an institutional framework to anchor collaboration. The NDA has been viewed by many as a cure-all to the post 1994 development funding crisis, with the public perception today still being that it is solely, a grant maker. We have thus seen the need to deploy developmental resources in a much more strategic manner to ensure the NDA's effectiveness in fulfilling its mandate and therefore have to ask and respond to some difficult questions such as – Can the NDA sustain the focus on grant making given the limited resources at its disposal? Should it use grants simply as a catalyst for innovation in community development in targeted localities? Can the provision of grants be a means to an end, and not an end in itself?

The ultimate response should be that the sum total of grants, capacity building, policy dialogue and relevant research is what constitutes the NDA's contribution to poverty eradication in South Africa.

It is with much pride that we have been able to present to the people of South Africa the NDA's Organisational Strategic Plan 2006 – 2011. It defines the "niche" for the NDA's contribution to addressing the challenges of poverty and positions it as a relevant and strategic role player in supporting critical developmental initiatives at different levels. A comprehensive capacity building programme has been

recognised as key to complement the provision of grants to communities, to empower them to take charge of their own development agenda and collective destiny.

In order to better carry out its mandate of grant funding, the NDA once again used a Request for Proposals programme, which resulted in the improved efficiencies and turn around times achieved. This, along with the Programme Formulation and clustering programme that continued throughout the year resulted in R68.7 million being approved by the NDA Board for the funding of projects and R62 million being disbursed during the year under review. Considerable resources were devoted to its other mandates, being capacity building, research and development, policy dialogue and impact assessment - with added attention to be given to these in the coming year.

The Strategic Plan is anchored on the premise that the institutional capabilities and competencies of grassroots organisations are the most sustainable guarantees of community empowerment. The vision of developing a society free from poverty will only be realised when communities have the necessary ability to influence policy development and implementation, as well as to attract, co-ordinate and direct allocation of resources for sustainable development. It also acknowledges the potentially significant role that CSOs can play in strengthening community building. Government at local level will not have effective partners if it does not strengthen the capacity of non-state organisations. A well capacitated civil society will deepen participatory democracy and will create a pool of partners who can work with local Government and improve service delivery. It will also promote enterprise creation as part of civil society's contribution to the ASGI-SA programme, creating and establishing new wealth and a class of entrepreneurs through targeted support for co-operatives.

With its role as broker between Government and Civil Society Organisations, to enhance the integration of development programmes, the NDA seeks to continue its efforts as a catalyst toward realising sustainable development. With the ever increasing demands for funding, every effort will be made both internationally and nationally to develop strategic partnerships and collaborative working relations with all the NDA's stakeholders and potential partners. The NDA, as can clearly be seen, has made significant strides towards achieving its mandate. However, it is most unfortunate for me to have to report that, during the annual audit the alleged misappropriation of funds which is currently estimated to be R8.8 million, was discovered. Forensic Auditors have been appointed to investigate and a member of the NDA staff has been suspended pending the findings. The SAPS, Asset Forfeiture Unit and the Public Prosecutor's office have been assisting.

The NDA is fortunate to have the support of many and, in particular, we would like to thank the Ministries and Departments of Social Development and Finance. In addition, the inputs and ongoing dialogue with NGO's and CBO's is invaluable and we are especially grateful for this.

In conclusion, I would like to thank my colleagues on the Board for their sterling and commendable work carried out under demanding circumstances when all aspects of the NDA were being examined and redefined. On behalf of the Board, I would like to give special thanks to the staff of the NDA for their commitment, dedication and fortitude in a very challenging year. I am positive that all the hard work will bear fruit in the future of the NDA under the leadership of Mr Godfrey Mokate. Therefore, I look forward to enjoying this bright future with the NDA and all those associated with it.



Bishop M.M. Mpumlwana
Chairperson of the Board



BOARD MEMBERS

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Board Members



Bishop Malusi Mpumlwana (Chairperson)

Bishop Mpumlwana is currently the Regional Director of Africa Programmes for the WG Kellogg Foundation. He provides leadership and strategic direction for the Foundation's grant making within seven southern African countries and is responsible for the administrative and operations systems of the Foundation's business in Africa. He is also chief representative of the Foundation in deliberations with the Governments of the countries in which the Kellogg Foundation operates. In addition, he is a Bishop in the Ethiopian Episcopal Church.



Ms Marcia Manong (Deputy Chairperson)

She is the Director of the Association for Community and Rural Advancement, an NGO in the Northern Cape. She is also the Chairperson of Sangoco. She is very interested in rural areas and rural development and in assisting communities and farm dwellers in respect of land rights and human rights as well as combating illegal evictions.



Mr George Chaane

He is currently in the Secretary General's office of the African National Congress in a legal capacity. He was called as a Barrister in the Middle Temple, England and he is qualified to practice Law in South Africa and several other African countries. He and Minister Skweyiya, the Minister of Social Development had known each other for a length of time in exile and this had influenced him to make himself available to be a member of the NDA Board.



Ms Joan Daries

She is currently employed by SANparks as the Volunteer Programme Manager at the Table Mountain National Park. She has a long history of working in the NGO sector, particularly with organisations using volunteers in their service delivery. Her organisation seeks to coordinate and facilitate volunteering in a manner that is mutually beneficial to the volunteers and those benefiting from work done by volunteers.



Ms Annemarie Hendrikz

She is presently working with a project of Cape Town Grail called Aids Response which is involved with mobilising the Faith-Based sector to respond to HIV and AIDS and to provide a service for those who are affected or infected by HIV and AIDS. She has previously been a Director of the Social Change Assistance Trust, which is a development and funding organisation, prior to which she was the national coordinator of the Black Sash. Her experience includes human rights, social development funding, rural development and HIV and AIDS.



Ms Onica Maphai

She is a Deputy Director in the Department of Health. She was appointed to the Board by the Minister subsequent to an appropriate and transparent selection process.



Dr Temba Masilela

He is an advisor to the Minister of Social Development. Dr Masilela was appointed to the Board by the Minister subsequent to an appropriate and transparent selection process.



Prof Tokozile Mayekiso

She is currently Head of the School of Human And Community Development at Wits University. The school is comprised of psychology; social work; speech pathology and audiology; and specialises in education disciplines. Prof Mayekiso is a Clinical Psychologist and, prior to moving to Wits, she was at the University of Transkei.



Ms Nontobeko Moletsane

She is the former Head of Initiative for Participatory Development in East London. She served as a Board member of the inaugural NDA Board in the capacity of Chairperson of the Projects and Programmes Screening Committee and still serves in this position. In addition, she has been and continues to be a Board member, trustee and patron of a number of church related and non-profit organisations.



Dr Stephen Rule

He is the Director of Outsourced Insight which is an independent research consultancy. He was previously Director of Research Surveys at the Human Sciences Research Council, where he managed projects to determine public opinion on social, political and economic issues. He has also worked in the Ministry of Social Development and has lectured in Soweto on political and urban geography.



Mr Allan Taylor

He is the Chief Executive Officer of the National Student Finance Aid Scheme which is a strategic body that falls under the Minister of Education and distributes approximately R850m a year to public higher education institutions for financially needy and academically deserving students. He has previously been a special advisor to Minister Kadar Asmal and worked in human resources and organisational development in a number of Government and private organisations.



CEO's OVERVIEW

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CEO's Overview 2006

The 2005/06 financial year represents the period of transformation for the organisation following a few years of turbulence and instability, and lack of a CEO till 1 June 2005. At the beginning of the year the organisation faced a number of challenges which affected its ability to meet its mandate effectively. These challenges included -

- a lack of direction and clear strategy for the NDA as a whole
- a weak monitoring and evaluation system
- no integrated and updated database of NGO's and CBO's
- no integrated business operating model and reporting system
- long delays in fund allocation from time of Board approval till project funding
- ineffective communication channels with regard to funded projects
- ineffective communication relating to the NDA organisational profile
- a backlog of labour relations cases, including that of the previous CEO and COO
- a lack of research information to back up selection of projects and prioritisation decisions
- limited internal capacity to conduct capacity building programmes with NGO's and CBO's as required by legislation
- a lack of direction regarding the role research and development plays, both internally and externally
- a weak contract management system and lack of capacity relating to project funding and execution
- unclear and inappropriate delegation of authority
- a weak procurement management process and system
- non-alignment of organisational structure to organisational strategy
- a low level of resources and limited human resources capacity with an inappropriate skills base to achieve organisational strategy and fulfil the mandate
- a weak Corporate Governance and performance culture

Given that the CEO's contract with the NDA only commenced on 1 June 2005, the Annual Report reflects two aspects of organisational performance, namely –

- the strategy and business plan in place up to the end of May 2006, developed prior to the appointment of the CEO
- the period from 1 June 2005 to 31 March 2006 based on the performance agreement signed between the CEO and the Board and is thus reported accordingly.

Organisational Focus

The organisational plan has been and is focusing on and prioritising the rebuilding of the organisation by addressing all the challenges identified above, in addition to implementing routine core activities relating to grant funding. This plan consisted of 13 goals to be implemented by the end of the 2005/2006 financial year. (See Point 8 of the Performance Information on Page 49)

Performance Against Strategy & Agreed Priority Goals

Given the context within which the organisation had to operate at that time, and the fact that the priority strategic objective was to rebuild and stabilise the organisation, its performance for the 2005/06 financial year can be described as being good. This Annual Report highlights the major achievements against the stated goals, as well as the main weaknesses reflected in the Financial Report.

On the goals performance side the report shows high levels of achievements on the first 10 goals listed in the Management Report and with low to moderate levels of achievement realised on the last three goals listed. (See Point 8 of the Performance Information on Page 49)

The highlights of the high level achievements are that the rebuilding of the organisation is proceeding well and is starting to turn the tide in a positive direction.

Strategic Direction, Transformation & Turn-Around Plan

A clear direction for the organisation has now been set through the development and approval of the 2006 – 2011 Strategic Plan. (See Strategic Map on Page 20) The Strategic Plan has clear macro indicators (see page 21) to enable process monitoring and evaluation. It refocuses the organisation and repositions its role in the area of capacity building as a mechanism for poverty eradication. A transformation and turn-around plan has been developed and is being implemented. The main elements of this plan are about implementing the new organisational structure which is aligned with the 2011 Strategy, thereby improving organisational and individual performance by implementing change management and the balanced scorecard programmes. It also focuses on establishing appropriate Human Resource policies, systems and processes as well as right-sizing the organisation in line with our competency and capacity requirements, including the training and development of our staff. An extensive business process mapping exercise was completed and recommendations for improvements are being implemented along with the development and implementation of appropriate Corporate Governance systems, policies, procedures, standards and guidelines.

The backlogs in relation to the labour relations cases as well as projects payments were successfully cleared and the credibility of the organisation has been improved through the raising of its profile and increased interaction with its stakeholders. Internal and external communication has also improved by implementing more transparent approaches and systems in our work.

