



# Annual

# Report

# 07/08



NDA

National  
Development  
Agency

**This report is presented by the Chief Executive Officer of the National Development Agency to the Board and Minister of Social Development.**



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## INTRODUCTION TO THE NATIONAL DEVELOPMENT AGENCY

The National Development Agency is a statutory body established in terms of the National Development Agency Act No 108 of 1998, to contribute towards the eradication of poverty and its causes.

### OUR BRAND PROMISE

'Unlocking Potential'

### OUR MANDATE

#### Primary Mandate

To contribute towards the eradication of poverty and its causes by granting funds to Civil Society Organisations for the purpose of

- Implementing development projects for poor communities; and
- Strengthening the institutional capacity of other Civil Society Organisations that provide services to the poor

#### Secondary Mandate

Promote consultation dialogue and sharing of development experience between Civil Society Organisations and relevant organs of state; debate development policy; and to undertake research and publication aimed at providing the basis for development policy.

### OUR VISION

A developing society free from poverty

### OUR MISSION

To contribute to poverty eradication and elimination of its causes

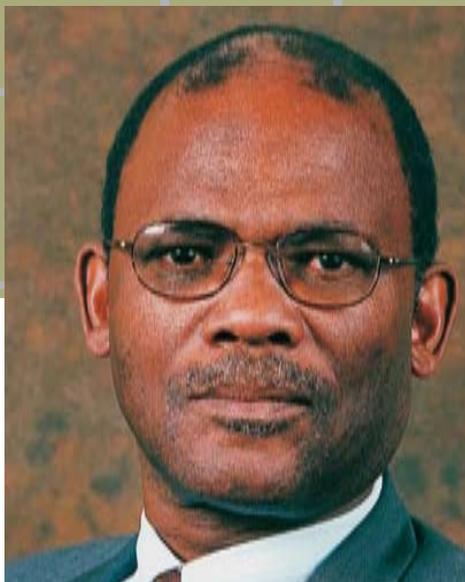
### OUR VALUES

As a development agency, we subscribe to the following values:

- Integrity
- Excellence
- Dignity
- Partnering
- Commitment
- Empowerment

### OUR STRATEGIC GOALS FOR ACHIEVING OUR MANDATE ARE THE FOLLOWING:

- Organisational Transformation
- Partnering For Development  
Community Empowerment For Sustainable Development
- Communication Of Credible And Relevant Researched Development Information



## FOREWORD BY THE MINISTER OF SOCIAL DEVELOPMENT

There are many challenges facing South Africa as a developing nation and amongst them, are the ever-increasing scourges of poverty, and underdevelopment. Over the years we have consistently reiterated the state's responsibilities and obligations to reverse the adverse effects of these twin challenges. For us poverty remains the worst form of violence against humanity which continues to bedevil millions of our people. It is in this context that we have identified the war against poverty as part of the APEX priorities. In response to this challenge, the South African Government has prioritised to include as many eligible vulnerable persons in society as possible in the social safety net as well as to empower the poor to access other economic opportunities. Such a net also requires the genuine empowerment of our people to access sustainable economic and developmental opportunities.

This objective lies at the heart of our broad public sector interventions into the economy; such efforts include the Accelerated and Shared Growth Initiative of South Africa (ASGI-SA) and the Expanded Public Works Programme (EPWP). The successful implementation of these programmes requires, amongst others, a developmental state, an active citizenry and a patriotic private sector. Our country is blessed with all these. The challenge is the alignment, harmonisation and synergising of efforts. This is at the core of the mandate of the National Development Agency (NDA).

In pursuit of this objective the NDA has played a critical role in helping to build cohesive communities. This it has done by unlocking the potential of poor communities through funded developmental projects and capacity building programmes which are more often than not

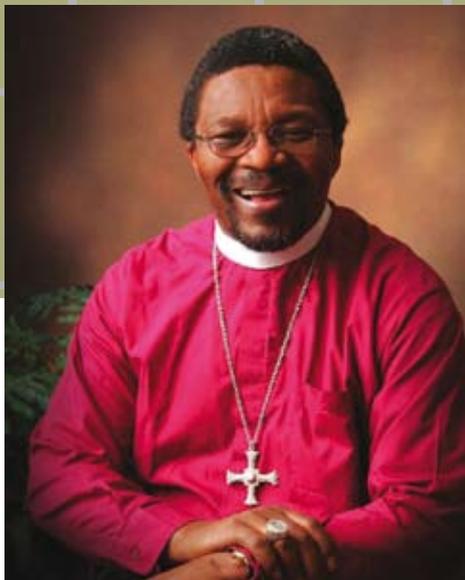
located in the rural corners of South Africa, where poverty is most prevalent. Since 2000, the NDA has received R787 million in funding for this mammoth undertaking. Despite modest resources, the NDA has managed, nevertheless, to support 2 100 Community Based Organisations (CBOs), Non Governmental Organisations (NGOs) and Faith Based Organisations (FBOs), thus directly benefiting over 414 000 people.

In this regard, the role of the NDA is therefore crafted to ensure that we continue strengthening communities and their organisations including the broader civil society sector to engage in poverty eradication initiatives. The ultimate intention is to develop them so that they can participate in the mainstream economy.

This is a commendable achievement, which could have not been achieved without the dedicated staff at the Agency under the capable leadership of the CEO, Mr Godfrey Mokate. My gratitude also goes to the Members of the old Board and the Chairman of the Board, Rev Malusi Mpumlwana who, for many years, has steered the NDA ship towards the right direction. I wish them all success and hope that the spirit to serve will guide them in all their dealings with communities that are less fortunate.

Nangomso!

**DR Z.S.T SKWEYIYA, MP**  
**MINISTER OF SOCIAL DEVELOPMENT**



## MESSAGE BY THE CHAIRPERSON AND BOARD MATTERS

It is with great privilege that I present this Annual Report in a year, which saw the end of term for the previous NDA Board and the appointment of a new Board with effect from 24 October 2007, and such transition affording the NDA an opportunity of continuity. It is this continuity that enabled all members of staff and the Board to work together in making sure that the organisation receives an unqualified Audit Report for two successive financial years. This is indeed a pleasing achievement.

The term of office of the previous Board expired on 24 October 2007 as their tenure had been extended until appointment of the new Board. I would like to take this opportunity to thank my colleagues who served in the previous Board, for serving the NDA with such dedication and distinction. Their inputs always added significant value.

It remains of note that this commendable performance can largely be attributed to the outstanding and visionary leadership of the Chief Executive Officer, Mr Godfrey Mokate. Mr Mokate had been able to bring stability to the organisation and it is his endeavour to transform the organisation that has put it on the path of excellence, and it is our wish to work with him in consolidating the achievements to date, in moving forward to continuing vigorous implementation of the organisation's strategic plan. I am happy to confirm that his employment contract with the NDA has been extended by a further two years to 2010.

Serving on the NDA Board gave us, as Board members, a bird's eye view of the relentless efforts made by all key role-players to eradicate poverty in our country. It also afforded us an opportunity, as committed and loyal South Africans,

to contribute in whatever way possible to the creation of a better life for all, thereby solidifying the enormous gains that came with our momentous transition to a democratic dispensation 14 years ago.

This is the eighth Annual Report of the NDA since the organisation's establishment, and the new one under the current Board. As stipulated in the NDA Act, the NDA Board is made up of 11 members, five of whom are appointed by the Minister of Social Development, while the rest come from civil society formations. The Board has five committees, all of which are chaired by Board members. The Audit and Risk Committee and the HR and Remuneration Committee, each have two additional independent members appointed to these Committees for relevant expertise.

Despite challenges, significant progress was achieved in many areas, especially with the implementation of the 2006-2011 Strategic Plan, which has positioned the organisation as a key and relevant contributor to the eradication of poverty that supports critical developmental initiatives countrywide. The period under review saw the Strategic Plan implemented and I am pleased to state that significant strides have been made towards realising the NDA mandate.

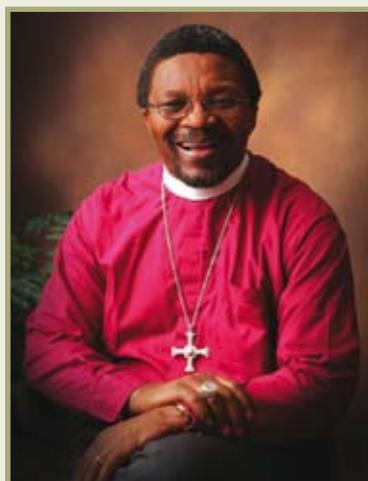
To carry out its mandate of grant funding, the NDA once again used the request-for-proposals approach to achieve improved efficiencies and turnaround times. This, along with programme formulation, resulted in the NDA Board approving 78 projects to the amount of R89.9 million. In addition, the organisation continues to implement a comprehensive capacity-building programme to complement the provision of grants, empowering communities to take charge of their

own development, their lives and destinies.

On behalf of the Board, I would like to pay special tribute to all the members of the NDA staff for their unwavering commitment, dedication and fortitude, especially through the past challenging times. I wish them every success in their quest to eradicate poverty and to contribute positively to the socio-economic development of our country and the strengthening of our communities.

**Bishop M Malusi Mpumlwana**  
**Chairperson of the Board**

## BOARD MEMBERS



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**Bishop M Malusi Mpumlwana: Chairperson**  
**Date of appointment: October 2007**

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Bishop Mpumlwana is a Senior Policy Adviser for Africa Programmes at the WK Kellogg Foundation, which was established in 1930. “to help people to help themselves through the practical application of knowledge and resources”. With his vast knowledge and experience in the region, Mpumlwana adds significant value to the work of the foundation by supporting the regional director and programme staff. The foundation’s grants are aimed at areas that include health, food systems, rural development, youth, education, philanthropy and volunteerism.

Mpumlwana is also the Bishop of the Northern Diocese of the Ethiopian Episcopal Church, in which he gives strategic direction to its mission and oversees the pastoral ministration of priests and lay leaders. His mission in the church is “to contribute to the making of an all inclusive African church experience that spirituality empowers the weak, the poor, women and the youth and engages the social and economic realities of our time for the common good”.



**Ms Marcia Manong: Deputy Chairperson**  
**Date of appointment: October 2007**

Born and raised in Massachusetts in the United States, Ms Manong is Director of the Association for Community and Rural Advancement, where she is responsible for, among other things, the overall coordination and management of the organisation, maintaining key internal and external relations, resource mobilisation and monitoring, and evaluation of the effectiveness of the organisation's policies, programmes and activities.

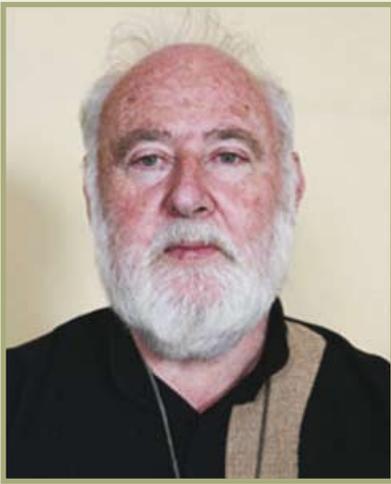
Ms Manong began her career as a Computer Systems Analyst at the state-owned Massachusetts Turnpike Authority. She obtained an MA degree in Filmmaking from Vermont's Goddard College in 1977. Her first completed documentary, The Dimmock Street Pre-School, was used as an educational, advocacy and lobbying tool for the rights of children living with disabilities. Manong, who has a passion for and keen interest in developmental issues as well as the growth of the small, micro and medium enterprises (SMME) sector, has, since coming to South Africa, served on the boards of Ntsika Enterprise Promotion Agency, Sangoco and the NDA.



**Chief Pheni Ngove**  
**Date of appointment: October 2007**

Chief Ngove is the fifth royal leader of the Mabunda Tribe of the Shangaan/Vatsonga people. Chief Ngove has personally initiated and mobilised funding for numerous projects aimed at the advancement of the community. He serves on a number of bodies in the country. He is chairperson of the Social Development cluster in the National House of Traditional Leaders, serves on the Internal Arrangement Committee of the Limpopo Provincial House of Traditional Leaders and represents all municipal traditional leaders in the executive committee of the Limpopo Provincial Sport and Arts Council.

Over and above that, Ngove is a member of the advisory board of the University of Pretoria's Centre for Indigenous Knowledge Systems and serves on the executive committee of the Letaba Technical College Council. He is also a member of the National Older Persons Forum of the Human Rights Commission and the South African National Aids Council.



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**Mr David Adler**

**Date of appointment: October 2007**

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Mr Adler, who has a wealth of strategic and operational experience spanning several years in large institutions and community based and non-governmental organisations, has been recognised locally and internationally for his commitment to equity and human development, and his strong understanding of socio-economic constraints and opportunities. A founder, Chief Executive Officer, chairman and board member of an umbrella body of 15 non-governmental and communitybased organisations, Adler is au fait with corporate governance issues and financial accountability requirements.

Among other positions he has held, was former director of Sached Trust, first chairperson of the South African Qualifications Authority (SAQA) and adviser of the Franciscan Order's African Programme for Peace through Community Development.



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**Mr Muthuhadini Alfred Madzivhandila**

**Date of appointment: October 2007**

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An Executive Manager at the Road Traffic Corporation, Mr Madzivhandila is currently studying towards a Ph D degree in development at the University of South Africa (Unisa). He has achieved a number of qualifications. These include a BA degree in Psychology, an Education Diploma and BA(Hons) degree in Psychology, all from the University of Venda; a certificate in Rural Development Policy and Management Programme from Wits University; a Master's degree in Development Studies from the University of the North; a certificate in Project Management from Rand Afrikaans University and certificates in fraud prevention and fraud prevention in procurement processes from the University of Pretoria. He also holds a Unisa certificate in Public Sector Governance.

Madzivhandila started his career as an Assistant Director at Thohoyandou Labour Centre. He went on to become Chief Administration Officer at the University of Venda, Company Secretary at the Agricultural Research Council, Deputy Director of the Compliance and Secretariat Unit in the Department of Public Enterprises, progressing to the position of Director: Internal Compliance Monitoring and Secretariat in the department. He also worked as the Chief Executive Officer of the South African Chamber of Banking.



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**Rev Nombuso Maphalala**

**Date of appointment: October 2007**

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Rev Maphalala, who is partially disabled, holds a Bachelor of Theology degree from the University of the Western Cape, a certificate in International Trade Union History from the Russian Trade Union School and a certificate in training-the-trainers course from the Netherlands.

She currently holds the position of Deputy Manager in the KwaZulu-Natal Premier's Office. Before that she was an Executive Council Member of eThekweni Metro and former branch organiser of the Food and Allied Workers' Union.



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**Professor Tokozile Mayekiso**

**Date of appointment: October 2007**

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Professor Mayekiso, a clinical psychologist, is currently the Executive Dean of the Faculty of Arts at the Nelson Mandela Metropolitan University in Port Elizabeth. She obtained her BA degree from the University of Fort Hare, majoring in Psychology and Geography, and completed her Honours and Master's degrees in Psychology at the same university.

She obtained her doctorate from the Free University in Berlin. Prof Mayekiso joined the University of Transkei as a Senior Lecturer in the Department of Psychology in 1987, becoming an Acting Dean of the faculty in January 2001. She joined Witwatersrand University as Head: School of Human and Community Development in July 2001 and appointed Deputy Dean of Humanities in June 2006. Registered as a clinical psychologist by the Health Professions Council of South Africa in 1992, Mayekiso is a member of the Psychological Society of South Africa; International Society for Prevention of Child Abuse and Neglect; and the Academy of Science of South Africa.

She has served as an advisory board member for the Oprah Winfrey Leadership Academy for Girls and executive member of South African National Committee for the International Union of Psychological Science. Mayekiso has published extensively in academic journals and supervises a number of master's and doctoral students in the areas of

HIV/Aids, child abuse and neglect, adolescent adjustment disorders and poverty related issues. She has been awarded numerous awards and fellowships in the United Kingdom and United States.



**Dr Wallace Mgoqi**

**Date of appointment: October 2007**

An accomplished lawyer with many awards under his belt, Mr Mgoqi is a former City Manager of the City of Cape Town and Chief Land Claims Commissioner. Born in Goodwood,

Cape Town, Mgoqi completed his BA degree in Social Science at the University of Fort Hare in 1973. He later studied law, obtaining his LLB degree from the University of Cape Town in 1984. He became the third recipient of the prestigious Sir Sydney and Lady Felicia Kentridge award for his exceptional service to law in Southern Africa. This award had previously been won by Judge Ismail Mohamed and Judge Arthur Chaskalson, President of the Constitutional Court.

In 2004 he was selected by the Queen's College School of Law of the City University of New York to receive a Doctor of Laws honorary degree for his contribution to issues of social change and justice. He served as national chairperson of the Trust for Community Outreach and Education (TCOE) for 17 years, a position he relinquished in 2004. He is also a recipient of an honorary law doctorate from the University of Transkei and the Sizos Duma Nokwe award, presented to him on International Human Rights Day on 10 December 2004. He is a former director of companies including Old Mutual Bank, Safmarine, Safren, Syfrets and Sekunjalo Investments.



**Mr Steve Mohlabi**

**Date of appointment: October 2007**

Mr Mohlabi, who is at present an Acting Director in the national Department of Agriculture, has a range of qualifications in the agricultural field. After obtaining a BA degree in Agricultural Management from the University of the North, he went on to acquire a BA (Hons) degree in Plant Production: Pasture Science from the University of Pretoria. He topped this achievement with a Public and Development Management diploma from Wits University's Graduate School.

