Independent Development Trust

Minister of Public Works

Mrs. Mahlangu-Nkabinde (MP)

Presentation to the Portfolio Committee on Public Works

2010/11 Annual Report

13 October 2011

The

☀ **PURPOSE: To support and add value to the national development agenda. We do that by deploying our resources in the initiation and delivery of innovative and sustainable development programmes, which make a measurable difference in the levels of poverty and underdevelopment.**

☀ **VISION:** *"… to be the leading knowledge-based development agency"*

☀ **MISSION: "***The IDT, together with strategic partners, will enable poor communities to access resources, recognise and unlock their own potential for* sustainable development**

OUR GOALS FOR THE YEAR..

- **Contribute to the realisation of the SON on the character and content of the state which is defined as an**"administration…that …knows where people live, …understand their needs, and respond faster."

- **The IDT contributed through its three strategic objectives of**

  - **Attaining sustainable livelihoods through people centred interventions**

  - **Pioneering innovative development solutions**

  - **Ensuring excellence in service delivery**

  - Advancing the social policy objectives through the implementation of a diverse range of programmes across national departments and all spheres of government

- Contribute to organisational sustainability and ensure 9th Unqualified Audit

Growth in Business Portfolio
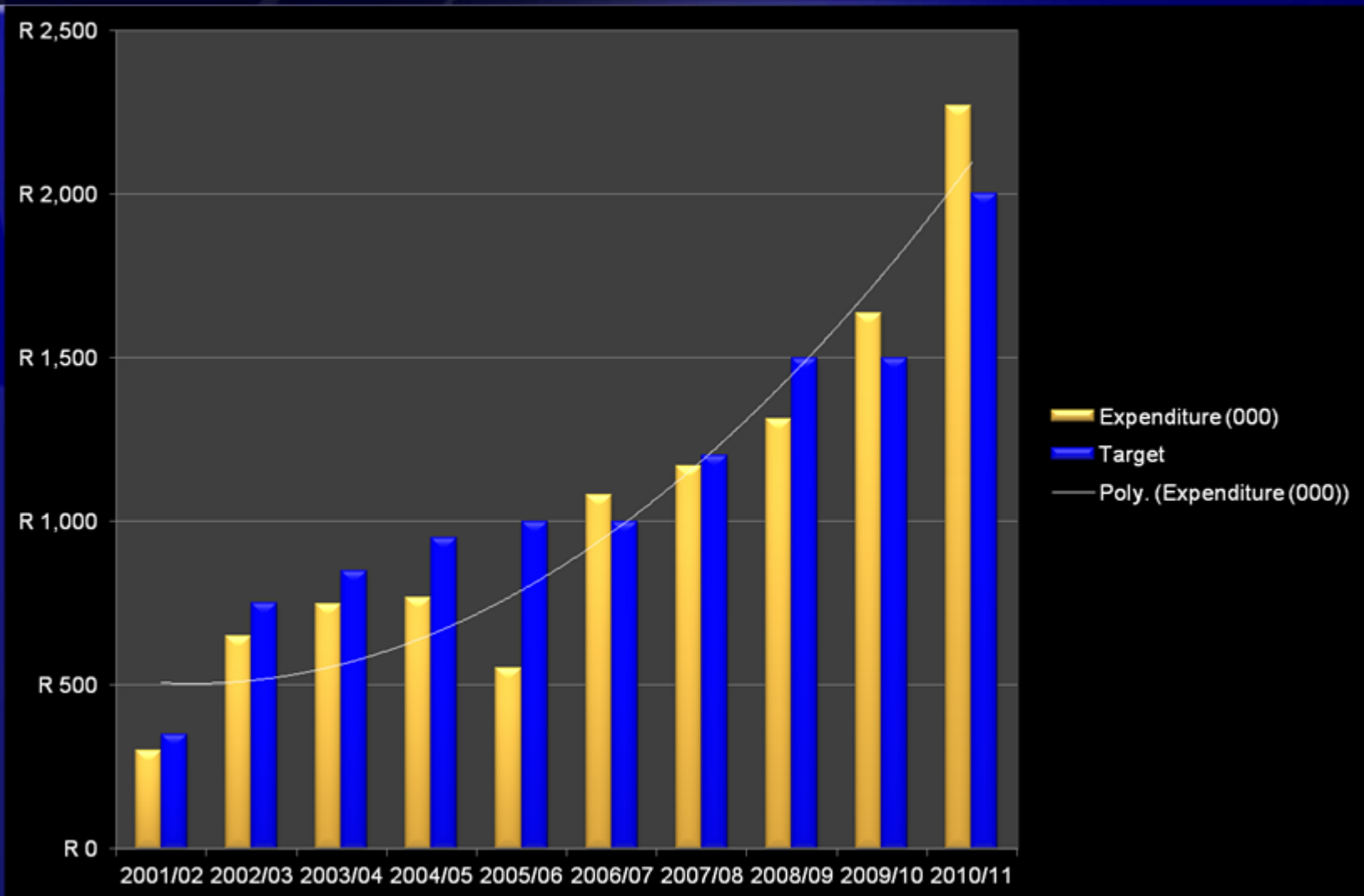
In delivering its portfolio, the IDT is...

- ☀ Focussed on rural development with close on 80% of its projects in rural South Africa

- ☀ Women focussed with 70% of its projects job creation opportunities benefiting women over the past five years

- ☀ Focuses on youth development and the involvement of persons with disabilities with a 50% youth participation rate and 3% persons with disabilities

- ☀ Integrates all mutually reinforcing pillars of sustainable development

- ☀ Implements some components of key integration government programmes including the EPWP, CRDP, Mud Schools and Integrated Justice Facilities

Analysis of spend in empowerment indicators over the MTEF

Financial Year	Value of Total Portfolio Spend (million)	Women Spend (million)	Value of BEE Spend (million)	Value of Local Spend (million)
2008/09	R 1 313	R 205	R 630	R 633
2009/10	R 1 635	R 399	R 1 067	R 455
2010/11	R 2 272	R 581	R 1 530	R 235
Total	R 5 220	R 1 185	R 3 227	R 1 323
		22%	62%	25%