On the low levels of achievements, although there has been significant improvement on the grant funding side, there are still challenges relating to clear criteria for funding; delays in projects payments; project administration and systems. A comprehensive plan has been put in place and is being implemented to address these shortcomings. The plan also includes the enhancing of our research and communication capacities. All other goals which have received low to moderate levels of achievement have now been listed as priority areas for inclusion in the 2006/07 financial year operational plan for implementation.

In spite of the NDA improving on its overall performance as measured against the goals, it has unfortunately not done very well on its financial statements. The statements have been qualified on the grounds of allegations of misappropriation of funds; weaknesses in the management controls for projects; project write backs; and write back of trade creditors. Once these were discovered, immediate action was taken by the organisation which instituted a forensic investigation, as well as disciplinary and criminal actions. At the time of writing this report, investigations were still in progress with the hope of completing them by the end of August 2006. A corrective action plan has also been put in place to address all other systematic problems identified in the Auditor-General's report relating to the qualified audit opinion.

The priorities are going to be on strengthening control and administrative systems relating to grant funding and projects, as well as business process improvements and human capital development.

In spite of this, the organisation has shown dramatic changes and improvements in its overall performance as evidenced in the full Annual Report of which this forms part.

Grant Funding Projects in the Financial Year Under Review

The Board has approved the funding of 104 projects throughout the country amounting to approximately R68.7 million and R62 million was disbursed during the financial year. Through our Request for Proposals (RFP) process, we received 655 proposals for funding from 643 NGOs and CBOs. Of these, 39 proposals representing 6% of the total number of proposals received, were approved for funding to benefit almost 40 000 people directly and 156 000 indirectly. In addition to this, 64 projects originating through our Programme Formulation (PF) process were approved for funding, worth R43.6 million and are estimated to benefit approximately 30 000 people directly and 122 000 indirectly. The RFP is community initiated and driven and has objectives within the framework and timing set by the NDA. The PF is initiated by the NDA in those communities which are deemed as lacking in capacity to compete effectively for resources. It is more subjective and is used to build the capacity of communities. We have also approved one project earmarked for capacity building, which is worth about R1 million and will benefit 25 NGOs and CBOs. In addition, 32 other capacity building interventions were carried out through service providers and these benefited approximately 1000 people.

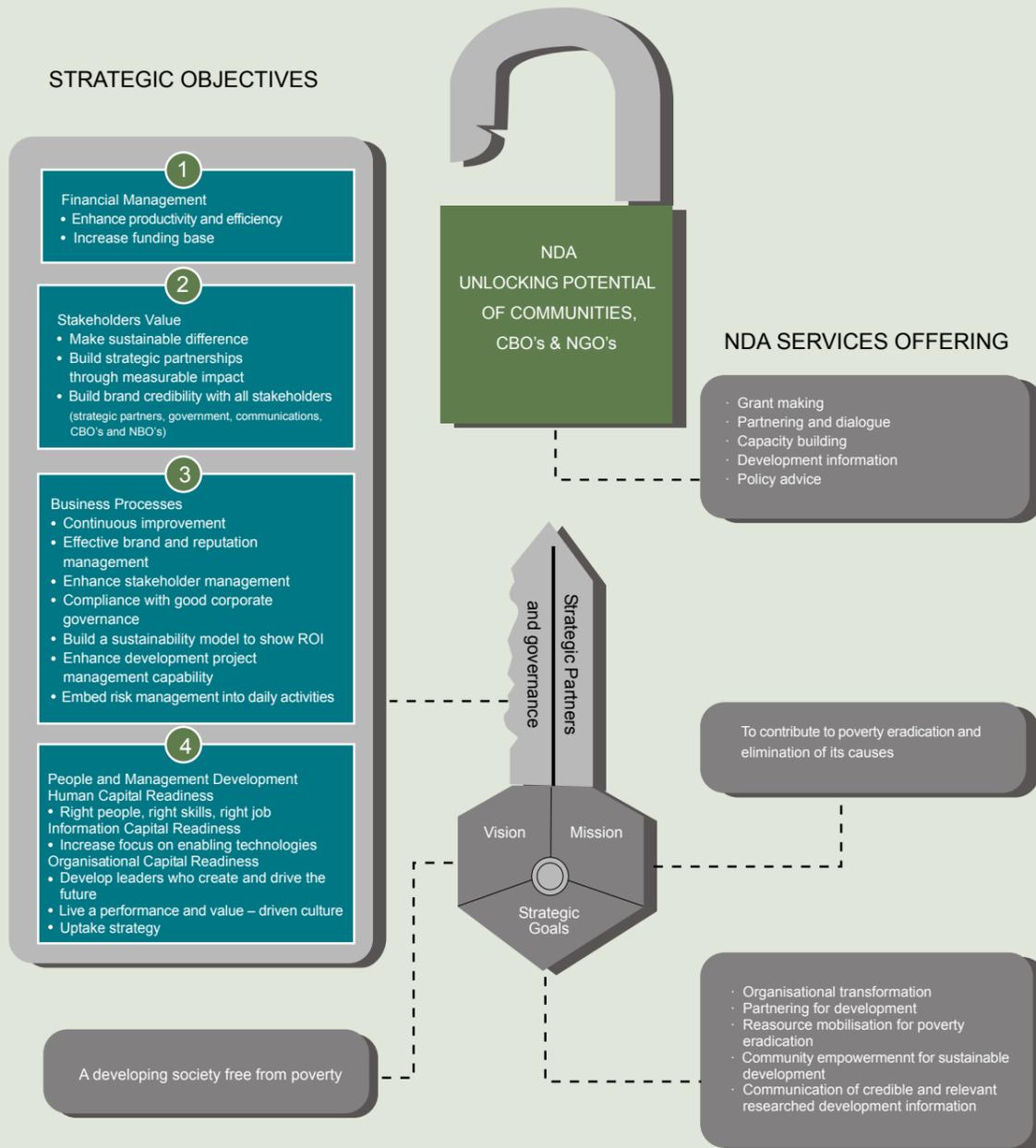
Conclusion

This Annual Report is a full and true reflection of the progress that has been made and events that have taken place during the year under review.



Godfrey Mokate

Chief Executive Officer



Macro indicators speak to the high level, externally focused objectives that will be achieved through implementation of the NDA's strategic goals as defined. The Macro indicators and associated strategic goals are as follows -

1. Improved coordination of resource allocation for poverty eradication

- Partnering for development
- Resource Mobilisation for poverty eradication

2. Improved economic opportunities for communities in NDA targeted localities

- Community empowerment for sustainable development

3. Improved social empowerment in NDA targeted localities

- Community empowerment for sustainable development

4. Improved capability of targeted CSO's in relation to service delivery

- Community empowerment for sustainable development

5. Increased influence in development policy as it relates to poverty eradication

- Communication of credible and relevant researched development information

The NDA has recently crafted its new strategy for the next five years and the strategic goals identified are listed below:

- Organisational transformation
- Partnering for development
- Resource mobilisation for poverty eradication
- Community empowerment for sustainable development
- Communication of credible and relevant researched development information

Details of how these strategic goals are translated into key initiatives and deliverables are discussed below. These initiatives and the outputs and milestones as defined will be used to monitor and measure organisational delivery on the overall strategic goals and, ultimately, macro organisational impact indicators.

1. Organisational Transformation

Overview

This Strategic Goal serves to create a values and performance based culture, improving NDA people competencies, business processes and corporate governance, and re-branding the Agency.

Key Initiatives (strategies)

- Live a values and performance based culture
- Ensure availability of critical competencies
- Develop leaders, who will create and drive the future of the NDA
- Continuously improve business processes, systems and policies
- Practice good corporate governance
- Build brand credibility and confidence with stakeholders

Situation Analysis

A low 'performance culture' coupled with skills shortages and lack of adequate direction has had a decided negative impact on both the NDA's image and performance.

2. Partnering for Development

Overview

The purpose of this strategic goal is to actively collaborate with state institutions and other stakeholders, local and international, for poverty eradication.

Key Initiatives (strategies)

- Actively collaborate with stakeholders for poverty eradication and
- Position the NDA as a leading and credible partner in poverty eradication

Situation Analysis

Although collaboration does take place, it has not been pursued aggressively enough. This is evidenced by the fact that when collaboration partners were formally surveyed by the NDA, many of the contacts were either stale or non responsive. This indicates that contact has been lethargically slow and perhaps low key, with a resultant low impact on both funding and capacity to deliver on the NDA mandate.

3 Resource Mobilisation for Poverty Eradication

Overview

The purpose of this strategic goal is to mobilise funding for poverty eradication programs and strategies, locally and internationally.

Key Initiative (strategy)

- Mobilise and increase funding for poverty eradication programmes and strategies - locally and internationally

Situation Analysis

Essentially a marketing role, this function has not performed to its potential in identifying the most appropriate stakeholders and resources, securing funding, developing partnering relationships with key decision makers and driving involvement of key players in the processes of the NDA in order to achieve its strategic goals.

4 Community Empowerment for Sustainable Development

Overview

The purpose of this Strategic Goal is to develop capability and capacity to access and utilise developmental resources towards self-reliance.

Key Initiative (strategy)

- Develop capability and capacity of civil society to enable it to access and utilise developmental resources towards self-reliance

Situation Analysis

Perhaps better known in the past as a conduit for donor funds, the NDA is shifting its focus from 'grant funding' to sustainable 'capacity building', founded on ongoing empirical research. This change in direction will see the NDA reconstituting, re-positioning and re-branding itself as a Development Agency.

Overview

The purpose of this Strategic Goal is to develop research based information, which is managed through an appropriate knowledge management system, which is instrumental in promoting policy dialogue in respect of development.

Key Initiatives (strategy)

- Develop information and knowledge management systems and processes which are instrumental in promoting policy dialogue
- Disseminate and communicate research based development information.

Situation Analysis

Although all of the foregoing Strategic Goals are interdependent, the need for communication of credible and relevant development information is the hub through which all the Strategic Goals are effected, notwithstanding the fact that stakeholder research data showed that the Agency's ability to seamlessly and effectively communicate with all its stakeholders is not effective.

BUSINESS OPERATING MODEL

The NDA has, through its analysis of the external and internal environment, recognised that it was inappropriately positioned to fulfill all aspects of its mandate. Consequently, the organisation has, as part of it redefining the overall strategic intent, also undergone a process to redesign the overall operating model or business process approach.

This approach highlights a fundamental shift in refocusing the organisation on sustainable development, based on research-based information and through capacity building. The business approach has two main operational components, namely, the core and support processes. The support processes are fundamental to the achievement of the organisational objectives and provide the necessary support to the core business in terms of Finance, IT, Human Resources, Marketing and Communication and Information management, whereas the core delivery processes are focused on all the various legislative development mandates and directly contribute to achieving the organisation's strategic objectives. These core processes are dynamic, interrelated and cyclical or continuous in nature and are centred on the various primary stakeholders of the organisation. Each component of the business model plays an integral role in the development cycle and is defined as follows:

1. Research Analysis Process

Research and Analysis will be the first step in the new NDA operating model and will set the parameters for all other activities. This process performs research on possible focus areas i.e. type of projects to undertake, funding opportunities, and dialogue opportunities. Within this process, dialogue with stakeholders is undertaken and fund raising is performed. The output of this process is put into the prioritisation and selection process in the form of a "prioritisation list" of possible projects that can be undertaken, supported by the appropriate research.