He has occupied a number of positions in the agricultural field, especially in Government. Early on in his career he worked as an Agricultural Scientist and Senior Agricultural Production Technician in the national Department of Agriculture. He is a former Deputy Director: Special Programmes Unit in the Limpopo Department of Agriculture; Assistant Director: Food Security and Special Programmes, and Agri-business Manager in the Free State Department of Agriculture.



**Mr Phuti Mokobane**

**Date of appointment: October 2007**

Mr Mokobane, who has a BA degree in Administration from the University of the North, and a Higher Diploma in Planning for Development Areas and an M Sc degree in Town and Regional Planning from Wits University worked his way up from being a clerk to hold the position of Managing Director of Puledi Projects, a town and regional planning company.

A former chairperson of the Mpumalanga Development Tribunal, Mokobane has also studied housing policies in Israel, Egypt, Turkey and Greece. He has also attended a short course in town and regional planning management in France, and a rural development course in Japan.



**Mr Mmoloki Pheelwane**

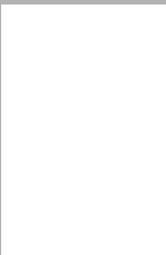
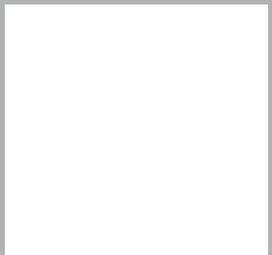
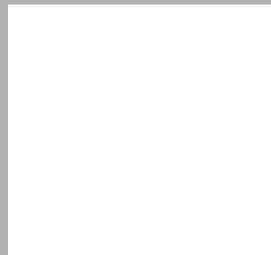
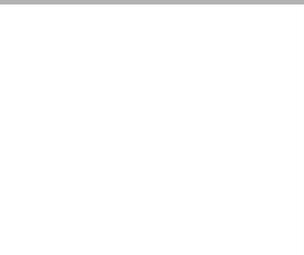
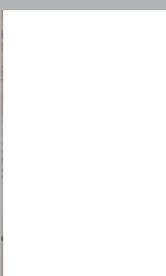
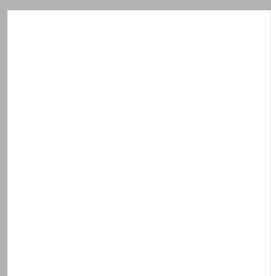
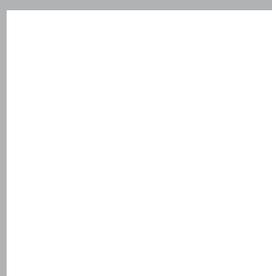
**Date of appointment: October 2007**

Mr Pheelwane spent much of his life in exile. He returned to South Africa, where he acquired a number of qualifications, including a diploma in law from the Solomon Mahlangu Freedom College in Tanzania. Pheelwane, who also possesses a Higher Diploma in Law Administration from

Rand Afrikaans University (RAU), as well as a diploma in Labour Law, has a strong background in community involvement.

He also holds many certificates in various disciplines ranging from Organisational Development to Financial Strategy Formulation for Integrated Development Planning, Human Resources Management to Strategic Management Update for Local Authorities from tertiary institutions around the country.

The North West-based Pheelwane has served on a number of boards, including those of Future Bank Corporation (North West ), North West Housing Corporation, Urban Dynamics and North West Parks and Tourism.



## CORPORATE GOVERNANCE

Members of the NDA Board recognise the importance of sound corporate governance.

The NDA engaged an external service provider, the Institute of Directors (IoD), in inducting both its Board and Management on sound governance principles. 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.

## GOVERNING BODY

The NDA is governed by a unitary Board, of which the constitution and composition are determined by the Act. In 2007, a new Board was appointed for a three-year term with effect from 25 October 2007. As the Accounting Authority (as defined in the PFMA), Board members have a collective responsibility to meet their fiduciary duties to the NDA, with regard to both the PFMA requirements and the principles outlined in King II.

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

Board members bring to the table a wide range of expertise, including, but not limited to, significant financial, management and development experience and independent perspectives.

## BOARD CHARTER

A Board Charter, which defines the levels of materiality of the Board and its reserved powers and sets 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:

- Approval of the strategic plan and monitoring of its implementation

- Ensuring that risk management systems and procedures are in place to protect the NDA's assets and reputation
- Recommending to the Minister of Social Development a candidate to be appointed as the Chief Executive Officer
- Approval of the budget and forecasts
- Monitoring the implementation of strategies and policies through a structured approach to reporting on the basis of agreed performance criteria
- The granting of funds.

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

## BOARD COMMITTEES

To assist it in effectively executing its duties and responsibilities, the Board has established committee structures with defined written Terms of Reference and specific 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 and Finance Committee
- Audit and Risk Committee
- Human Resources and Remuneration Committee
- Projects and Programmes Steering Committee
- Research and Development Committee.

## 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. The Audit and Risk Committee is tasked with the responsibility of monitoring this process and of reporting to the Board.

## CODE OF CONDUCT

The NDA has a Code of Conduct that governs and guides the Board and all staff members on matters such as

conflicts of interest and conduct, and it confirms the Board's intention to set the standards and values for the NDA. A copy of said Code is available to management and employees on request. Any contravention of the Code is viewed as a serious matter.

## REMUNERATION

Certain members of the Board receive fees for their contributions to Board and Committee meetings. Members of the Board who are Government employees do not receive remuneration. Such fees are reported fully in the Annual Report.

## 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 that will require continuous assessment and monitoring.

The Board is confident that the processes it 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. The Internal Audit, Risk Management and Executive Management play an important role in giving assurance to the Board on implementation of sound corporate governance.

## BOARD AND COMMITTEE (OLD BOARD) – MEETINGS ATTENDANCE

### BOARD MEETINGS (OLD BOARD)

Total number of meetings for the year: Seven (7)

**1 April 2007 - 24 October 2007**

Board Members	Meetings attended
Bishop M Mpumlwana	5
Ms M Manong	4
Ms J Daries	7
Ms O Maphai	3
Dr T Masilela	3
Prof. T Mayekiso	6
Ms N Moletsane	3
Dr S Rule	6

## BOARD MEETINGS ATTENDANCE – NEW BOARD

Total number of meetings for the year: Eight (8)

The new Board was constituted on 25 October 2007

**25 October 2007 - 31 March 2008**

Board Members	Meetings attended
Bishop M Mpumlwana	7
Ms M Manong	5
Mr D Adler	8
Mr M Madzivhandila	8
Rev N Maphalala	4

Prof T Mayekiso	7
Dr W Mgoqi	8
Mr S Mohlabi	2
Mr P Mokobane	7
Chief P Ngove	7
Mr M Pheelwane	5

## AUDIT COMMITTEE MEETINGS ATTENDANCE

### AUDIT COMMITTEE MEETINGS - OLD COMMITTEE

Total number of meetings for the year: Three (3)

**1 April 2007 - 29 November 2007**

Committee Members	Meetings attended
Mr A Velcich	3
Ms K Malapela	2
Mr A Taylor	1
Bishop M Mpumlwana (New appointment)	2

## AUDIT AND RISK COMMITTEE MEETINGS – NEW COMMITTEE

**29 November 2007 - 31 March 2008**

The Audit and Risk Committee came into existence as both the audit and risk committee on the 29 November 2007. Its purpose is the provision of assistance to the Board in fulfilling its oversight responsibilities, specifically with regard to the integrity of the financial statements, systems of internal control, the process for monitoring compliance with legal and regulatory requirements, performance of the internal audit function and the oversight responsibilities for the assessment and management of risk.

Total number of meetings for the year: Two (2)

Committee Members	Meetings attended
Mr D Adler	2
Ms K Malapela	2
Mr K Mockler	2
Mr M Pheelwane	2

## HUMAN RESOURCES & REMUNERATION COMMITTEE MEETINGS ATTENDANCE

### HUMAN RESOURCES AND REMUNERATION COMMITTEE MEETINGS - OLD COMMITTEE

Total number of meetings: 4

**1 April 2007 - 29 November 2007**

Committee Members	Meetings attended
Ms M Manong	4
Mr S Faku	4
Prof T Mayekiso	4

## HUMAN RESOURCES & REMUNERATION COMMITTEE MEETINGS – NEW COMMITTEE

**29 November 2007 to the 31 March 2008**

The new Human Resources and Remuneration Committee came into existence on the 29 November 2007. The Committee is constituted to consider and make recommendations to the Board in all human resource matters relating to remuneration policies and structures, increases, bonus payments, benefits, organizational development, performance management, retirement funds, medical aid matters and other remuneration related issues; to represent the Board in relation to staffing and affirmative action policies, training and development, succession planning, human relations, labour relations and other human resource related issues; to consider and recommend resources and remuneration policies to the Board and to ensure that the human resource strategy is aligned with the overall vision and strategic objectives of the organisation.

Total number of meetings for the year: One (1)

<b>Committee Members</b>	<b>Meetings attended</b>
Ms M Manong	1
Mr S Faku	1
Dr T Masilela	1
Prof T Mayekiso	1
Mr M Pheelwane	1

## MANAGEMENT COMMITTEE MEETINGS ATTENDANCE

## MANAGEMENT COMMITTEE MEETINGS - OLD COMMITTEE

Total number of meetings for the year: One (1)

1 April - 29 November 2007

<b>Committee Members</b>	<b>Meetings attended</b>
Bishop Mpumlwana	1
Ms M Manong	1
Ms N Moletsane	1
Dr S Rule	0

## MANAGEMENT AND FINANCE COMMITTEE MEETINGS – NEW COMMITTEE

29 November 2007 - 31 March 2008

The Management and Finance Committee came into existence on the 29 November 2007 and is constituted in terms of section 8 of the National Development Agency Act, 108 of 1998 as amended and has as its role the provision of assistance to the Board in the discharge of its duties on financial and business operational issues.

Total number of meetings: One (1)

<b>Committee Members</b>	<b>Meetings attended</b>
Bishop Mpumlwana	1
Ms M Manong	1
Mr D Adler	1

Mr M Madzivhandila	1
Prof T Mayekiso	1

## PROJECTS AND PROGRAMMES SCREENING COMMITTEE MEETINGS ATTENDANCE

## PROJECTS AND PROGRAMMES SCREENING COMMITTEE MEETINGS - OLD COMMITTEE

Total number of meetings for the year: Four (4)

1 April 2007 - 29 November 2007

<b>Committee Members</b>	<b>Meetings attended</b>
Ms N Moletsane	1
Ms J Daries	4
Ms O Maphai	2
Prof. T Mayekiso	4
Dr S Rule	4

## PROJECTS AND PROGRAMMES SCREENING COMMITTEE MEETINGS – AD HOC

Total number of meetings for the year: Four (4)

29 November 2007 - 31 March 2008

<b>Committee Members</b>	<b>Meetings attended</b>
Prof T Mayekiso	4
Mr D Adler	4
Mr M Madzivhandila	2
Rev N Maphalala	3
Dr W Mgoqi	4
Mr S Mohlabi	3
Mr P Mokobane	4
Chief P Ngove	4
Ms J Daries	4
Mr S Rule	2

## PROJECTS AND PROGRAMMES SCREENING COMMITTEE MEETINGS – NEW COMMITTEE

29 November 2007 - 31 March 2008

The Projects and Programmes Screening Committee came into existence on the 29 November 2007. This Committee acts on behalf of the Board and exercises an oversight function in the conceptualization, planning, screening and renewing and recommending of proposed projects including the meeting of the development criteria within the budgeted parameters. The committee recommends the projects to the Board for approval for grant funding.

Total number of meetings for the year: Nine (9)

Committee Members	Meetings attended
Prof T Mayekiso	9
Mr D Adler	6
Mr M Madzivhandila	6
Rev N Maphalala	7
Dr W Mgoqi	9
Mr S Mohlabi	4
Mr P Mokobane	9
Chief P Ngove	9

## RESEARCH AND DEVELOPMENT COMMITTEE MEETINGS

Total number of meetings for the year: One (1)

29 November 2007 - 31 March 2008

Committee Members	Meetings attended
Dr S Rule	1
Ms J Daries	1
Prof T Mayekiso	1
Ms O Maphai	1

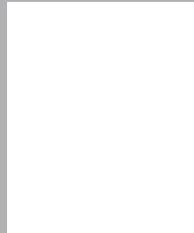
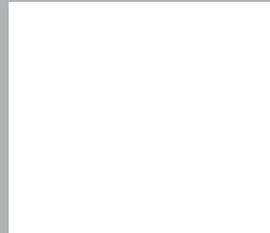
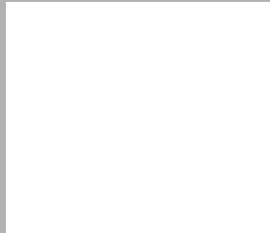
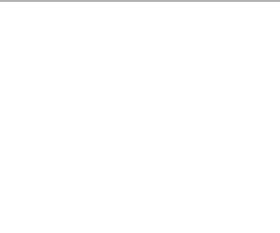
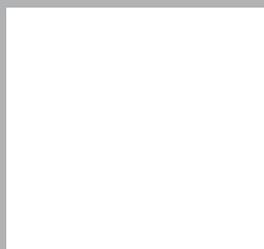
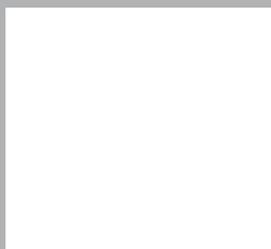
## RESEARCH AND DEVELOPMENT COMMITTEE MEETINGS – NEW COMMITTEE

29 November 2007 - 31 March 2008

The Research and Development Committee came into existence on the 29 November 2007 and is constituted to consider and make recommendations to the Board on issues of research and development.

Total number of meetings for the year: One (1)

Committee Members	Meetings attended
Mr M Madzivhandila	1
Prof T Mayekiso	1
Mr P Mokobane	0
Chief P Ngove	1





## CEO'S OVERVIEW

*"Like slavery and apartheid, poverty is not natural. It is man made and it can be overcome and eradicated by the actions of human beings". (Dr Nelson Mandela, in his call for action on "unnatural poverty" at London's Trafalgar Square, 03 February 2005)*

Nelson Mandela's words are consistent with the philosophy underpinning the mandate of the National Development Agency (NDA), of eradicating poverty. We are specifically tasked through the NDA Act no 108 of 1998 "to contribute towards the eradication of poverty by granting funds to Civil Society Organisations for the purpose of implementing development projects for poor communities; and strengthening the institutional capacity of other Civil Society Organisations that provide services to the poor...". It is through our actions as contained in our Strategic Plan 2007 – 2011 and our business plan for the 2007 – 08 financial year that we continuously take steps which will ultimately lead us to the ideal of overcoming and eradicating poverty.

For this financial year under review, we had set for ourselves the following four strategic goals:

1. Organisational transformation
2. Partnering for development
3. Community empowerment for sustainable development
4. Communication of relevant researched development information.

We had twelve objectives related to these strategic goals, and about twenty-four outputs to be achieved in this financial year.

The main thrust of our plan was to conclude the process of restructuring the organisation which was started in the previous years by focusing on building the internal capacity of the organisation. This was to enable the organisation to achieve its other goals, to become efficient and effective going forward.

In general, the organisation has made enormous progress towards achieving its legislative mandate and its strategic goals for the year.

The main highlights of our achievements for the year are the following:

### 1. Organisational Transformation

- Achieved organisational stability
- Enhanced a performance culture by improving the performance management system
- Strengthened the organisational capacity by building the Human Resources Unit; filling critical vacancies, increasing efforts in the areas of training and education of staff; and putting in place appropriate policies;
- Improving on good governance by ensuring that compliance is observed; and
- Increasing organisational visibility by building relations with stakeholders and promoting the NDA brand.

### 2. Partnering for development

- Developed a partnering for development strategy which is still to be approved by the Board based on the overall strategy of the organisation.
- Conducted an extensive organisational promotion campaign to raise awareness about the NDA, its mandate and work among key stakeholders in government and Civil Society Organisations.
- Strengthened our "on the ground" collaborations with strategic partners in the implementation of projects, especially local municipalities and specific relevant departments.
- Established new relations with UNDP and the Human Rights Commission who collaborated with us in our annual poverty conference which took place in October.
- Established relations with the Universities of Limpopo; Venda and the Premiers' office. These relations resulted in a successful collaboration on our conference on poverty in Limpopo.

- Continued with our role as coordinating Agency for the South African Chapter of the German – South Africa partnership forum for development.

### 3. Community Empowerment for sustainable development

- R89,9 million in grant funding to 78 CSOs; NGOs and Co-operatives was approved by the Board. This was aimed at funding poverty eradication and development projects across the country especially in the rural areas. The amount of R133, 8 million included in the annual financial statements relates to projects that were approved from 2001 to 2008. The budget for 2007/8 for project funding was R89, 9 million which was committed to projects. Included in the R133,8 million is the R56, 8 million of projects that were approved in the current financial year and the balance of R77 million relates to projects that were approved between 2001- 2007.

This has benefited 9 725 people directly and 229 361 indirectly throughout the country.

The biggest amounts of these grants went to those provinces with the largest population of rural and poor, i.e. KwaZulu Natal; Limpopo and the Eastern Cape.

- Successfully implemented the second phase of capacity building for CSOs which was started in the previous year with a grant of R25, 7 million.
- A large number of CSOs are benefiting from project through training.

