

NATIONAL YOUTH DEVELOPMENT AGENCY **10**
Annual Report 11

OUR YOUTH. OUR FUTURE.



NATIONAL YOUTH DEVELOPMENT AGENCY



REPUBLIC OF SOUTH AFRICA



NATIONAL YOUTH DEVELOPMENT AGENCY

OUR YOUTH. OUR FUTURE.

CONTENTS

5	Message from the Minister
7	Vision, Mission and Nature of Business
8	Introduction to the National Youth Development Agency (NYDA)
10	Operating Structure
13	Performance for the Period Under Review
21	NYDA Board of Directors
27	NYDA Operations Executive Committee
35	Executive Chairperson's Report
39	Chief Executive Officer's Report
43	Operational Review
67	Beneficiary Stories
87	Statement of Corporate Governance
99	Annual Financial Statements



Honourable Minister Collins Ohm Chabane

Minister in The Presidency responsible for Performance
Monitoring, Evaluation and Administration

Message from the Minister

It is on a celebratory note that we present the National Youth Development Agency's (NYDA) second annual report following the most fruitful year we have had since our establishment. We have made great strides, which in our view, tells us that it was a good decision to establish the NYDA with its current mandate given the challenges faced by young people.

We look back with pride as our delivery record has improved significantly. In the year under review, we have met most of our targets and in some areas managed to even exceed them. This is an achievement of 42 out of 49 key performance indicators in the financial year 2010 to 2011. It represents 85% achievement which is a significant improvement from 22.1% as compared to the previous financial year.

Our country delivered to the world the most prestigious and successful 2010 FIFA World Cup with young people at the forefront to welcome the world to our country. While the country was celebrating with the world and enjoying the World Cup, it was our young people recruited with the assistance of the NYDA, who were volunteers ensuring that the world enjoys the South African experience. Thousands of young people formed part of making this prestigious event a success and we salute them for their sterling contribution.

It was in the same year that we operated fully as an organisation with a clear strategic plan with ambitious targets, all of us determined to make a difference in young people's lives. This young vibrant organisation is about young people finding solutions for challenges faced by young people themselves.

To mention a few, amidst the economic recession that affected the world, the South African economy was not immune leading to thousands of jobs lost in the economy. However, through innovative approaches and plans by the NYDA, 18, 038 jobs were sustained in the year under review making it 61, 341 jobs sustained since inception. These innovative approaches include Enterprise Finance and Business Development Services programmes.

With education forming part of our apex of priorities especially at basic education level, there are a number of young people that fall by the way side due to various challenges at school level. The Matric Re-write programme we introduced has provided a unique opportunity for young people to complete their matriculation and therefore provided with a ticket for further education and training. Through this programme we hope to make a difference in education while we simultaneously, working with the Department of Basic Education, attend to challenges in our school system to produce the outcome our people expect.

South Africa has a chronic challenge of unemployment particularly among the youth, with young people, according to Statistics South Africa report for 2010, accounting for 70% of over 6 million South Africans who are unemployed. The education system is not producing the outcomes we want to meet the skills demands of our economy. Our health system has challenges that impact on our life expectancy, with challenges of HIV and AIDS affecting mostly the youth.

Though progress has been made in many areas, it is however impossible for the NYDA to address all the challenges without the participation of the private sector, civil society and the entirety of the state machinery. Youth development cannot be achieved if not prioritised by all sectors of society. Our country needs dedicated youth structures within organisations to mainstream youth development and make sure that the interests of young people are taken into consideration in everyday activities.

The NYDA has indeed demonstrated that with the limited budget we have had, we can indeed make a difference. While we acknowledge that government resources are not in abundance, the NYDA is underfunded for it to meet its obligations and touch every young person in our country. The NYDA Act requires of the organisation to be in every area where there are young people. It should be accessible to all young people for them to explore their potential and take advantage of the services it offers.

It is against this background that we make a clarion call to all sectors of society to prioritise youth development and allocate resources for its success. NYDA remains committed to form partnerships with all organisations and youth formations to find sustainable solutions to challenges our youth is faced with.

We are in the process of finalising the Integrated Youth Development Strategy which will guide youth development in our country. The public has contributed to this process and the strategy will be presented to Parliament by the end of the year.

On governance and financial statements issues raised by the Auditor-General, we commit to find ways to address them and ensure that we have tighter monitoring control measures and that we manage our finances better. We must work with the National Treasury and the Auditor-General to ensure that concerns raised in the report are not repeated.

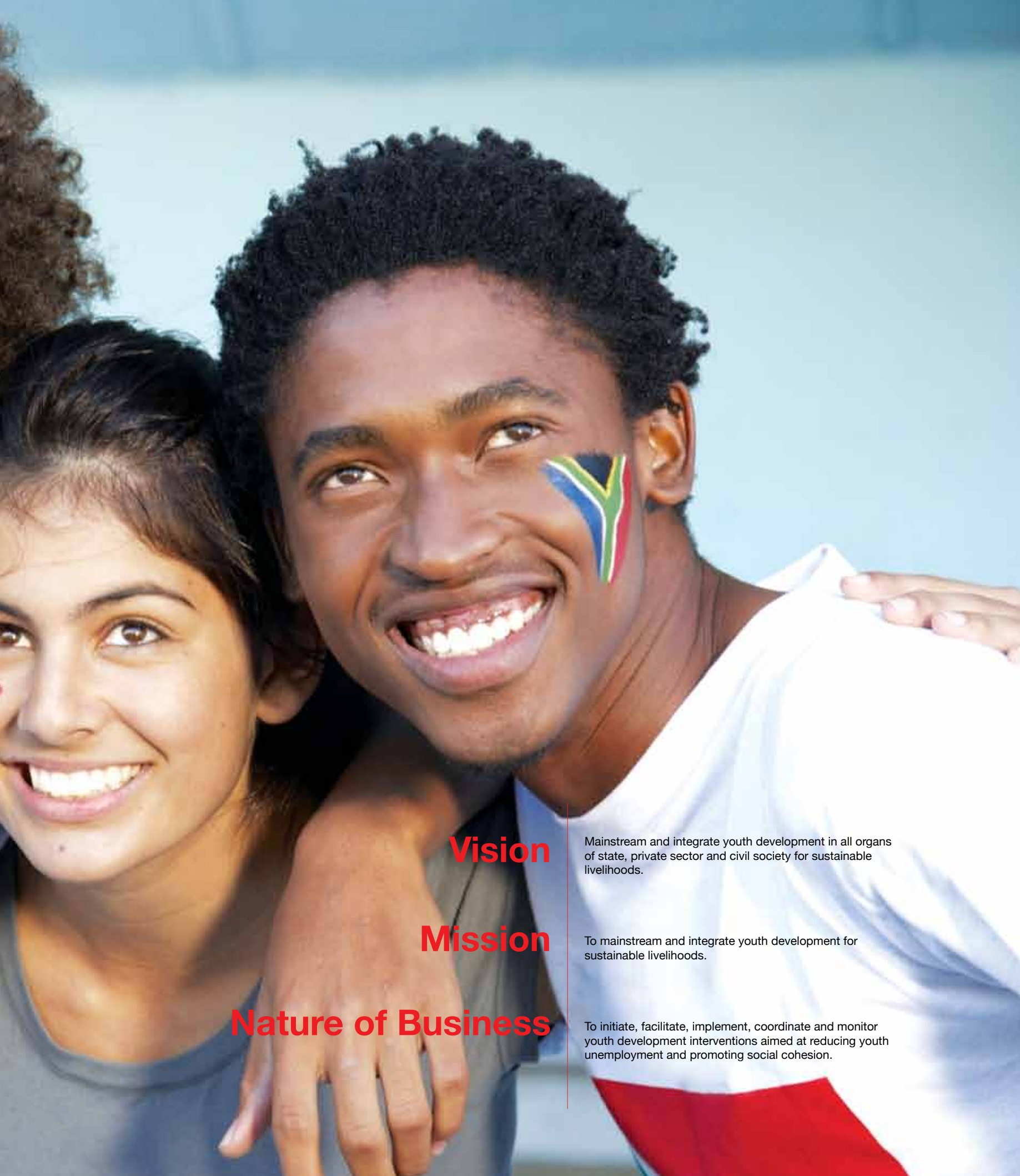
On behalf of The Presidency and Deputy Minister Dina Pule, I would like to thank the NYDA Board and the staff for the sterling work they have done in this period.

Working together we can do more!



Honourable Minister Collins Ohm Chabane
Minister in the Presidency responsible for Performance Monitoring, Evaluation and Administration





Vision

Mainstream and integrate youth development in all organs of state, private sector and civil society for sustainable livelihoods.

Mission

To mainstream and integrate youth development for sustainable livelihoods.

Nature of Business

To initiate, facilitate, implement, coordinate and monitor youth development interventions aimed at reducing youth unemployment and promoting social cohesion.

Introduction to the National Youth Development Agency

Youth development is an integral part of addressing the challenges of a post-apartheid South Africa, which seeks to build a non-sexist, non-racial, democratic South Africa as enshrined in the South African Constitution of 1996. Previous attempts at youth development were viewed as disparate and not integrated by the youth sector. The National Youth Commission led a rigorous public consultation process with youth organisations, national, provincial and local government structures, religious formations, research institutions, the labour movement and civil society, including the private sector, which culminated in the National Youth Convention of 2006. The convention undertook a resolution, which stated that a unitary organisation should be established, tasked to improve the coordination of youth development programmes and other youth-related interventions. Consistent with the resolution of the convention, the Umsobomvu Youth Fund and the National Youth Commission were collapsed to establish the National Youth Development Agency. This was done through the enactment of the National Youth Development Agency Act, No 54. of 2008.

Our Mandate

The *raison d'être* of the NYDA is to *initiate, facilitate, implement, coordinate, design and monitor youth development interventions aimed at promoting economic participation and social cohesion*. To achieve this goal, the NYDA performs, amongst others, the following responsibilities:

- Lobby and advocate for integration and mainstreaming of youth development in all spheres of government, private sector and civil society;
- Initiate, implement, facilitate, design and coordinate youth development programmes;
- Monitor and evaluate youth development interventions; and
- Mobilise youth for active participation in civil society engagements.

Our Target Group

- The NYDA is targeted at youth aged between 14 and 35 years;
- Emphasis is given to young persons with disabilities;
- Bias is towards peri-urban, semi-rural and rural areas; and
- Community projects are prioritised.