2. Prioritisation & Selection

A fundamental operating principle that will apply is that the NDA projects are informed by information obtained from Research and Analysis. At a strategic level, the "prioritisation list" is approved or amended before implementation.

3. Project Monitoring & Selection

The activities undertaken in this process include the selection of CSO's/NGO's to undertake projects with monitoring and evaluation of the projects and capacity building of NGO's/CSO's. In this model the NDA will have focused capacity building through launching of stand-alone capacity building projects.

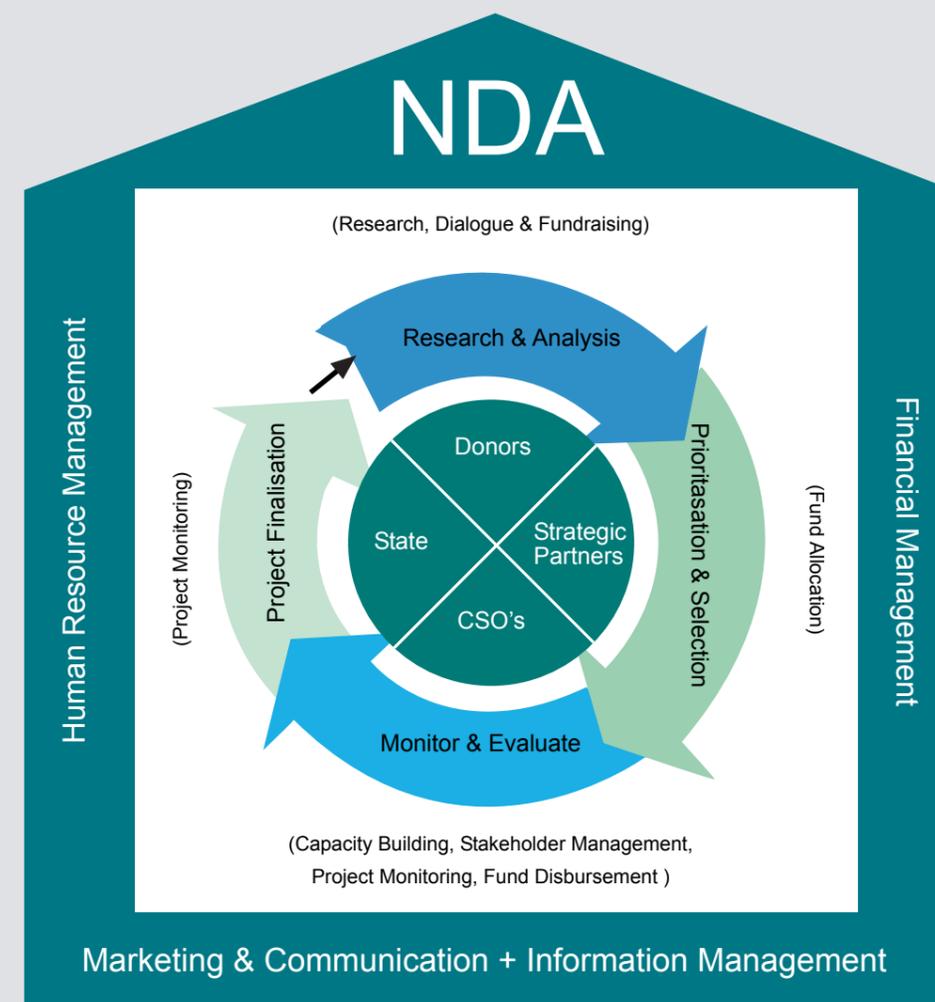
4. Project Disclosure

This process formally closes the projects and captures lessons learnt; issues identified etc., which is communicated back to research and analysis.

The new model is focused towards achieving the NDA's ultimate goal, which is to eradicate poverty and its causes through partnerships.

Processes and human resources are aligned within the new model to work together in achieving this - outputs from one process are used as inputs to another and vice versa.

Below is the graphic presentation of the new NDA operating model





MANAGEMENT REPORT

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Management Report

1. HIGHLIGHTS

For the NDA, the year under review was one of mixed fortunes. However, great strides were made in organisational restructuring. Where weaknesses and challenges were identified, the organisation's management took the appropriate action to address them. The following are highlights for the year under review -

- A revised NDA strategic plan that is aligned to national development priorities in relation to poverty eradication/alleviation
- Improved overall organisational stability through the possible elimination, mitigation and management of all internal and external organisational risks
- Improved position of the NDA as a stable, critical and relevant partner to Government and civil society in poverty eradication
- Improved turn-around time for project payments after Board approval
- A revised integrated and holistic human resources strategy/ plan that is aligned and linked to organisational strategic priorities
- Improved compliance with all Corporate Governance requirements
- Revised decentralisation strategy and plan for improved service delivery
- Developed Stakeholder Management strategy and plan to build appropriate partnerships
- Establishing governance frameworks and processes for Board and management structures
- Improved processes and systems to address NDA business requirements

1.1 Projects

A short synopsis of some of the projects which the NDA has approved and funded in the provinces and which have shown tremendous success, is covered in the Projects Summary on Page 103

1.1.1 The current financial year has seen the NDA Board approve 104 projects valued at R68.7 million for disbursement to appropriate projects. This will benefit approximately 70 000 people directly and 278 000 indirectly.

- 1.1.2 In the course of the year approximately R55.7 million was disbursed to projects.
- 1.1.3 The Requests for Programmes (RFP) approach to grant making which was employed resulted in 39 projects that were received through the RFP being approved for funding amounting to R25.1 million
- 1.1.4 During the year 64 projects with a total value of R43.6 million which had been identified through the Programme Formulation (PF) approach was approved for funding.
- 1.1.5 Negotiations are in progress with the EU regarding the possibility of the EU providing additional grant funding for distribution by the NDA.
- 1.1.6 Increased emphasis was placed on capacity building of CSOs who manage projects and this will be further increased in the years to come. One project worth R1 million was approved.

1.2 Human Resources

Fundamentally the HR Directorate and the NDA placed emphasis on a number of programmes designed to realign the organisation for its future strategic direction. In addition, issues around governance, legal compliance and operational process improvement were emphasised. These implementation programmes can be divided into strategic programmes and initiatives and general operational reporting. The strategically orientated programmes were focused on three strategic objectives, namely:

- 1.2.1 **Creating a values and performance based culture**
Although this particular strategic objective is a long-term objective, solid progress has been made including the enhancement and alignment of the organisational performance management system; creating an organisational scorecard; the imbedding of the performance based organisational culture and redefining the HR Strategy which is now aligned with the new organisational strategy.
- 1.2.2 **Improving NDA human resources competencies**
The challenging objective in this regard is to ensure the organisation has the right competencies available in order for it to deliver on its mandate. As a result of the historical background of the organisation and the change in focus that the organisation embarked on, a total realignment of the organisational structure and, consequently positional profiles and competencies required to perform successfully, has been necessitated and achieved, as was the assessment and determination of a standardised competency framework for all positions.
- 1.2.3 **Improve business processes, systems and procedures**
The objective is to continuously improve HR processes, systems and procedures. Compliance, especially with legislation and correction of issues as highlighted as matters of emphasis in the Auditor General's report, received attention. These compliance issues centred on tax legislation, which included travel, and cell phone allowances as well as new medical aid taxation legislation. Administrative controls have been improved with the redesign of the leave management documents as well as the introduction of the leave management reports providing managers ongoing information on staff leave issues. In addition, issues around improved benefit administration received attention.

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1.3 Research

The overall strategic objective of the Research Directorate is to undertake research and publication aimed at providing the basis for development policy through initiating, conducting and commissioning research that is relevant to anticipated organisational planning, policy and informed decision-making needs for poor communities in South Africa. Three distinct contiguous but integrated programmes cover the major scope of the work undertaken and these are summarised as follows:

- 1.3.1 To identify gaps in development policies and strategies aimed at eradicating poverty in key sectors, and to facilitate community-driven dialogue sessions and advocacy campaign. Five policy documents were developed, 24 dialogue sessions were held and the first phase of a model regarding micro financing was completed.
- 1.3.2 To undertake Research Capacity Development, Partnerships and Institutional linkages, Impact Assessment and Monitoring & Evaluation. Some 80 linkages with research and development organisations both nationally and internationally were forged, an MOU to develop a National Information Platform for Civil Society was entered into, input was given on developing a National Policy on Volunteerism and an NDA Monitoring and Evaluation Framework for projects was completed.
- 1.3.3 To create a seamless information and knowledge management system. Due to budget and capacity constraints this programme did not materialise, but it will be addressed in the next financial year.

1.4 Marketing & Communication

The activities of this Directorate have included introducing a new corporate image which includes branding; developing a corporate video; overall raising the public profile of the NDA; assisting in improving the credibility of the organisation by highlighting successes; launching of projects; and radio exposure within the relevant communities. A great effort has been made to improve and enhance internal communication through various means.

1.5 Finance

The Annual Financial Statements and the Budget were submitted timeously and all the Emphases of Matter contained in the previous Audit Report were satisfactorily resolved.