Breakdown of provincial grant commitments for the past five years is as follows:

#### Grant commitments 2004/5

Province	Number of projects Approved	Amount Committed per Province
Eastern Cape	6	R5,234,588
Free State	7	R5,648,212
Gauteng	10	R2,935,234
Limpopo	12	R17,125,722

Kwa-Zulu Natal	4	R3,198,383
Mpumalanga	16	R17,074,197
North West	4	R3,869,647
Northern Cape	6	R5,003,940
Western Cape	10	R9,684,822
<b>TOTAL</b>		<b>R69,774,745</b>

#### Grant commitments 2005/6

Province	Number of Projects Approved	Amount Committed per Province (R)
Limpopo	17	R13,455,724
Mpumalanga	11	R7,055,798
Eastern Cape	36	R13,455,271
Northern Cape	4	R3,880,568
Western Cape	8	R5,759,286
KwaZulu Natal	15	R12,169,884
North West	2	R2,704,576
Free State	3	R1,453,427
Gauteng	8	R8,762,621
<b>TOTAL</b>	<b>104</b>	<b>R68,697,155</b>

#### Grant commitments 2006/7

Province	Number of Projects Approved	Amount Committed per Province (R)
Limpopo	13	R14,398,627
Mpumalanga	9	R8,234,240
Eastern Cape	14	R14,084,531
Northern Cape	5	R6,550,638
Western Cape	9	R9,853,361
KwaZulu Natal	11	R16,650,394
North West	8	R9,665,661
Free State	10	R10,527,164
Gauteng	13	R12,812, 434
National	3	R8,192,510
<b>TOTAL</b>	<b>95</b>	<b>R110,969,560</b>

#### Grant commitments 2007/8

Province	Total number approved	Amount
Eastern Cape	12	R15,197,111
Free State	10	R7,915,393
Gauteng	6	R5,881,732
KwaZulu Natal	6	R13,081,851
Limpopo	9	R11,045,0125
Mpumalanga	7	R8,938,371
Northern Cape	8	R7,257,692
North West	13	R12,305,059
Western Cape	7	R8,263,875
TOTAL	78	R89,886,109

#### 4. Communication of credible and relevant researched information

- Completed commissioned research projects in the following areas:
  - o The state of CSOs
  - o Municipal Poverty Profile and Resource Flows
  - o Provincial Poverty Profile and Resource Flows
- Published the following:
  - o Four issues of The Voice newsletter
  - o Four issues of TsaRona newsletter
  - o NDA generic brochures distributed at RFPs
  - o NDA annual report
  - o NDA Strategy document
  - o Oudsthoorn Poverty conference report
  - o October 2007 Poverty conference report
  - o Website updates
  - o Intranet updates
  - o Revised brief strategy and profile documents
  - o Requests for Proposals adverts for six provincial offices
- Promoted the NDA through exhibitions at the following platforms:
  - o South African Local Government Association exhibition

- o Corporate Social Investment exhibition
- o Institute for Local Government Management Roundtable
- o National Council Of Provinces
- o Budget Vote

- Branded the organisation at 229 project sites in eight provinces.

With these highlights and the overview, it is my pleasure to formally present the NDA Annual Report for the 2007 – 08 financial years to the Board and Minister for Social Development, Dr Zola Skweyiya in terms of the NDA Act no 108 of 1998 and the PFMA.

The enormous progress that the organisation has made in achieving its mandate was a result of the positive leadership and guidance provided by previous Board of the NDA which completed its term during this period. I wish to express my appreciation for their role, leadership and support in building the NDA as an organisation. The new Board, which started in October 2007, has greatly assisted in speeding up the backlog in the processing of grant funding which was created by the period in the process of appointing a Board following the expiry of the term of the previous one. On behalf of the staff I wish to thank them, assure them of our cooperation and support in their term at the NDA to lead the organisation going forward.

The Executive team and all the staff members of the NDA have worked very hard under difficult conditions to achieve the good results report on, in this Annual Report. In my capacity as the CEO, I wish to thank each one of them for their efforts and commitment to the worthy cause to which the NDA is committed.



**Godfrey Mokate**  
**Chief Executive Officer**  
**National Development Agency**



**Mr Godfrey Mokate**  
Chief Executive Officer

**Hajra Mansour**  
Internal Audit



**Moitswadi Motokeng**  
CFO



**Jenny Jefftha**  
Human Resources



**Prof P Ewang**  
Research & Development



**Lunga Mangcu**  
Marketing & Comm.



**Karen Kemp**  
Company Secretary



**Reuben Mogano**  
Development Management



**Rashida Issel**  
COO



**Jessica Fortuin**  
Provincial Manager  
Western Cape



**Clive Moses**  
Provincial Manager  
Northern Cape



**David Pottlako Ntlatleng**  
Provincial Manager  
North West



**Nimrod Mbebe**  
Provincial Manager  
Mpumalanga



**Prof. Zach Choenyane**  
Provincial Manager  
Limpopo



**Xolani Zungu**  
Provincial Manager  
Kwazulu Natal



**Dr Anthony Bouwer**  
Provincial Manager  
Free State



**Eurica Palmer**  
Provincial Manager  
Eastern Cape

## REPORT AGAINST NDA STRATEGIC GOALS

### Strategic Goal 1: Organisational Transformation (“Tswelopele”)

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

Strategic Objective	Output	Performance indicator	Target	Achievements for 2007/8	Variance
1.1 Living a values and performance-based culture	Deploy values Project and conduct culture climate survey	Levels of compliance. Reduction in Staff Turnover and unqualified reports	Values lived. Values are known and lived and are evidenced in qualitative and quantitative internal survey, showing a positive change year on year	<ul style="list-style-type: none"> <li>To reinforce the values, printed material was distributed to all staff</li> <li>Values are introduced to all new appointees at individual and group induction processes</li> <li>Values are incorporated in Performance agreements</li> </ul>	Climate survey was not conducted because of budget constraints.
	Deployment and cascade of the balance scorecard	Consistent delivery on agreed outputs. Functioning performance management system	Performance management system delivers against sound strategy. Performance management is implemented.	<ul style="list-style-type: none"> <li>Performance agreements were linked to the strategy.</li> <li>Performance appraisals were concluded</li> <li>Groups of employees have been trained with respect to alignment of agreements and actual appraisals.</li> </ul>	N/A
	Implementation of Performance Management system to established employee based line	Consistent delivery on agreed outputs. Functioning Performance	Year on year improvement of performance management system	<ul style="list-style-type: none"> <li>Performance Management workshops were facilitated for EXCO</li> <li>Performance Agreement Template was designed and implemented</li> <li>Performance Agreements for EXCO members were agreed upon and appraisals conducted</li> <li>Performance agreements for 2007/8 were concluded for all staff</li> <li>All probationary employees were appraised post the probationary six months period.</li> </ul>	N/A

1.2 Ensure availability of critical competencies	<p>Build a productivity, efficiency and financial model</p> <p>Organizational Structure aligned with organizational Goals</p>	Our people get work done – promotions from within	Adhere to WSP, measure of the competency improvement and roll out of targeted skill programme	<ul style="list-style-type: none"> <li>• The workplace skills plan was completed and submitted.</li> <li>• The employment of competent people (people capability) has been met via an improved recruitment process as applied in alignment with policy</li> <li>• Job profiles are in place for every position</li> <li>• The recruitment process was outsourced to a wider range of BEE service providers and turn-around times were improved</li> <li>• A number of internal applicants were appointed in vacant positions</li> <li>• Various training programmes including project management for administrative assistants, industrial relations for senior management teams, medical aid, Provident Fund, and specific policy workshops and information sessions have been conducted</li> </ul>	N/A
	Conduct leadership audit and competency assessments- identify and develop relevant interventions to close the gap	A relevant talent pool. Career progression acts as a retention mechanism. Appropriately staffed structure	Career and succession planning policy developed. Adhere to the plan. People balance sheet measured against the NDA's competency matrix.	<ul style="list-style-type: none"> <li>• Organisation-wide training needs analyses were conducted</li> <li>• Training needs were prioritized and training was provided</li> <li>• Training &amp; Development (T&amp;D) Committee was revived and the terms of reference were reviewed</li> <li>• T&amp;D Committee details and TOR have been placed on the intranet</li> <li>• The T&amp;D committee approved study assistance of employees</li> <li>• The NDA's remuneration position was benchmarked against the national market</li> <li>• The remuneration &amp; job evaluation policy was reviewed</li> <li>• The acting policy was reviewed</li> <li>• Consultation on reviewed policies was conducted with all staff</li> <li>• Competency assessments were conducted on all executives.</li> </ul>	<p>The succession policy was not completed and deferred to the 2008/9 year.</p> <p>A skills audit (people balance sheet) needs to be concluded.</p>

<p>1.3 Practice continually improved business processes, systems and policies, ensuring flawless execution</p>	<p>Review processes and effect business process changes.</p> <p>Flawless administration and execution. PFMA and all relevant legislation compliant continually improving business processes where “good is never good enough”.</p> <p>ITIL compliance</p>	<p>A streamlined, efficient and effective organization that is respected among its peers and stakeholders for operational excellence</p>	<p>Ongoing 100% compliance to all NDA policies. Continually review and improve NDA process.</p>	<ul style="list-style-type: none"> <li>Guidelines to Policy Development within the NDA were developed and approved</li> <li>Development of Grant Making policy was done</li> <li>Employment Equity guidelines were used in recruitment</li> <li>Employment Equity committee was revived and information sessions were conducted with staff</li> <li>The details of the EE Committee and the TOR have been placed on the Intranet</li> <li>Employment Equity Report was concluded and submitted to The Department of Labour</li> <li>The induction processes were reviewed and streamlined to ensure more effective integration of new incumbents into NDA</li> <li>Organizational Strengthening Review was conducted and concluded by Mandate Molefi and the report with the recommendations were presented to EXCO</li> <li>Review of the project implementation cycle</li> <li>IT policies were reviewed and approved.</li> </ul>	<p>ITIL compliance and Bi Annual audit of business process were not completed.</p>
	<p>Unqualified Audit report</p> <p>Develop and implement business performance improvement strategy</p> <p>Bi annual audit business process compliance</p>	<p>A streamlined, efficient and effective organization that is respected among its peers and stakeholders for operational excellence</p>	<p>Ongoing 100% compliance to all NDA policies. Continually review and improve NDA process.</p>	<p>Complied with material clauses in policies</p>	<p>Develop a check list to ensure compliance on all material clauses</p>

	Develop Service Standards 30% Compliance in year 1	Implementation of service standards	50% improvement in service standards year on year		Survey to be conducted
1.4 Practice Good Corporate Governance	Risk Management plan and Strategy	Minimal and controlled instances of non-compliance that are detrimental to the reputation and functioning of the NDA.	Continuous improvement in instances of non-compliance	<ul style="list-style-type: none"> <li>The risk register was completed</li> <li>A fraud prevention plan was approved and implemented, and incorporated reference to a hotline tip off call line</li> <li>A risk management plan and policy was approved</li> <li>A risk register was updated and submitted to the Audit Committee</li> <li>Delegations of Authority was developed and is currently awaiting Board approval</li> <li>Contracts with various stakeholders, which include projects approved by the Board as well as other legal contracts, were vetted and signed by this Unit</li> <li>Outstanding legal issues were resolved with a few matters in progress and at the closure stage</li> </ul>	N/A
	Fiduciary compliance met. A clear accountability framework in place at Board level. Strategic direction by the Board	A Board that focuses on its charter and strategic intent	Implement and applied Board accountability framework. Fiduciary compliance on going.	<ul style="list-style-type: none"> <li>After the appointment of the new Board an induction process was successfully concluded</li> <li>The following charters were reviewed and approved</li> <li>Board Charter</li> <li>Audit and Risk Committee Charter</li> <li>The Research Committee terms of reference were reviewed and approved</li> <li>The following terms of reference were submitted to the committees for review and input; however, final approval is outstanding; <ul style="list-style-type: none"> <li>Human Resource and Remuneration Committee</li> <li>Project and programmes Screening Committee</li> <li>Manco</li> </ul> </li> <li>The proposed NDA Amendment Bill was submitted to DSD for tabling at parliament</li> </ul>	N/A

<p>1.5 Build brand credibility and confidence with stakeholders</p>	<p>The brand is experienced and understood the same way by internal and external stakeholders of the NDA.</p>	<p>When the NDA has earned the reputation of consistently delivering on its Brand promise of "unlocking potential"</p>	<p>Ongoing stakeholder perception survey completed, analysed and recommendation followed through.</p>	<ul style="list-style-type: none"> <li>• Free coverage in various newspaper and magazines was solicited during this period</li> <li>• Several projects funded by NDA were launched in various provinces which increased NDA impact and visibility as local newspapers covered positive stories</li> <li>• Various insertions in print and electronic media appeared, profiling some of the Executive Directors who reiterated the role of the NDA in poverty eradication</li> <li>• Hosting of and participation at conferences led to further enhancement and profiling of the NDA amongst its key stakeholders</li> <li>• The website was updated with the latest information, leading to an increase in the number of visitors and up to date information</li> <li>• NDA corporate publications were revised and updated with current information</li> <li>• A number of documents were printed and distributed to relevant stakeholders. This included the Strategy Document</li> </ul>	<p>A scientific perception survey could not be done due to budget constraints.</p>
	<p>All NDA staff live the brand as brand champions. Powerful branding is an ongoing practice at every occasion.</p>			<ul style="list-style-type: none"> <li>• With regard to Internal NDA Communications matters; <ul style="list-style-type: none"> <li>o Gifts were distributed to staff in February and March to show Management's appreciation to staff.</li> <li>o Guidelines for internal newsletter, newsflash and Rara (internal staff communication session) sessions have been updated to ensure all staff have access to information for their needs on internal procedures.</li> <li>o Newsflashes were also introduced to disseminate timeous information to staff</li> </ul> </li> </ul>	

## Strategic Goal 2: Partnering for Development

This strategic goal recognizes the limited resources within the NDA strategic partnerships with local and international stakeholders. Through collaboration we will mobilize additional resources to leverage greater impact towards poverty eradication interventions.

Strategic Objective	Output	Performance indicator	Target	Achievements for 2007/8	Variance
2.1 Actively collaborate with local and international stakeholders for poverty eradication	Investigate and refine stakeholder relationship and develop stakeholder framework	Acceptance as peer amongst stakeholders and similar institutions. Number of partnerships that are established & formalized.	Local and International structured partnerships. Fulfillment of international obligations, mandate, government obligations to protocol. Thought leaders on Southern Africa Poverty issues	<ul style="list-style-type: none"> <li>NDA (R&amp;D) and the University of Limpopo in a joint partnership hosted the provincial Conference on poverty in Polokwane.</li> <li>NDA, UNDP &amp; and the SAHRC in partnership hosted the October National Poverty Conference.</li> <li>The Loccum/Oudtshoorn Conference report was finalized and translated; copies were sent to Germany <ul style="list-style-type: none"> <li>The CEO and a Board Member handed the report over at a formal loccum conference in Germany.</li> </ul> </li> <li>A partnering for Development Strategy was developed to give guidance to stakeholder relationships in the NDA.</li> </ul>	N/A
2.2 Resource Mobilisation	Develop a funding Model (resource mobilization and priority framework) aligned to organizational priorities.	Continually increasing material and logistic support from confident and motivated donors	Continually increasing material and logistic support from confident and motivated donors		The stakeholder Manager was not appointed and was kept in abeyance for 2 years
	Develop and implement an integrated sustainability framework and strategy	Continually increasing material and logistic support from confident and motivated donors.		The NDA's participated in the national Trialogue CSI conference attended by funders from the private sector. This resulted in a raised profile for the NDA and commitments from a number of private sector funders who indicated possible areas of collaboration with the NDA (signed the pledge book).	The stakeholder Manager was not appointed and was kept in abeyance for 2 years
	Conduct analysis of available government funding	Continually increasing material and logistic support from confident and motivated donors		Completed and was integrated in the partnering for development strategy	N/A

**Strategic Goal 3: Community Empowerment for Sustainable Development**

**This Strategic Goal is to develop capabilities and capacity to access and utilize developmental resources towards self-reliant communities. Perhaps better known in the past as a conduit of 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**

Strategic Objective	Output	Performance indicator	Target	Achievements for 2007/8	Variance
3.1 Enhance capability and capacity of Civil Society Organisations to drive development	Develop and implement and integrated Framework and Strategy	Relevant, up to date and valued as informing policy and Decision making by stakeholders.	CSO' database. Database is relevant, accurate and updated Bi – annually.	This project has been successfully implemented and achieved, with annual update and maintenance envisaged.  The framework was included in the Research strategy which was approved by the R&D Committee	N/A
	Develop and define a tool to measure impact on household income.	Poverty indices have decreased in the targeted communities.	Targeted prioritized Funding- funding is directly prioritized and justified by community poverty indicators. Project funding compliant with policy.		A tool to define and measure impact of household incomes is outstanding and was postponed to the new financial year.
Promote community self-reliance through grant funding	Targeted Prioritised Funding (Programmes formulation and RFP)	Funding is directly prioritised and justified by Community Poverty Indicator Profiles and success criteria. Project funding compliant with policy.		To address this goal the NDA allocated R85,8 million for development projects to all nine provinces for the year 2007/8. The Board approved R89,9m for the financial year in question with the over expenditure being financed from the write backs, in line with our policy.  Furthermore the NDA projects had a direct impact on 9 725 poor people and an indirect impact on 229 361 poor people.	N/A

#### Strategic Goal 4: Communication of Credible Relevant Research Development Information

As a premier development agency, NDA envisions providing its staff, stakeholders, partners and the development community with the power to access and leverage worldwide development knowledge, generates new intellectual capital, and continuously learn from their activities. As we look into the future, we see an NDA that includes its partners in producing the results and impact expected of an innovative national organisation that imparts the right knowledge to the right people at the right time.