Our Functions

- National Youth Service and Social Cohesion;
- Economic Participation;
- Policy, Research and Development;
- Governance, Training and Development;
- Youth Advisory and Information Services; and
- National Youth Fund

Our Key Performance Areas

Economic Participation

Aimed at enhancing the participation of youth in the economy through targeted and integrated programmes. The NYDA will support both profit-making businesses as well as social enterprises that promote job placement, self-employment and income-generating activities.

Education and Skills Development

Aimed at promoting access to quality education and skills to both in-school and out-of-school youth through second-chance interventions for school dropouts and school-to-work programmes.

Effective and Efficient Management of Resources

The NYDA aims to set efficient and effective management processes that will ensure that resources are managed optimally. This will be done through effective financial management processes, risk management, legal processes, improved business processes and the development of controls.

Information Services and Communication

Aimed at providing youth with information about various opportunities aimed at improving their living conditions. Through this area of work, the NYDA will also be able to provide information and career guidance services to the youth.

National Youth Service

Aimed at providing youth with meaningful and accredited skills and activities that benefit their communities through national service and patriotism.

Policy, Lobby and Advocacy

Aimed at creating platforms and other social dialogue forums to engage the state, civil society and other social partners for the purpose of mainstreaming youth development.

Research, Monitoring and Evaluation

Aimed at generating a body of research, knowledge and best practice in the youth development sector. It will inform various ways through which government, business and other sectors of society can contribute towards youth development.

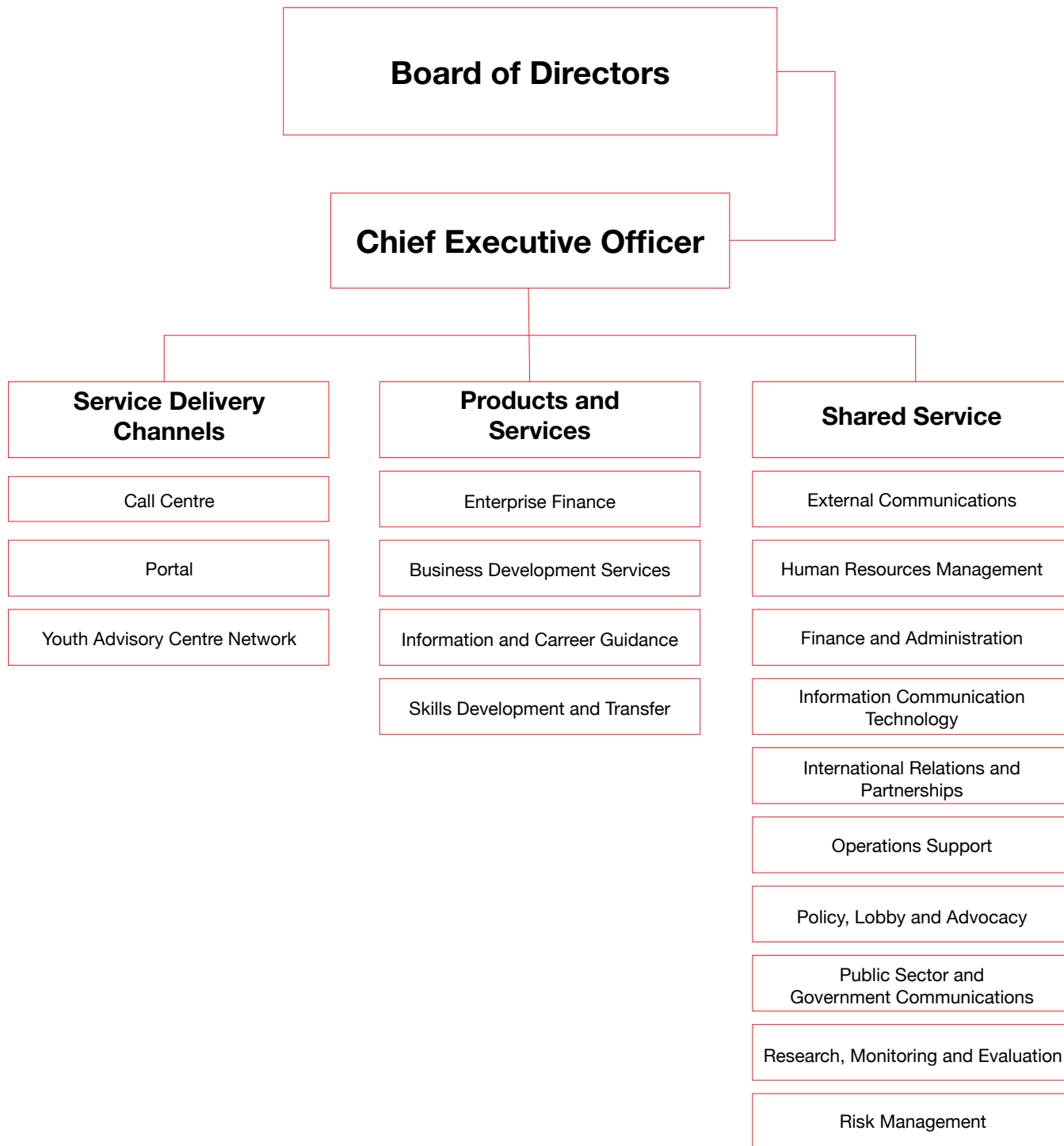
Social Cohesion

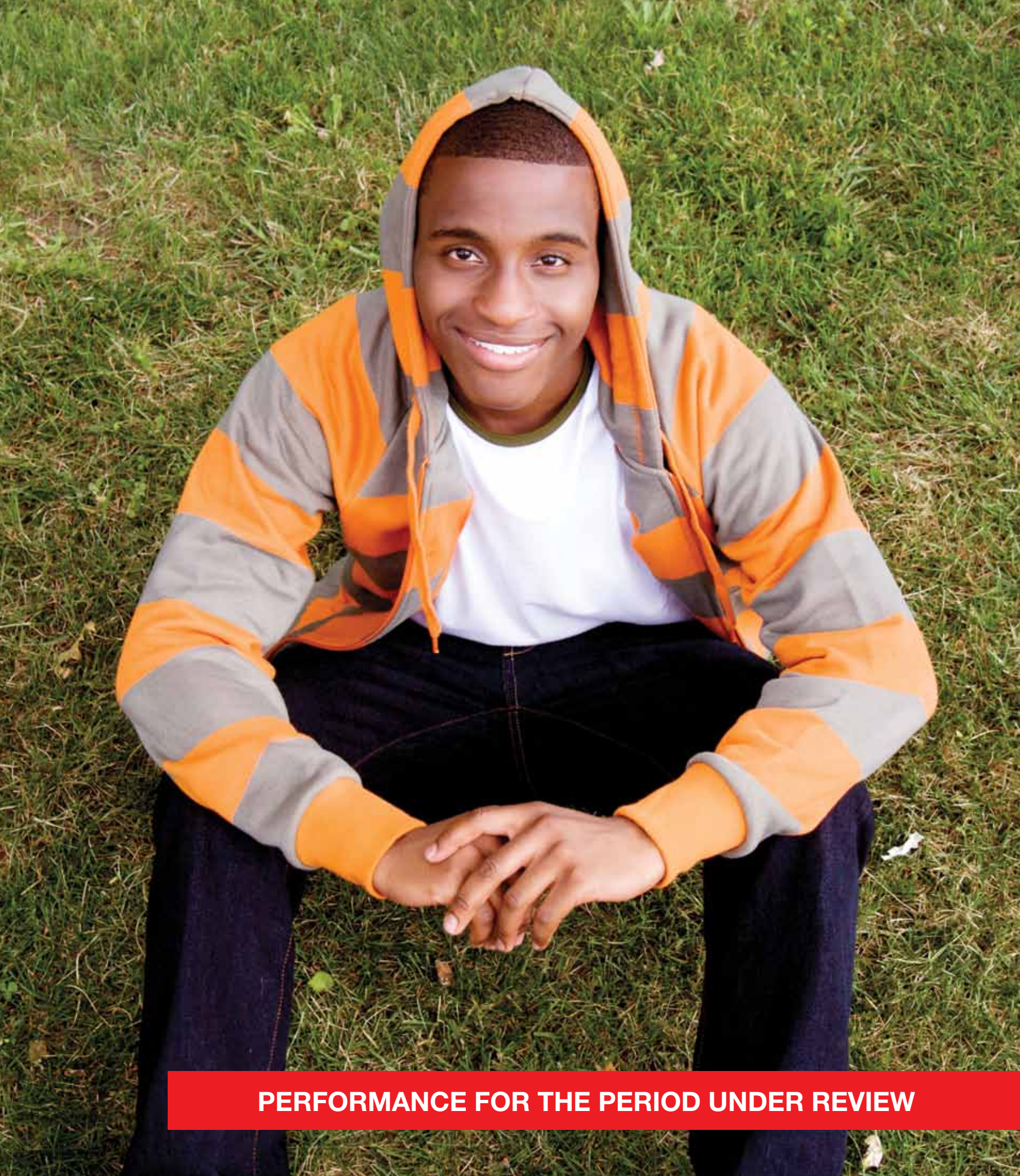
Aimed at engaging youth in activities that build their social capital, networks and strengthen the relationships that bind people and communities together. These activities will propel youth to reach their personal goals and develop their full capacity. Furthermore, youth will be aware of themselves and their rights and responsibilities.

Operating Structure

During the year under review, the National Youth Development Agency (NYDA) Board of Directors approved an operating structure that it believes would adequately respond to the mandate of the NYDA as articulated in the National Youth Development Agency Act, No. 54 of 2008. However, due to financial constraints and restructuring processes involved, the NYDA operated using the structure from its first year of operation coupled with the new structure.

Below is the operating structure of the NYDA during the year under review:





PERFORMANCE FOR THE PERIOD UNDER REVIEW

Performance for the Period Under Review

Report on Performance against Pre-determined Objectives

The annual report covers the period from April 2010 to March 2011. It details all the key performance areas and indicators, goals, and targets set by the NYDA and approved by the Office of the Presidency for the Financial Year (2010/2011).