FINANCIAL	STAKEHOLDER
<ul style="list-style-type: none"> ● Improve productivity levels by 10% year on year from 2008 ● Improve efficiency levels by 10% year on year from 2008 ● At least 20% increase in Government funding ● Develop and implement a resource mobilisation plan 	<ul style="list-style-type: none"> ● Demonstrated improvement capability of NDA Civil Society Stakeholders (NGOs, CBOs and communities) ● Demonstrated increase in sustainability of projects funded ● Demonstrated increase in NDA reputation as a provider of sustainable development resources
OBJECTIVES	
<p>Financial</p> <ul style="list-style-type: none"> ● Partner for development by mobilising and increasing funding base locally and internally <p>Stakeholders</p> <ul style="list-style-type: none"> ● Build community empowerment for sustainable development through building capacity of Civil Society ● Build brand credibility and increase confidence levels in Stakeholders 	<p>Business Processes</p> <ul style="list-style-type: none"> ● Partner for development by mobilising and increasing funding base locally and internally ● Continuous business process improvement and improved sustainable service delivery <p>People Management & Development</p> <ul style="list-style-type: none"> ● Ensure availability of critical competencies ● Live a performance driven culture
BUSINESS PROCESSES	PEOPLE MANAGEMENT & DEVELOPMENT
<ul style="list-style-type: none"> ● Continuous improvement in overall business performance ● 100% Projects to be delivered in accordance with defined funding strategy ● 100% Compliance with corporate governance, legal and policy requirements ● Implementation of an information and knowledge management system to improve communication with management and stakeholders ● Development of a Sustainability Model to measure and improve sustainable impact at community level and hence demonstrate positive ROI for stakeholders ● Implementation of a strategy to communicate to stakeholders via 11 official languages of South Africa ● Year on year increase in collaboration with and co-ordination of stakeholders on development of projects ● 100% Compliance by NDA Civil Society Stakeholders (NGOs, CBOs and Communities) with service standards 	<ul style="list-style-type: none"> ● Development of an organisation with the right people, right skills and right jobs ● Implementation of a well established Performance Management System ● Improvement in staff performance results year on year ● Implementation of key enabling technologies ● Improvement in leadership and management capacity ● Achieve rating within top 50% in Employer of Choice Survey

1. PROJECTS & PROGRAMMES DIRECTORATE

1.1 Funding Policy & Guideline

Goal	KPI's	Target	Performance	Variance
Yearly NDA funding and policy documents available on the NDA web page	Yearly reviewed and published funding criteria and policies through consultation with strategic civil society partners	Update funding criteria and policies	Partly achieved	NDA funding criteria not on web page, except those related to the Request for Proposals (RFP), which were pasted onto the webpage

1.2 Food Security

Goal	KPI's	Target	Performance	Variance
Support to Integrated and sustainable programmes enhancing food security in identified poverty pockets	Enhanced livelihood and food security in identified communities	10 multi-sectoral projects per province	Achieved 104 integrated projects approved by the Board during the financial year representing funding commitment of R68.7 million	No variance
	Participation by households including women, youth, disabled and people infected or affected by HIV/AIDS	50% of projects funded focus on designated groups	Achieved	No variance
	Improved sustainability of funded projects	70% sustainability of funded projects	Not achieved	Sustainability framework finalised. To be implemented during 2006/7 financial year
	Support to integrated projects involving ECD and ABET in food security initiatives	50% sustainability of ECD funded projects	Achieved. 26 ECD Centres provided funding to complete their physical infrastructure as a contribution to their sustainability	No variance

1.3 Funding for Economic Development Initiatives

Goal	KPI's	Target	Performance	Variance
Facilitate participation of formerly disadvantaged groups in the mainstream economy	Provide support to existing or new income generating initiatives to improve the asset base of poor households	10 large scale commercial enterprises in 9 provinces	Not achieved	As part of the 104 multi-sectoral projects funded, will work in collaboration with the IDC during 2006/7 to develop the capacity of 20 identified commercial enterprises
	Viability and growth of supported economic initiatives in tourism, manufacturing and agro-business	Commercial break-even point reached within 1 year of support	Not achieved	Evaluation on economic viability of projects not yet finalised
	Support the establishment of profitable farmers associations/ co-operatives	9 farmers associations and co-operatives established in each province	Partly achieved - 13 farmers associations and co-operatives funded	Emphasis on strengthening capacity of existing co-operatives
	Strengthen identified institutions to provide business development support to funded projects/ incubated business initiatives	9 institutions in each of the 9 provinces enabled to be accredited service providers	Not achieved	Emphasis on strengthening institutions capacity of existing co-operatives
	Support land restitution post-settlement development activities	5 land restitution projects supported	Partly achieved- 4 projects currently funded - part of tri-partite agreement with Land Restitution Commission and Land Bank	The tri-partite agreement not implemented in all the provinces

Goal	KPI's	Target	Performance	Variance
An IT system for monitoring and evaluation of projects, tracking of approved and finalised projects, disbursements, beneficiaries, jobs created and other key indicators per project, province and nationally	Monitoring and evaluation system with expanded Project Tracking System to quarterly report project implementation (activity & results) and change in key indicators on provincial and national level (beneficiaries trained, jobs created, etc)	The IT monitoring and evaluation system installed data regarding implementation of activities and results from all ongoing projects are being captured	Partly achieved	We are currently conducting a review of IT infrastructure within the organisation

1.4 Local Government Partnerships

Goal	KPI's	Target	Performance	Variance
Strengthen partnerships at municipal level for effective service delivery	Number of partnerships implemented at municipal level	Develop an intervention strategy to contribute towards Project Consolidate - a Government programme to strengthen the capacity of municipalities	Partly achieved	Intervention strategy not finalised. However, at provincial level funding for projects has targeted designated Project Consolidate municipalities

1.5 Expanded Public Works Programme

Goal	KPI's	Target	Performance	Variance
Social sector plan intervention Programme that contributes to the Government's Programme for poverty eradication	Facilitate learner - ships within civil society organisations for 40% of community development; youth care and child care workers	60% of funded projects integrate social sector plan in programming	Not achieved	Relations with co-ordinators of the social sector plan not finalised

1.6 Improved Turn-Around Time

Goal	KPI's	Target	Performance	Variance
All applications answered within four months of receipt	Registry of all applications showing that it takes no more than four months to take a funding decision	Minimum 60% of any new Government budget awarded through call for proposals	Achieved	No variance

1.7 Capacity Building

Goal	KPI's	Target	Performance	Variance
OD interventions developed and implemented	Comprehensive OD strategy and Implementation Framework	Finalised OD strategy document	Achieved	No variance
Capacity of civil society enhanced	Capacity of civil society organisations developed	Capacity building interventions to be conducted	Achieved. 32 Capacity Building interventions conducted and attended by 1 004 participants from civil society	No variance

2. RESEARCH & DEVELOPMENT DIRECTORATE

2.1 Development Policy & Dialogue

Goal	KPI's	Target	Performance	Variance
Development of policies in key sectors	Completed policy documents in key sectors	Four policy documents completed, presented and signed off by Exco and Board	Five policy documents were completed. These included: <ul style="list-style-type: none"> • Micro-Finance of SMMES • Grant funding of FBO's • National policy on Volunteerism • NDA decentralisation Model • Programme Formulation Of the five policies, only the Programme Formulation has been presented to the PPS for discussion and sign off	Challenges regarding staff shortages
Dialogue Framework	Dialogue reports and implementation frameworks	Produce dialogue guidelines Conduct 3 dialogue sessions	24 dialogue sessions held. These included: <ul style="list-style-type: none"> • National dialogue with FBO sector • National dialogue on State of Social Giving in South Africa • Provincial dialogues on development of volunteerism policy • Provincial dialogues on development of M&E framework • Provincial dialogues on poverty mapping • NDA internal dialogue on Disaster Management • NDA internal dialogue on programme formulation • Dialogue on research findings on Youth Economic Empowerment conducted by R&D Directorate of NDA 	No variance

Goal	KPI's	Target	Performance	Variance
Developed models, piloted and tested	Applicable models finalised	Applicable models piloted and tested	Completed first phase, comprising extensive literature review and field research on, the development of a model for supplying micro-finance to potential and existing SMMEs, and micro-enterprises Theoretical model of development for poverty eradication developed	Delay of the completion of the pilot phase due to need to extend qualitative research to the East African countries Feedback on the proposed theoretical model and the planned NDA Internal dialogue never materialised

2.2 Research Capacity Building, Monitoring & Evaluation

Goal	KPI's	Target	Performance	Variance
Learnership and Internship Programmes established and implemented	Guidelines and Implementation framework for Learnerships developed	Report on the existing Internship Programme	Entire Capacity Building Programme transferred to Projects and Programme Directorate. However, a focus on Research Capacity Development, Partnerships and Institutional linkages, Impact Assessment and Monitoring & Evaluation was maintained within the R&D Directorate	Re-alignment of a holistic Capacity Building focus with regard to other mandates of the NDA beyond grant funding
	Learners and Interns recruited for Learnership and Internship Programmes Programme Assessment Report	Revised internship framework Interns recruited	2 years Graduate Internship programme on research & community development completed. 23 young researchers and NDA staff have benefited in participating in this research study	

Goal	KPI's	Target	Performance	Variance
Linkages established and maintained	Guidelines and Implementation framework developed	MOU & Partnership Framework document finalised	More than 80 linkages with R&D have been forged nationally & internationally.	A critical linkage with the social cluster organisations including a relationship with DSD is urgently required. This labour intensive and time consuming task is taking longer than anticipated.
	Database of institutions and organisations	Database on Civil Society Organisations established	An estimated amount of R2m from Civil Society Systems (CSS) from UK in providing free Guidestar software and support for development of a national information platform and database for CSOs	Implementation phase of the National Information Platform for Civil Society took longer than anticipated
	MOUs and MOAs Reports	MOUs and MOAs entered into	An MOU between NDA, DSD, & Nelson Mandela Foundation (NMF) on the development of a National Information Platform for Civil Society in South Africa	No variance
	Resources mobilised for poverty eradication	Periodic assesment of available funding	Mobilised R250 000 through partnership with VSO to undertake provincial policy dialogues toward development of National Policy on Volunteerism	No variance
Monitoring, Evaluation, Impact Assessment and Benchmarking	M&E Tools and Systems developed and implemented	M&E Diagnostic Tools Impact Assessment tools	NDA Monitoring and Evaluation Framework for projects completed	Lack of a senior Impact Assessments; M&E Senior Researcher has resulted in the delay in completing the M&E Framework

2.3 Information & Knowledge Management

Goal	KPI's	Target	Performance	Variance
Effective decision making assisted by a seamless information and knowledge management service	Approved Information and Knowledge Management Strategy Information and Knowledge map report Content resources Audit Professional resources centre manager recruited	Strategy in place by August 2005	Information and Knowledge Management not taken off. However, writing the I&KM strategy for the NDA is in progress. It will include the Information and Knowledge map report as well as the Content resources Audit of the NDA Professional resources centre manager not appointed yet	Recruitment of a qualified Information and Knowledge Management professional delayed due to budget constraints
Time-saving and effective internal/ external reporting requirements by auditors and other key players	Integrated Records and document system	Coordinated records and document system at National office	Integrated records and document system not in place yet	Recruitment of a qualified Information and Knowledge Management professional delayed due to budget constraints
Developed models, piloted and tested	Applicable models finalised	Applicable models piloted and tested	Completed phase 1, comprising extensive literature review and field research on development of a model to supply micro-finance to potential, existing and small, medium and micro-enterprises	Recruitment of a qualified Information and Knowledge Management professional delayed due to budget constraints
Efficient measurements of poverty pockets and size of social investment in South Africa	Feasibility studies completed	First phase of the Poverty Data Centre completed Impact Assessment system piloted in three regions i.e. Limpopo, Eastern Cape & Kwa-Zulu/Natal	Second phase of Poverty Data Centre is ongoing Feasibility study on the roll-out of Impact Assessment to remaining two regions i.e. Western Cape and Northern Cape & Gauteng, Free State and Northwest still to be conducted	Recruitment of a qualified Information and Knowledge Management professional delayed due to budget constraints
Tools and Systems developed and implemented	Data-base of interventions (social investment); Poverty Indicators Reports	Impact Assessment tools and system developed	Ongoing work was started with assistance of the EU technical assistance programme	Recruitment of a qualified Information and Knowledge Management professional delayed due to budget constraints