# Spend per programme type 2010/11
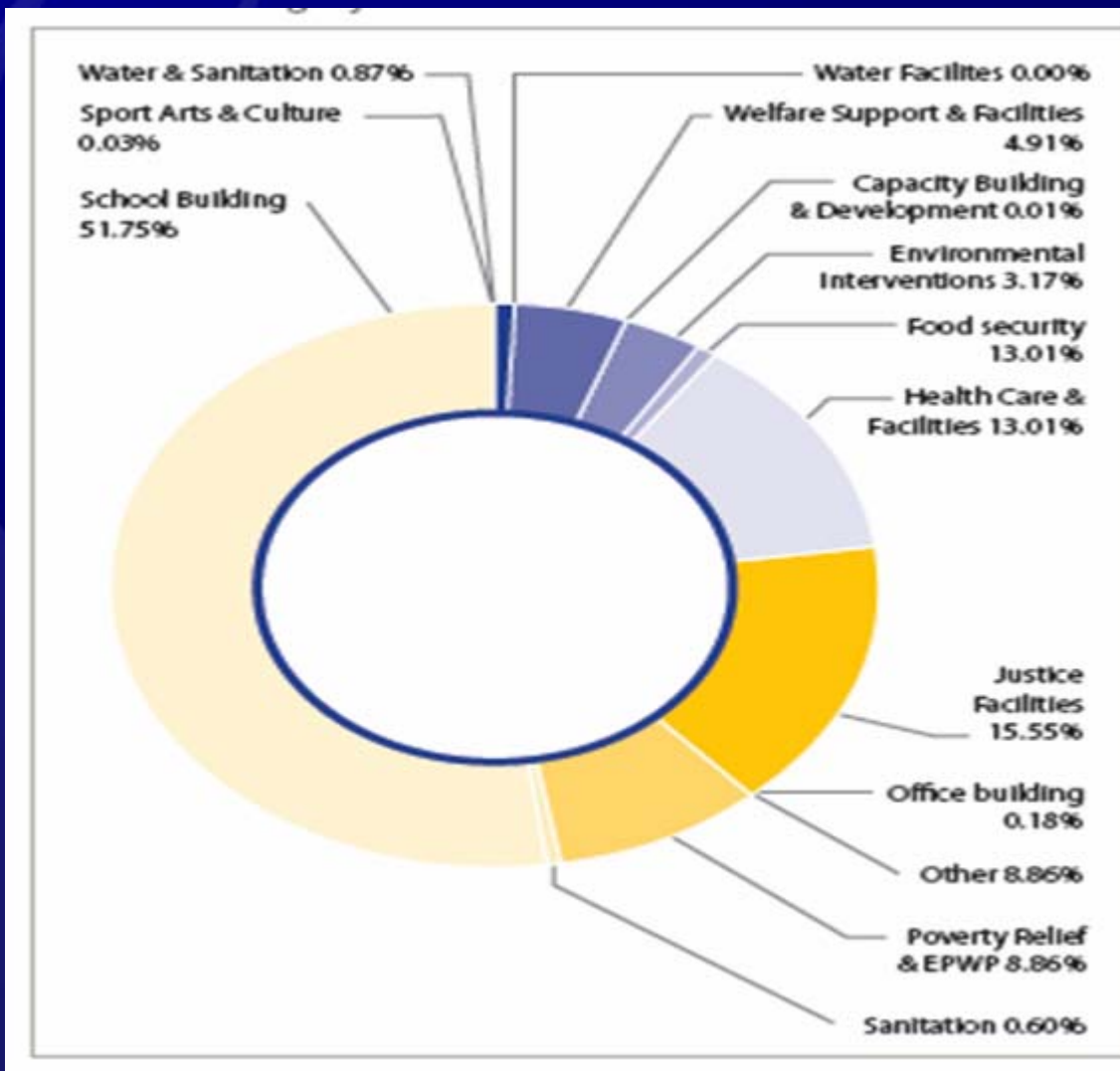
IDT PROJECTS IN VULNARABLE MUNICIPALITIES
Class 1 & Class 2 Only
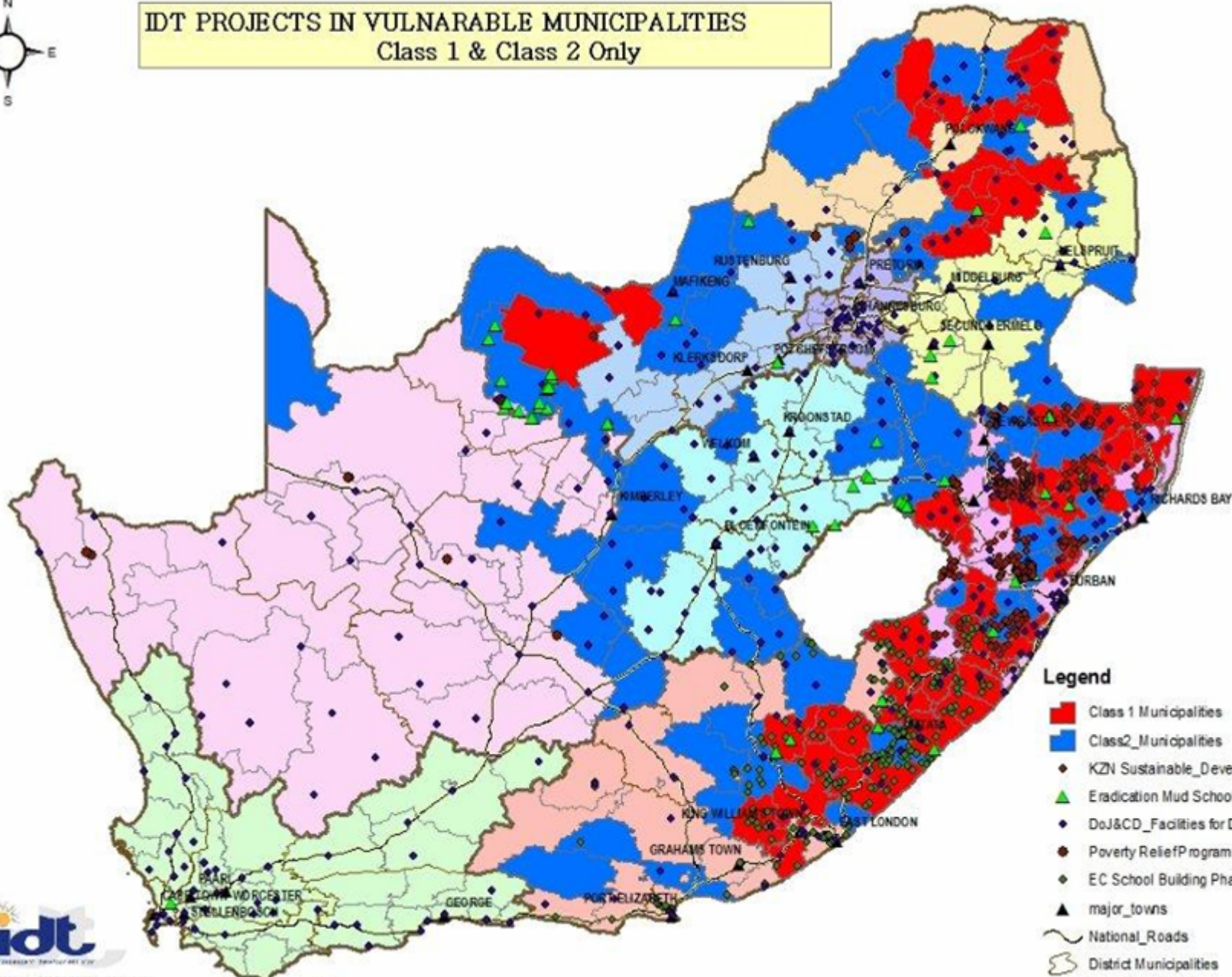
Legend