KEY PERFORMANCE AREA	GOAL	KEY PERFORMANCE INDICATOR	2010/2011 TARGET	2010/2011 ACHIEVEMENT	REASON FOR VARIANCE
ECONOMIC PARTICIPATION	Create job opportunities for young people through NYDA business support, enterprise financing and job placement programmes.	Jobs created through business support voucher programme.	1,950 jobs created.	2,456 jobs created.	This target was met and exceeded by 506 jobs.
		Self-employment jobs created through group loans.	938 jobs created.	384 jobs created.	This target was not met by 554 jobs due to the fact that the group loan programme was still in its initial stages of implementation. The programme is being expanded in new provinces which will include the Eastern Cape, Mpumalanga and KwaZulu-Natal provinces.
		Self-employment jobs created through micro-loans.	10,500 jobs created.	13,843 jobs created.	This target has been met and exceeded by 3,343 jobs.
		Jobs facilitated through placements in job opportunities.	1,500 jobs placements.	1,355 jobs placements.	This target was not met by 145 job placements due to the rejection of referred clients by prospective employers.
	Provide business support opportunities and services to youth enterprises that will ensure sustainability of youth enterprises.	Business support vouchers issued to beneficiaries.	700 business support vouchers issued.	1,057 business support vouchers issued.	This target was met and exceeded by 357 young entrepreneurs.
		Young entrepreneurs mentored.	1,000 young entrepreneurs mentored.	1,000 young entrepreneurs mentored.	This target was met.
		Youth-owned companies registered with CIPRO through business voucher issuance.	500 new companies registered with CIPRO.	461 new companies registered with CIPRO.	This target was not met by 39 new companies registered, due to systems challenges with CIPRO. Some clients which we assisted to register their companies were not processed by the end of the current financial year.
		Young entrepreneurs accessing tenders/business opportunities (through vouchers, Business Opportunity Support Services (BOSS), mentorship and loans).	20 beneficiaries accessing tenders/business opportunities.	37 beneficiaries accessing tenders/business opportunities.	This target was met and exceeded by 17 young entrepreneurs that were assisted to access tenders or business opportunities.

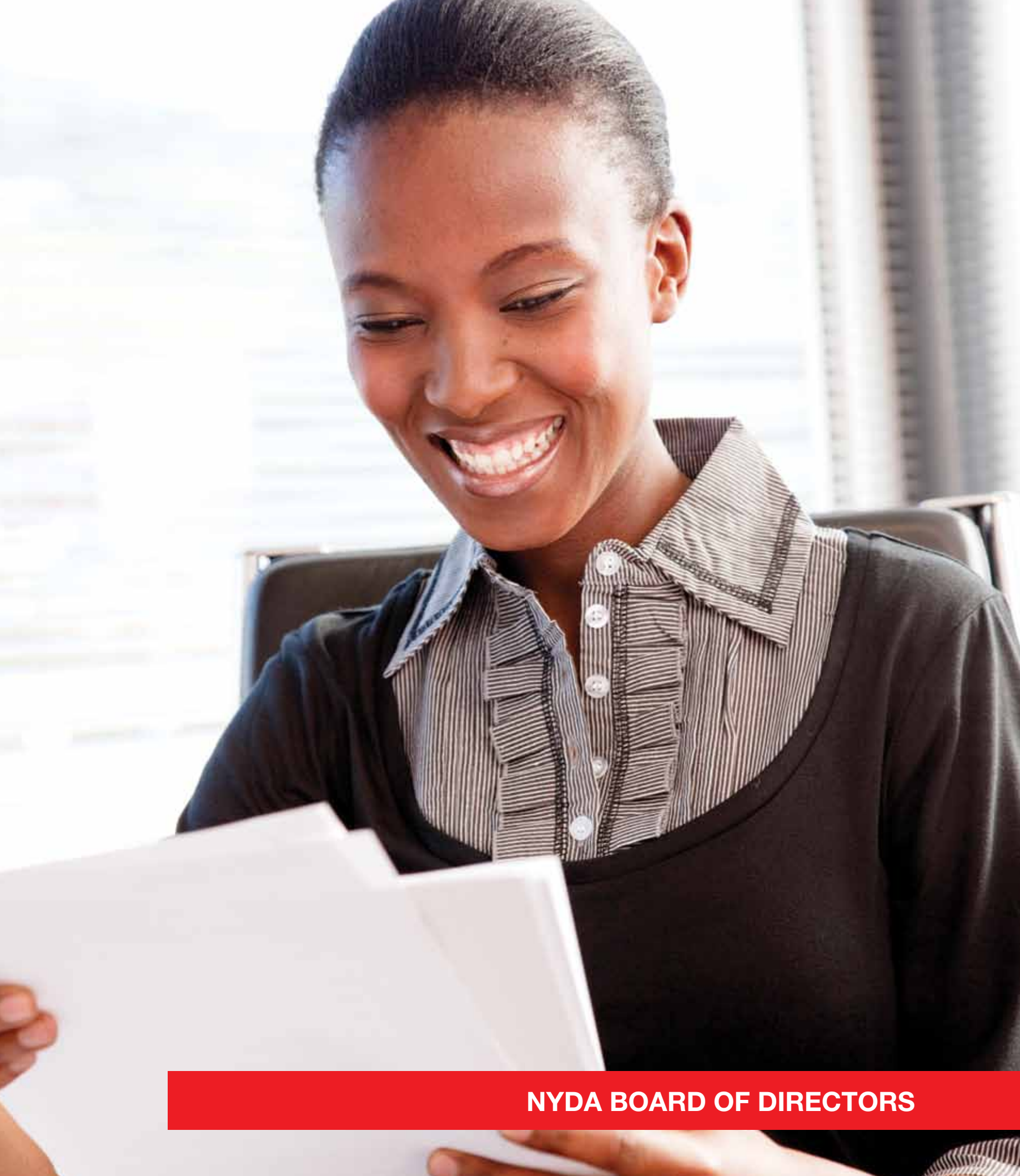
KEY PERFORMANCE AREA	GOAL	KEY PERFORMANCE INDICATOR	2010/2011 TARGET	2010/2011 ACHIEVEMENT	REASON FOR VARIANCE
ECONOMIC PARTICIPATION	Facilitate the sustainability of youth enterprises through creating funding opportunities for their businesses.	Value of funding and opportunities accessed by voucher recipients, BOSS, and mentorship.	R10 million worth of funding and opportunities accessed.	R17,5 million worth of funding and opportunities was accessed.	This target was met and exceeded by R7, 5 million worth of funding opportunities.
		Value of business opportunities sourced for voucher recipients.	R20 million worth of businesses opportunities sourced.	R78,2 million worth of businesses opportunities sourced.	This target was met and exceeded by R58,2 million worth of funding opportunities sourced for youth entrepreneurs.
		Value of loans (micro individual, group and SME) approved for youth entrepreneurs.	R11 million in loans approved.	R41,7 million loans approved.	This target was met and exceeded by R30,7 million worth of loans that were approved for youth entrepreneurs.
		Value of loans (micro individual, group and SME) disbursed.	R10 million in loans disbursed.	R35,5 million loans disbursed.	This target was met and exceeded by R25,5 million worth of loans approved for youth entrepreneurs.
		Number of loans (micro loans, group loans and SME loans) issued to young entrepreneurs.	8,150 loans issued.	13,895 loans issued.	This target was met and exceeded by 5,745 loans.
EDUCATION AND SKILLS DEVELOPMENT	Build technical, business and life-skills to promote the quality of life for young people.	Number of young people provided with entrepreneurship and business management skills.	15,150 young people.	16,656 young people.	This target was met and exceeded by 1,506 young people.
		Number of youth provided with job preparedness training.	10,000 youth participated in job preparedness.	12,179 youth participated in job preparedness.	This target was met and exceeded by 2,179 young people who attended the job preparedness training.
		Number of young people enrolled in YouthBuild South Africa projects.	100 young people enrolled.	105 young people enrolled.	This target was met and exceeded by 5 young people.

KEY PERFORMANCE AREA	GOAL	KEY PERFORMANCE INDICATOR	2010/2011 TARGET	2010/2011 ACHIEVEMENT	REASON FOR VARIANCE
EDUCATION AND SKILLS DEVELOPMENT	Steering young people towards choosing careers in the productive economic sectors.	Number of young people estimated to be provided with career guidance information.	400,000 estimated to be provided with career guidance.	446,588 estimated youth provided with career guidance.	This target was met and exceeded by 46,588 youth. This indicator was made up of 3 sub-categories which were: 1. Booklets distributed to 281,774 young people. 2. The one-on-one sessions provided to 3,656 young people. 3. Estimated people to have attended career guidance events were 161,158. (This number could not be audited due to lack of corroborative evidence to validate the estimates.)
	Improve matriculation results for young people who have failed Grade 12.	Number of young people enrolled to re-write Grade 12 exams.	2,000 enrolled to re-write Matric	2,036 enrolled to re-write Matric.	This target was met and exceeded by 36 young people.
NATIONAL YOUTH SERVICE	Create opportunities for young people to serve their communities while gaining skills and experience.	Number of youth enrolled in National Youth Service Programme (NYS).	50,000 enrolled in NYS.	66,063 enrolled in NYS.	This target was met and exceeded by 16,063 young people.
	Foster partnerships with government departments to expand NYS projects.	NYS projects registered with government departments.	8 NYS projects registered.	17 NYS projects registered.	This target was met and exceeded by 9 registered NYS projects.
		NYS partnerships signed with national, provincial and local governments.	5 NYS partnerships signed.	49 NYS partnerships signed.	This target was met and exceeded by 42 signed partnerships.
SOCIAL COHESION	Promote social dialogue and engagement for young people on youth development issues.	Number of hosted dialogue sessions with young people.	6 dialogue sessions.	7 dialogue sessions held.	This target was met and exceeded by 1 dialogue session.
		Hosted Patriotism campaigns for young people (1 per province).	9 campaigns.	9 campaigns hosted.	This target was met.
	Develop implementation model for social cohesion programmes for the NYDA.	Comprehensive social cohesion model developed.	Documented social cohesion model.	Social cohesion model adopted by NYDA.	This target was met.