Strategic Objective	Output	Performance indicator	Target	Achievements for 2007/8	Variance
4.1 Develop information and knowledge management systems and processes, which are instrumental in policy dialogue	Develop a Knowledge and information Management Strategy	Information is critical to and is used for poverty measurement and eradication.	Functional Knowledge Management System (creation of new knowledge). Information is credible, relevant and accessible for development. All information meets empirically based scientific standards. Information is web-based for controlled accessibility. An ageing standard of 12 months regency is maintained on all information.	In Partnership with the CSIR the NDA (R&D) have successfully instituted the Knowledge Management system.	N/A
4.2 Disseminate and communicate research-based development information	Develop two Research papers per annum and disseminate to targeted stakeholders	Recommendation and guidance provided by the NDA results in quality engagement between CSOs and State in poverty issues.	Two Research papers per annum disseminated to targeted stakeholders.	Reports on: <ul style="list-style-type: none"> <li>Three Research studies were commissioned and the results were distributed</li> <li>Impact studies on projects already funded by the NDA</li> </ul> Have been disseminated to various stakeholders and the respective managers.	N/A
		Publish journal articles and policies by NDA	Acceptance as a peer (opinion forming and credible partners) amongst stakeholders and similar.	Not achieved	Because of limited Resources this project was postponed to 2008/9

## REPORT ON UNITS PERFORMANCE

### 1. DEVELOPMENT MANAGEMENT

The nine provincial offices report to the Development Management Unit. The fact that the Project Managers are located in the provinces has proven to work well as they monitor and assist with projects and liaise directly with CSOs, thus providing much-needed assistance, especially in areas where illiteracy rates are high.

- **Grant funding to CBOs, NGOs and FBOs to implement projects in poor communities.**

The NDA provides grants to Civil Society Organisations to implement sustainable community driven projects that create employment and income opportunities. The grant making strategy and priorities are informed by the Cabinet Lekgotla resolutions on poverty eradication, government programme of action on poverty, Provincial Growth Development Strategies (IDPs) and municipal Integrated Development Plans (IDPs). Over the years, the NDA focused primarily on identified poverty pockets, particularly the ISRDP nodes, Urban Renewal Programmes and Project Consolidate Municipalities.

The NDA grants funds to Civil Society Organisations through two approaches, namely, the Request for Proposals (RFP) and Programme Formulation (PF).

The RFP is a competitive grant funding approach that targets well established CBOs(CBOs,) NGO(NGOs) and Co-operatives in organised communities. These organisations are invited through relevant media to submit proposals based on pre-set policy criteria and process. Proposals are then reviewed and submitted to the Board for approval.

Programme Formulation involves reaching out to identified, deserving communities to undertake activities that build “social capital” at community level. In essence, this

approach targets specific areas and sectors based on primary research on priority poverty pockets.

This process is mainly driven by NDA staff in provinces, and it is based on the assessment of the institutional capability and competencies of CBOs and NGOs in identified localities. This approach is premised on the observation that in certain communities, CBOs and NGOs will not be able to access developmental resources on their own without external assistance.

In 2007/8, the Board approved grant funding to 78 CBOs, NGOs and Co-operatives amounting to R89, 9 million. Of these, 29 organisations received grants in the amount of R23, 46 million through the Request for Proposal (RFP) process. Similarly, 49 organisations received grants worth R66 420 188 through the Programme Formulation (PF) process. The poverty eradication interventions that will be implemented by these organisations will benefit more than 9 725 direct and 229 361 indirect beneficiaries.

The projects were approved in the sectors of economic development and food security. Economic development includes support to Co-operatives focusing on income generating opportunities in the areas of jewellery making, shoemaking, furniture making, beekeeping, goat farming, poultry, vegetable production, brick making and support for communities to enter industries such as the sugar industry. Food Security interventions relate mainly to small-scale subsistence farming and consolidation funding to emerging farmers who intend to upscale their production.

Cumulatively, these grants will:

- Mobilise communities, CBOs, NGOs, FBOs and traditional leadership to implement sustainable poverty eradication programmes in communities.
- Strengthen the capacity of community structures to access developmental resources; and facilitate linkages with viable markets to enhance sustainability.
- Provide seed funding for co-operatives and self-help

groups to establish enterprises that have the potential to create jobs and increase household income.

- Provide on-going coaching, mentoring and technical support to participating enterprises.

The provincial breakdown of grant commitments in 2007/8 is as follows:

Province	Total number approved	Amount in Rands
Eastern Cape	12	15 197 111
Free State	10	7 915 393
Gauteng	6	5 881 732
KwaZulu Natal	6	13 081 851
Limpopo	9	11 450 125
Mpumalanga	7	8 938 371
Northern Cape	8	7 257 692
North West	13	12 305 059
Western Cape	7	8 263 875
<b>TOTAL</b>	<b>78</b>	<b>89 886 109</b>

The NDA grants to communities will enhance sustainable livelihoods for the poor through creation of jobs, income streams for households, food security and economic opportunities.

Strengthening the institutional capacity of community organisations to deliver services to the poor

The NDA is implementing the CSO strengthening programme. The purpose of this program is to develop capability and capacity of Civil Society Organisations to enable them to access and utilise developmental resources towards self-reliance. The following are the outcomes of the programme:

- **Strengthened CBOs, NGOs, FBOs and Co-operatives that have leadership, management and institutional capacity to deliver services to the poor.**
- Enhanced ability of communities to access and utilise developmental resources towards self-reliance.
- Competent CSO leadership.
- Communities enabled to undertake advocacy programmes that advance pro-poor interests.

This pilot program is being implemented by 20 appointed service providers in all nine provinces of South Africa. An amount of R25, 7 million has been committed to this program. Amounts between R950 000 and R1 800 000 were allocated to each service provider to implement this programme in their respective provinces. The institutional capacity of at least 643 CSOs are being strengthened in the areas of effective governance, financial management, resource mobilisation, community organising, understanding the legal framework for their existence, project management and other key leadership and management competency and capability areas. To date, R13 million has been paid out to the service providers to implement the program. This is over 50% of the total committed amount.

Below is a breakdown of CSOs reached per service provider:

Name of Service Provider	Province	No. of CSOs reached
Ndlandlamuka Institute for Sustainability Development	Limpopo	30
Development Training and Facilitation Institute	Limpopo	32

Establishment for Comprehensive Youth Development	Limpopo	20
Centre for Extended Learning	Western Cape	30
Centre for Integrated Rural Development	Western Cape	36
TRAC	Mpumalanga	25
Institute for Democracy in South Africa	Mpumalanga	24
Mineworkers Development Agency	Mpumalanga	12
Medunsa Literacy and Development Project	North West	50
Siyakhula Trust	North West	55
Farmers Development Agency	Eastern Cape	24
Afesis-Corplan	Eastern Cape	30
Clean Ministries	Eastern Cape	35
Fair Share	Free State	45
Project Literacy	Free State	30
Social Change Assistance Trust	Northern Cape	25
Elgin Learning Foundation	Northern Cape	30
Eco City Trust	Gauteng	30
Community Based Development Program	Gauteng	30

The Valley Trust	Kwa-Zulu Natal	50
Total No of CSOs reached		643

The preliminary analysis of data and information emanating from the past 14 months of the implementation of the capacity building programme reveal that:

- NGOs' and CBOs' weak institutional capacity does not facilitate effective service delivery at local level and therefore limits the potential to partner with government at national, provincial and local level. The CSOs require development of capacity in the area of project management, financial management, community organising, resource mobilisation, public policy analysis, public participation and technical skills in specific areas such as agriculture and provision of water and sanitation.
- There is enormous "social entrepreneurship" in communities. However, this needs to be organised and nurtured through targeted capacity enhancement interventions.
- NGOs, CBOs and co-operatives are well positioned to drive and complement the government wide programme of "massifying" community driven initiatives that create jobs in the second economy. However, the institutional capacity of these groups needs to be strengthened to enable them to add value to the programme.
- Communities are unable to engage effectively with public policy process, given limited research capabilities and weak leadership.

The NDA capacity building programme will systematically address the constraints mentioned above. However, given the pivotal roles that CBOs, NGOs and FBOs play in poverty eradication, government needs to consider an increased budget allocation to the NDA to enable the organisation to upscale its institution building interventions.

## RESEARCH AND DEVELOPMENT

During the period under review the Research Unit successfully planned and commissioned three studies:

- Provincial Poverty profiles and resource flows
- Municipal Poverty profiles and resource flows
- The State of Civil Society Organisations

The purpose of these studies was to provide NDA with information for effective decision making with regard to grant making and also to provide the NDA with baseline information on the state of CSOs.

Final reports are available.

During this period, technical training was conducted on:

- Research methodologies, monitoring and different research approaches for data collection.

The NDA with her partners, the UNDP and the SAHRC, successfully delivered a national poverty conference in October 2007.

The purpose of the conference was to:

- Provide a national platform for poor communities, Civil Society Organisations, academic research institutions, business and government to engage in poverty related issues in a structured and systemic fashion.
- Discuss and debate the current poverty discourse that is taking place in the country.
- Address a strategic goal of the NDA with regard to improving and strengthening partnerships for development, improving community empowerment for sustainable development and communicating credible relevant researched information.

A Conference report is available on the NDA website.

Strategic relationships have been established with some

organisations to provide the directorate with information, publications and reports on poverty and development issues for information and knowledge sharing.

## INFORMATION TECHNOLOGY

The Enterprise Resource Planning (ERP) system that was proposed and approved as part of the IT strategy was deployed and the NDA is already bearing its fruits. The ERP system integrates and streamlines the project's process and various financial management processes and procedures such as travel, help desk and expenditure claims. The automatic audit trails are excellent additional internal control mechanisms that assist the NDA in its governance and risk control. Other salient features of the system include project registration, contracting, monitoring and evaluation; as well as payments and project closure.

Other business modules that have been completed and implemented in 2007/8 are timesheet management, document sharing warehouse and report extracting services. All staff in the NDA has received extensive training on the system. These interventions have significantly contributed towards the attainment of the NDA's first strategic goal on transformation as well as attaining speedy service delivery. The introduction of additional automated modules are envisaged, thus propelling the NDA into the electronic era.

## INTERNAL AUDIT UNIT

The Audit coverage plan was designed to ensure coverage of the prioritised risk in the NDA. The Audit plan has been completed, except for one audit (Finance). The deferring of the Finance audit was approved by the Audit and Risk Committee. This audit will be carried out in the 2008/09 financial year.

The Internal Audit also underwent a Quality Assurance Review (QAR) by the Institute of Internal Auditors, and achieved a "Partially Conforms" status. This means that the NDA Internal Audit is making good-faith efforts to comply

with requirements of individual standards and code of ethics.

The QAR report has presented a significant opportunity for improvement in effectively applying standards and codes of ethics for the Internal Audit to achieve objectives. The recommendations of the report are in the process of being implemented.

## HUMAN RESOURCES

With the new Executive HR Manager steering the ship, this unit has made huge strides, especially in the latter part of 2007/8. A number of training programmes were undertaken in line with the first goal of organisational transformation. The emphasis was placed on ensuring that staff know and live the NDA values through distribution of printed material, incorporation of the values in performance agreements and consistent induction of new people coming into the system both individually and as a group.

The Performance management system was reinforced through aggressive monitoring to ensure compliance of both appraisals and performance agreements. The recruitment process was extended to a wider range of BEE compliant service providers to ensure quicker turn around times and to capture a broader spectrum of applicants. A number of consultative sessions facilitated with regards to issues of employment equity, the revised remuneration, job evaluation and acting policies, and issues relating to wellness, structuring of packages and taxation. The NDA successfully complied with the submission of the annual EE Report to the DOL and EE targets are consistently applied

in the appointment of new personnel.

The Unit successfully concluded the annual wage negotiations and all outstanding CCMA disputes were resolved. Ongoing engagement and consultation with the Union is work in progress in an attempt to resolve other matters relating to remuneration, conditions of service and benefits.

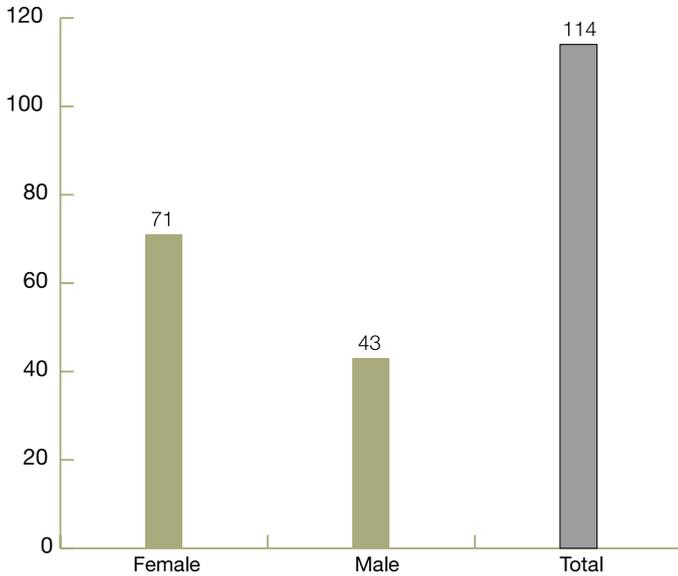
In order to ensure the NDA has fully competent staff, the annual training needs analysis was undertaken and training implemented in line with identified needs. The annual WSP was submitted to the SETA and applications for study assistance were approved on time and processed accordingly. Industrial Relations training was provided to all EXCO and Senior Management Team members along with other corporate training identified.

The NDA staff compliment at the end of March 2008 was 103.

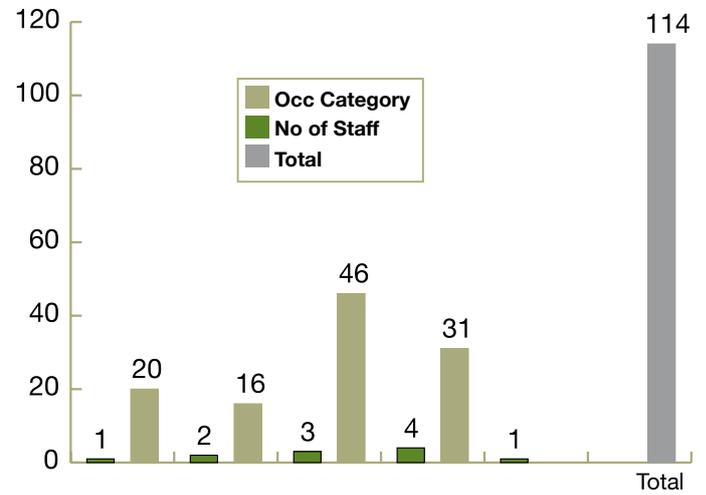
### Employment Equity Reporting

The following tables reflect the Employment Equity numbers for NDA for the financial year. For reporting purposes, the same Employment Equity format is used as required by the Department of Labour. The numbers reflected in the tables and graphs that follows, will not necessarily correlate with the number of staff members as at 31 March 2008 as it is a requirement of the Department of Labour that any staff member who has been in the employ of NDA, even if it was for a period less than a month, is reported on.

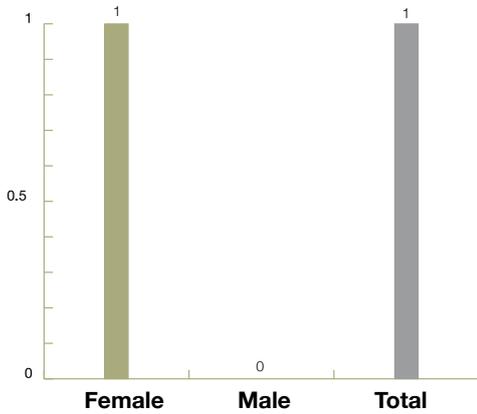
### 1. Employees by Gender



### 4. Employees per Occupational Category

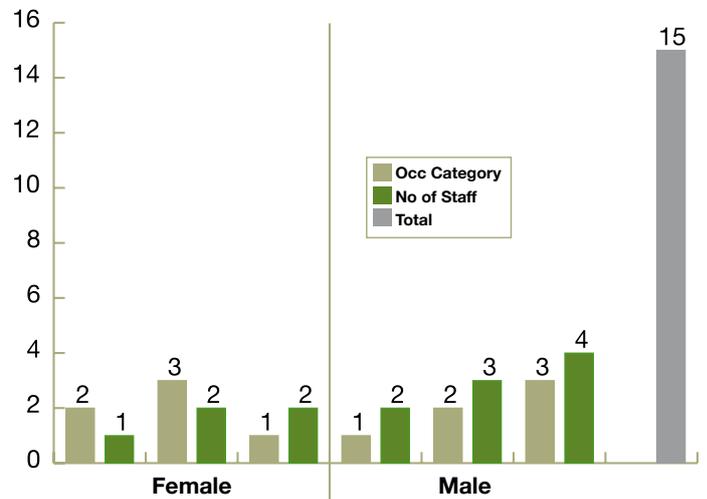


### 2. Employees with Disabilities

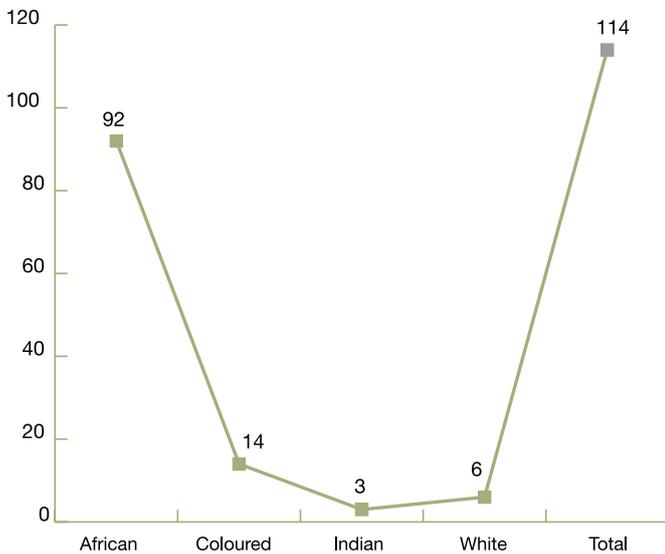


### 5. Terminations by Occupational Category and by Gender

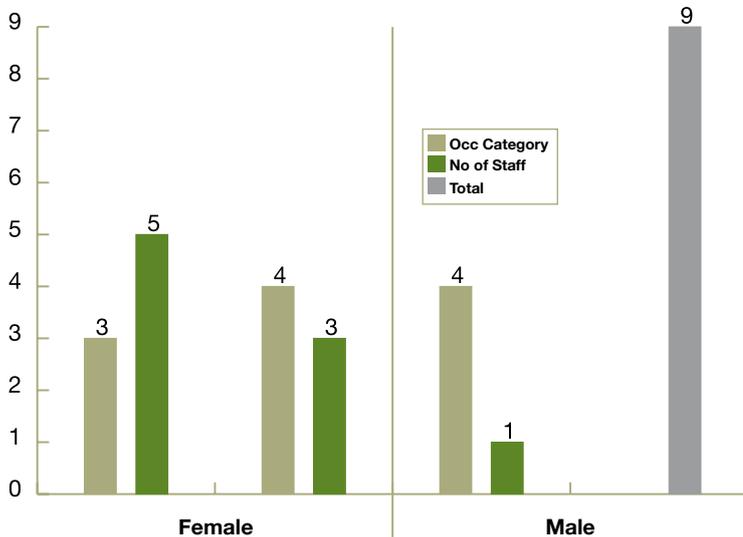
#### Permanent Staff



### 3. Employees by Equity



## Non-permanent



## 6. Recruitment by occupational category and gender

Gender	Group	Occ Category	Number
Female	African	2	1
		11	6
	Coloured	1	2
		3	1
	Indian	-	-
	White	-	-
Male	African	2	4
		3	2
	Coloured	2	1
		4	1
	Indian	2	1
	White	-	-