- Class 1 Municipalities
- Class2_Municipalities
- KZN Sustainable_Development_Projects
- Eradication Mud School Prog
- DoJ&CD_Facilities for Disabled
- Poverty ReliefProgramme
- EC School Building Phase3
- major_towns
- National_Roads
- District Municipalities
- Local Municipalities
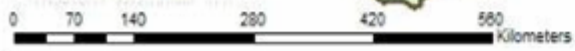
2010/11 Performance Highlights

Strategic Highlights

☀ **Turnover:**	**R2,5 billion**
☀ **Programme Expenditure:**	**R2.272 billion**
☀ **EPWP work opportunities:**	**32 697**
☀ **BEE spend:**	**R1, 53 million**
☀ **Youth participation:**	**50%**

Expenditure Trend analysis

Expenditure trends analysis

2 500											2 272
2 000										1 837	
1 500								1 504	1 587		
1 000						1 025	1 234				
500		405	523	686	832						
0	19	218									

Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar

■ 2010/2011   ■ 2009/10   ■ 2008/09
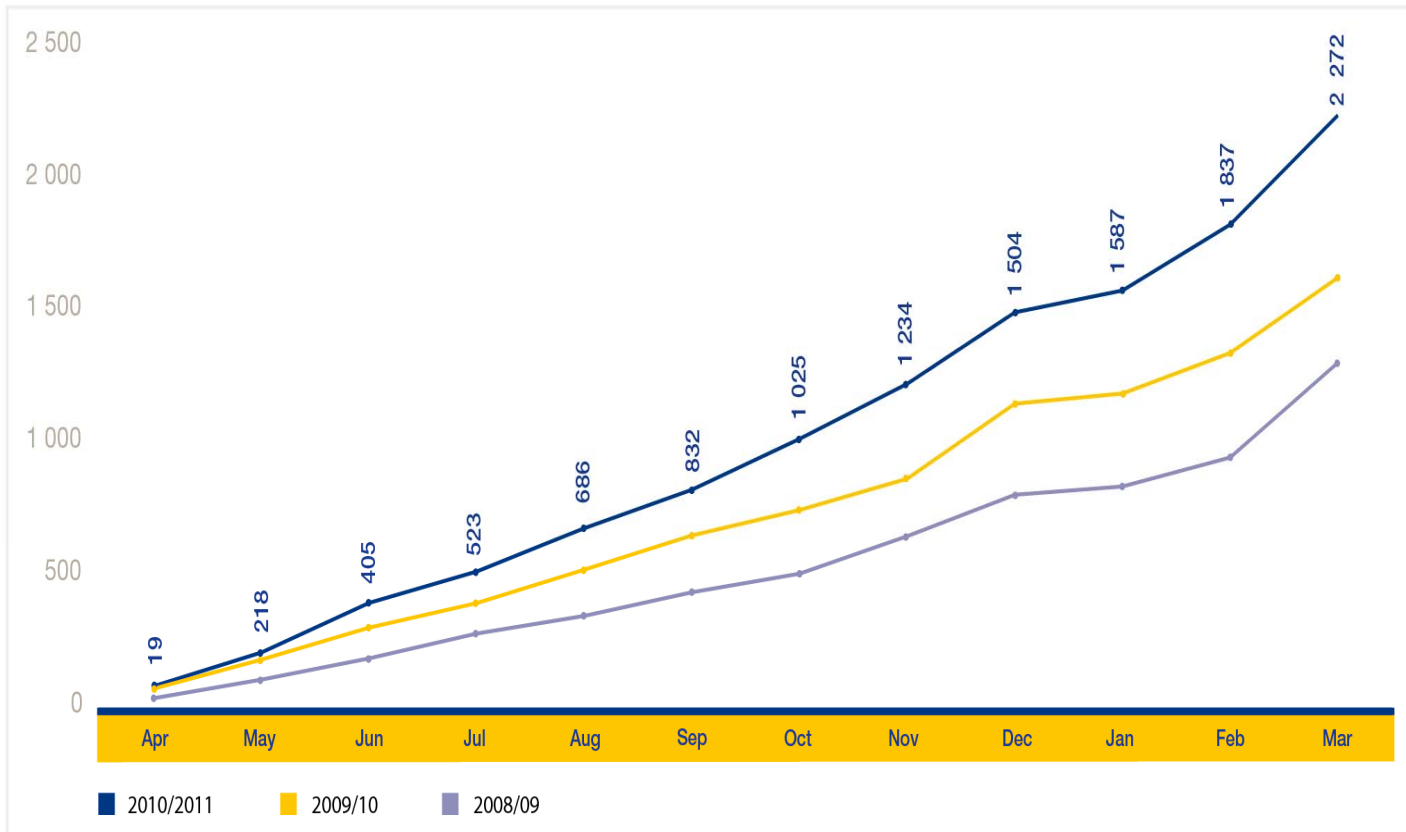
Report of the Auditor-General

- Audit opinion:
  - The IDT received its ninth consecutive unqualified audit opinion for the 2010/11 financial year

- Report on other legal and regulatory requirements:
  - Predetermined objectives – reported performance information was deficient
  - Compliance with laws and regulations – the financial statements contained material misstatements which were subsequently corrected
  - Expenditure management – fruitless and wasteful expenditure