Information & Knowledge Management (Continued)

Goal	KPI's	Target	Performance	Variance
Expert groups sharing human intellectual expertise, tools, ideas, practices and learning experiences on the development sector	Number of Communities of Practice and learning networks	Three Communities of Practice and Learning Knowledge networks in place i.e. Food security, Economic development and Agri-business	One learning network on Knowledge Management in Higher Education established Community of Practice on FBOs established	Lack of qualified Information & Knowledge Management professional to champion learning networks hampered developments in this regard
Replicated best practices and benchmarking in poverty eradication, with the aim of avoiding wastage of resources	Published research, Brown bag discussions, workshops and conferences	Research Publications	500 Published booklets on Survey Results on the State of Social Giving in SA 500 booklets on each of the five categories of giving (CSIs, Giving in poor communities, Religious giving, Government Allocations, Externally Funded Resources)	No variance

3. HUMAN RESOURCES DIRECTORATE

Goal	KPI's	Target	Performance	Variance
Appropriate administrative orientated processes, policies and systems developed and implemented	Completed & compliant administrative system	All current policies, procedures to be reviewed, finalised and implemented	Procedures and policies reviewed and, where relevant, improved	No variance
Effective management of performance and development system	100% of staff on system and comply with prescripts	Comprehensive Performance Management System implemented	System implemented with 98% participation. 2% variance due to extended incapacity issues of 3 staff members	No variance
Successfully limit the attrition rate of key and strategic staff	Staff retention strategy	80% retention of staff	85.48% staff retention ratio	No variance
Effective management of total rewards and recognition for performance	Comprehensive rewards strategy	Strategy developed	Strategy developed	No variance

4. INTERNAL AUDIT DIRECTORATE

Goal	KPI's	Target	Performance	Variance
Provide management with independent assessments of the adequacy and effectiveness of systems of control	Strategic risks identified and control environment determined and documented	Reports on areas approved in Audit Coverage Plan for the year	Internal Audit and Due Diligence Reports as well as special investigations carried out	No variance
		Annual review and assessment of extent of risks and control environment	Overall risk assessment carried out and audit coverage plan derived	No variance

5. OFFICE OF THE CHIEF EXECUTIVE

5.1 Strategy Planning & Policy Co-ordination

Goal	KPI's	Target	Performance	Variance
Coherent organisational strategic plan	Annual reviewed strategic plan and Annual strategic plan workshop report	Review of strategic plan for 2006/7 financial year	Achieved	No variance
	Quarterly Reports	Evaluation and further implementation	Achieved	No variance
Facilitate awareness about development policies through dialogue	Develop a dialogue strategy	Continuous increase in funding base	Not achieved	Due to the realigned strategy that created a different strategic and operational context within which such a strategy has to be positioned
	Increased NDA links with international development agencies	Consolidation of NGO/Civil Society partnerships with the NDA	Not achieved	
Secure national, regional and international assistance for poverty	Participation in national, regional i.e. SADC, AU meetings and convening of national and regional fora Strategic agreements at national and regional levels	16 agreements at National and 8 at international level	Not achieved	Due to the realigned strategy that created a different strategic and operational context within which such a strategy has to be positioned

5.2 Resource Mobilisation

Goal	KPI's	Target	Performance	Variance
Increasing NDA links and co-operation with donors through the Development Institutions and donors fora	Funding of projects from the NDA databank	Review of donors fora plan for 2006/7 financial year	Not achieved	Due to the realigned strategy that created a different strategic and operational context within which the resource mobilisation strategy is to be positioned
Accelerate partnerships and co-operation with funding agencies	Increased NDA synergy and co-operation with international development institutions	Evaluation and review of past financial year	Not achieved	
Strategic positioning of the NDA as a first port of call for development funding	Increased leadership role of NDA in poverty eradication initiatives	Continuous increase in funding base	Not achieved	

5.3 Stakeholder Relations

Goal	KPI's	Target	Performance	Variance
Consolidation and sustaining links with stakeholders and organs of state	Increased political enrolment	Conclude partnership agreements with departments in the social cluster and target social development in the provinces	Partially achieved	A stakeholder review was undertaken. This, and the new organisational strategy, have necessitated a review of the overall stakeholder management strategy and plan which has not been done due to time constraints.
	Increased and targeted interaction with Government in all spheres	Establish a new programme on Government relations partnership management	Not achieved	
	Improved engagement on proactive engagement with Parliament and Portfolio Committee(s)			
	Increased private sector interest to NDA's work			
	Increased private sector interest to NDA's work			

Stakeholder Relations (Continued)

Goal	KPI's	Target	Performance	Variance
	Contribute to national events and awards in the development sector and awards in the development sector	Develop a schedule for presentations to portfolio committees on NDA's mandate and partnerships delivery Conclude partnerships with relevant private sector players Commission the work to table a development charter for the sector	Not achieved	

5.4 Company Secretariat

Goal	KPI's	Target	Performance	Variance
Furnishing minutes of meetings, Board packs and the Annual Report. Arrange for Board and Committee meetings to take place	Production of minutes, Board packs and the Annual Report. Meetings taking place	Production of minutes, Board packs and the Annual Report. Meetings taking place	Mostly achieved and ongoing	Manco and Procurement meetings not held primarily because extra Board meetings were held, and time constraints
NDA meets all legal obligations	All legal obligations timeously met	Ensure NDA meets all legal obligations	Achieved where possible	NDA is involved in certain legal processes which are ongoing
NDA has up to date roster of all legal agreements and obligations that must be timeously met	Roster of all NDA agreements and obligations	Review all agreements and ensure compliance with any new legislation	Achieved and ongoing	No variance
Standardised legally sound agreements	Agreements available for all Directorates to use	Standardised agreements used throughout the organisation	Achieved and ongoing	No variance

Company Secretariat (Continued)

Goal	KPI's	Target	Performance	Variance
Board, NDA and staff fully compliant with Corporate Governance issues	Corporate Accreditation Certificate	Ensure that the NDA is awarded a Corporate Governance certificate and continues to comply with all Corporate Governance legislation	Partially achieved and ongoing	Compliance with all corporate governance issues is taking longer than anticipated

6. MARKETING & COMMUNICATION DIRECTORATE

6.1 Marketing

Goal	KPI's	Target	Performance	Variance
To widen the links to the NDA website via partnerships with other development agencies and government entities	Website Maintenance	Posting of: <ul style="list-style-type: none"> ● Media reports ● Project Launches ● Directorate Profiling ● Board Profiles ● Voice Newsletter ● Special Programmes Insert ● Results of RFP's ● Monthly updates 	Achieved and ongoing	No variance
Corporate branding of the new office building and replicating the branding in all provincial offices	Corporate Branding	National office and all provincial offices branded by end 2006	National office fully branded, other offices not yet	Budget constraints
Updated and relevant NDA video	NDA Corporate Video review	Update twice a year with latest images as work gets done	Achieved and ongoing	No variance
Effective marketing and communication strategy	Improved positive reporting Positive feedback from stakeholders	Profile of NDA raised and its credibility improved	Achieved and ongoing	No variance

6.2 Media Relations

Goal	KPI's	Target	Performance	Variance
National Projects: <ul style="list-style-type: none"> ● Cut Flower Project ● Bee-farming project ● Poultry Project ● Land Issues Project 	Launch of national projects Media briefing National projects information brochure on concepts, vision and players	One national launch Five regional launches	Projects launched, achieved and ongoing	No variance
Strategic meetings with editors at national and regional level Identifying development journalists and writers and introducing them to projects	Project visits with media	Three meetings a month with three visits a month by editors	Achieved and ongoing	No variance
Full Marketing and Communications support for key programmes	Profiling, marketing material production and regular featuring of NDA directorates and key programmes in media	Quarterly profiles in Voice, Special programmes Inserts, Mainstream media, monthly posting of information on the website	Achieved and ongoing	No variance
Effectively Managed NDA message	Have a message that is both accurately reflecting the NDA and works with the media. This will bring about strategic placement of the stories in the press to get our word out	Have our message geared towards generating positive, ongoing development coverage for the agency. The socio-political climate in which the NDA operates, is vital to its relationship with key stakeholders and the general public	Achieved and ongoing	No variance
Publicity	Placement of key NDA officials on strategic media	Maximise the use of editorial coverage, but taking media to projects on a monthly basis Partner with a national community radio forum for local electronic coverage	Achieved and ongoing Not achieved	Time and capacity constraints

6.3 Communications

Goal	KPI's	Target	Performance	Variance
Quarterly newsletter dedicated to specific regions per edition to cover interregional and interproject lessons and initiatives that can be learnt by other projects. This newsletter is targeted to NDA funded projects and is sent via the post utilising the PTS database	NDA Newsletter: The Voice	Establish regional communications offices	Not achieved	Budget constraints
		Featuring of regional structures and projects	80% achieved	Projects featured but not regional structures
		Review of print-run	Achieved	No variance
		Commence local municipal office distribution	Not achieved	Have sent The Voice to some of our partners, but not to municipalities
Themed quarterly inserts covering national issues such as National projects, Research and development publications and journals; funded projects per province and general achievements by the NDA	NDA Quarterly insert:	Expansion to include regional newspapers	Not achieved	Project withdrawn due to budgetary constraints
Strengthen and maintain open communication lines with internal stakeholders in a planned and consistent manner in accordance with the Agency's values and principles	<ul style="list-style-type: none"> ● Internal Communication Policy and Procedures ● Intranet ● Notice boards ● Staff Surveys ● Small group briefings ● Downward, upward and lateral communication channels 	Benchmark of all internal communications tools to establish acceptance	Achieved	No variance

7. FINANCE

7.1 General

Goal	KPI's	Target	Performance	Variance
Great Plains maintenance and upgrade	Low down-time and low maintenance partners	Regular workshop updates with Finance, interdepartmental and external staff	Achieved	No variance
Financial Policy update and summary	Lower rate of conflict of interpretation	Review policies	90% achieved, as the Audit Committee has reviewed and recommended the policies to the Board	Final approval by the Board still outstanding and the Board meeting is scheduled for 17 July 2006
Secure and segregation of duties environment	Disable incompatible staff functions of processing and paying	Segregation of duties	Partly achieved as policies need enhancement and additional staff appointed	Controls will be improved with the appointment of additional staff
Awareness and execution of PFMA and other enabling Acts	Training conducted	PFMA compliant	HR conducted awareness training on PFMA	No variance
Obtain clear Board Directive relating to funds investment, as prescribed by Treasury regulations	Obtain authorities and updates from Treasury requesting permission for grant funds to be placed in private institutions	Financial planning	90% results achieved, as the Audit Committee has reviewed and recommended the policies to the Board	Final approval by the Board still outstanding and the Board meeting is scheduled for 17 July 2006
Compilation of operating budget in accordance with updated business model On-line cost centre reporting	Ensure correct account coding and monthly variance analysis As part of system upgrade	Inform all departments of parameters within which budgets have to be compiled	Achieved Budget was submitted in time to Dept of Social Development	No variance
Prepare the Annual Financial Statements in accordance with GAAP	Acceptable to A-G upon the first submission	Work with external auditors to produce favourable Audit opinion	Not achieved	Qualified audit opinion received from A-G
Ensure timely submission of AFS	Annual report to be released within 6 months of year-end	Release of Annual Report	Achieved	No variance