## STAFFING COSTS

Staffing Costs	1st Quarter 2008 R	2nd Quarter 2008 R	3rd Quarter 2008 R	4th Quarter 2008 R	Annual Total R
Salaries	6 101 731	6 344 602	7 566 967	6 273 521	26 286 821
Travel	599 816	621 323	644 038	678 270	2 543 447
Acting Allowance	6 300	13 269	10 348	18 914	48 831
Cell phone Allowance	103 935	111 225	114 592	124 624	454 376
Leave Payout	86 423	33 544	107 123	2 088	229 178
Performance Bonus	-	-	640 096	20 906	661 002
UIF	27 529	28 029	32 609	32 223	120 390
Provident Fund	851 613	912 840	985 550	998 740	3 748 743
Medical Aid	341 460	355 233	359 890	406 082	1 462 665
<b>Total</b>	<b>8 118 807</b>	<b>8 420 065</b>	<b>10 461 213</b>	<b>8 555 368</b>	<b>35 555 453</b>

## MARKETING AND COMMUNICATIONS

### External

Focus for the 2007/8 financial year was on perceptions management and profiling of the organisation in a favourable light, taking into account its previous year's audit findings. This was achieved through media relations, branding and project launches. Project launches created harmonious community relations and media relations, on the other hand, ensured the spread of information disseminated to a greater audience. The latter made use of press releases to profile projects that were launched and advertorials profiling both the organisation and some of its flagship projects.

To increase visibility of the NDA brand, a total of 229 projects were branded during the year in eight of the nine provinces. All corporate publications were revised in line with the new organisational goals and the Directorate also participated in a number of relevant conferences and exhibitions to share information on the work of the NDA.

The Unit was able to seek new synergies with media partners in 2007/8, yielding positive results for the NDA's image. A substantial amount of free coverage was solicited during this period compared to the previous year; most of it coming from project launches and the profiling of NDA funded projects in various publications. The poverty conference generated a lot of electronic media coverage and this saw the NDA being profiled in many radio stations around the country and in at least seven official languages.

M&C co-ordinated the national poverty conference held in October 2007. The conference brought together representatives of civil society, academia, private and public sectors to discuss issues of poverty. Attendance exceeded expected numbers.

The website was also upgraded and information was updated on a continuous basis to enable greater access to information on the NDA.

### Internal

A number of staff meetings were held throughout the year to inform and update staff on organisational goals, policies and procedures. An internal newsletter was also introduced as a way of creating a two-way communication platform between staff and management. Revised and approved policies were posted onto the intranet to ensure easy access to information for all staff. The Unit also organised a successful Women's Day event attended by NDA staff, women from NDA funded projects and stakeholders from the private and public sectors. A year-end function that brought all NDA staff under one roof was also organised and positive feedback was received from staff; this contributed to improved morale in the organisation.

The Unit also organised a successful farewell function for the old Board and welcome for the new Board.

## LEGAL, RISK AND COMPANY SECRETARIAT

The Legal and Risk Unit plays an important role in fostering a culture of good corporate governance and internal controls. We recognise that the NDA has a range of risks inherent in the nature of its business, as well as other risks emanating from processes, people and the external environment. In pursuit of good corporate governance and as part of the operational plan, the following achievements were accomplished:

- The risk register was updated
- A risk management plan and policy was approved
- A fraud prevention plan was introduced and approved
- Risk assessment workshops were conducted to assess the risk appetite and inform internal audit coverage plan
- The proposed NDA Amendment Bill was submitted to DSD for tabling at parliament
- The Agency agreement was approved and submitted to the Minister for signature
- Delegations of Authority was developed and is currently awaiting Board approval
- The following charters were reviewed and approved:

- o Board Charter
- o Audit and Risk Committee Charter
- The Research Committee terms of reference was reviewed and approved
- The following terms of reference were submitted to the committees for review and input; however final approval is outstanding:
  - o Human Resource and Remuneration Committee
  - o Project and Programmes Screening Committee
  - o Management and Finance Committee
- After the appointment of the new Board an induction

process was successfully concluded

- Both internal management meetings and Board compliance meetings were arranged, with meeting pack produced, minutes taken and approved
- Contracts with various stakeholders, which include projects approved by the Board as well as other legal contracts, were vetted and signed by this Unit
- A contract register was implemented and is updated monthly
- Outstanding legal issues were resolved with a few matters in progress and at the closure stage.



## PROJECT PROFILE SUMMARIES

The National Development Agency, whose mandate is that of poverty eradication, continues to fund a number of projects in identified poverty nodes of South Africa. These are development projects of poor communities aimed at improving the quality of life among the locals. The majority of projects funded focus more on food security and local economic development. The projects listed below are examples of some of the successful poverty eradication projects funded.

### FREE STATE

#### **Itsoseng Basadi Poultry Project – R615 667**

This poultry enterprise project, whose main focus is on egg production, was initiated by 44 women in 1998. The purpose of this initiative was to reduce poverty and unemployment in Wepener. Due to lack of funds before NDA intervention, many of the women left to seek employment elsewhere and the project is now left with only 15 of the founder members.

The NDA approved R615 667 towards the renovation and building of the chicken houses, poultry equipment, laying hens and feed which will enable the project to expand from 500 laying hens, to handle the capacity of 3000 laying hens. The purpose of the intervention was to assist the project to expand its operation and to make the project viable so that the 15 beneficiaries could be in a position to earn living wages in the long term.

#### **Catholic Community Services – R555 740**

The Catholic Community Service received R555 740 from the NDA to start a food security programme. The aim of the programme was to initiate 200 vegetable gardens in the Thabo Mofutsanyana District, by grouping people together, training them in food production and mentoring them to

maintain the gardens. All this was done in a bid to fight poverty in Thabo Mofutsanyana District, which has been declared a presidential nodal point.

The programme entailed capacity building, the supply of vegetable seeds and the provision of the required equipment for the gardens. A target of 208 gardens has been achieved to date with the money already received from NDA. Many gardens are up and running in 23 towns in the Free State, covering three districts, namely Thabo Mofutsanyana, Motheo and Fezile Dabi. As a result, 200 families in 23 towns in the Free State have access to food on a daily basis.

### LIMPOPO

#### **Makhuduthamaga Development Consortium – R2 035 184**

Makhuduthamaga Development Consortium is located in Jane Furse Village at Makhuduthamaga Municipality in the Limpopo Province. It is about 125 kilometres from Polokwane. The main aim of the consortium is to improve the quality of life of the vulnerable people in the municipality. The consortium is made up of three organisations which are operating from the same municipality i.e. Makhuduthamaga Home/Community Based Care (Umbrella), Jane Furse LBSC (JFLBSC) and Sekhukhune Educare Project (SEP). Each of the partners brings different skills and expertise together in a complementary way so as to have a greater impact on many issues for Makhuduthamaga, than they could have individually. Jane Furse LBSC brings expertise in Local Economic Development, SEP brings a focus on children and families and the umbrella brings Integrated Home-Based Care for 146 villages in Makhuduthamaga Municipality. The main target groups are the communities; especially children, youth, people with disabilities and women.

The main activities of the consortium are:

- Home-Based Care including food security programmes
- Local Economic Development through support of

- existing and emerging SMME's and other CBO's
- Early Childhood Development including the training of ECD Practitioners and also a focus on the family life of children

### **Mvelaphanda Community Development Forum - R2 038 068**

Mvelaphanda Community Development Forum Project is situated at the Vhembe District Municipality in Thulamela Local Municipality at Malavuwe. The Forum was initiated by ten community projects of Malavuwe village that sought to address high unemployment rates, food security programmes and lack of early childhood development in the area. The overall aim of establishing the forum is to contribute to the eradication of poverty in Thulamela Municipality.

The Forum managed to achieve the following through NDA's intervention: -

- Technical training was provided by Madzivhandila Agricultural College for poultry, piggery and cash crop farming. Training was provided from December 2006 - March 2007.
- The Department of Labour trained the project in bakery, soap making and peanut butter production.
- Rivoni Society for the Blind offered training and will also construct the fence making machines for the project.
- The installation of boreholes, building two crèches, fencing all the project sites, a fence making prefab and a peanut butter prefab.

The project liaises with different government departments and the local tribal authority to ensure project sustainability. Extension officers from the Departments of Agriculture, Labour and Agriculture, including Thulamela Municipality, Eskom, Madzivhandila Agricultural College and other NGO's support the project.

## **NORTH WEST**

### **Winterveldt Citrus Project – R1 509 168**

Winterveldt Citrus project, based in the Madibeng local municipality, received an amount of R1 509 168 from the NDA. The project was started in order to address poverty, unemployment and under-development within the Winterveldt area by means of an agricultural development programme that would create jobs, ensure food security and generate income for members and beneficiaries.

Project beneficiaries consist of 145 citrus farmers, 20 vegetable farmers, 40 seasonal workers and 290 farm workers (2 workers per each of the 145 farms). Indirect beneficiaries are in the region of 2475. The project's target is to plant 100 000 citrus trees by the end of 2008 and to increase the vegetable planting area from 3 to 10 hectares.

NDA money was used for de-bushing the area, purchasing irrigation pipes, razor wire fencing, construction of a packing house, machinery for packaging, a tractor, a slasher and ploughs. The money also covered other costs, including capacity building. To date, the project has harvested 14 tons of oranges, which were sold to Magalies Cooperative for processing, and to some local retailers.

### **Bakwena ba Mogopa Community Trust – R1 027 689**

The National Development Agency gave the Community Trust a R1 027 689 grant towards a vegetable project which was the brainchild of the local youth who, even though they had matric qualifications, had no access to bursary and formal employment opportunities. The Trust started a vegetable garden which was later augmented with a hydroponics facility that allows for planting and harvesting of crops throughout the year, regardless of the season.

Apart from employment opportunities currently offered by the project, the vegetable project has helped in alleviating the plight of community members, including pensioners, who had to pay R30, 00 for a taxi to get vegetables from town. Since the project was refinanced by the NDA, there have been a number of improvements and as a result, the project also sells their produce to greengrocers in Ventersdorp.

## GAUTENG

### Zibo Enterprises – R2 524 846

Zibo Enterprises, formed in 2004, is a cluster of four income-generating projects that are run by women. It is situated in the West Rand. The project was established in order to generate income for the women of Bekkersdal.

The project received R2 524 846 from the NDA which contributed towards increasing the number of direct beneficiaries from 65 to 150 women and also provided valuable learning opportunities for the women, who had inadequate education and income.

Activities undertaken by the project include the manufacturing of vaseline, polish, candles, pottery and garments; staff development training; development of policies and organisational structuring; sewing; knitting; screen-printing and manufacturing corporate clothing; beadwork and doll making.

The project aims to produce high quality products that meet the South African Bureau of Standards (SABS) criteria through annual consultation with the SABS.

### Intsika Skills Beneficiation Project – R919 500

Intsika is a Section 21 organization that provides skills on mineral beneficiation through training in jewellery manufacturing with precious and semi-precious minerals. The project also trains members on cutting and polishing of precious and semi precious stones. It was founded in 2002

but began operating in 2004. The NDA allocated R919 500 towards this project that benefits 25 young people, aged between 18 and 34 from the disadvantaged areas of Ekurhuleni who are involved in the jewellery manufacturing processes such as setting, polishing, soldering and casting. The training earns them credits required to qualify for a National Certificate in Jewellery Manufacturing.

This project was developed from the need to improve the socio-economic development of the youth, especially given the high rate of unemployment amongst the youth and the need for beneficiation in South Africa and poverty alleviation. Youths are trained in jewellery production; manufacturing and final product production in order to encourage entrepreneurship and reduce poverty amongst historically disadvantaged young people.

The project is located in an industrial area in Germiston and their offices and workshop are based at Rand Refinery premises. The workshop has the equipment that is required for jewellery manufacturing. There is a display at the entrance of the workshop that showcases jewellery that was produced by the beneficiaries during the training process.

## KWAZULU NATAL

### Ikusasaletu Trust – R772 218

The Trust received R772 218 funding from the NDA to help it establish a distillation plant in Inkandla, one of the most impoverished areas in the northern region of KwaZulu-Natal. The plant provides processing facilities for existing and future herb farmers within a 15km radius of the town of Inkandla.

Leading South African pharmaceutical companies have shown great interest in the Rose Geranium oils, which they want to use in the manufacture of skin and hair products. This is expected to contribute immensely to its bottom line as well as its future sustainability. The trust also seeks to

venture into the perfume producing industry. It has already sent some of its essential oils overseas for component evaluation to see which other essential ingredients its products contain. Part of the money that the trust received from the NDA is to be used to strengthen its corporate governance processes.

### **Umzumbe Cluster Project - R1 447 500**

Umzumbe Child and Welfare Society is a leading organization of the Umzumbe Cluster Programme. The Welfare Society operates in Umzumbe Local Municipality, which is under Ugu District. The society serves Umzumbe Magisterial, which comprises of 25 Amakhosi. The number of projects clustered in this programme is 50 – made up of 30 Early Childhood Development and 20 income-generating projects. The sub-sectors that are covered by the NDA funding are crèches, food gardens, poultry, block making, bakery and craft. The total number of direct beneficiaries to the programme is 900 and is made up of 80% women, 7% men, 3% physically challenged and 10% youth.

## **EASTERN CAPE**

### **Masizame Communal Property Association - R546 500**

The Association, based in the Makana Local Municipality, inherited 382 hectares of fertile land through the Land Redistribution for Agricultural Development programme. All members of the project, who also reside at the Broughton Farm, later decided to form a Property Association that they named Masizame.

The Masizame project came as a result of the need to establish income-generating projects through skills development, and the need to improve nutritional levels in the community through the establishment of food gardens.

The NDA grant was used for buying the necessary equipment and for the capacity building of project beneficiaries. The

Association currently has a 12-member poultry project, 10 trained home-based caregivers and 75 project members who were trained in management and financial skills. Project activities include maize, poultry and chicory farming. Members were also trained in leatherworks, beadwork and traditional and modern fashion design.

### **Paprika Eastern Cape Co-operative - R1 536 436**

This agricultural initiative was started in 2005 by five Keiskemahoek farmers, who took advantage of the climatic conditions suitable for the production of paprika in the area. The project is located at Amahlathi Municipality in the Amathole District which is an area characterised by high rates of poverty and unemployment.

The Steve Biko Foundation approached the NDA for funding and managed to secure a grant of R1 536 436 for the paprika project. The grant was used to mobilise unorganised farmers to the existing co-operative, to provide training on management, capacity building and technical skills training on paprika production, land preparation, mechanisation of the land, planting to packaging and selling of the product.

The project has 10 direct beneficiaries who are the emerging farmers and 150 households who are indirect beneficiaries through seasonal jobs.

## **NORTHERN CAPE**

### **Hopetown Development and Advice Centre - R1 491 096**

The Hopetown Development and Advice Centre (HADO) is located in Hopetown which is about 130 kilometres away from Kimberley. This is a small rural hamlet in the Northern Cape, it is a sparsely populated town where agriculture is the dominant economic sector and employment provider.

The HADO project is centred on agriculture production,

the expansion of food gardens, and HIV/AIDS support and advocacy work. A number of people in the community have good agricultural skills primarily because the inhabitants work mostly on surrounding farms. Since Hopetown has good access to water from perennial water running past the town, it has developed both livestock and vegetable production.

The community has approximately 5 or 6 hectares of land but only about 3,5 hectares are available for crops. A local neighboring farmer assisted with the soil preparation since HADO did not have implements. In addition to the grant given to the project, the NDA has also approved the transfer of assets from a defunct project to HADO, which means that the project will now have its own mechanisation. The harvest of cabbage and pumpkins is sold at the market and the proceeds go into the account of the Agriculture Co-op. It was decided to donate part of the produce to a local soup kitchen that is partly sponsored by the Department of Social Services.