Programme performance / employment

	R million
☀ Programme expenditure	2 270
☀ Employment costs	219
☀ Percentage of employment costs to programme expenditure	9,6 %
☀ Increase in programme expenditure from 2009/10	39 %
☀ Number of employees at year end (Number has decreased from 413 as the end of the previous financial year)	366

Revenue

	2010/11 R'000	2009/10 R'000	Increase (Decrease) %
Management fees	81 205	36 586	121
Investment income	40 263	64 773	(38)
Interest	762	1 634	(53)
Other income (see below)	1 267	6 410	(80)
Total	**123 497**	**109 403**	**13**
Other: Tender documents	1 267	735	
Funds recovered from programs previously written down	-	5 675	

Revenue – management fees

	2010/11 R'000	2009/10 R'000	Increase (Decrease) %
Programme expenditure	2 272 000	1 637 000	39
Management fees	81 205	36 586	121
Recovery rate	3,6 %	2,2 %	

Expenses

	2010/11 R'000	2009/10 R'000	Increase (Decrease) %
Employment costs	218 653	211 594	3
Administrative expenses	126 946	133 935	(5)
Depreciation/amortisation	6 296	5 132	22
Finance/losses	730	580	26
Other – see below	14 417	74 195	(80)
Total Expenditure	**367 042**	**425 436**	**(14)**
Other: Fruitless & wasteful Write down of programmes Eradication: Mud Schools/progs	900 - 13 516	319 29 603 44 273	

2010/11 expenditure by Corporate Objective
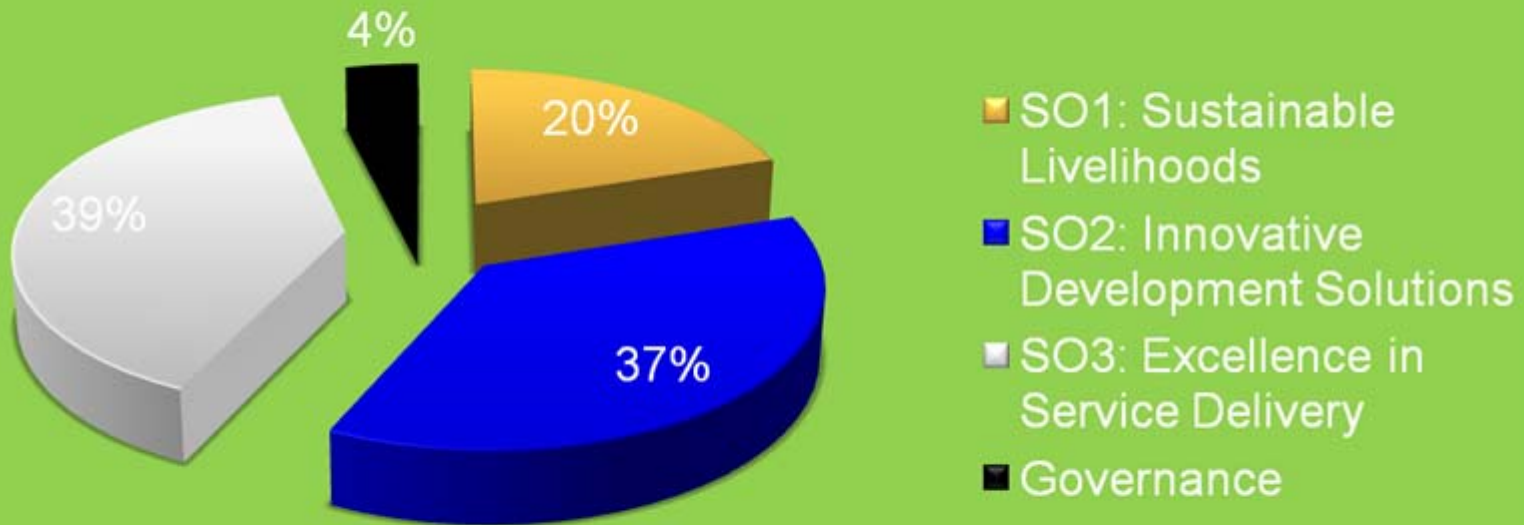
Performance Highlights

- ☀ **Diversity and coverage of the IDT's Portfolio**
- ☀ **International Relations**

- ☀ **Stakeholder Management and Corporate Positioning**

- ☀ **Transformation process, business case**

- ☀ **Financial Sustainability**
  - **R150m allocated for 2011/12 in response to the IDT's MTEF submission.**
- ☀ **Compliance and risk management:**
  - **Launched incisive corrective action to address the AG's findings with the 2009/10 audit.**
- ☀ **Payment Turnaround times:**
  - **Exceeded the target of processing payments within 14-days by achieving an average of 7-days**

Amber Zone

- Women Participation 49% (but consider women spend at 26% or R580m)
- Functional Partnerships
- Number of classrooms and health facilities constructed
- Work opportunities at 25 883 instead of 35 000