General (Continued)

Goal	KPI's	Target	Performance	Variance
NDA Act, PFMA, Tax Legislation and any other legislation	Ensure latest tax legislation as it affects the NDA is applied to qualifying transactions	Continual awareness and training programmes	Not achieved in the Current Financial Year but has been performed in 2006	The policy was approved in March 2006, hence the implementation of this policy was in the new financial year
Ensure the correct procurement processes via the PTC	Updated PTC policy and training to NDA on processes.	Review policy Supplier database	90% achieved. The Audit Committee has reviewed the policy and recommended it to the Board.	There is room to update supplier database details continuously
	Link PTC to approved supplier data-base		Supplier database was updated during the current financial year	No variance
Ensure proper reconciliation of Grant Funds budget to annual allocation via the PTS system	Accurate monthly reconciliation of Grant Fund allocations	Keep a monthly reconciliation of Grant Fund allocations	Not achieved	Time and capacity constraints

7.2 Information Technology

Goal	KPI's	Target	Performance	Variance
Build an adequate IT infrastructure	Computing: Hardware, file servers, operating systems, database, document management systems and remote access in order to reduce costs and enhance productivity Application Packages: Great Plains for cost centre reporting, project management tools, e.g. PTS for project management	Maintenance of infrastructure	Partially achieved, maintenance of existing systems ongoing	NDA Telecommunication's outcome and IT Strategy will dictate way forward on remote access and document management systems

Goal	KPI's	Target	Performance	Variance
Appropriate systems developed	Disaster Recovery Plan Firewalls in place to prevent network intrusion	Regular offsite backups Review of IT policies	Achieved	No variance
Procedures for the authorisation of changes Develop maintenance standards	Documented standards	Standards updated Monitoring of server performance daily Updated or new versions of software packages and support service	Achieved	No variance
Integration of Great Plains and PTS	Up to date and accurate information of projects to enable planning	Real-time synchronization of information	Not achieved	IT Strategy has necessitated a review of all NDA systems and realigning use of appropriate systems with business processes. Both GP and PTS will be reviewed to look at suitability vs. business requirements
Financing decisions	Sound decisions for renting, leasing or buying	A register detailing age, value and repair requirements of IT assets to determine if assets are outdated and adhering to license requirements	Achieved	Validation of register against physical assets in progress
Partnership and contract management	Service level agreements	Good quality Service and supplier stability and quality	90% achieved	During this period a change over to a new GP service provider took place

8. ADDITIONAL GOALS SET IN TERMS OF CEO'S PERFORMANCE AGREEMENT

8.1 Operational Performance

Goal	KPI's	Target	Performance	Variance
A revised NDA strategic plan that is aligned to national development priorities in relation to poverty eradication/ alleviation	A revised strategic plan	The strategic plan with clear identified indicators for impact and assessment (outcomes) evaluation (outputs), and monitoring (activities) in order to identify a clear focus for 5 years	Achieved	No variance
Improved overall organisational stability through the possible elimination, mitigation and management of all internal and external organisational risks	Risk assessment report Risk register	Organisational stability established and maintained through effective management of NDA risks	Backlog labour and Corporate Governance cases resolved. A Risk Assessment of the organisation was undertaken and risks were identified. An Audit plan focusing on the top 10 identified risks has commenced.	No variance
Improved position of the NDA as a stable, critical and relevant partner to government and civil society in poverty eradication	Marketing and communication strategy Improved positive reporting Positive feedback from stakeholders	Profile of NDA raised and its credibility improved	Achieved and ongoing	No variance
Improved turnaround time for project payments after Board approval	Letters from projects acknowledging receipt of funds List of project payments	Projects management systems improved to clear existing payment backlogs	Achieved and ongoing	No variance

Operational Performance (Continued)

Goal	KPI's	Target	Performance	Variance
A revised integrated and holistic human resources strategy / plan that is aligned and linked to organisation strategic priorities	Revised Human Resources strategy and plan	Human Resources strategy / plan revised including organisational structure, recruitment, competency assessments, performance management system and quality of work life for implementation	Achieved	No variance
Improved compliance with all Corporate Governance requirements	Report on the identification of and compliance to Corporate Governance principles and requirements Delegation of Authority	Corporate Governance improved and delegations established	Partially achieved and ongoing	Governance has improved. Policies and procedures and Delegations of Authority have been revised for presentation to the Board
Revised decentralisation strategy and plan for improved service delivery	Decentralisation strategy document	Decentralisation strategy and plan developed for adoption by the Board	Achieved as evidenced by the new structure	No variance
Developed Stakeholder Management strategy and a plan to build appropriate partnerships	Revised stakeholder management strategy and plan	Stakeholder management strategy / plan developed for implementation	Partially achieved	A stakeholder review was undertaken. This, amongst other processes, including the new organisational strategy, made a contribution to the overall repositioning of this function. Consequently, the overall stakeholder management strategy and plan needs to be reviewed to provide an integrated approach in order to reflect the new organisational strategy and business approach

Operational Performance (Continued)

Goal	KPI's	Target	Performance	Variance
Establishing governance frameworks and processes for Board and management structures	Records management system in place Terms of Reference for structure published	Records management system in place Terms of Reference for structure published	Achieved and ongoing	No variance
Improved processes and systems to address NDA business requirements	Business process mapping report Reports on process and system improvement	NDA systems improved	Achieved and ongoing	No variance

2. RISK MANAGEMENT

A comprehensive risk management review was carried out during the year and the NDA's ten highest risks were identified. These risks are being addressed in a systematic manner. Risk management includes the following:

2.1 Integrity Enhancement Strategies

There is a commitment to transparent governance and adherence to Delegations of Authority throughout the NDA.

2.2 Protection of Resources

The NDA has embarked on a vigorous risk management programme to ensure that the NDA's resources are spent appropriately.

2.3 Integrity & Transparent administration through regular auditing

2.4 Code of Good Conduct

In order to give practical effect to the relevant constitutional values and the relation between the mission, goals, strategy, value system and behaviour patterns of the NDA, the employees and their relationship to the public, all employees are expected to comply with the Code of Ethics of the NDA. The Code also acts as a guideline to employees as to what is expected of them from an ethical point of view, both in their individual conduct and in their relationships with others. Compliance with the Code can be expected to enhance professionalism and help to ensure confidence in the NDA and its employees.

2.5 Risk Management Strategies

These strategies include:

2.5.1 Performing independent audit reviews before the release of further tranches once the first tranche is released

2.5.2 Performing final audit reviews before the closure of projects

2.5.3 Anti fraud controls, procedures and policies formulated

2.5.4 Fraud management framework developed

2.6 Fraud Management Mechanisms

2.6.1 Preventative strategies such as those that the NDA has included in its project cycle, and an element of Supply Chain Management with a view to ensuring appropriate use of funds by grantees thus ensuring their sustainability. Projects will be guaranteed quality products and services through a supplier database constituting credible suppliers from whom to source products and services

2.6.2 Detection and inspection services which include project appraisals, programming and report frameworks and quarterly reports for Government

2.7 Quality Assurance

This includes internal auditing, monitoring and evaluation on an ongoing basis.

3. CORPORATE GOVERNANCE

The members of the NDA Board recognise the importance of sound Corporate Governance and the necessity of its application in the context of the NDA. From the outset, the members of the Board were faced with a number of difficult issues on a management level, namely, a forensic audit, the cautionary suspension of the then CEO and COO and the resultant disciplinary enquiry, an acting CEO, the departure of senior officials from the NDA and a fire in its offices.

The Board is committed to reviewing the governance structures and levels of controls and to implementing measures to prevent similar occurrences recurring. The Board is cognisant of the fact that, although certain immediate actions can and have been taken, the implementation of all the requisite remedial action is a process which will take some time to accomplish. Some of the actions already taken include the establishment of a Fraud Prevention policy together with a Fraud Response Plan and the formulation of an Internal Audit Coverage Plan to cover high-risk areas.

The NDA has engaged the services of external service providers to assist it with the development and formulation of the requisite governance architecture and processes and to educate all its staff in respect of Corporate Governance issues. This is intended to align the NDA with the requirements and best practice standards as defined in the NDA Act, the PFMA and related Treasury Regulations, the Protocol and the recommendations of King II.

3.1 Governing Body

The NDA is governed by a unitary Board, the constitution and composition of which is determined by the Act. As the Accounting Authority (as defined in the PFMA), the Board members have a collective responsibility to meet their fiduciary duties to the NDA, both in terms of the PFMA requirements as well as the principles outlined in the Protocol and King II.

The duties, functions and responsibilities of the Board as well as their strategic objectives are defined in the NDA Act and the Board provides management and strategic direction in accordance with these guidelines.

The Board members bring to the Board a wide range of expertise including significant financial, legal and management experience, as well as independent perspectives.

The Act defines the primary objectives of the NDA, which the Board must oversee, as being to contribute towards the eradication of poverty and its causes by granting funds to civil society organisations for the purposes of -

3.1.1 carrying out projects or programmes aimed at meeting development needs of poor communities

3.1.2 strengthening the institutional capacity of civil society organisations involved in direct service provision to poor communities

With the secondary objectives of the NDA defined as being to promote -

3.1.3 consultation, dialogue and sharing of development experiences between civil society organisations and relevant organs of state

3.1.4 debate on development policy

3.1.5 research and publication aimed at providing the basis for development policy

And to undertake -

3.1.6 research and publication aimed at providing the basis for development policy

3.2 Composition of the Board

The NDA Act requires the appointment by the Minister after consultation with Cabinet of five members to represent Government, and six members from civil society recommended by a panel established specifically for this purpose. The Chairperson of the Board is appointed by the Minister at the first Board meeting of an incoming Board.

All Board members are appointed for a period of three years. They are all independent non-executive members. The Chief Executive Officer, who is appointed by the Minister on the recommendation of the Board, is a non-voting (ex-officio) member of the Board and the accounting officer of the NDA.

The Board is required to meet at least quarterly. However, in the light of the issues requiring their attention, they have met more often than the NDA Act prescribes.

No formal Board evaluations have been done as yet, but the Board has plans to conduct the same in the future. All new Board members attended an overview presentation on their governance and fiduciary responsibilities on joining the Board and, through the offices of the Company Secretary, the Board has initiated a programme to formulate a formal induction programme for any new members.

3.3 Board Charter

A Board Charter defining the levels of materiality of the Board, its reserved powers and setting out the role of the Chairperson has been approved and adopted by the Board.