KEY PERFORMANCE AREA	GOAL	KEY PERFORMANCE INDICATOR	2010/2011 TARGET	2010/2011 ACHIEVEMENT	REASON FOR VARIANCE
SOCIAL COHESION	Promote patriotism and nation building practices amongst the youth.	Number of youth mobilised to participate in 16 Days of Activism.	500 youth participate in the campaign.	618 youth participate in the campaign.	This target was met and exceeded by 118 young people.
		Volunteers recruited to participate in the 2010 Soccer World Cup.	15,000 volunteers recruited and participated.	18,048 volunteers recruited and participated.	This target was met and exceeded by 3,048 volunteers.
INFORMATION AND COMMUNICATION	Increase access to youth development services in all nine provinces.	Number of NYDA information dissemination and access points established.	134 access points.	144 access points.	This target was met and exceeded by 10 access points.
		Number of youth accessing information through NYDA service delivery access points.	800,000 youth provided with information.	1,012,763 youth provided with information.	This target was met and exceeded by 212,763 youths.
POLICY, LOBBY AND ADVOCACY	Contribute and influence policy and legislation that affect young people.	Written policy & legislation submissions.	11 written policy & legislation submissions.	11 written policy & legislation submissions.	This target was met.
		Public hearings attended.	2 public hearings.	7 public hearings.	This target was met and exceeded by 5 public hearings.
		Portfolio committee meetings attended.	5 portfolio committee meetings.	10 portfolio committee meetings.	This target was met and exceeded by 5 portfolio committee meetings attended.
		Constituency work engagements attended.	2 constituency engagements.	2 constituency engagements.	This target was met.
	Popularise the African Youth Charter and the National Youth Policy.	Number of copies of the African Youth Charter distributed.	2,000 copies distributed.	2,975 copies distributed.	This target was met and exceeded by 975 copies of the African Youth Charter distributed.
		Number of copies of the National Youth Policy distributed.	2,000 copies distributed.	3,501 copies distributed.	This target was met and exceeded by 1,501 copies of the Youth Policy that was distributed.
	Mainstream and integrate youth development in all sectors planning and implementation of programmes.	Draft Integrated Youth Development Strategy (IYDS).	Draft IYDS.	Draft IYDS document produced and submitted to Cabinet for discussion.	This target was met.

KEY PERFORMANCE AREA	GOAL	KEY PERFORMANCE INDICATOR	2010/2011 TARGET	2010/2011 ACHIEVEMENT	REASON FOR VARIANCE
POLICY, LOBBY AND ADVOCACY	Strengthen youth development structures at national, provincial and local levels.	Provincial board members recruited and appointed (1 board per province).	9 provincial board members appointed.	9 provincial board members appointed.	This target was met.
		Government departments lobbied to establish youth directorates.	5 departments lobbied.	6 departments lobbied.	This target was met and exceeded by 1 department lobbied.
		Municipalities assisted to establish Youth Councils.	5 municipalities assisted.	5 municipalities assisted	This target was met.
		Inter-departmental youth task team meetings held.	4 meetings held.	4 meetings held.	This target was met.
RESEARCH, MONITORING AND EVALUATION	Conduct research that informs youth development in South Africa.	Literature review report on status of youth produced.	Copy of literature review.	Copy of literature review completed.	This target was met.
		Published report of SME survey.	Copy of final SME survey report.	Final report received.	This target was met.
	Generate programme and project evaluation information that inform planning and implementation of youth development programmes of the NYDA.	Completed NYDA project evaluations.	12 project evaluation reports.	6 evaluation reports.	This target was not met: the NYDA had fewer staff in the evaluation unit to conduct and complete all project evaluations. As a result, 4 project evaluations were still at the draft report stage by the end of the financial year.
	Develop processes and procedures for monitoring and evaluating NYDA programmes.	Approved monitoring and evaluation framework and guidelines.	Approved copy of M&E framework and guidelines by NYDA board.	Final copy of M&E framework and guidelines published.	This target was met.
	Create and promote a learning environment for the NYDA and the youth development sector.	Lessons learnt and Knowledge Briefs publications produced on youth development.	12 publications.	15 publications.	This target was met and exceeded by 3 publications.

KEY PERFORMANCE AREA	GOAL	KEY PERFORMANCE INDICATOR	2010/2011 TARGET	2010/2011 ACHIEVEMENT	REASON FOR VARIANCE
EFFECTIVE AND EFFICIENT MANAGEMENT OF RESOURCES	Provide quality services to young people accessing NYDA services.	Level of client satisfaction.	90% satisfaction level.	88.7% (annual average) satisfaction.	The target was not met this financial year. The satisfaction levels were measured in Q3 & Q4, and the satisfaction levels fell from 95.2% in the third quarter to 82% in the last quarter due to budgetary constraints that forced the NYDA to reduce some of its services in the branches. For example, we could afford to offer only 10 vouchers per month per branch. This affected the levels of satisfaction of our clients.
	Sustain efficient use and management of NYDA resources.	Reduced current (51%) SME loan book portfolio at risk (PAR) by 10%.	10% reduction on current PAR.	29% increase on current PAR.	This target was not met, due to fewer new SME loans made during the year; the SME loan book remained with very high numbers of bad debtors which made it difficult to improve the quality of the SME loan book.
		Reduction of current (65%) micro-finance loan book PAR by 15%.	15% reduction on current PAR.	14% increase on current PAR.	This target was not met. The demographics of the type of NYDA clients, being young people, starting their own businesses, results in a high risk client base to lend money to. The majority of these clients were unable to honour the payback schedule agreed on, and are not paying back their loans on time.
		Partnership agreements signed with public and private sector institutions to support NYDA work.	10 partnerships.	61 partnerships.	This target was met and exceeded by 51 signed partnerships.
	Maintain good corporate governance through compliance with PFMA and other legislation.	Maintain effective corporate governance controls.	Adequate controls based on internal audit opinion.	9 audit reports acceptable audit opinion and 1 audit reported a weak opinion.	This target was met.



NYDA BOARD OF DIRECTORS

NYDA Board of Directors



Andile Lungisa | Executive Chairperson

Andile Lungisa became active in politics early in his life through the Congress of South African students (COSAS) and later the South African Students Congress (SASCO) in the early 1990s. He was later elected chairman of the African National Congress Youth League (ANCYL) region, which includes Port Elizabeth and Grahamstown. In 1998 he started an ANC Youth League branch in the western suburbs of Port Elizabeth, and became a branch executive member. He later served in the regional executive of the ANCYL in the Nelson Mandela Bay Metro. In 2001 he was elected Deputy Chairperson of the ANCYL's Nelson Mandela Bay region. He later served in the ANCYL Eastern Cape Provincial Task Team (PTT) for two terms between 2003 and 2008. In 2008 Andile was elected national deputy president of the ANCYL, a position he served with diligence until his re-election into the NEC at the 24th National Congress in June 2011.

Having completed his studies as a mechanical draughts person Andile worked as a Detailer at M and Z Designers. Passionate about the arts, Andile is the founder of Makhanda Youth Projects, a subsidiary of the South African Music Promoters Association where he also became Eastern Cape Provincial Chairperson of the Association. He is also a playwright and poet who has worked extensively in the creative industries in the Eastern Cape Province. In 2005 he was rewarded with The Herald Citizen of the Year award in the Arts and Culture category for his work in the industry.

Andile is an experienced youth development worker having been the Chairperson of the South African Youth Council in the Nelson Mandela Metro and Eastern Cape Province. In 2009 Andile was appointed Executive Chairperson of the National Youth Development Agency. He serves on the Broad Based Black Economic Empowerment (BBBEE) Council chaired by President Jacob Zuma that was established in December 2009. He is also the Vice President of the Pan African Youth Union, a structure of the African Union.



Yershen Pillay | Deputy Executive Chairperson

Yershen Pillay is a Social Sciences graduate from the University of Cape Town (UCT), who majored in Politics and Economics. He has experience in the research and management of student affairs having worked at UCT as a Student Development Practitioner. Yershen held various leadership positions including actively getting involved in setting up and developing ANC structures at UCT, serving as the UCT SRC Secretary General and Member of the University Senate Committee. In 2005 he was the recipient of the UCT Deputy Vice-Chancellor's Leadership Award. He is a former National Executive Committee member of the South African Union of Students (SAUS). Yershen currently serves as the Chairperson of the Young Communist League of South Africa and in the Human Resource Development Council of South Africa.



Francois Slabber | Non-Executive Director

Francois Slabber is a graduate from UNISA with a background in Economics, Political Science and Business Management. He is a former First Team rugby and cricket player and has worked as a manager of irrigation in the farming sector. He currently conducts research for the Freedom Front Plus. Francois is passionate about youth development and the role that the youth can play in South African society. He serves as the Deputy Leader of the Freedom Front Plus Youth.



Innocentia Motau | Non-Executive Director

Innocentia Motau is the Chief Executive Officer of Xpanse Investments (Pty) Ltd, with an engineering background. She has worked extensively in the areas of Project Management, Corporate Finance as well as Maritime Engineering, servicing both the public and private sectors on infrastructure development projects. Her professional highlights include the following:

- Investment Officer – Development Bank of Southern Africa;
- Non-Executive Board Member – National Youth Development Agency;
- Non-Executive Board Member – Saatchi and Saatchi;
- Executive Director – Shosholoza Operation; and
- Serving on the Technical Committee of the Job Creation Trust focusing on community and youth business development and nationally, for job-creation purposes.

Innocentia's passion for youth development is immeasurable, and she thrives on participating in projects that see young people of South Africa succeed. Entrepreneurship is her primary interest and she views it as an integral part of driving the level of poverty to the lowest level as well as a key driver that will bring about economic emancipation among the youth public of South Africa.



Maria Tshabalala | Non-Executive Director

Maria Tshabalala's educational investment has been varied, from casting (Dramatic Arts) to Computer and Business Studies. She has been giving back to the community and enhancing her skills base by volunteering at the Protea Glen Police Station. She was employed in Customer Service by Johannesburg Water until June 2009. Maria is the founder of Youth with a Vision. She has served as a member of the Provincial Executive Committee (Gauteng) for the South African Youth Council and the National Executive Committee of the IFP Youth Brigade. She is currently studying towards a Diploma in Public Management with Damelin College.



Mcebo Khumalo | Non-Executive Director

Mcebo Khumalo is currently studying for a Bachelor of Social Sciences degree at the University of KwaZulu-Natal (UKZN) majoring in Political Science with Economic History and Development Studies as sub-majors. In the past, Mcebo has worked as an educator and has run his own driving school business.

In addition to being a Non-Executive Director on the NYDA Board, Mcebo is a National Council member of Disabled People South Africa (DPSA), the South African Youth Council (SAYC), the SABC Youth Advisory Panel and the Deputy National Chairperson of Disabled Youth South Africa (DYSA). He also serves as the Provincial Chairperson of KwaZulu-Natal DYSA, and is a Provincial Executive Council member of the KwaZulu-Natal DPSA and Secretary General of the Disabled Students Organisation (DSO) at UKZN. Mcebo is a Regional Executive Council member of the youth structure in the Southern Africa Federated Organisations for the Disabled Persons (SAFODP).