In short the IDT's value proposition is

Together with

...his

Red Zone

- **Portfolio growth of KZN**
- Advocacy programme – needs deepened research capacities
- Need increased spend on Community Development
- Youth spend at 13% instead of 15% - but consider youth participation rates
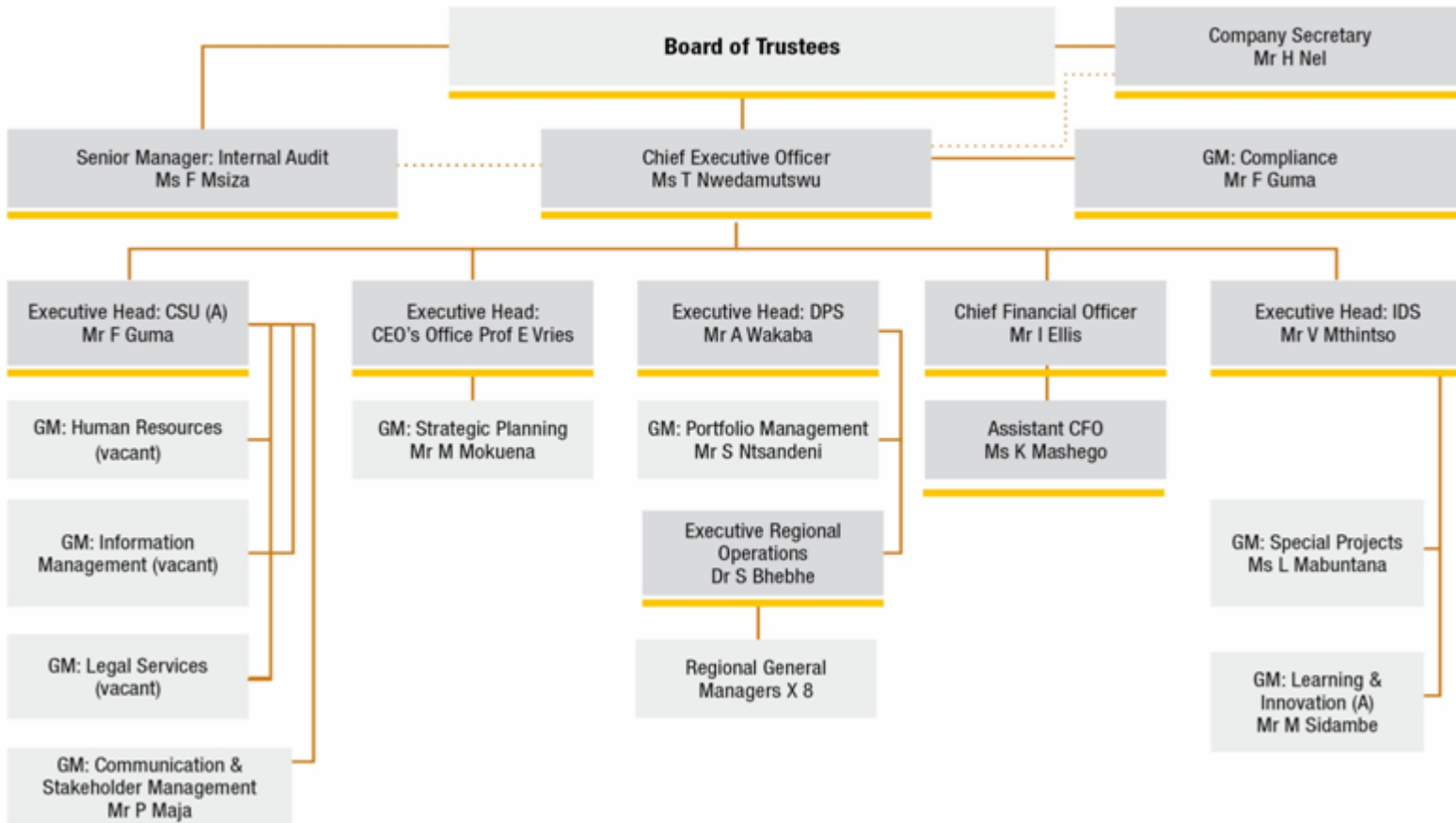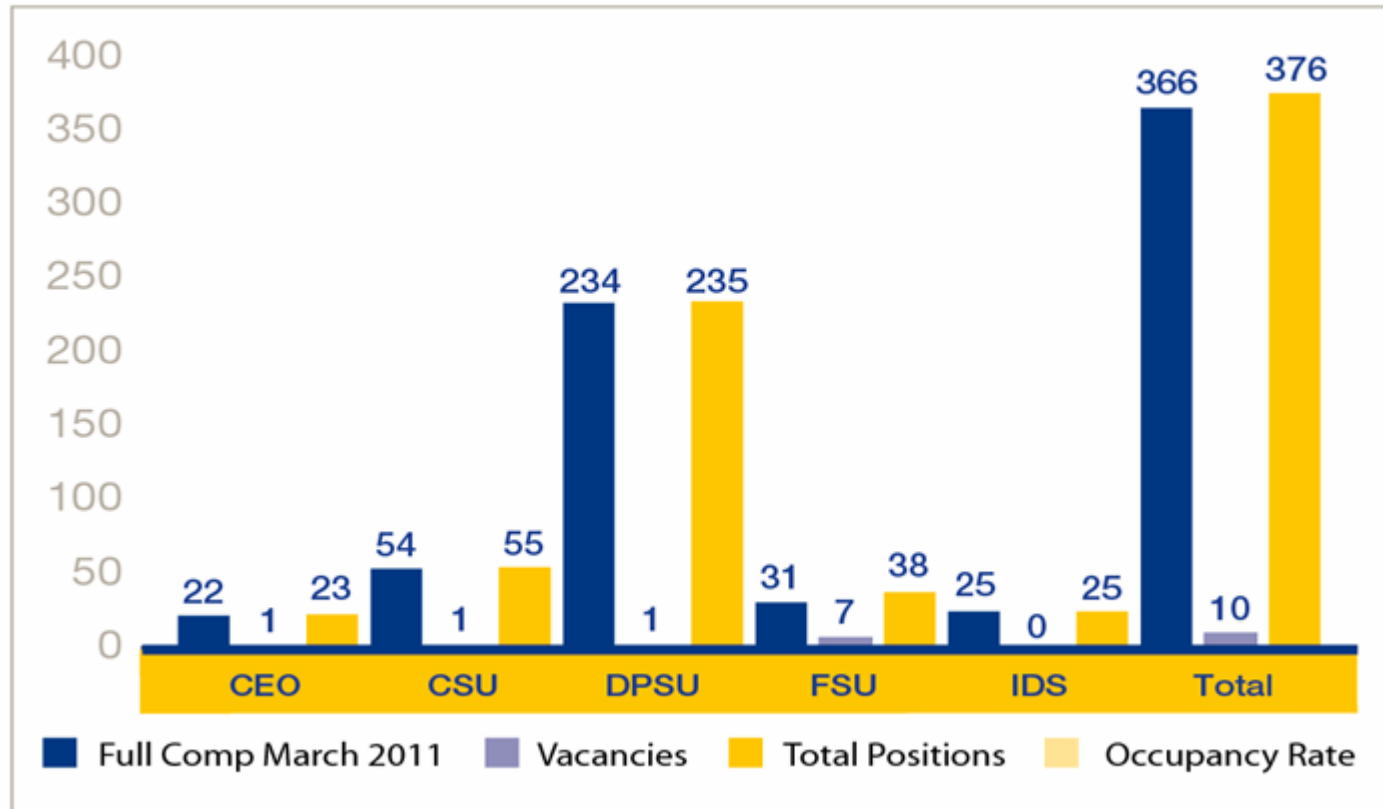- **Labour spend at 10% (R235.2m) instead of 24%**

Catherine Booth MDR

Corporate governance

High level organogram

Staff Establishment

Figure 5: Staff Occupancy Rates 2010/11

Rationale for Transformation

"The defining feature of this administration will be that it knows where people live, understands their needs, and responds faster"
President Zuma 2010