### **Custodia 2 - R1 802 838**

The project commenced in 2005 when the first tranche from the NDA was paid over to the Custodia Trust. The Custodia 2 project is located in Ulco, 80 kilometres north west of Kimberley. The project is primarily focused on Early Childhood Development (ECD) training. The primary aim of the project was to facilitate and develop qualified ECD practitioners in the Northern Cape so as to ensure a good foundation for the children of the Northern Cape.

NDA has made a total investment of R1 802 838 in this project to realise the goal of enhancing ECD skills in the Northern Cape. To this end, the NDA contributed towards the full accreditation of 170 ECD practitioners who successfully completed the National Certificate in Early Childhood Development (NQF level 4). Newly qualified practitioners are now employed at ECD centres all over the province, while some are involved in community development work.

## **WESTERN CAPE**

### **Bitterfontein – R2 008 263**

Bitterfontein is situated approximately 450 kilometres from Cape Town in the West Coast District Municipality. The Bitterfontein Advice and Development Organisation was established in 2005 after extensive consultation with the organisations in the area. Eleven founding organisations adopted a constitution in October 2005. The entity currently consists of 13 organisations acting in the form of a consortium adhering to the requirements of the constitution.

Bitterfontein is the leading organisation for four projects, namely Happy Nappy Project (in Bitterfontein), Nuwerus Sewing Project (16km from Bitterfontein), Mosvlei Block Making Project (45km from Bitterfontein) and Kliprand Sewing Project (80km from Bitterfontein).

The project consists of brick-making, nappy-making and sewing projects in the Bitterfontein, Rietpoort, Kliprandt, Molsvlei, Stofkraal and Nuwerus areas. The Happy Nappy Project consists of 16 female members who live in the Bitterfontein area. The project purchased a nappy making machine and currently makes 100 nappies an hour in small, medium, large and extra large sizes. The project members work in a building that was allocated to them by the Department of Transport and Public Works.

### **Laingsburg Thusong Service Center - R836 100**

The Laingsburg project, based in the Central Karoo District, manufactures cement products and is aimed at creating employment and economic opportunities for 20 women and youths. The project established a cement plant as a result of the high demand for bricks and blocks for the construction of new houses, and extensions of RDP houses in the area.

NDA gave the project R836 100 which was used towards

training the women and youths in brick and block making, the establishment of a cement works factory, purchasing of all the necessary equipment and marketing the Centre's products.

The project is expected to sustain itself through the profit made by the cement plant.

## MPUMALANGA

### Mphatlalatsane Cooking Oil Co-Op – R1 481 230

Mphatlalatsane Cooking Oil Co-operative Limited is a cooperative based in Grootvlei in Dipaleseng Local Municipality within Gert Sibande District. The key objective is to promote the economic interests and standards of living of its members and the community in general by engaging in trade and development activities. The NDA allocated R1 481 230 for 18 Months to address project activities such as institutional capacity building, production development, infrastructure developments and project management. This project employs 50 people and the downstream beneficiation of about 500 people. This figure is based on an average of 10 members per household.

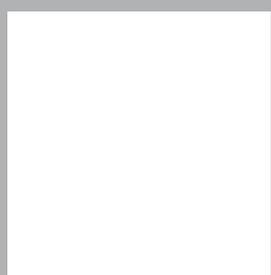
Members have been trained in cooking oil making by Rotek. Through NDA's intervention, project members have already been trained in financial management, organisational

development and governance, monitoring and evaluation and business and strategic planning. They now have the knowledge of production data management. Of the 330 000 tonnes of animal feed that South Africa imports per annum, Mphatlalatsane will contribute approximately 269 tonnes per annum and will supply an existing shortfall in the market.

### Shabalala Community Centre – R608 666

Shabalala Community Centre is a community initiative, which started back in 1997 as a sewing project and it consisted of 15 women. In 2005 the project responded to the NDA request for proposals and the pre-cast project was approved for the amount of R608 666. The project seeks to create employment and promote sustainable small business development. This has been achieved through the establishment of a local production unit within Shabalala Community, manufacturing a range of pre-cast cement products to be used in Local Government infrastructure programmes and by the community at large.

Future prospects include procurement of infrastructure material by the local government from Shabalala for Hazyview, Nsikazi and Numbi for the next ten years. The Department of Water Affairs and Mbombela Municipality have endorsed the project for their sanitation programme. Currently the project delivers about 2000 bricks per day to the local contractors for the low-cost housing project.



# Financial statements



# Financial statements

## For the year ended 31 March 2008

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## REPORT OF THE AUDIT AND RISK COMMITTEE FOR THE YEAR ENDED 31 MARCH 2008

We are pleased to present our report for the financial year ended 31 March 2008, as follows:

### 1. GENERAL

The National Development Agency (NDA) Audit and Risk Committee's function is primarily to assist the Accounting Authority in discharging his responsibilities relative to the Public Finance Management Act (PFMA), Act Number 1 of 1999, as amended. The Audit and Risk Committee Charter provides clear terms of reference and sets out specific responsibilities of the Committee.

During the year under review a new Board for the National Development Agency was appointed with effect from 24 October 2007. At its meeting of 29 November 2007, the Board constituted a new Audit and Risk Committee with two members of the Board appointed to the Committee, that took over from the previous Committee. The Chairperson of the new Committee was provided with a specific resolution to source two additional external members with necessary competence and experience to be appointed to the Committee. The Committee consists of four members.

In the year under review the old Audit Committee met three times and the new Committee met twice. The following table shows the number of meetings attended by each Committee member. The Committee is obliged to meet at least four times per annum with the exception of special Committee meetings.

#### OLD AUDIT COMMITTEE MEETINGS

Total number of meetings for the year: Three (3)

Committee Members	Meetings attended
Mr. A Velcich	3
Ms K Malapela	2
Bishop M Mpumlwana (New appointment)	2

### AUDIT AND RISK COMMITTEE MEETINGS – NEW COMMITTEE

Total number of meetings for the year: Two (2)

Committee Members	Meetings attended
Mr. D Adler	2
Ms K Malapela	2
Mr. K Mockler	2
Mr. M Pheelwane	2

The Charter and Terms of Reference under which the Audit and Risk Committee operates were approved by the Board during the year under review.

### 2. AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 38 (1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit and risk committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### 3 THE AUDIT & RISK COMMITTEE'S ASSESSMENT

In line with Treasury Regulation sections 3.1.12 and 3.1.13 the audit committee must report and make recommendations to the Accounting Authority, but the Accounting Authority retains responsibility for implementing such recommendations. In addition to the above, the audit committee must, in the annual report of the institution, comment on –

- (a) The effectiveness of internal control;
- (b) The quality of in year management and monthly/quarterly reports submitted in terms of the Act and the Division of Revenue Act; and
- (c) Its evaluation of the annual financial statements.

#### Effectiveness of internal controls

In the opinion of the audit and risk committee the NDA, the overall internal controls within the organisation are considered effective with some areas of improvement that are required. The areas of improvement have been highlighted by both the Auditor-General in his Management Report and the in-house internal audit in their coverage reporting.

Reports emanating from the Internal Audit Activity have drawn the attention of the Audit and Risk Committee to control weaknesses and areas of non-compliance in respect of policies and procedures, and also to areas where policies and procedures require further attention. The Committee has further noted with concern the deficiencies highlighted in the Auditor-General's Management Report. Management has been tasked to conduct a follow-up exercise on matters raised in the Auditor-General's Management Report to ensure that these are rectified without delay.

The Internal Audit function currently has an in-house Chief Audit Executive and has been ably assisted by her own Internal Audit staff complement and the Legal and Risk Manager to assist in the assessment and improvement of

effective internal controls, quality, integrity and reliability of the organisation's corporate accountability and associated risk management. In absence of a risk committee, the board took a resolution whereby the audit committee would also sit as a risk committee. In compliance with the PFMA (Section 51 (1) (a) (i)) the NDA has and is continues to have an effective, efficient and transparent system of financial and risk management and internal control.

#### Quality of "in year" management and monthly/quarterly reports

As a schedule III Public Entity, the NDA is required in terms of the NDA Act and the PFMA to report to the Executive Authority and the Minister of Social Development, on its performance against its mandate.

There was a comprehensive report to the Department of Social Development (DSD) in the fourth quarter of the year under review; however, the quarterly reporting to the Executive Authority was not consistent throughout the year under review.

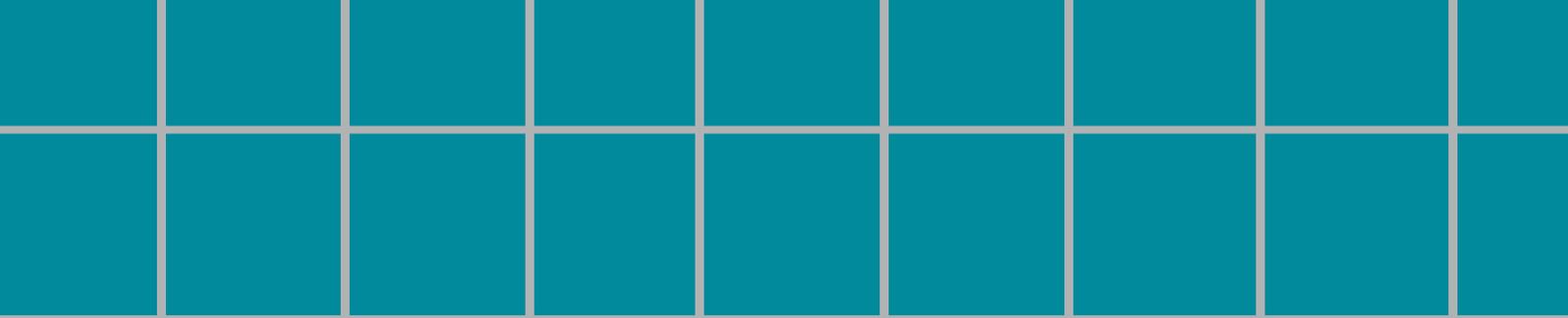
This is an area that the Audit & Risk Committee feels that management should improve on in subsequent financial years.

The non-compliance in the Audit report on performance information and submission of the budget refers only to these documents being submitted late to the relevant authorities and does not imply that it was an ongoing non-compliance.

#### Annual Financial Statements

The Audit and Risk Committee has noted and accepts the conclusions of the Auditor-General on the Annual Financial Statements of the National Development Agency for the year ended 31 March 2008.

The Committee is pleased to report that the NDA received



an unqualified audit report from the Auditor-General for the second successive year. This is a very significant and most welcome improvement over the past two years and the committee hopes that management and staff of the NDA will continue to make improvements in all areas of NDA internal controls.

The Audit and Risk Committee recognises that Corporate Governance is a dynamic area and, as such, the NDA's systems of corporate governance are reassessed on an ongoing basis to ensure that they comply with best practices and continue to be relevant to the business of the NDA as it evolves. The Audit and Risk Committee acknowledges that the Agency's going concern status is dependent on the continued support of the Department of Social Development. The Committee concurs that the adoption of the going concern premise in framing the Annual Financial Statements is appropriate.

## 4. STAFF CHANGES

A Financial Manager, Chief Operations Officer and a Human Resources Executive Director were appointed to replace those that had resigned in the financial year under review.

## 5. CONCLUSIONS

I would like to thank my colleagues in both the old and new Committees for making themselves available to serve on this Committee and for the significant contribution that they made during their term of office. Their experience and collective wisdom along with their professionalism, fairness, ethical rigour and not least, their attention to detail, have greatly enhanced the effectiveness of the Committee.

I must also recognise the contribution made by both the staff of the Auditor-General as well as the sub contracted external auditors and extend to them the gratitude of both the Committee and the staff of the NDA.

As an Audit and Risk Committee, we rely heavily on the CEO and his staff and we are indebted to them for their efficient service and their role in continuing to improve the accounting systems and controls at the NDA.

**D Adler**

**Chairperson of the NDA Audit and Risk Committee**

**Date: 31 July 2008**

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE NATIONAL DEVELOPMENT AGENCY FOR THE YEAR ENDED 31 MARCH 2008

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the National Development Agency which comprise the statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 53 to 80.

### Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the National Development Agency Act (Act No. 108 of 1998). This responsibility includes:
  - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
  - selecting and applying appropriate accounting policies
  - making accounting estimates that are reasonable in the circumstances.

### Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 11 of the National Development Agency Act (Act No. 108 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
  - appropriateness of accounting policies used
  - reasonableness of accounting estimates made by management
  - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Basis of accounting

8. The entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements.

## Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the National Development Agency as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the PFMA and the National Development Agency Act, 1998.

## OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

### Non-compliance with applicable legislation

#### Public Finance Management Act, 1999 (Act No. 1 of 1999)

10. There was no evidence that the entity complied with section 53 (1) of the PFMA, 1999, which requires the accounting authority to submit, at least six months before the start of the financial year, to the executive authority a budget estimate of revenue and expenditure.

#### Matters of governance

11. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
<b>Audit committee</b>		
The entity had an audit committee in operation throughout the financial year.	X	
The audit committee operates in accordance with approved, written terms of reference.	X	
The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8.	X	
<b>Internal audit</b>		
The entity had an internal audit function in operation throughout the financial year.	X	
The internal audit function operates in terms of an approved internal audit plan.	X	
The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2.	X	
<b>Other matters of governance</b>		
The annual financial statements were submitted for audit as per the legislated deadlines per section 55 of the PFMA for public entities.	X	
The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		X
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and the unavailability of senior management.		X
The prior year's external audit recommendations have been substantially implemented.	X	

## OTHER REPORTING RESPONSIBILITIES REPORT ON PERFORMANCE INFORMATION

12. I have reviewed the performance information as set out on pages 21 to 28.

### Responsibility of the accounting authority for the performance information

13. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

### Responsibility of the Auditor-General

14. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

15. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance

information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

### Audit Findings (performance information)

16. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

## APPRECIATION

17. The assistance rendered by the staff of the National Development Agency during the audit is sincerely appreciated.

*Auditor-General*

**Pretoria**  
**31 July 2008**



AUDITOR - GENERAL

## Report by the Board on the Annual Financial Statements For the year ended 31 March 2008

This report is presented in terms of Treasury Regulation 28.1.1, the Public Finance Management Act, Act No. 1 of 1999, as amended, and is focused on the financial results and financial position of the National Development Agency. Information pertaining to the National Development Agency's state of affairs, its business and performance against pre-determined objectives are disclosed elsewhere in the annual report. The prescribed disclosure of emoluments in terms of Treasury Regulation 28.1.1 is reflected in note 11 of the annual financial statements.

The Board acknowledges that it is responsible for the preparation and integrity of the annual financial statements and related information included in the annual report. In order for the Board to discharge these responsibilities, as well as those bestowed on it in terms of the Public Finance Management Act and other applicable legislation, it has developed, and maintains a system of internal controls.

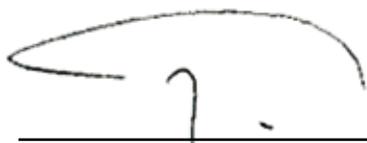
The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are

safeguarded and transactions executed and recorded in accordance with generally accepted business practices, as well as the Board's policies and procedures. Monitoring of these controls includes a regular review of their operations by the Board and independent oversight by an audit committee.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate disclosure in line with the accounting philosophy of the Board and the requirements of the Public Finance Management Act. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board believes that the National Development Agency, as an agency of Government that is assured of continued Government funding, will be a going concern in the year ahead and has, for this reason, adopted the going concern basis in preparing the annual financial statements.