Pholisa Makeleni | Non-Executive Director

Pholisa Makeleni has extensive experience in the banking sector, having worked for First National Bank for a number of years in various capacities from Sales to Personal Relationship Management. Additional achievements include being Chairperson of the City of Tygerberg Youth Development Council, Chairperson of the ANCYL Ward 94 branch, and member of the Provincial Executive Committee/ Provincial Working Committee of the ANC Youth League, Western Cape. She served as a member of the ANCYL National Executive Committee until the 24th National Congress in June 2011.



NYDA OPERATIONS EXECUTIVE COMMITTEE

NYDA Operations Executive Committee



Steven Ngubeni | Chief Executive Officer

Steven Ngubeni started his professional career as a Town Planner at Terraplan Associates. He later joined In-Site Design as a Senior Planner. He has also worked as the Director for Technical Services at Emakhazeni Municipality and recently as a Municipal Manager at Victor Khanye Municipality in Mpumalanga. Ngubeni holds a degree in Town and Regional Planning from the University of Johannesburg. He has two master's degrees' one in Built Environment, specialising in Property Valuation and Economics, from the Nelson Mandela Metropolitan University, and another in Development Studies, from the University Port Elizabeth. He has also completed a Doctoral Research Programme with the University of Stellenbosch. He is currently completing a master's in Public Administration at the same university, with his research focusing on performance management and youth development. Ngubeni is also an activist, having joined the Congress of South African Students in primary school and led the South African Youth Council in Nkangala District, Mpumalanga. He has served in both the ANCYL and the ANC at various levels. He is currently the Deputy Secretary General of the ANCYL until the 24th National Congress in June 2011. Ngubeni serves on various boards and councils, including the Mpumalanga Town Planning and Townships Board and the Mpumalanga Heritage Council.



Sello Nkoane | Acting Chief Financial Officer

Sello Nkoane is the Acting Chief Financial Officer at the NYDA. Previously he worked for Umsobomvu Youth Fund (UYF), which he joined in February 2002 as a Finance Officer. He was promoted to Finance Manager and then appointed Acting Chief Financial Officer in May 2007. Prior to joining the UYF, he worked within the private sector for six years in the Financial and Management Accounting fields. He holds a National Diploma in Cost and Management Accounting from the Tshwane University of Technology (formerly Technikon Northern Transvaal), and is currently completing his Bachelor of Accounting Science degree with the University of South Africa. (Mr Nkoane resigned during the financial year under review.)



Bongani Magongo | Divisional Director: Research, Monitoring and Evaluation

Bongani Magongo holds a BSc from North Carolina Central University (USA), and an MPH from the University of the Witwatersrand. He has lectured at the University of Witwatersrand and conducted several research studies on health policy and health systems. He has also worked for the Health Systems Trust and CADRE as a Senior Researcher. Over 15 years as a researcher, he has published over 20 monographs and journal articles on health systems, policies and monitoring and evaluation. He was the founder Board member of the South African Monitoring and Evaluation Association and an expert panel member for the African Evaluation Association that developed the African evaluations guidelines.



Clayton Peters | Divisional Director: Skills Development and Transfer and National Youth Service Unit

Clayton Peters has worked extensively in the youth and international development sectors over the past 15 years. He is completing his Master’s degree in Development Management at Wits School of Public and Development Management. He founded and was the CEO of the Youth Development Network. Under his leadership, the network extended its programming to 13 countries in the SADC region. As editor of South Africa’s first journal on youth development, he has written extensively about youth development. Working on a United Nations project on youth employment has given Clayton considerable global experience. He has worked in Africa, Asia, the Middle East and Latin America. Clayton was a Director at YouthBuild™ International, based in Boston, USA and responsible for developing new programme areas around the globe. With a team of researchers, he conducted in-depth research on global youth employment models for a World Bank–related study. He was appointed as Divisional Director for Skills Development and Transfer and specifically directed the National Youth Service Programme.



Daniel van Vuuren | Divisional Director: Service Delivery Channel

A law graduate from the University of the Free State, he started his career by serving articles of clerkship with Rossouws Attorneys. He subsequently joined the Office of the Presidency, where he was one of the architects of both the legislative environment and the policy framework governing youth matters. While at the Presidency, he was a national youth commissioner responsible for youth policy development, legislative review and inter-governmental coordination, particularly within the Justice, Crime Prevention and Security (JCPS) cluster. Daniel has also worked in Europe and the Middle East in various advisory roles to foreign governments and public institutions. During his tenure in the Presidency, he represented the South African government in different bi-national and multi-national fora and addressed diverse international conferences on invitation.



Edgar Mahura | Divisional Director: Information Communication Technology

Edgar Mahura started his career by serving articles at Deloitte & Touche in Pretoria, before joining Deloitte’s Computer Assurance Services division as a consultant. He then joined Daimler Chrysler South Africa (DCSA) as a Project Manager implementing SAP. He later set up the Programme Management Office to manage all DCSA internal projects. Edgar went on to set up his own project management consulting business, before joining UYF as a Project Manager. He moved to head up the Information Communication Technology division, a position he currently holds at the NYDA. He has a Bachelor of Commerce degree from Rhodes University.



Gugu Mjadu | Divisional Director: External Communications and Corporate Affairs

Gugu Mjadu is a Bachelor of Arts graduate from Wits University with majors in International Relations and English. She has a Bachelor of Arts Honour's degree in Political Studies from the Rand Afrikaans University (now University of Johannesburg). Gugu is currently completing her research for the Postgraduate Diploma in Marketing with the IMM Graduate School of Marketing. Gugu has over 10 years' experience in the public and private sectors. Her areas of expertise include Administration, Project Management, and Communications Strategy Development and Implementation.



Margaret Tleane | Divisional Director: Policy, Lobby and Advocacy

Margaret Tleane holds a Master's degree from the University of the Witwatersrand, where she specialised in Policy Studies. Upon completion of her degree, she was employed as a Researcher in the Education Faculty of the Witwatersrand University. She then did part-time tutoring on Research Methodologies at the University of Pretoria. She has published journal articles in the areas of Education Effectiveness and Policy Issues in South Africa. Her experience in Youth Development dates back to 2003 when she joined the then Gauteng Youth Directorate as a head of Policy, Research and Monitoring. Subsequently, she moved to the National Youth Commission as the head of Policy, Research and Programmes and spearheaded the process of developing the Integrated Youth Development Strategy which gave birth to the establishment of the NYDA. She was also part of the team that oversaw the development and adoption of the National Youth Policy 2009–2014 by Cabinet.



Moipone Molotsi | Divisional Director: Business Development Services

Moipone Molotsi is employed by NYDA as Divisional Director: Business Development Services. She is responsible for the following programmes: Business Consultancy Services Voucher Programme, Business Opportunities Support Programme, Jobs and Opportunities Seekers Programme, and the Volunteers in Action Mentorship Programme. She was previously employed by the Department of Economic Development as a Chief Director responsible for eight implementing agencies responsible for economic development programmes in Gauteng. She has extensive experience in community and enterprise development, legislative environment, policy development, organisational development, management of funding processes, monitoring and evaluation. She holds a BA Education degree, a Postgraduate Diploma in Management from Wits University, and a Master's degree in Business Administration from De Montfort University.



Mzwabantu Ntlangeni | Divisional Director: International Relations and Partnerships

Mzwabantu Ntlangeni previously worked for the National Development Agency as a Programme Manager. He was previously involved with a transitional funding institution, the Transitional National Development Trust (TNDT), before the formation of the National Development Agency (NDA), where he held various positions including General Manager. At the NDA he was appointed Programme Manager and was responsible for the overall management of the grants portfolio, before joining UYF in 2002. He holds a Bachelor of Commerce degree from Rhodes University.



Ncedi Hluyo | Divisional Director: Human Resource Management

Ncedi holds a BA Honour's degree in Industrial Social Work Specialisation from the University of the Witwatersrand, and is a trained and experienced Social Worker and Education and Training Development Practitioner. She worked for the then Anglo Alpha Ltd as an Employee Wellness Manager for five years and as a Social Worker for the Association for the Physically Disabled for over two years. In 1994, Ncedi became involved in training at Primeserv, and was later appointed as a Manager of the Siyakhula Trust founded by Primeserv. In June 2002 she joined UYF as the Capacity Building Manager and was promoted a year later as the Divisional Director. She currently heads up the Human Resources Management Division at the NYDA.



Sanjay Hargovan | Risk Manager

Sanjay Hargovan was appointed Risk Manager of the NYDA upon its inception. He completed his BCom Accounting and a Postgraduate Diploma in Management Accounting at the University of Natal. He is has completed the Programme in Risk Management at UNISA's Centre for Business Management. He is a member of the Institute of Risk Management South Africa (IRMSA). He has nine years' experience in the Accounting profession, which has given him insight into the field of Enterprise Risk Management, and six years' experience in Risk Management. He has nine years' experience in the public sector, specifically public entities. Prior to joining the NYDA, he served with the United Pharmaceutical Distributors and the National Lotteries Board.



Stieneke Samuel | Acting Divisional Director: Enterprise Finance

Stieneke Samuel is a specialist in Development Finance, having been involved internationally in the sector. Her experience spans over 16 years and is inclusive of work done in the private sector, non-governmental organisations and government services. Stieneke holds an MBA from the University of Pretoria and a Bachelor of Commerce degree (BCom) from UNISA. She also qualified for a CAIB from the Institute of Bankers South Africa. Stieneke is currently the General Manager: Enterprise Finance at the National Youth Development Agency, where she is tasked with management of the Micro-finance and the Small and Medium Loan portfolio as well as supporting the introduction of rural finance.



Teboho Sejane | Business Strategist

Teboho Sejane holds an Honour's degree in Industrial Sociology from Wits University. She also completed the Executive Education Programme: Nepad African Leadership Programme at the Wits Business School. She is part of the InterAction programme run by the British Council, a network of leaders in 19 countries across the African continent focusing on strengthening leadership skills on the continent. She has worked in the development sector for the last 13 years, which included working in six Southern African Development Community countries (Lesotho, Botswana, Swaziland, Mozambique and Zimbabwe) while at the Kellogg Foundation. Teboho worked for the NDA as Senior Manager: Economic Development before joining the UYF in July 2005 as Manager: Process Cycle Management. She currently holds the position of Business Strategist within the NYDA.

NOTES:

Michael Mashinini CA(SA) was the Acting Chief Financial Officer from 1 January 2011 to 31 March 2011. He resigned effectively from 31 March 2011.

Daphney Chuma was Divisional Director: Public Sector and Government Communications until 30 June 2010 when she resigned.