Research & Best Practices → Policy & Legislation → Funding & Financing → Capacity Building & Training → Monitoring & Evaluation → Institutional Support → Service & Programme Delivery → Community Empowerment & Mobilisation

Development Gap

Government

South Africa ranks 110th in the UN Human Development Index, just below Krygystan. SA's gap between rich and poor i.e. Gini coefficient of 0.68 is the highest in the world, overtaking Brazil

DED	DTI	DOT	DEA
DAFF	DoH	DHS	Tourism
CoGTA	DBE	DWCPD	DOL
DRDLR	DWA	DPW	DSD

Donors/DFI's

Int Donors	SA Donors
National DFI's	Prov DFI's

Private Sector

National CSI	Regional CSI

NGO Sector

Development Funding
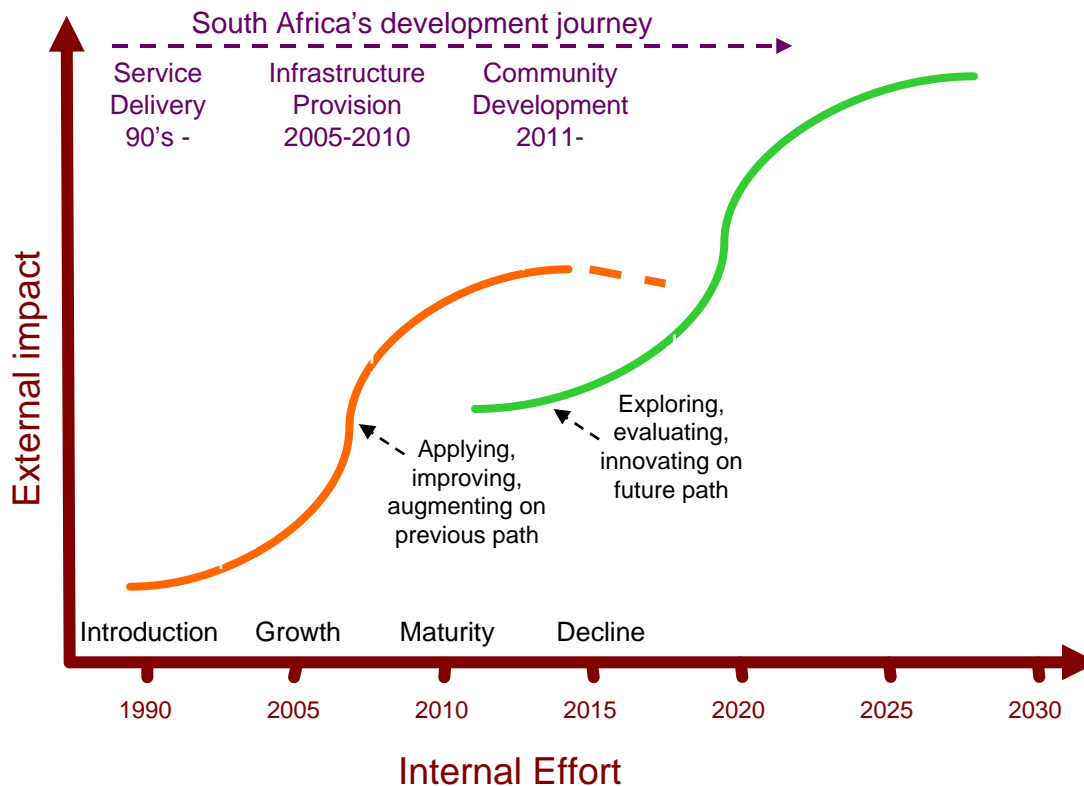
Development Gap

Community Development

Space exists for **single nation wide agency** to **bridge gap** between government and communities by **facilitating**, **coordinating** and **integrating** holistic approach to development, focused on empowering **people** and **supporting their institutions** to enable communities to access and leverage **programmes & services**

Community   Community   Community   Community   Community

The 3 Life Spans of closing the development gap

A deeper reflection of the IDT's organisational strategy and structure in the light of the evolving development landscape suggests a more fundamental realignment if the IDT is to continue to achieve its mandate. "Tinkering" with the organisational structure may only produce diminishing returns in impact. The IDT now finds itself at such a decision point in its life cycle

Strategic Reflection: Where to from now?

- The IDT's history closely parallels the development trajectory of South Africa, initially focused on restoring basic *service delivery* to all

- In recent years, taking advantage of the build up to the 2010 World Cup, the next step by government was on *infrastructure provision,* laying the platform for future growth

- Government is now increasingly positioned for the next phase of *community development,* which will help communities leverage their assets to create sustainable socio-economic opportunities for themselves, particular in rural areas

Given Gap and Journey Map the IDT in the Medium Term Shall...

- Maintain its values of : **People Centred**, Having **Integrity**, **Professionalism**, **Accountability** and being **Visionary**
- Prepare Communities to **receive, own, manage and sustain** their own development through:
  - delivering **Social Infrastructure** where Social Infrastructure is seen as all the necessary measures, facilities and networks required for sustainable development in such communities

Strategic Imperative: The "New IDT"

A strategic organisational redesign is critical if the IDT is to achieve its vision to be "a leading knowledge-based development agency"; the premier development organisation in South Africa. This requires a bold and innovative vision towards a future organisational ideal state, drawing from the IDT's rich history, core competencies and international best practices whilst contextualised for the ongoing realities of South Africa's development trajectory

Ideal State

(3) **New IDT ready for the future**

- "New IDT" is positioned towards the next generation of innovative and sustainable development practice in SA
- Clear foundation laid for future growth and success

Interim State

(2) **Manage Transition Process**

- IDT showcases strategic leadership by launching "New IDT" at national and regional development events e.g IDT DevWeek and Africa Dev Conference, end 2011
- Undertakes systematic change management process to pilot new organisational structure
- Still ensure continuity of current services whilst migrating towards a new model

Initial State

(1) **Map new vision for future**

- Define a bold and innovative vision for the future, drawing from international best practices and contextualised for SA; and obtain buy in from internal and external stakeholders
- Define the strategy, structure and systems necessary to support the sustainability of service delivery
- Map organisational redesign transition path in terms of purpose, process and people to support the strategic shift