The annual financial statements, as set out on pages 57 to 85 were approved by the Board on 31 July 2008 are signed on its behalf by:



**Chairperson of the Board**



**Chief Executive Officer**

## Statement of Financial Performance

For the year ended 31 March 2008

	Note	2007/2008 R	2006/2007 R
<b>Revenue</b>			
Transfer payments from Government	4	129 163 000	123 012 000
Other income	5	789 705	7 938 146
Interest received		25 681 428	19 750 976
<b>Total revenue</b>		<b>155 634 133</b>	<b>150 701 122</b>
<b>Expenses</b>			
Accommodation and travel		2 532 374	1 210 482
Audit fees		1 258 063	1 104 122
Board fees	11.1&11.3	624 387	499 552
Committed poverty eradication projects	6&18	133 072 628	92 376 440
Projects support costs	6	4 571 618	4 708 840
Ineligible expenditure due to European Union	17	5 605 656	-
Consulting and professional fees	10	13 614 298	12 381 831
Depreciation	7	1 117 452	608 444
Amortisation of intangible asset	13	143 442	-
Impairment of debtor	15	138 526	1 538 860
Impairment of asset		-	495 456
Marketing and communication costs	8	4 776 180	4 231 252
Operating leases – offices	23	2 912 270	3 895 594
Operating leases – equipment	23	680 551	879 640
Repairs and maintenance		234 460	175 523
Printing and stationery		899 604	897 971
Seminars, workshops and conferences		1 929 408	1 521 911
Staff costs	12	38 312 448	33 327 581
Telephone and faxes		2 122 689	1 834 159
Miscellaneous	9	2 533 161	1 519 926
<b>Total expenses</b>		<b>217 079 215</b>	<b>163 207 584</b>
<b>Net deficit for the year</b>		<b>(61 445 082)</b>	<b>(12 506 462)</b>

## Statement of Financial Position

as at 31 March 2008

	Note	2007/2008 R	2006/2007 R
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	278 650 078	279 879 344
Accounts receivable	15	4 037 010	2 418 018
		<b>282 687 088</b>	<b>282 297 362</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	4 061 706	2 846 570
Intangible asset		1 577 860	-
		<b>288 326 654</b>	<b>285 143 932</b>
<b>Total assets</b>			
<b>Liabilities</b>			
Current liabilities			
Accounts payable	16	6 569 363	4 922 484
Committed projects	18	196 015 282	141 719 780
European Union funded projects Ineligible expenditure	17	5 605 656	-
Interest payable – European Union	19	6 936 966	5 907 507
		<b>215 127 267</b>	<b>152 549 771</b>
		<b>215 123 267</b>	<b>152 549 771</b>
<b>Net Assets</b>			
		<b>73 199 387</b>	<b>132 594 161</b>
Represented by:			
EU project Fund		703 108	703 108
Projects Fund		33 408 678	86 496 256
	27	34 111 786	87 199 364
Development Fund		40 956 398	46 562 054
Accumulated deficits		(1 868 797)	(1 167 257)
		<b>73 199 387</b>	<b>132 594 161</b>
<b>Total Net Assets</b>			
		<b>288 326 654</b>	<b>285 143 932</b>

## Statement of Changes in Net Assets

For the year ended 31 March 2008

	Note	EU Projects Fund	Development Fund (See note 3.1)	Projects Fund (See note 3.2)	Administration Fund (See note 3.3)	Total
		R	R	R	R	R
<b>Balance at 1 April 2006</b>		<b>703 108</b>	<b>46 562 054</b>	<b>103 769 473</b>	<b>(2 255 297)</b>	<b>148 779 338</b>
Net surplus (deficit) for the year		-	-	-	(12 506 462)	(12 506 462)
Funding for poverty eradication projects – Government	4	-	-	79 957 800	(79 957 800)	-
Committed poverty eradication projects		-	-	(97 085 280)	97 085 280	-
Write back – Government funded projects		-	-	6 882 581	(6 882 581)	-
Repayment of Gauteng Institutional Development Unit Fund		-	-	(7 028 318)	-	(7 028 318)
Adjustment to retained earnings		-	-	-	3 349 603	3 349 603
<b>Balance at 31 March 2007</b>		<b>703 108</b>	<b>46 562 054</b>	<b>86 496 256</b>	<b>(1 167 257)</b>	<b>132 594 161</b>
Net (deficit) for the year		-	-	-	(61 445 082)	(61 445 082)
Funding for poverty eradication projects – Government	4	-	-	83 955 950	(83 955 950)	-
Committed poverty eradication projects and support cost	6	-	-	(137 644 246)	137 644 246	-
Due to European Union	17	-	(5 605 656)	-	5 605 656	-
Write back of funded projects	18	-	-	600 718	(600 718)	-
Adjustment of committed projects		-	-	-	2 050 308	2 050 308
<b>Balance at 31 March 2008</b>		<b>703 108</b>	<b>40 956 398</b>	<b>33 408 678</b>	<b>( 1 868 797)</b>	<b>73 199 387</b>

**Cash Flow statement 2007/2008, 2006/2007**  
for the year ended 31 March 2008

	Note	2007/2008 R	2006/2007 R
<b>Cash Flows from operating activities</b>			
<b>Receipts</b>			
Transfer payments from Government	4	129 163 000	123 012 000
Interest received		25 681 428	19 750 976
Receipts from debtors		(1 757 518)	(671 710)
Other receipts	5	789 705	7 938 146
<b>Payments</b>			
Employee costs	12	(38 312 448)	(33 327 581)
Cash paid to Projects	18	(76 126 100)	(49 549 192)
Cash paid to Suppliers		(36 965 944)	(40 767 744)
<b>Net cash flows from operating activities</b>	20	<b>2 816 195</b>	<b>26 384 895</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(2 360 559)	(975 321)
Acquisition of Intangible assets		(1 721 302)	-
Proceeds from the disposal of property, plant and equipment	5	36 400	40 407
<b>Net cash flows from investing activities</b>		<b>(4 045 461)</b>	<b>(934 914)</b>
<b>Cash flows from financing activities</b>			
Repayment of Gauteng Institutional Development Unit funds		-	(7 028 318)
<b>Net (decrease)/increase in cash and cash equivalent</b>		<b>(1 229 266)</b>	<b>18 421 663</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>279 879 344</b>	<b>261 457 681</b>
<b>Cash and cash equivalents at end of year</b>	14	<b>278 650 078</b>	<b>279 879 344</b>

## Notes to the annual financial statements

For the year ended 31 March 2008

### 1 Accounting policies

#### 1.1 Principal accounting policies

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year.

#### 1.2 Basis of preparation

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such Statements issued by the Accounting Practice Board, with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

##### Standard of GRAP

GRAP 1: Presentation of financial Statements

GRAP 2: Cash flow statements

GRAP 3: Accounting policies, changes in accounting estimates and errors

##### Replaced Statement of GAAP

AC101: Presentation of financial statements

AC118: Cash flow statements

AC103: Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements.

The implementation of GRAP 1, 2 & 3 has resulted in the following significant changes in the presentation of the financial statements:

1. Terminology differences:

##### Standard of GRAP

Statement of financial performance

Statement of financial position

Statement of changes in net assets

Net assets

Surplus/deficit for the period

Accumulated surplus/deficit

Contributions from owners

Distributions to owners

Reporting date

##### Replaced Statement of GAAP

Income statement

Balance sheet

Statement of changes in equity

Equity

Profit/loss for the period

Retained earnings

Share capital

Dividends

Balance sheet date

2. The cash flow statement can only be prepared in accordance with the direct method.
3. Specific information such as:
  - (a) receivables from non-exchange transactions, including taxes and transfers;
  - (b) taxes and transfers payable;
  - (c) trade and other payables from non-exchange transactions;must be presented separately on the statement of financial position
4. The amount and nature of any restrictions on cash balances is required to be disclosed.

Paragraph 11 – 15 of GRAP 1 has not been implemented as the budget reporting standard is in the process of being developed by the international and local standard setters. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect fair presentation.

### **1.3 Committed projects**

Committed project funds represent funds committed and allocated to specific projects for which contracts have been entered into and which await cash payments in terms of payment cycles per agreed contracts.

### **1.4 Project withdrawal**

A project will be withdrawn from the funds allocated for committed projects when the project no longer meets the requirements for classification as a liability, i.e. there is no present obligation arising from past events and it is not probable that settlement of the liability will result in outflow of economic benefits.

### **1.5 Property, plant and equipment**

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Agency; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment, comprising computer equipment, office equipment, furniture and motor vehicles, is stated at cost less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in the statement of financial performance when the item is derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Depreciation is charged on the straight-line basis over the estimated useful lives of assets. The useful lives of assets are reviewed on the annual basis at the end of each financial year. The estimated maximum useful lives of property, plant and equipment are as follows:

Computer equipment	3 years
Equipment	6 years
Furniture	6 years
Motor Vehicles	5 years
Intangible Asset	5 years

Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against income. Leasehold improvements and minor asset items are also expensed directly against income.

The surplus or deficit on the disposal of property, plant and equipment is the difference between the net disposal proceeds and the carrying amount of the asset. Surpluses and deficits are recognised in the income statement.

## 1.6 Impairment

The carrying amounts of all assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the statement of financial performance whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment been recognised in prior years.

## 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

## Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

## 1.8 Financial instruments

### Initial recognition

The Agency classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the Agency's statement of financial position when the Agency becomes party to the contractual provisions of the instrument

### Measurement

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are carried at amortised cost less any accumulated impairment.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are carried at amortised cost.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

### **Financial assets for which fair value approximate carrying value**

Fair values of financial assets carried at cost, including cash, deposits with banks, short-term receivables and accrued interest are considered to approximate their respective carrying values due to their short-term nature.

### **Financial assets where fair value differs from cost**

Money market unit trusts are carried at their estimated fair value. Quoted market prices, where available, are used to determine the fair value of trading instruments. If quoted prices are not available, fair values are estimated by using pricing models, quoted prices of assets with similar characteristics or discounted cash flows.

### **Financial liabilities for which fair value approximates carrying value**

Fair values of accounts payable and accrued liabilities are considered to approximate their respective carrying values due to their short-term nature.

### **Impairment of financial instruments**

In the event of any financial instruments value being permanently impaired, the carrying value of the instrument will be adjusted to reflect the realisable value of the investments as determined.

Impairments of financial instruments are reviewed on an annual basis, and an impairment charge is included in the net income or loss in the period in which the impairment has arisen. In instances where previous impairment losses are reversed, changes previously recognised as expenses are included as income in net income or loss in the period in which the required reversals are identified.

### **Offset**

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

## **1.9 Revenue**

Revenue consists of transfer payments from government and other operating income, and is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

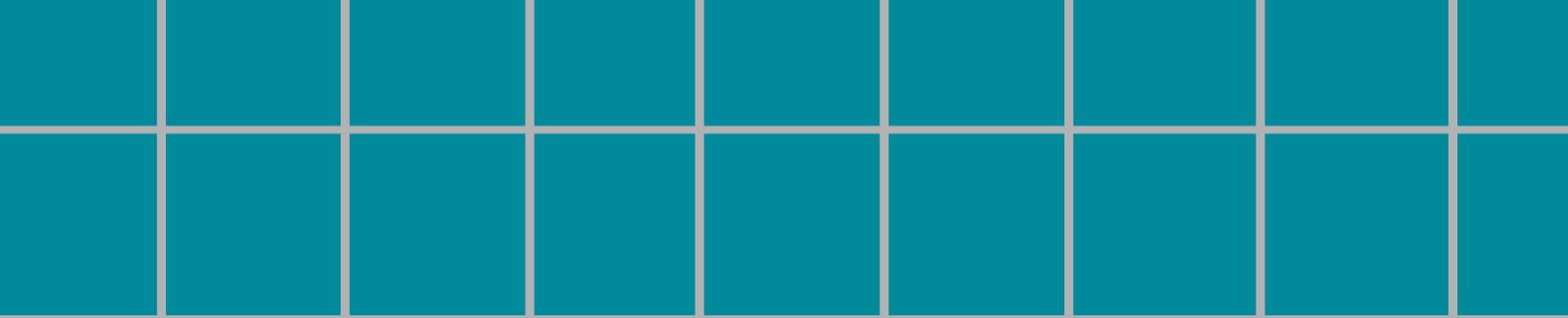
## **1.10 Interest**

Interest is recognised using the effective interest rate method, taking account of the principal outstanding and the effective rate over the period to maturity.

## **1.11 Provisions**

Provisions are recognised when:

- the Agency has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.



The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If the Agency has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

## **1.12 Employee Benefits**

### **Post-employment benefits**

#### **Retirement**

The entity contributes to a defined contribution plan. Contributions to defined contribution funds are charged against income as incurred.

#### **Medical**

No contributions are made by the entity to the medical aid of retired employees.

#### **Short and long-term benefits**

The cost of all short-term employee benefits, such as salaries, bonuses, medical and other contributions is recognised during the period in which the employee renders the related service.

#### **Termination benefits**

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

## **1.13 Comparatives**

Comparative figures have been restated, where necessary, to conform with changes in presentation in the current year.

## **2 Public sector practices and policies**

### **2.1 Inter-relationship with National Government**

The National Development Agency operates as a public entity within the influence and sphere of the National Department of Social Development. In line with prevailing South African Government practices the National Development Agency is not obliged to reimburse the national department for time spent by its officials on matters pertaining to the National Development Agency. The extent of this involvement is not quantifiable and has, consequently, not been disclosed in the financial statements.

### **2.2 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

## **3 Funds under administration**

### **3.1 Development fund**

It represents funds provided by the Independent Development Trust to assist the National Development Agency in meeting its objectives. The funds can only be utilised in terms of the conditions of the original grant.

### **3.2 Projects fund**

It represents funds not yet committed to specific development projects at year-end. The fund is built up from annual grants received from Government, excluding a portion set aside for administrative expenditure. The capital can only be utilised for projects, which have been pre-approved by the Board of the National Development Agency.

### **3.3 Administration fund**

It represents funds available for future administrative expenditure in order to meet the National Development Agency's objectives. The fund is built up by allocating a portion of the annual grant received from National Government to it, as well as net income on cash and cash equivalents.

The deficit of R 1 868 797 on the fund is attributable to non-cash items, mainly depreciation, amortisation and leave provision.

## Notes to the annual financial statements

For the year ended 31 March 2008

	2007/2008	2006/2007
	R	R
<b>4 Revenue</b>		
Transfer payments received from Department of Social Development		
(65% of 129 163 000 = 83 955 950 is allocated to projects)	129 163 000	123 012 000
<b>5 Other income</b>		
Write back of previously committed projects		
- Correction of GL balance to projects' listing	-	(200 200)
- Write back / withdrawal of projects as per policy (6 projects withdrawn in 2008 and 41 in 2007)	600 718	6 882 580
	600 718	6 682 380
(Loss) on retirement of property, plant and equipment	(27 971)	(16 636)
Vat refund from SARS	-	1 231 861
Refunds from projects	180 558	-
Proceeds from disposal of property, plant and equipment & insurance claims	36 400	40 541
	789 705	7 938 146

## Notes to the annual financial statements

For the year ended 31 March 2008

### 6 Committed poverty eradication projects

Projects committed to in current year ( see note 18)

	2007/2008 R	2006/2007 R
Projects committed to in current year ( see note 18)	133 072 628	92 376 440
	<u>133 072 628</u>	<u>92 376 440</u>
Projects support costs	4 571 618	4 708 840
- Accommodation	1 488 472	1 367 959
- Car hire	628 342	680 868
- Air travel	1 591 650	1 724 705
- Subsistence and travel	863 154	935 308
<b>Total</b>	<b><u>137 644 246</u></b>	<b><u>97 085 280</u></b>

### 7 Depreciation

Computer equipment	575 972	167 652
Office Equipment	144 356	108 272
Furniture	344 340	279 736
Motor Vehicles	52 784	52 784
	<b><u>1 117 452</u></b>	<b><u>608 444</u></b>

### 8 Marketing and Communication costs

Advertising	1 432 501	980 643
Promotional material	446 058	1 592 042
Project launches	199 768	115 008
Sign boards for NDA funded projects	1 842 256	1 168 951
Stakeholder engagement	855 597	374 608
	<b><u>4 776 180</u></b>	<b><u>4 231 252</u></b>

## Notes to the annual financial statements

For the year ended 31 March 2008

### 9 Miscellaneous

	2007/2008	2006/2007
	R	R
Regional Services Council levies	182 953	-
IT Support	76 707	3 347
Bank charges	456 017	403 273
Board meetings administration costs	138 829	120 327
Catering	420 554	116 871
Cleaning services	447 982	285 929
Insurance	301 144	220 500
Postage and courier	342 636	282 075
Security services	84 958	68 703
Subscriptions and licences	81 381	18 901
	<b>2 533 161</b>	<b>1 519 926</b>

### 10 Consulting and Professional fees

Consulting and professional fees is made up of Consultants' and Legal fees and was spent as follows per department:

#### Department

CEO's office	2 274 689	1 943 412
Internal Audit	334 508	1 139 095
Finance	741 426	441 789
Information Technology	2 475 002	3 732 681
Projects	322 475	1 552 379
Human Resources	1 013 160	985 481
Capacity Building	3 212 476	2 141 277
Research & Development	3 240 562	445 717
	<b>13 614 298</b>	<b>12 381 831</b>

## Notes to the annual financial statements

For the year ended 31 March 2008

### 11 Salaries and allowances paid to members of the Board and executive management

11.1 31 March 2008 – Board Fees	Appointment Date	Termination Date	Fees for Services as Board Member	Total
			R	R
<b>Members of the Board</b>				
Ms N Moletsane	05/12/2003	23/10/2007	-	-
Bishop M Mpumlwana	05/12/2003		50 000	50 000
Ms J Daries	05/12/2003	23/10/2007	57 500	57 500
Prof T Mayekiso	05/12/2003		97 500	97 500
Dr S Rule	05/12/2003	23/10/2007	46 500	46 500
Ms M Manong	05/12/2003	23/10/2007	53 000	53 000
Mr M Faku	27/01/2006	23/10/2007	2 000	2 000
Dr T Masilela	03/12/2003	23/10/2007	19 500	19 500
Mr D Adler	24/10/2007		54 000	54 000
Mr M Madzivhandila	24/10/2007		46 000	46 000
Rev N Maphalala	24/10/2007		-	-
Dr W Mgoqi	24/10/2007		50 000	50 000
Mr S Mohlabi	24/10/2007		-	-
Mr P Mokobane	24/10/2007		46 500	46 500
Chief P Ngove	24/10/2007		46 500	46 500
Mr M Pheelwane	24/10/2007		30 000	30 000
<b>Audit Committee – Independent members</b>				
Mr A Velcich (Douglas and Velcich)	31/10/2002	31/03/2008	17 387	17 387
Ms K Malapela (Ernest & Young)	17/05/2004		4 000	4 000
Mr KG Mockler	24/10/2007		4 000	4 000
			<b>624 387</b>	<b>624 387</b>

## Notes to the annual financial statements

### For the year ended 31 March 2008

#### 11 Salaries and allowances paid to members of the Board and executive management

		Appointment		Termination		Basic		Performance		Contributions to Retirement, Medical and Life Cover Benefits		Total	
		Date		Date		Salary		Bonus		R		R	
Name	Designation												
Mr G Mokate	Chief Executive Officer	01/06/2005	-			891 654		54 969		174 920		1 121 543	
Mr M Mofokeng	Chief Financial Officer	01/12/2004	-			695 762		28 118		134 548		858 428	
Mr DD Wilcox	Company Secretary	01/07/2002	30/11/2007			1 733 666		11 877		98 537		1 844 080	
Ms N Antonis	Director Human Resources	01/07/2003	30/04/2007			64 050		-		14 456		78 506	
Ms J Jefftha	Director Human Resources	01/07/2007				479 488		-		86 740		566 228	
Mr MR Mogano	Director Projects	01/07/2003	-			725 910		28 118		121 491		875 519	
Ms LC Mangcu	Director Marketing and Communication	05/05/2003	-			711 589		27 853		35 000		774 442	
Ms H Mansour	Director Internal Audit	24/11/2005				729 402		42 197		97 076		868 675	
Prof P Ewang	Director Research and Development	24/11/2005	-			660 537		-		133 784		794 321	
Ms R Issel	Chief Operating Officer	01/08/2007	-			495 431		-		71 881		567 312	
<b>Total</b>						<b>7 187 489</b>		<b>193 132</b>		<b>968 433</b>		<b>8 349 054</b>	

Note: included in Mr DD Wilcox's basic salary is his severance pay out of R 1 270 893. Mr Wilcox's employment contract was terminated in December 2007.