Freddie Brintjies was Divisional Director: Enterprise Finance until 31 July 2010 when he resigned.



Andile Lungisa | Executive Chairperson
National Youth Development Agency

EXECUTIVE CHAIRPERSON'S REPORT

Executive Chairperson's Report

The first thing that comes to mind about the 2010/2011 financial year is that South Africa hosted the first World Cup to be held on African soil. What is pleasing is that the National Youth Development Agency (NYDA) played a role in making the event a success. In partnership with the Local Organising Committee and other partners, the NYDA assisted in the recruitment and training of volunteers for both the Confederations Cup and the World Cup.

In addition, the NYDA partnered with the South African Football Association (SAFA) to conduct a four-week youth mobilisation campaign aimed at teaching communities about national symbols and the importance of national pride. The mobilisation campaign, conducted by thousands of young volunteers, formed part of the 2010 Soccer World Cup Legacy Programme. Kudos to all South Africans who braved the cold winter nights and the volunteers who gave their time. Viva Bafana Bafana!

The financial year under review also got underway within the backdrop of our country experiencing its first recession in 17 years, coupled with a global economic crisis that cost the economy about 900,000 jobs. In a country where the majority of citizens are young people, such a misfortune is likely to impact largely on the young.

Fortunately for the NYDA, the structures that we put in place during our first year of establishment helped us to deal with the impact of such occurrences as the recession and the global economic crisis with a sense of preparedness. Guided by the National Youth Development Agency Act, No. 54, 2008, on the establishment of the various Committees of the Board, we accordingly set up such committees as the Executive Management Committee, Credit Risk Committee, Human Resource and Remuneration Committee as well as an Audit Committee, in accordance with Treasury guidelines regarding the formation of Audit Committees as provided for in section 77 of the PFMA. These aforesaid committees have been very efficient in assisting the Board perform its functions with ease.

At a more external level, in getting ready to carry forward the work of improving the lives of young people and championing their interests, we first had to ready ourselves in terms of understanding the magnitude of the challenges with which we are confronted. Through our research, monitoring and evaluation efforts, the organisation was able to make an accurate situational analysis in order to influence policies that will improve the lives of young people. This we did while understanding that the complexities of challenges facing young people should be resolved through an informed professional process. The Status of Youth Literature Review Report that we conducted through our Research Unit accordingly gave us an indication of the enormity of the work that lay ahead.

Confirming that unemployment is one of the biggest challenges facing South Africa, the Review Report indicated that of the 25% unemployed South Africans about 70% belong to the cohort classified as youth, which encompasses ages 14–35. The Report also gave a breakdown that suggests that, while discouraged job seekers of the ages 15–24 fell from 33.9% in Q1 of 2010 to 31.1% in Q1 2011, those in the 25–34 age group increased from 31.2% to 32.8% for the same period. The report further identified three specific areas as possible reasons for youth unemployment in South Africa, being Structural Unemployment, Supply and Demand as well as Education and Training.

This analysis therefore gave us an indication of how we should approach our work as part of developing our Annual Performance Plans, wherein we were able to set ourselves targets for the year under review. As part of ensuring a coordinated and mainstreamed approach, it became important that we strengthen the presence of the NYDA in provinces. This resulted in a subsequent appointment of Provincial Advisory Boards (PABs) in all the nine provinces. The PABs consist of seven members who act on an advisory capacity to the NYDA Board of Directors on matters pertaining to youth development. They further advise the NYDA Board on provincial priority programmes in respect of youth development, and promote a standard approach by government departments, private sector and non-governmental organisations on youth development issues in the various provinces. The work undertaken by this group of dedicated and committed young people has helped ensure that the mandate and presence of the NYDA filters down to the provincial level. When establishing the PABs, we urged all Premiers and Provincial Governments to give their full support to the PABs to ensure that they functioned optimally. We are happy and thankful to those provincial governments that have heeded the call in respect and recognition of the importance of making the development of young people a priority.

Linked to their work has been a successful provincial consultation process on the finalisation of the Integrated Youth Development Strategy (IYDS), which will provide a guideline on youth development efforts across sectors of society, including government, private sector and civil society. As part of ensuring that there is consistency in terms of the approach towards youth work in the country, the NYDA took over from the Department of Social Development the process of professionalisation of youth work.

This process seeks to ensure that youth development as a practice is formalised through qualifications registered with the South African Qualifications Authority (SAQA). This will help improve the capacity of youth workers and ensure that youth development services adequately and efficiently address the challenges faced by the youth within their respective communities.

Education remains one of the most critical areas on which our country needs to focus its efforts. It is a critical determinant of youth's skills and capacity development that enables them to gain employment and/or start their own business enterprises in the future. We have as such undertaken a number of interventionist programmes that seeks to promote the enrolment of young people in schools as well as develop their skills aptitude.

To this end we have enrolled over 2,000 young people in the National Senior Certificate Second Chance programme to assist them to acquire matric certificates. Furthermore, a number of disadvantaged schools have been supported with donations of mobile science laboratories to help increase the enrolment and performance of Physical Science learners. We also supported female learners from disadvantaged schools with free sanitary towels, an initiative which was implemented in four provinces. The NYDA is looking at sustaining the programme through linking it with the educational needs of female learners. Research evidence shows that many girls in developing countries drop out of school or start skipping classes more or less around the time they reach puberty. As such, we hope that through this project we will help to minimise the chances of female learners skipping school due to challenges with puberty. We will spare no effort in ensuring that the youth of our country

are encouraged to attend and remain in school until they acquire the necessary grades to enable them to access Higher Education, including Further Education and Training Colleges.

During the National Student Financial Aid Scheme (NSFAS) review process led by Professor Marcus Balintulo, the NYDA with the South African Union of SRCs convened a student colloquium wherein we made a number of recommendations to improve the administering of the fund. One of the recommendations was that despite the significant increase in government funding allocated to NSFAS, the scheme has not been able to extend its reach to the increasing numbers of students whose family income is above the current NSFAS eligibility threshold but who cannot afford to access higher education without financial aid. We further called for the removal of blacklisted students from the Credit Bureau. We have continued to engage young people in activities that seek to involve them in community development as well as contribute to social cohesion. This includes over 18,000 volunteers who were recruited and trained to provide support during the successful 2010 FIFA World Cup. We are also proud to report that in 2010, as part of the 34th anniversary of 16 June, a group of young volunteers built 76 houses, symbolising the year 1976, for indigent families in Ivory Park, in Johannesburg.

The NYDA has also expanded over the past two years, increasing its network to 144 access points across all provinces, resulting in increased accessibility to more young people. Most of these have been made possible by the generous support of municipalities who avail their infrastructure. Our work of facilitating youth access to business funding continues and includes other initiatives that are aimed at promoting the much needed entrepreneurship culture among our young. As part of this work we supported an SABC 1 reality TV show, Rize Mzansi, through provision of entrepreneurship development content as well as funds. We are happy that two young female business owners who won the cash prize are doing very well in their business. More young people continue to benefit from both the financial and non-financial support that the NYDA offers.

I am therefore pleased as the Executive Chairperson of the NYDA Board to express, as my humble view, that despite our various challenges, we are making an impact on issues that affect young people.

Understanding that we would be doing ourselves and the youth of South Africa a disservice if we were to develop our own youth with a total disregard for the conditions of other youth in neighbouring countries or without drawing lessons from international youth organisations, we then gathered about 15,000 young people from across the length and breadth of the world in December 2010, during the 17th World Festival of Youth and Students. The World Festival gave young people from around the world representing 140 countries an opportunity to discuss critical issues in an effort to finding lasting solutions to world challenges. It also created a platform for young people to network and exchange ideas on a variety of pressing issues such as unemployment, education, the rights of the child, fighting racism, migration, xenophobia, women's rights, human rights and the rights of indigenous people, HIV/AIDS and many other topics.

There were 19 sessions held every day and they came in the form of seminars, workshops and conferences. These gatherings were attended and addressed by youth leaders from all the countries represented at the World Festival. The recommendations presented through the World Festival Declaration are shared with various world governments including through the United Nations.

We are pleased with the commitment made by the South African government that the resolutions of the World Festival will find expression in the programmes and policies of government as well as in multilateral institutions of the world. After all, our country owes much to the solidarity of other countries during times of struggle. To this end, on behalf of the NYDA Board, I would like to extend much gratitude to President Jacob Zuma, Minister Collins Chabane and Deputy Minister Dina Pule for their continued political guidance and support. I thank all Board and Board Committee members of the NYDA for their tireless efforts. Appreciation also goes to the Chief Executive Officer of the NYDA, Steven Ngubeni, whose leadership continues to steer the NYDA administratively in the envisaged direction. I am grateful to all our stakeholders and partners for working with us to tackle the challenges of youth unemployment; they must continue to support the NYDA in this journey. *Nangomso!*

Last but not least, I thank the employees of the NYDA for committing themselves to their work and the development of young people. If it were not for them, moving across the country attending to the needs of young people, we would not have been able to record the successes we have done. Lastly, to the youth of our country, let us all pull together and be the change that we want to see, *uzoy'thola kanjani, uhlelekoneni!*



Andile Lungisa
Chairperson of the Board
29 July 2011



Steven Ngubeni | Chief Executive Officer
National Youth Development Agency

CHIEF EXECUTIVE OFFICER'S REPORT

Chief Executive Officer's Report

Since the merger between Umsobomvu Youth Fund (UYF) and the National Youth Commission (NYC) the National Youth Development Agency (NYDA) was accordingly formed and given a bigger mandate than the two erstwhile predecessors. Since then the NYDA has made tremendous inroads in tackling youth unemployment, we have also met with a myriad of challenges including limited financial resources to meet our mandate.

During the year under review we met with a new challenge; the NYDA experienced an avalanche of negative reviews stemming mainly from media reports and statements by political parties regarding the World Festival of Youth and Students hosted by the NYDA and World Federation of Democratic Youth in December 2010. The negative appraisals extended to the questioning of success by the NYDA in meeting its mandate. Disappointingly, it seems that most of the analysts have not evaluated the mandate of the NYDA as outlined in the NYDA Act 54 of 2008 or its Three Year Strategic Plan. While we welcome the constructive criticism as it is meant to help us build a better organisation, we also appeal for guidance and innovative ideas towards addressing this broad mandate of youth development. The challenges facing youth today have an impact on the South Africa's prosperity tomorrow. We therefore plead for the subject of youth development to be divorced from political squabbles. We also invite all youth formations and parties to engage with the NYDA directly.