In accordance with the said Charter and the NDA Act, the Board has reserved to itself the following -

- The approval of the strategic plan and the activity based annual budget
- Reviewing of key risks, especially in respect of projects to be funded and Agency systems
- Recommending to the Minister of Social Development, a candidate to be appointed as the Chief Executive Officer
- Monitoring the maintenance of overall policies and processes to ensure the integrity and transparency of the NDA's internal controls
- Monitoring the implementation of strategies and policies through a structured approach to reporting on the basis of agreed performance criteria
- The granting of funding

The Charter expresses the Board's philosophy in regard to excellence in stakeholders' satisfaction, service delivery, optimisation in the use of assets and employee development as well as respect for human dignity and national corporate citizenship, including good relationships with regulatory authorities.

3.4 Board Committees

To assist the Board in effectively executing its duties and responsibilities, the Board has established committee structures with defined written Terms of Reference and reporting responsibilities, particularly to the Board. The structure and mandates of the Committees are included in their Charters and Terms of Reference which have been approved by the Board. The committees are -

- Management & Finance Committee
- Audit Committee
- Human Resources & Remuneration Committee
- Projects & Programmes Steering Committee
- Research & Development Committee

and are described in more detail on the following pages.

3.4.1 Management & Finance Committee

The Management Committee of the NDA is constituted in accordance with Section 8 of the NDA Act, to carry out such functions as may be delegated to it by the Board in accordance with the delegated authority granted to it by the Board under Section 12 (2) of the Act. It also performs the function of a Finance Committee.

The composition of the Committee is defined in terms of Section 8 of the Act, and shall be comprised of the following members -

- Two Members of the Board appointed by the Minister in terms of Section 5(1)(a) of the NDA Act
- Two Members of the Board appointed by the Minister in terms of Section 5(1)(b) of the NDA Act
- The Chairperson and Deputy Chairperson of the Board shall also serve as the Chairperson and Deputy Chairperson respectively of the Committee
- The CEO shall attend and take part in Committee meetings as a non-voting (ex officio) member of the Committee

The Committee performs its duties and may exercise such powers of the Board as delegated to it in terms of the Act and/or its Charter and its Terms of Reference with the exception of the authority to grant money from NDA funds. The duties of MANCO include the following -

- Monitoring and making recommendations on the overall performance of the NDA
- Monitoring the implementation of strategies and policies of the NDA
- Prioritising the allocation of capital, technical and human resources
- Reviewing and advising the Board on the five year corporate strategic and annual corporate plans
- Reviewing management's delegation of authority and operational financial reports and reflecting on efficiency of the management of current assets and liabilities

In August 2005, a decision was taken by the Board that the Manco should also perform the functions of a Finance Committee.

3.4.2 Audit Committee

The Audit Committee consists of no less than four independent non-executive members and the CEO who is a non-voting (ex officio) member. The Director: Internal Audit, the Chief Financial Officer and the Auditor General are invited to attend all meetings and other executive managers may, at the discretion of the Chairman of the Audit Committee, also be invited to attend and be heard. No such invited attendees have voting rights.

The duties of the Committee include the following -

- Review the effectiveness of the internal control system and internal audit
- Review risk areas of the entity's operations to be covered in the scope of internal and external audits
- Monitor the quality and integrity of financial and risk reporting
- Review the adequacy, reliability and accuracy of financial information provided to management and other users of such information
- Review any accounting and auditing concerns identified as a result of internal and external audits
- Review the Annual Financial Statements and recommend approval by the Board
- Review the entity's compliance with legal, accounting and regulatory frameworks
- Review the activities of the internal audit function, including its annual work programme, co-ordination with external auditors, the reports of significant investigations and the response of management to specific recommendations.

3.4.3 Human Resources & Remuneration Committee

The Committee consists of no less than four independent non-executive members and the CEO who is a non-voting (ex officio) member. The Director: Human Resources is invited to attend all meetings.

The duties of the Committee include the following -

- Influence and approve human resources policies and strategies and monitor compliance with the Employment Equity Act, 55 of 1998
- Make recommendations to the Board on the remuneration policy for executives and all other employees
- Monitor the ethical conduct of the organisation, its management and employees

3.4.4 Projects & Programmes Screening Committee

The Projects and Programmes Screening Committee is constituted to act on behalf of the Board in discharging its duties of reviewing, screening and recommending proposed projects within budgeted parameters, to the Board for approval. In order to achieve this, the Committee should have access to all relevant information pertaining to projects and programmes.

The Committee shall consist of not less than four Board members appointed by the Board.

The Committee performs its duties and may exercise such powers as are delegated to it by the Board and/or in terms of its Charter and Terms of Reference, which include -

- Review programmes and projects and forward recommendations thereon to the Board for approval
- Execute the policies of the NDA regarding funding of projects and programmes on behalf of the Board
- Ensure that the approved projects / programmes are properly monitored and evaluated
- In consultation with the internal auditors and lawyers of the NDA, initiate action in instances of breach of funding agreements by any project/ programme
- Monitor the target funding for the year and ensure the Board receives performance reports
- Provide strategic direction to donors and partners in terms of programmes and undertakings

3.4.5 Research & Development Committee

The Research and Development Committee is constituted to act on behalf of the Board in facilitating the research and development programme, for the approval by the Board. In order to achieve this, the Committee should have access to all relevant information pertaining to the Research and Development Directorate.

The Committee shall consist of not less than four Board members appointed by the Board.

The Committee performs its duties and may exercise such powers of the Board as delegated to it by the Board and/or in terms of its Charter and Terms of Reference, which include -

- Review and make proposals on the NDA's policy on research and development for Board approval
- Ensure the development of a database for monitoring the effectiveness of research projects
- Make recommendations on proposals for research funding and projects
- Monitor the management of the knowledge management infrastructure frame work
- Monitor implementation plans and progress of the research and development frame work
- Monitor the performance of research and development partnerships against agreed goals

3.5 Record of Attendance - Meetings of the Board & Committees

The following schedule gives details of the attendance of members of the Board and its Committees at meetings held during the period under review -

Board Member	Board	Manco	Audit	Human Resources & Remuneration	Projects & Programme Screening	Research & Development
Bishop Malusi Mpumlwana	6	1				
Ms Marcia Manong	8			5		
Mr George Chaane *	2			2		
Ms Joan Daries	7				12	4
Ms Annemarie Hendrikz	8		5		16	
Ms Onica Maphai	3				6	2
Dr Temba Masilela	5			4		
Prof Tokozile Mayekiso	7			5	12	4
Ms Nontobeko Moletsane	7	1			16	
Dr Stephen Rule	6	1			15	4
Mr Allan Taylor **	3	1	3			
Non Board Members						
Mr Alan Velcich			5			
Ms Kabelo Malapela			4			

* Resigned 20 April 2006

** Resigned 31 December 2005

3.6 Executive Committee

Whilst retaining overall accountability and subject to it, the Board has delegated authority to run the day-to-day affairs of the agency to the CEO and management and an Executive Committee has been established for this purpose.

This Committee is constituted to assist the Chief Executive Officer (CEO) in managing the business of the NDA subject to statutory limits and the Board's limitations on delegations of authority to the CEO. The Executive Committee assists the CEO in guiding and controlling the overall direction of the business of the NDA and acts as a medium of communication and coordination between the business units. Executive Committee representatives are required to attend Social Development Portfolio Committee briefings to answer any questions raised by Members of Parliament.

3.7 Company Secretary

The NDA has appointed a Company Secretary to assist it in addressing compliance matters, providing governance oversight, fulfilling corporate secretarial functions, identifying issues that should come to the Board's attention and ensuring that relevant matters are placed on Board Agendas for discussion. This ensures that all the relevant facts and circumstances are brought to the attention of the Board which, in any event, has unrestricted access to all company information and records.

The Members of the Board have a duty to become fully acquainted with all issues pertaining to the operations of the NDA to enable them to properly fulfill their duties. As required by the King II report, all members of the Board have access to the advice and services of the Company Secretary and are entitled to seek independent professional advice concerning the affairs of the NDA.

3.8 Internal Controls

The Board is acutely aware of its responsibility to ensure the establishment and maintenance of effective and verifiable internal risk management and control systems and the need to address past and present obstacles in this regard. Internal audits will be undertaken regularly as compliance audits to determine the compliance of projects with grant agreement conditions and the Audit Committee is tasked with the responsibility of monitoring this process and reporting to the Board.

3.9 Audited Financial Statements

The Board is responsible for the preparation and integrity of the annual financial statements of the NDA. In this regard, it is unfortunate to have to report that the NDA received a qualified audit report with an emphasis of matter for the year under review. The Board will continue to take requisite remedial action to address deficiencies.

The Financial Statements are prepared in accordance with GAAP and GRAP and incorporate full and meaningful disclosure as supported by reasonable and prudent judgements and estimates.

3.10 Reporting

Being cognisant of its responsibility to the State and to the public at large, the NDA is continually striving to ensure regular, transparent and effective disclosure to all stakeholders both with regard to financial and non-financial matters. Information is provided in such a manner that the user is able to gain a proper and objective perspective of the NDA.

In this regard the NDA has published a comprehensive Strategic Plan which is available to all stakeholders.

Despite the considerable progress with regard to reporting, the Board intends to strive to continuously better and improve its efforts to ensure a broader and more inclusive approach to effective communication, leading to increased stakeholder awareness and understanding of the NDA's objectives and achievements.

3.11 Auditing

Oversight of the auditing function as well as communication and liaison with the auditors and the scope of their mandate is carried out by the Audit Committee whose functions are described in paragraph 3.4.2 above.

3.12 Code of Ethics

The NDA has a Code of Ethics which governs and guides the Board and all staff members on matters such as conflicts of interest and conduct and confirms the Board's intention to set the standards and values for the NDA. A copy of the said Code is available on request for management and employees and any contravention of the Code is viewed as a serious matter.

3.13 Remuneration

Members of the Board receive fees for their contributions to Board and Committee meetings. The fees are reported fully in the Annual Report.

3.14 Non-financial matters

Steps have been taken to fill vacancies. New Directors of Internal Audit and Marketing and Communications were appointed during the year and the process of restructuring the organisation was initiated.

Steps have also been taken to improve levels of responsibility, redefine job descriptions and link effective performance measures, improving accountability of staff through defined responsibilities and, in particular, the introduction of a performance management system.

The Board will continue to monitor the situation closely to ensure that the NDA's commitment to ethics, delivery and performance is improved and maintained.