IDT's response to the development gap

Key Focus Areas

What we do

Mobilise Communities…
- Sustainable livelihoods
- Asset based approaches

Support Institutions…
- Policy/planning support
- Technical expertise

Delivers Programmes…
- Programme planning
- Delivery management

Centres of Excellence

Shares Knowledge…
- Action research
- Learning & innovation

Build Partnerships…
- Stakeholder management
- Resource mobilization

Head Office
- Coordinates adaptive strategy; by facilitating regular best practice sharing and dissemination of learning
- Fosters supportive corporation between regions; by providing benchmarking, M&E, impact Management and Knowledge Management, leading to innovative policy recommendations that ensure consistently improving delivery
- Secures national/international support, resources and cooperation

GP

FS

EC

KZN

HO

LIM

- *Strategy*: **Shift to community development**
- *Services:* **Develop communities, support institutions and deliver programmes**
- *Structure*: **Decentralised regions set strategy, implement local development, coordinated by HO**

"Butterfly" *Transformation Scenario*
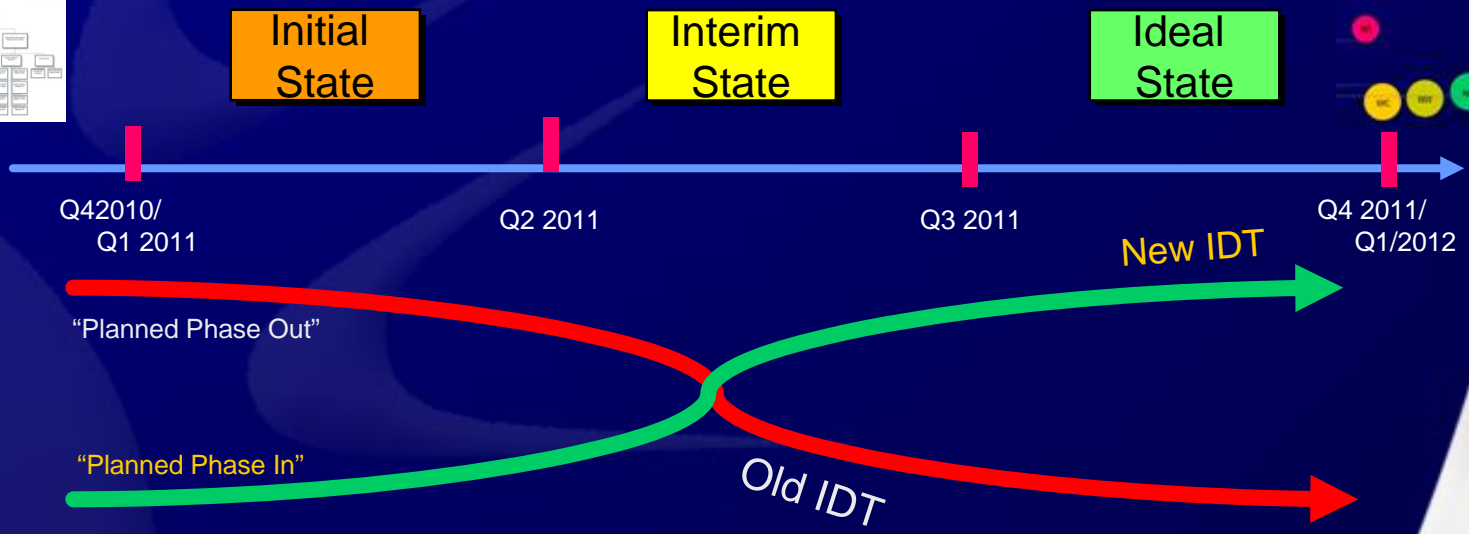
MPU

NC

WC

NW

High-level service value chain
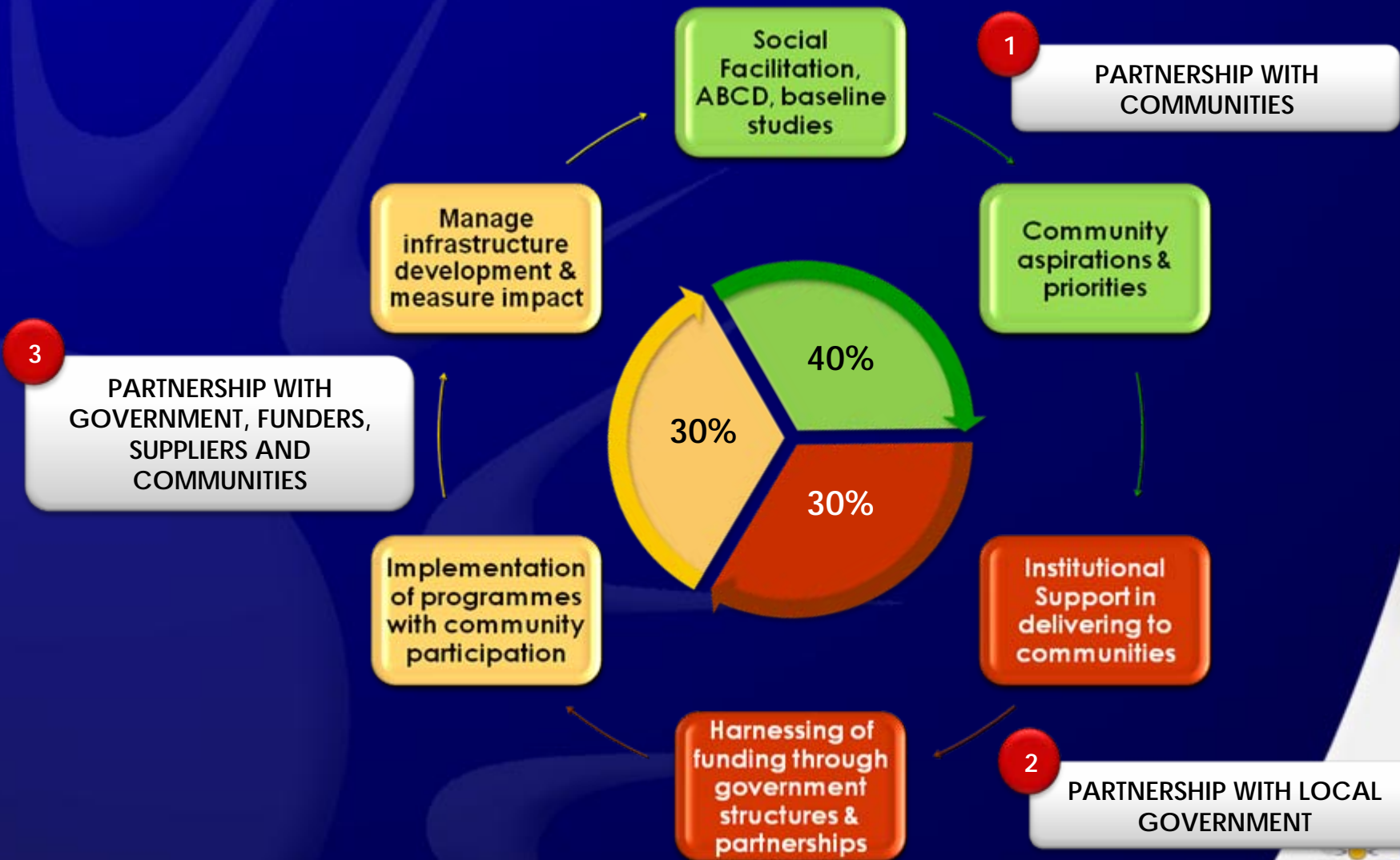
Transition Plan