I remain convinced that we are on course in carrying out the mandate of ensuring that through various interventions, the lives of young people are changed for the better. It is however through our collective efforts, including government, the private sector and civil society that we will be able to make a meaningful and lasting impact to take our country forward.

To set the record straight, in its first financial year the NYDA received an unqualified audit report by the Auditor-General of the Republic of South Africa. We indicated that the NYDA was on course, we just needed more resources to expand the impact with the work we are doing. This request was not heeded as no improvement on the allocation was realised to this date. There has been no justification for this since the same organisation that could not be granted the allocation, inherited the staff and systems of the former UYF and NYC hence "the capacity" still remained.

It should be noted that the due diligence conducted by National Treasury on both UYF and the NYC recommended that for the NYDA to operate optimally and to make it a successful project, it had to be capitalised by R600 million on an annual basis. For 2010/11 MTEF submission the NYDA requested R930 million however the organisation was allocated R370 million which is 39% less than the recommended amount; the organisation received a R385 million budget allocation for 2011/12 MTEF. This has not discouraged the hard working leadership and staff of the NYDA from doing what is most needed by the youth of South Africa. The audit report received speaks volumes. The NYDA also continues to engage with various stakeholders through the office of the Deputy Minister Performance Monitoring Evaluation and Administration for more funding.

For the second financial year ended 2010/2011, the Auditor-General has once again awarded an unqualified audit opinion with emphasis on only a few matters of emphasis. This is also considering the matter of the perceived "infamous" World Festival of Youth and Students. This year the Auditor-General has also advised that with regards to the performance information, he has found no reason not to believe that claims we are making in relation to our performance as true and accurate.

The Performance Report for the year ended 2010/2011 is based on the approved and communicated annual plan for the same year. Parliament through its Portfolio Committees received and supported this Annual Plan. Eight Key Performance Areas (KPA's) were covered by the plan with clearly outlined objectives and indicators. Overall the performance levels were exceptionally high. Forty-two out of 49 targets were met. Most of the targets met were exceeded and the seven not met were behind with only a few points.

Under Economic Participation KPA, we aimed at creating job opportunities, provide business support and opportunities as well as finance. To that effect, we have met 10 out of 13 targets individually. It is, however, important to note that 18,038 jobs have been created compared to the targeted 14,888. Funding opportunities to the tune of R17,5 million have been accessed as opposed to the R10 million target. We were expected to approve R11 million worth in new loans and we managed to approve R41,7 million worth of loans due to the growing demand and commitment. Equally we have disbursed R35,5 million instead of the R10 million target. We have issued more loans to young people than expected, i.e. almost 13,895 against 8,150 loans were issued.

Through our Key Performance Area (KPA) on Education and Skills Development programme, we intended to improve the matriculation results, provide the youth with life, technical and business skills, and also help them with career choices. To this effect we have met all the five targets, exceedingly. However, more young people remain outside these statistics. We need more resources to decisively increase our reach.

Our National Youth Service Programme (NYS) KPA aims to give an opportunity to our youth to serve their communities while gaining skills and experience. All three targets were met and 66,063 youth were enrolled and participated in the NYS programme against the target of 50,000. A total of 49 partnership agreements on NYS, with national and provincial departments as well as municipalities, against the target of five, were entered into.

On Social Cohesion KPA, with which we aim at improving nation building and patriotism, all five targets were met. Of note is the 2010 Soccer World Cup volunteers programme. The NYDA recruited 18,048 young people to volunteer, against the target of 15,000. More workshops and engagements by the youth of South Africa will have to be organised to promote the cohesion of the youth at an early age.

With regards to the activities towards the KPA on Policy, Lobby and Advocacy we exceeded all our targets. This KPA is aimed at ensuring that other stakeholders (i.e. government departments, provinces, municipalities and the private sector) contribute and participate in youth development programmes. It also aims to contribute towards policy making. We believe that with the understanding that youth development is not just a secluded NYDA agenda, we need to allocate more resources to create a conducive environment and to get more meaningful participation.

Activities in relation to Research, Monitoring and Evaluation KPA with which we seek to increase the knowledge base on youth development, and the interventions on youth development, four out of five targets were met owing much to the inadequate staff capacity.

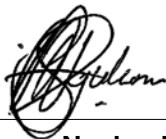
Under the Efficient and Effective Management of Resources KPA, two out of five targets were met. It is noteworthy to indicate that due to the declines to the youth applicants on the basis of lack of resources, the client satisfaction levels was slightly lower than the targeted 90% at 88.7% satisfaction level. While the Portfolio at Risk (PAR) for the SME loans rose by 10% instead of an equal decrease, this is mainly due to the nature of our clientele and how they were affected by the economic downturn. As the NYDA we commit to enhance our mentorship support programme to entrepreneurs in order to ensure their sustainability and success. We believe that with this support, their repayment rate will improve.

It needs to be spelt out that despite the stunning performance against the targets, the fact remains that compared to the magnitudes of the youth challenges, our interventions are but a drop in the ocean compared to the extent of the challenges and backlogs in relation to youth development as required, justifiably by the youth of South Africa.

It is a known fact that 4,1 million young people lie idle, without work or economic occupation. About 500,000 more youth are injected from the school system every year into the economically active, and particularly into the unemployed. Any intervention and resource allocation needs to be focused directly on the decisive reduction of these youth development backlogs and others. Until more resources are injected to deal with youth development challenges and increase the intervention targets to decisively erode the backlogs, the youth will continue to complain and protest against any meager intervention.

We remain optimistic of a better future. We believe that the youth shall be their own liberators from the bondage of unemployment, lack of skills, poverty, health and well-being challenges, social fragmentation and many other challenges facing them. We also embrace government's view that this is a time to work collectively and embrace the potential of unemployed young people.

In conclusion, I would like to extend our gratitude to Minister Collins Chabane and Deputy Minister Dina Pule for their guidance. I thank the NYDA Board of Directors for their continued support. I further thank our stakeholders and partners including in Parliament, government, municipalities and the private sector for their continued support. We look forward to forming and sustaining more partnerships to ensure that jobs are created through meaningful economic transformation and inclusive growth. I am grateful to the NYDA staff for their service and dedication. Lastly I thank the youth of South Africa for being our guiding light; we remain committed to working with you for economic freedom in our lifetime.



Steven Ngubeni
Chief Executive Officer
29 July 2011

ADDENDUM

I am pleased to report that subsequent to the approval of the financial statements for the year ended 31 March 2011, the National Lotteries Board paid the final tranche being R16 million of its R40 million contribution to the NYDA for the World Festival of Youth and Students. This final payment of R16 million has not been recorded as a debtor in the financial statements for the year ended 31 March 2011 as it was a non-adjusting event that occurred subsequent to the approval of the financial statements. This is good news as it means that the NYDA has met all the requirements as set out in the agreement with the National Lotteries Board for the World Festival.

I would also like to indicate that the matter of outstanding payment to the transport service providers for the World Festival, reported in the disclosure notes to the financial statements as a contingent liability, was resolved post financial year-end. The NYDA and the City of Tshwane have agreed that each contribute 50% of the outstanding amount in order to settle the debt of R5, 7 million owed to the transport service providers. The NYDA will therefore contribute R2, 8 million towards settling the debt.



OPERATIONAL REVIEW REPORT

Operational Review Report

Operational review against Key Performance Areas

1. Introduction

The National Youth Development Agency has completed its second year anniversary and its operations have been consolidated to sustain youth development in South Africa. The main mandate of the NYDA is to mainstream and integrate youth development in all sectors of society. While the mandate may be vast for one organisation, the NYDA recognises that it is not a panacea for youth development and thus works with stakeholders from all sectors in the implementation of youth development programmes. As a result, the NYDA has contributed in a number of the government priorities, these include the quality of basic education, decent employment through inclusive economic development, skilled and capable workforce to support an inclusive growth path; creating a better South Africa and better world with vibrant, equitable and sustainable rural communities and an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.

This financial year the NYDA has continued to implement its programmes within the eight (8) Key Performance Areas (KPA) adopted by the NYDA Board, which are economic participation, education and skills development, national youth service, social cohesion, information and communication, policy, lobby and advocacy, research monitoring and evaluation and effective and efficient management of resources. The KPAs have given solid foundation and focused the strategic direction that the NYDA has taken to address the needs of young people in the country.

There are a number of success stories that have been documented through the delivery of services by the NYDA; at the same time there have been a number of challenges that the NYDA has faced during the financial year. Most of the challenges faced by the NYDA have been due to low budget allocation compared to original submission and programmes planned, this has resulted in the NYDA's curtailing its operations to function within allocated resources. Under-allocation of funding for the NYDA has persisted despite the fact that the NYDA has increased its functionality in order to effectively respond to its statutory mandate. This has affected the ability of the NYDA to rapidly increase its coverage and quality of programmes.

The operational review section of the annual report covers the current financial year, but also compares the performance of the NYDA with its first year operational outputs. In general, the NYDA has performed far better than the previous year - 2009/10 financial; in which out of the 68 key performance indicators, only 15 were met; representing a 22.1% achievement rate. In the current financial year 2010/11, out of a total of 49 key performance indicators; 42 were achieved. This represents an 85.7% achievement rate, a 63.6% increase from the previous financial year. This is a strong indication that the NYDA is quickly maturing and gaining its operational momentum.

2. Economic Participation

The economic participation key performance area contributes to the government priority area number 3, which is the provision of "decent employment through inclusive economic path". The programmes of the NYDA under this KPA include interventions that seek to assist young people to gain meaningful employment and to start and grow their business so that they actively participate in the mainstream economy and its activities in the country.

2.1 Job creation programmes

Job creation is the major focus of the NYDA. The approach adopted for job creation includes placing young people in employment opportunities available in the open labour market by utilising the NYDA JOBS linkage database. The other approach is the creation of jobs through small business support programmes, an approach that has proven to create a large number of sustainable jobs, particularly in the case where the sustainability mechanisms within the programme are strong. Self-employment is therefore a strategic solution for unemployment, especially for those young people who may not have the necessary skills to compete in the labour market terrain.

In the current financial year, the NYDA had targeted to create a total of 14,888 jobs through its economic participation programmes. These comprised 1,950 jobs created through the business support voucher programme; 938 self-employment opportunities created through the funding of young people through the group loans micro-financing scheme; 10,500 self-employment opportunities through the micro-loans; and 1,500 employment placements through the JOBS database programme.