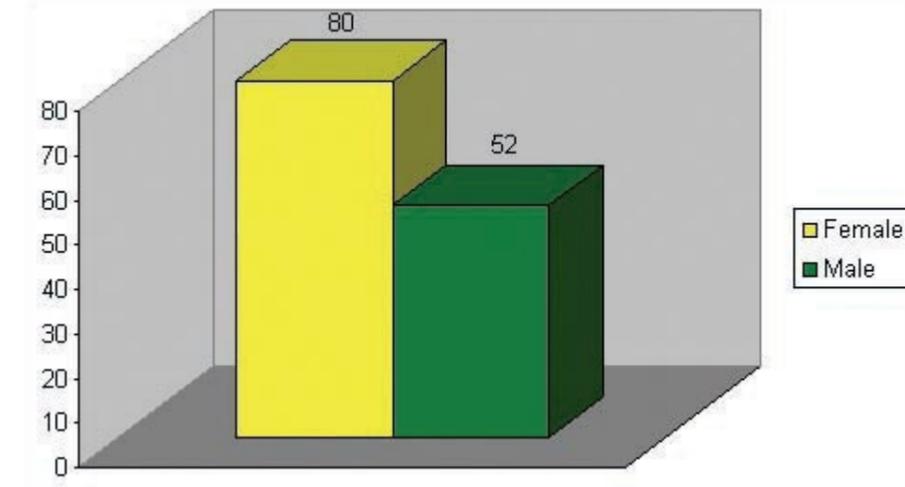
3.15 Conclusion

The NDA recognises the importance of sound Corporate Governance principles and practices as essential elements for its sustainability. It also sees governance as an ongoing dynamic area which will require continuous assessment and monitoring. The Board is confident that the processes that it has initiated in this regard will assist in establishing the requisite architecture and structures to enable it to effectively monitor and maintain the requisite standards and values it has set for itself and for the organisation as a whole. No system or process is in itself a guarantee that no failures will occur. However, the structures that are in place and are currently being put in place will serve to reduce and minimise such occurrences, establish early warning systems and create the foundation on which to assist the NDA in achieving high-class standards in service delivery and maximising its efforts with regard to poverty alleviation.

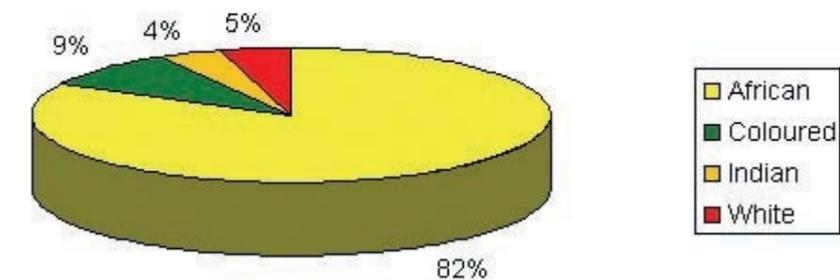
4. HUMAN RESOURCES PROFILE

For the period under review, the NDA complied with all statutory reporting as required by legislation. The NDA is striving to embody the essence of the required legislation and is continuing to work towards its staffing structure being reflective of the equity representation of the various demarcations in relation to previously disadvantaged individuals. Although successful in the majority of the areas it identified as critical, the issue of addressing equity in relation to disabled individuals is still a challenge for the organisation. Data in relation to the organisation's current equity statistics are as follows:

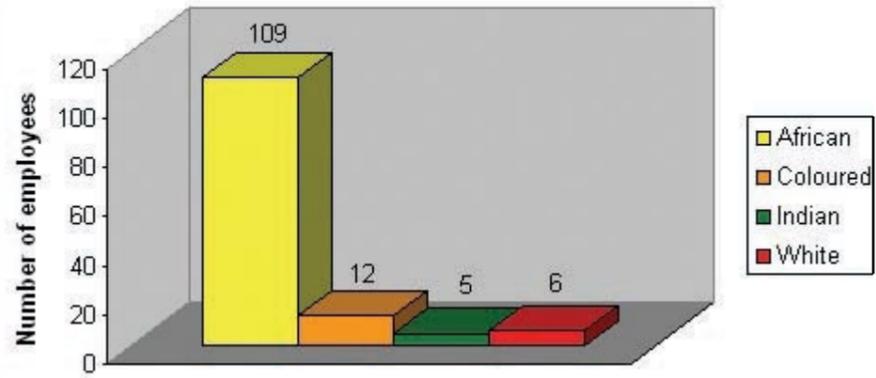
EMPLOYEES BY GENDER



PERCENTAGE REPRESENTATION BY RACE



NUMBER OF EMPLOYEES BY RACE

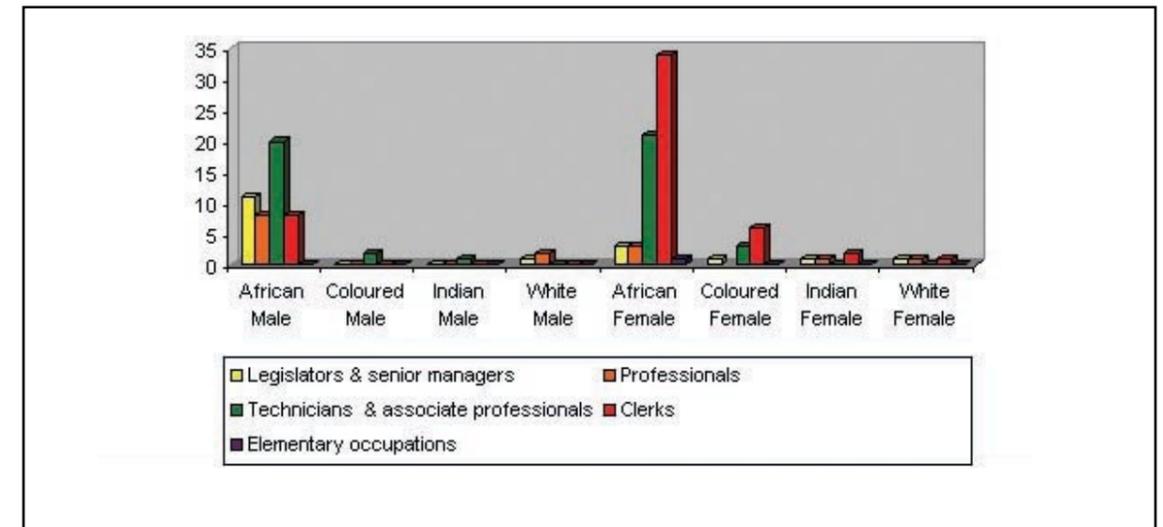


NUMBER OF EMPLOYEES PER OCCUPATIONAL CATEGORY

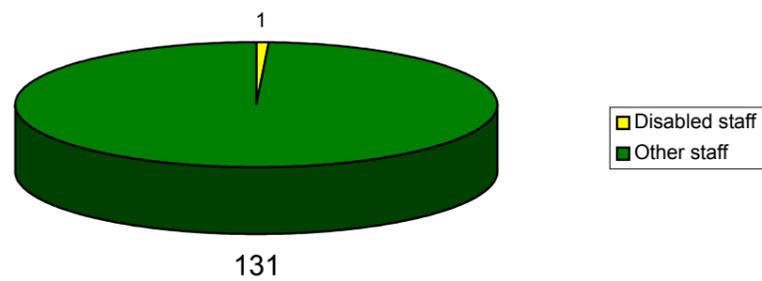
Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	11			1	3	1	1	1	18
Professionals	8			2	3		1	1	15
Technicians and associate professionals	20	2	1		21	3			47
Clerks	8				34	6	2	1	51
Elementary occupations					1				1
Total	47	2	1	3	62	10	4	3	132

NUMBER OF EMPLOYEES WITH DISABILITIES

Disabled Persons	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Number					1				1



PERCENTAGE OF EMPLOYEES WITH DISABILITIES



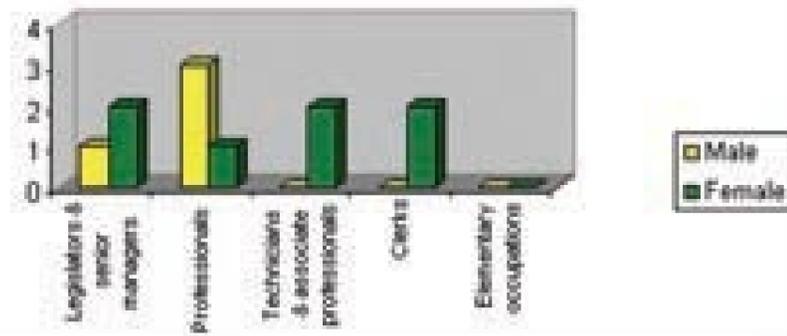
RECRUITMENT BY OCCUPATIONAL CATEGORIES

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	1				1		1		3
Professionals	2			1	1				4
Technicians and associate professionals					1	1			2
Clerks					2				2
Elementary occupations									
Total	3			1	5	1	1		11

TERMINATIONS PROFILE (Permanent)

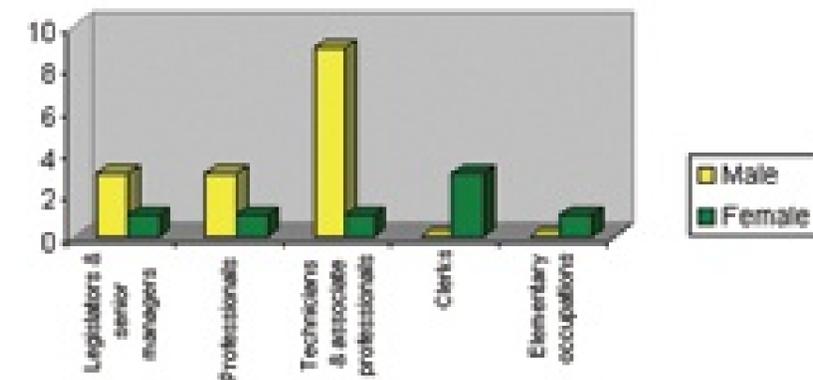
Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	3				1				4
Professionals	3				1				4
Technicians and associate professionals	8		1		1				10
Clerks					3				3
Elementary occupations					1				1
Total	14		1		7				22

RECRUITMENT CLASSIFIED BY OCCUPATIONAL CATEGORY & GENDER



TERMINATIONS CLASSIFIED BY OCCUPATIONAL CATEGORY & GENDER

Termination includes 4 temporary contractors



PROMOTIONS PROFILE (Permanent)

No promotions other than grade reviews have taken place during the period under review

ANNUAL SALARIES ANALYSIS

Staffing costs	April 2005 to June 2005	July 2005 to September 2005	October 2005 to December 2005	January 2006 to March 2006	Annual Total
Salaries	4713338	4916163	5016429	4901505	19547435
Travel	565425	526881	486987	512286	2091579
Overtime	0	2510	130	281	2921
Acting Allowance	5882	9886	14916	11596	42280
Leave Payout	101402	118058	100855	78434	398749
Performance Bonuses	0	0	0	913222	913222
UIF	28813	28717	33670	32368	123568
Provident fund	946393	966878	913635	897117	3724023
Medical Aid	522181	502937	463647	414461	1903226
Total	6883434	7072030	7030269	7761270	28747003



REPORT OF THE AUDIT COMMITTEE

The National Development Agency

Annual Report - 2005/6