In order to maintain momentum of the transition plan whilst still ensuring continuity and quality of current delivery, a focused one year phased transition process will enable a staggered pilot deployment of the "*Development Action Learning Labs*" nodal structure; whilst systematically gathering key lessons learnt that could culminate in the 2011 Development Week and an Africa Development Conference to showcase the New IDT

Initial State	Interim State	Ideal State

Q42010/
Q1 2011 — Q2 2011 — Q3 2011 — Q4 2011/
Q1/2012

New IDT

"Planned Phase Out"

"Planned Phase In"

Old IDT

Kick off
- Approval of key stakeholders
- Set up Transition Management Office and Project Structure

Initial
- Initiate Transition Plan
- Restructure Regional Ops to maintain continuity of current delivery

Interim
- Deploy pilot Lab in 1st node and evaluate lessons learnt
- Incorporate and adjust key learnings
- Continue deployment of remaining labs

Ideal
- Launch "New IDT" at Development Week 2011/ Africa Development Conference
- Showcase learnings of new development approach

Risk Analysis

Regulatory Risks – These are risks around the legislative and policy environment that the IDT finds itself in, with particular reference to the development sector. This requires a defined policy and/or legislative mandate to confirm the relevance of the IDT mandate and funding thereof that ensures the long term sustainability of its operations.

Strategic Risks – These are risks around the alignment of the IDT's strategy and the broader environment. For example it relates the risk of misalignment of the strategy with national socio-economic objectives as well as continuity issues arising out of board level transition.

Business Risks – These are risks primarily around the internal environment of the IDT. For example, these risks would relate to the effect of people, operational, systems and culture issues in the day to day running of the organisation and its delivery objectives.

Communication Risks – These are risks surrounding the management of perceptions of all key stakeholders. For example, these could relate to risks surrounding misperceptions by communities around the continued existence of the IDT.

Financial Risks – These are risks related to the financial sustainability of the IDT. For example, these risks would relate to the availability of funding to support the organisational transformation in the interim and the long term viability of the IDT going forward.

Political Risks: these risks pertain to the Executive Authority, enabling legislation, and the specific role of champion the process, i.e., ordinarily this process should be part of the Cabinet Lekgotla of July 2011
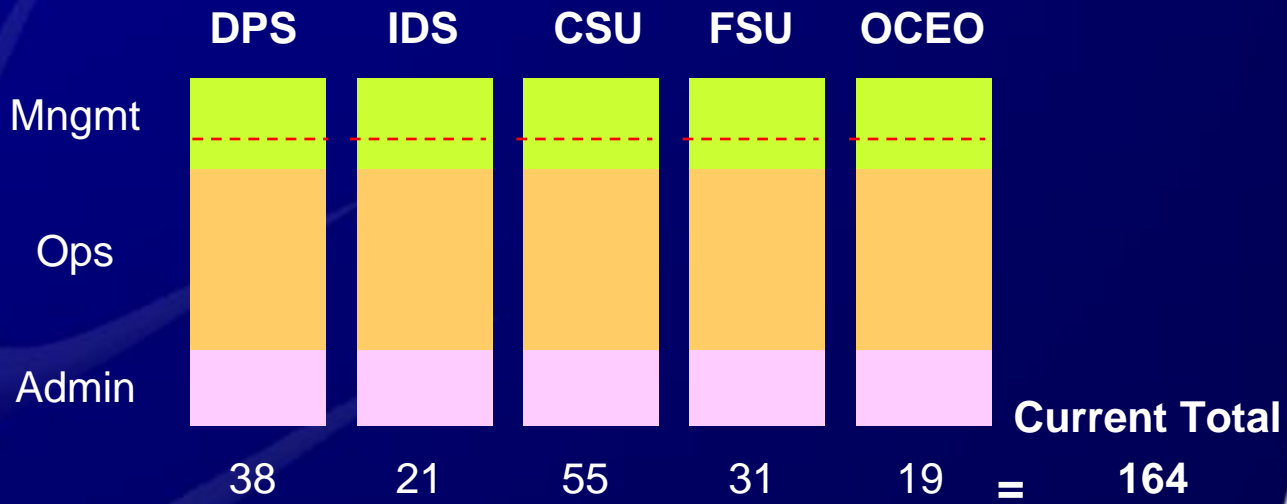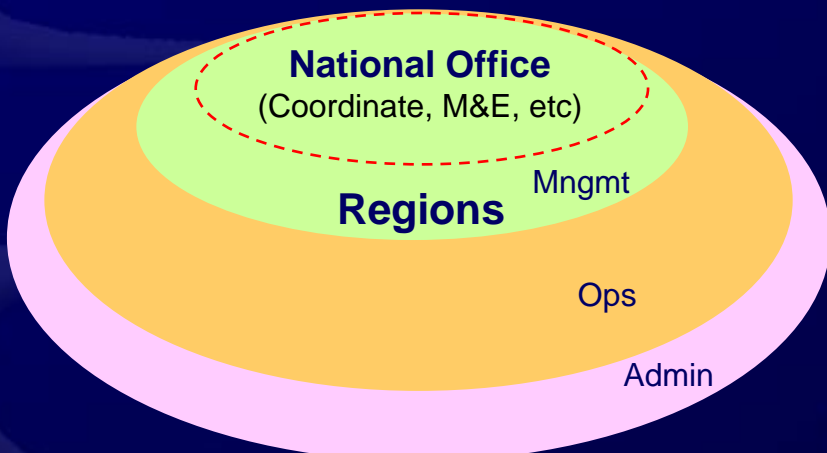
Recommendations

☀ **That the Committee approves the IDT's 2010/11 Annual Report**

☀ **That the Committee notes the IDT's transformation drivers for future detailed engagement**