## Notes to the annual financial statements

For the year ended 31 March 2008

### 11 Salaries and allowances paid to members of the Board and executive management

11.3	31 March 2007 – Board members	Appointment Date	Termination Date	Fees for Services as Board Member	Total
				R	R
<b>Members of the Board</b>					
	Ms N Milestone	05/12/2003	-	22 500	22 500
	Bishop M Mpumlwana	05/12/2003	-	39 000	39 000
	Mr G Chaane	05/12/2003	20/04/2006	2 000	2 000
	Ms J Daries	05/12/2003	-	70 500	70 500
	Ms A Hendrikz	05/12/2003	28/02/2006	69 000	69 000
	Prof T Mayekiso	05/12/2003	-	79 500	79 500
	Dr S Rule	05/12/2003	-	83 500	83 500
	Ms M Manong	05/12/2003	-	55 000	55 000
	Mr M Faku	27/01/2006	-	10 000	10 000
	Dr T Masilela	03/12/2003	-	14 500	14 500
<b>Audit Committee – Independent members</b>					
	Mr A Velcich (Douglas & Velcich)	30/10/2002	-	50 052	50 052
	Ms K Malapela (Ngubane & Co)	17/05/2004	-	4 000	4 000
<b>Total</b>				<b>499 552</b>	<b>499 552</b>

## Notes to the annual financial statements

For the year ended 31 March 2008

### 11 Salaries and allowances paid to members of the Board and executive management

11.4 31 March 2007 – Executive management		Appointment date	Termination date	Basic salary	Performance bonus	Contributions to Retirement, Medical and Life Cover Benefits	Total
Name	Designation			R	R	R	R
Mr G Mokate	Chief Executive Officer	01/06/2005	-	698 694	-	160 652	859 346
Mr Mofokeng	Chief Financial Officer	01/12/2004	-	524 951	-	133 369	658 320
Mr DD Willcox	Company Secretary	01/07/2002	-	431 538	-	125 530	557 068
Dr PL Makhubela	Executive Research and Development	30/09/2003	30/06/2006	131 862	-	31 778	163 640
Ms N Antonis	Executive Human Resources	01/07/2003	-	458 208	-	129 860	615 068
Mr MR Mogano	Executive Projects	05/05/2003	-	541 251	-	115 756	657 007
Ms LC Mangcu	Executive Marketing and Communications	23/02/2006	-	499 709	-	100 391	600 100
Ms H Mansour	Executive Internal Audit	24/11/2005	-	548 939	19 017	84 944	657 400
Prof P Ewang	Executive Research and Development	01/01/2007	-	115 509	-	26 420	141 749
Ms L Less	Chief Operating Officer	10/01/2007	01/03/2007	74 148	-	20 544	94 692
<b>Total</b>				<b>4 051 809</b>	<b>19 017</b>	<b>933 564</b>	<b>5004 390</b>

## Notes to the annual financial statements

For the year ended 31 March 2008

### 12 Staff Costs

The staff cost is R 38 312 448 (2007: R 33 327 581) and is split by Mandate cost, Governance and Support cost.

Department	No of Staff	% Split by Staff	Amount	% Split by Salary
<b>Mandate cost</b>	<b>71</b>	<b>68.93</b>	<b>19 751 600</b>	<b>55.55</b>
Projects provincial cost	57	55.34	15 187 773	42.71
Projects national cost	9	8.74	2 808 111	7.90
Research and Development	5	4.85	1 755 716	4.94
<b>Governance cost</b>	<b>10</b>	<b>9.71</b>	<b>5 763 434</b>	<b>16.21</b>
Internal Audit	7	6.80	2 923 130	8.22
Risk, Legal & Company Secretary	3	2.91	2 840 304	7.99
<b>Marketing and Communications</b>	<b>6</b>	<b>5.83</b>	<b>2 258 575</b>	<b>6.44</b>
Marketing and Communications	6	5.83	2 258 575	6.44
<b>Support cost</b>	<b>16</b>	<b>15.83</b>	<b>7 781 844</b>	<b>21.79</b>
CEO's office	3	2.91	2 391 095	6.72
Finance & IT	9	8.74	2 555 455	7.19
Human Resource	4	3.88	2 835 294	7.88
<b>Total</b>	<b>103</b>	<b>100.00%</b>	<b>35 555 453</b>	<b>100.00%</b>
<b>Other staff cost</b>			<b>2 756 995</b>	
Staff training cost			302 312	
Study assistance			187 995	
Other staff related costs			2 266 688	
<b>Total Staff Cost</b>			<b>38 312 448</b>	

## Notes to the annual financial statements

For the year ended 31 March 2008

### 13 Property, plant and equipment

Depreciation rate	Depreciation Rate %	Cost R	Accumulated R	Carrying Amount R
<b>31 March 2007</b>				
Computer equipment	33,33	868 267	213 183	655 084
Office equipment	16.67	765 900	151 671	614 230
Furniture	16.67	1 800 835	394 261	1 406 574
Motor Vehicles	20.00	263 918	93 236	170 682
		3 698 920	852 350	2 846 570

#### Reconciliation of carrying amounts:

	Computer Equipment R	Office Equipment R	Furniture R	Motor Vehicles R	Total R
Carrying amount 1 April 2006	371 840	512 934	1 388 092	223 466	2 496 332
Additions during the year	459 178	209 798	306 344	-	975 320
Disposals during the year	(8 282)	(230)	(8126)	-	(16 638)
Depreciation during the year	(167 652)	(108 272)	(279 736)	(52 784)	(608 444)
Carrying amount 31 March 2007	655 084	614 230	1 406 574	170 682	2 846 570

	Depreciation Rate (%)	Cost R	Accumulated Depreciation R	Carrying Amount R
<b>31 March 2008</b>				
Computer equipment	33,33	2 320 889	777 287	1 543 602
Office equipment	16.67	1 287 988	293 967	994 021
Furniture	16.67	2 144 784	738 600	1 406 184
Motor Vehicles	20.00	263 918	146 019	117 899
		6 017 579	1 955 873	4 061 706

## Notes to the annual financial statements

For the year ended 31 March 2008

### 13 Property, plant and equipment (continued)

Reconciliation of carrying amounts:

	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Furniture</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Carrying amount 1 April 2007	655 083	614 230	1 406 575	170 683	2 846 570
Additions during the year	1 488 074	528 536	343 949	-	2 360 559
Retirements during the year	(23 583)	(4 388)	-	-	(27 971)
Depreciation during the year	(575 972)	(144 356)	(344 340)	(52 784)	(1 117 452)
Carrying amount 31 March 2008	<u>1 543 602</u>	<u>994 021</u>	<u>1 406 184</u>	<u>117 899</u>	<u>4 061 706</u>

### 13 Intangible Assets

	<b>Amortisation rate</b>	<b>Cost</b>	<b>Accumulated Amortisation</b>	<b>Carrying amount</b>
	<b>%</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>31 March 2008</b>				
Intangible Assets	20,00	<u>1 721 302</u>	<u>143 442</u>	<u>1 577 860</u>

## Notes to the annual financial statements

For the year ended 31 March 2008

### 14 Cash and cash equivalents

	2007/2008	2006/2007
	R	R
Cash on hand	44 161	20 923
Call and current accounts	2 353 470	205 453 898
Money market accounts	262 248 320	61 429 856
Call and current accounts - European Union	14 004 127	12 974 667
	<u>278 650 078</u>	<u>279 879 344</u>

### 15 Accounts receivable

Employee related advances	30 105	16 474
SARS	138 526	138 526
Impairment of SARS debtor	(138 526)	-
Interest accrued	3 704 973	2 158 556
Other receivables	282 094	104 462
	<u>4 017 172</u>	<u>2 418 018</u>
Ex - employee debtor	19 838	3 994 455
Impairment of employee debtor	-	(3 994 455)
	<u>4 037 010</u>	<u>2 418 018</u>

The SARS debtor of R 138 526 and its impairment relate to funds debited against the NDA's bank account by SARS for alleged outstanding VAT returns, which the NDA disputes. Efforts to recover the debt have not been successful; hence the recoverability of this debt is considered doubtful. The NDA does not have trade debtors as it is not a trading entity, therefore, the trade receivables approximate their fair value. The employee debtor and its impairment of R 3 994 455 in 2007 relate to the misappropriation of funds by an accounts clerk, a portion of these funds have been recovered by the NPA (refer to Note 25) .

## Notes to the annual financial statements

For the year ended 31 March 2008

### 16 Accounts payable

	2007/2008	2006/2007
	R	R
Provision for leave		
- Opening balance	972 987	1 253 542
- Movement	1 031 423	(280 555)
- Closing balance	2 004 410	972 987
Provision for bonuses		
- Opening balance	439 787	428 453
- Provision Raised	1 904 559	2 007 348
- Bonus pay-out	(1 835 256)	(1 996 014)
- Closing balance	509 090	439 787
<b>Total provisions</b>	<b>2 169 428</b>	<b>1 412 774</b>
<b>Other payables</b>	<b>4 399 935</b>	<b>3 509 710</b>
- Trade Creditors *	4 145 395	2 938 435
- Staff Creditors (Travel Claims)	103 856	(36 363)
- Operating Lease liabilities	115 725	612 262
- Other creditors	34 959	(4 624)
	6 569 363	4 922 484

\*Included in Trade payables is an amount of R 650 000 in respect of which the settlement agreement was only concluded after year end. Management consider that the carrying amount of trade creditors approximates their fair value, since the invoices are paid within one month from date of recording.

### 17 EU Projects funding – Ineligible expenditure

EU – Ineligible Expenditure 5 605 656 -

The financing agreement between the European Union (EU) and the NDA stipulates that EU funded projects will be liable to the EU for any ineligible expenditures as defined by the EU. Should the projects fail to repay any of these ineligible expenditures the NDA will be liable for such expenditures.

The EU appointed Auditors have concluded the audit and have also determined the amount of ineligible expenditure that was incurred by the funded projects. According to this Audit report the amount of ineligible expenditure incurred by funded projects is R 5 605 606. The NDA has agreed to pay this amount to EU on behalf of the funded projects. The payment to EU will be funded from the NDA Development Fund.

## Notes to the annual financial statements

For the year ended 31 March 2008

### 18 Committed projects

It represents funds allocated and committed to specific projects and programmes for which contracts have been entered into and which await cash payments in terms of agreed upon payment cycles.

	2007/2008 R	2006/2007 R
Opening balance	141 719 780	110 333 935
Committed poverty eradication projects (see note 6)	133 072 628	92 376 440
Cash disbursements in terms of committed projects	(76 126 100)	(49 549 192)
Write backs / projects withdrawal	(600 718)	(6 882 581)
Adjustment of Committed Projects	(2 050 308)	1 239 353
Reduction of those committed projects control balances affected by fraudulent payments	-	(5 798 175)
Total	<u>196 015 282</u>	<u>141 719 780</u>

#### Committed projects are made up as follows :

The present value of commitments is calculated using the Government Bond Yield rate.

The Average Bond Yield rate for the year is 10%. (2007:9.7%)

Present value of committed projects	191 121 762	129 469 818
Deemed interest	4 895 520	12 248 962
Total committed projects	<u>196 015 282</u>	<u>141 719 780</u>

### 19 Interest payable – European Union (EU)

In terms of the financing agreement between the EU and the Government of South Africa, the grant given by the former is to be held in an interest-bearing account. Interest accruing on such funds can only be used with the prior written approval of the EU, such interest is not at the disposal of the National Development Agency.

Opening balance	5 907 507	5 175 863
Interest accrued in current year	1 029 459	731 644
	<u>6 936 966</u>	<u>5 907 507</u>

## Notes to the annual financial statements

For the year ended 31 March 2008

### 20 Note to the cash flow statement

	2007/2008	2006/2007
	R	R
<b>Surplus (Deficit) from operations</b>	<b>(61 445 082)</b>	<b>(12 506 462)</b>
Adjusted for non-cash flow items:		
Depreciation of property, plant and equipment	1 117 452	608 444
Amortisation of Intangible assets	143 442	-
Net Profit / (Loss) on retirement of property, plant and equipment	27 971	16 636
Provision for doubtful debts	138 526	1 538 860
Adjustment of current assets and liability to administration fund	-	3 349 603
None operating income	(36 400)	(40 407)
Adjustment of projects to administration fund	2 050 308	-
<b>Operating deficit before changes in working capital</b>	<b>(58 003 783)</b>	<b>(7 033 325)</b>
(Increase)/decrease in accounts receivable	(1 757 518)	(671 710)
Increase/(decrease) in accounts payable	1 646 879	1 972 440
(Decrease)/increase in interest payable to EU	1 029 459	731 644
Increase in EU funded projects – Ineligible expenditure	5 605 656	-
(Decrease)/increase in committed projects	54 295 502	31 385 846
<b>Cash (utilised)/generated by operations</b>	<b>2 816 195</b>	<b>26 384 894</b>

## Notes to the annual financial statements

For the year ended 31 March 2008

### 21 Financial risk management

	2007/2008	2006/2007
	R	R

#### Interest rate risk

Interest rate risk is the risk that the value of a financial asset will fluctuate due to movements in market interest rates. The entity is exposed to interest rate risk as certain investments are held in money market unit trusts.

#### Credit risk

Credit risk is the risk that the counter-party to a financial asset will default on its obligation, in part or in total, thereby causing loss to the entity. This risk is being managed by the entity by only investing funds at large reputable financial institutions in the Republic of South Africa.

### 22 Taxation

No provision has been made for Income Tax as the National Development Agency is exempt from Income Tax in terms of Section 10 of the Income Tax Act 58 of 1962 (as amended) .

### 23 Committed operating leases

	R	R	R
	Not later than 1 year	Between 2 and 5 years	Later than 5 years
<b>31 March 2007</b>			
Total future minimum lease payments under non-cancellable operating leases	1 999 024	919 045	-
	R	R	R
	Not later than 1 year	Between 2 and 5 years	Later than 5 years
<b>31 March 2008</b>			
Total future minimum lease payments under non-cancellable operating leases	400 730	-	-

## Notes to the annual financial statement

*For the year ended 31 March 2008*

### 24 Guarantees

A bank guarantee for an amount of R229 000

(2007: R229 000) has been issued by the Standard Bank of South Africa as a continuing covering security for the payment of monies due by the National Development Agency, in respect the of lease of premises at Erf 2537, 122 De Korte Street, Braamfontein.

### 25 Contingent asset

During the criminal investigation of the accounts clerk who misappropriated NDA funds, the National Prosecuting Authority (NPA) recovered assets to the value of R2 700 000. The NPA will pay over the balance of the liquidated assets less their expenses, over to the NDA. There is no change in the status of this contingent asset, since this matter was last reported in previous year.

### 26 Related party transactions

#### 26.1 Department of Social Development

A related party relationship exists between the NDA and the Department of Social Development. The two parties did not enter into any transactions with each other, except for the transfer of the annual grant by the Department of Social Development to the NDA.

#### 26.2 Directors and key management personnel

A related party relationship exists between the NDA, members of its Board and key management personnel. The only transactions between the three parties relate to remuneration for services rendered, and have been disclosed in note 11.

## Notes to the annual financial statements

For the year ended 31 March 2008

### 27 Breakdown of grants received and utilised for poverty eradication

	National Department of Social Development  R	European Union  R	Total  R
<b>Projects fund</b>			
Balance 1 April 2007	86 496 256	703 108	87 199 364
Grants received in current year	83 955 950	-	83 955 950
Write back of Poverty Relief Projects	600 718	-	600 718
Committed to projects in current year	(137 644 246)	-	(137 644 246)
Direct project funding	(133 072 628)	-	(133 072 628)
Project support costs	(4 571 618)		(4 571 618)
<b>Balance 31 March 2008</b>	<b>33 408 678</b>	<b>703 108</b>	<b>34 111 786</b>

## GLOSSARY

ASGI-SA	Accelerated and Shared Growth Initiative for South Africa
BEE	Black Economic Empowerment
CBOs	Community-based Organisations
CCMA	Commission for Conciliation Mediation and Arbitration
CEO	Chief Executive Officer
CSOs	Civil Society Organisations
DSD	Department of Social Development
EAP	Employee Assistance Programme
EE	Employment Equity
ERP	Enterprise Resource Planning
EU	European Union
EXCO	Executive Committee
FBOs	Faith-based Organisations
GAAP	Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
ILGM	Institute for Local Government Management
M&E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
NCOP	National Council of Provinces
NDA	National Development Agency
NGOs	Non-Government Organisations
PF	Programme Formulation
PFMA	Public Finance Management Act
PMC	Project Management Cycle
RFP	Request for Proposals
SMME	Small Medium & Micro Enterprises
TOR	Terms of Reference
WSP	Workplace Skills Plan









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