Table 1: Number of jobs created for youth in various NYDA programmes		
KEY PERFORMANCE INDICATOR	2010/2011 TARGET	YEAR ACHIEVEMENT
Jobs created through business support voucher programme	1,950 jobs created	2,456
Self-employment jobs created through group loans	938 jobs created	384
Self-employment jobs created through micro loans	10,500 jobs created	13,843
Jobs facilitated through placements in job opportunities	1,500 jobs placements	1,355
TOTAL JOBS CREATED		18,038

The NYDA programmes this financial year managed to create 18,038 jobs for young people. These jobs were created through job placements, and self-employment through funding youth businesses to start or expand their business. Jobs created through self-employment initiatives such as the micro-financing programme accounted for a total of 14,227 jobs, which exceeded the target of 11,438 set for the year under review. Both the targets of jobs created through the business vouchers and job placements were also exceeded in the financial year.

Figure 1 below shows that jobs were created across all nine provinces in the country for the current financial year. However, the majority of these jobs were created in the KwaZulu-Natal, Mpumalanga and Limpopo provinces. In the Free State, North West and Northern Cape provinces, there were fewer than 200 jobs that were created. This indicates that a targeted strategy is required in order to increase the rate of job creation in these provinces.

Figure 1: Number of jobs created by NYDA programmes by province

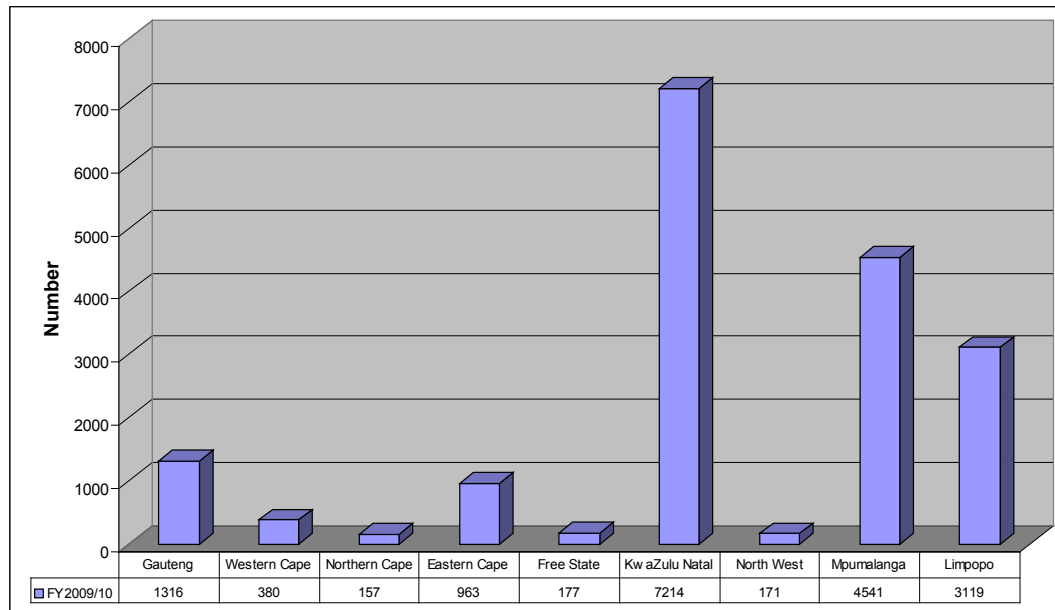
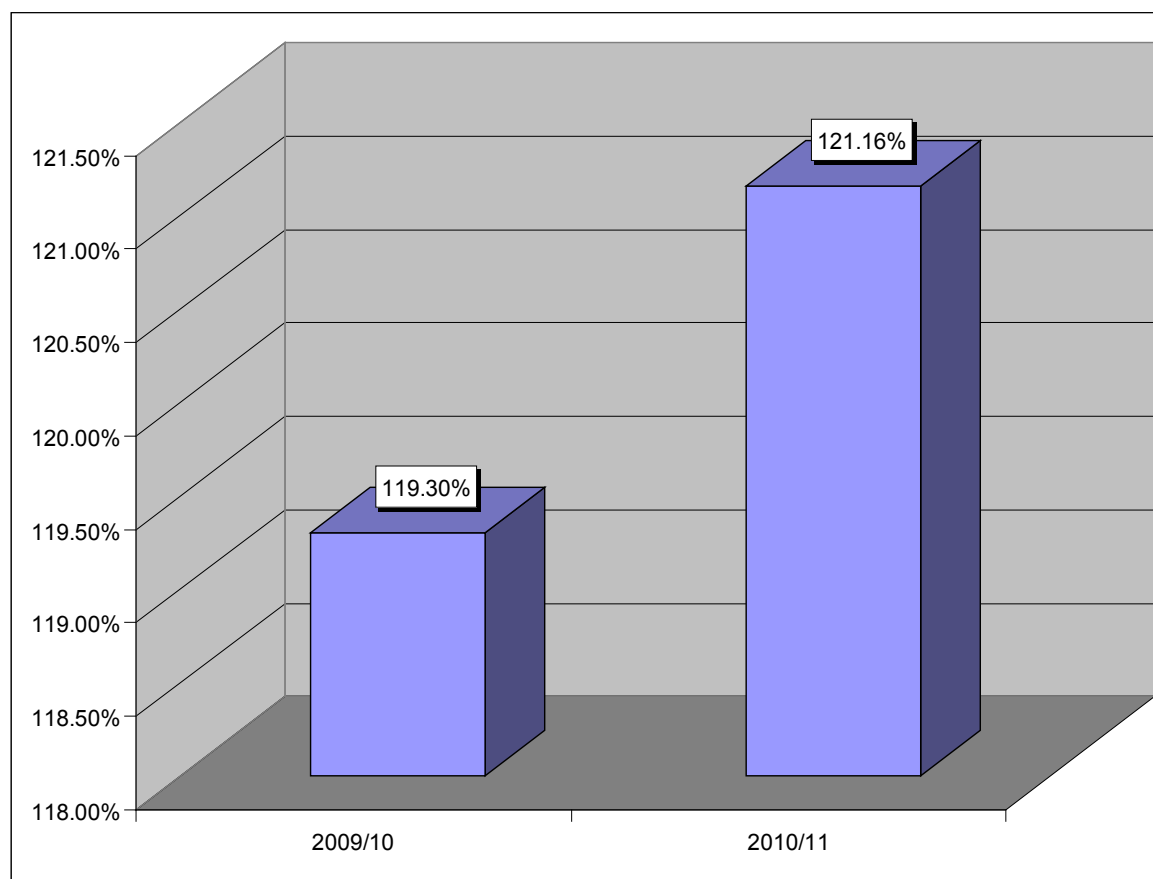


Figure 2 below shows that the NYDA has surpassed its targets for both 2009/10 and 2010/11. In the year under review, the jobs created target was surpassed by 21.1% whilst in the previous year the target was surpassed by 19.30%. This is an indication that the institution has the capacity, ability, and best practice to create jobs for the youth in the country.

Figure 2: Comparison of job creation performance proportional (%) achievements against targets 2009/10 and 2010/11



2.2 Youth entrepreneurship support programmes

Entrepreneurship programmes are the main drivers for increasing youth participation in the economy. The NYDA entrepreneurship support strategy includes programmes that provide vouchers to young entrepreneurs who want to start new businesses, expand their business, and improve operations of their businesses. The NYDA also provides mentorship for young entrepreneurs to ensure that youth-owned enterprises are sustained and grow. The entrepreneurship support programme is crucial for ensuring that young people see business as a viable alternative to formal employment.

The Business Opportunity Support Services (BOSS) supports young entrepreneurs who require assistance to be linked to business opportunities in the open business market. The NYDA links these young entrepreneurs to those business opportunities and supports them to access those business opportunities. Enterprise financing is also important in encouraging young people to venture into business. The NYDA youth enterprise financing programme assists young people to access finance, especially those requiring micro-financing. The NYDA purposefully targets those young entrepreneurs that are classified as a high risk by the commercial enterprise funders.

NYDA supporting informal entrepreneurs

Nick Motanyane is a good example of an entrepreneur who has benefitted from the NYDA's youth entrepreneurship model. Nick, who started hawking drinks and snacks at the taxi rank in Polokwane when he was still at school, says he has "business in my blood". Now 28, he has been a small trader for 11 years. After matriculating and putting himself through a human resources course at St Ignatius College, he took a job with the Polokwane municipality as an administrator responsible for coordinating part-time parking attendants at the Peter Mokaba Stadium. But he continued supplementing his small formal income through informal trading. Adding to the sale of sweets, cigarettes and soft drinks, he set up a number of public telephone kiosks next to the Indian Centre in the central city for the use of taxi commuters. The difficulty he faced, however, was that because he lives in Seshego 15 km away, he was forced to remove his stock each evening.

Then in 2009, after hearing a radio advert "advertising about how the NYDA helps people," he approached the NYDA for a R15,000 loan to buy a container where he could secure his stock overnight, install some of his phones and, over time, introduce new services such as the sale of electricity. The expansion of his business led to an immediate improvement in his fortunes. "Before I had the container I was making a profit of about R1,500. Now it's more like R14,000 or R15,000."

"I come from poor people," says Nick. "The interest at the NYDA is better – If I go to the bank they would have charged me three times as much."

He now employs four sales staff whom he "pays very well", and has been able to afford the equipment required for the sale of pre-paid power and cellphone airtime.

The impact on his private life has been significant. From a family of shack-dwellers, Nick says he has now built a five-roomed house where he now lives with his mother and his four siblings. But he is not content to let the business tick over – he has ambitious plans to move out of the street and into the formal business sector. "The container isn't completely safe; I've had two break-ins," he said. "I want to move my business inside. And I want to stop working for the council as soon as possible and work only for myself."

He has approached the NYDA for a second loan, this time of R40,000, to help him launch a small supermarket soon. "I can manage R70,000 myself; but I need more money to buy stock, shelving, counters and tills. I think I'll need to employ about nine people," he concluded.

Table 2: Economic participation: business support provided to youth

KEY PERFORMANCE INDICATOR	2010/2011 TARGET	YEAR ACHIEVEMENT
Business support vouchers issued to beneficiaries	700 business support vouchers issued	1,057
Young entrepreneurs mentored	1,000 young entrepreneurs mentored	1,000
Youth-owned companies registered with CIPRO through business voucher issuance	500 new companies registered with CIPRO.	461
Young entrepreneurs accessing tenders/business opportunities	20 beneficiaries accessing tenders/business opportunities	37
Value of funding and opportunities accessed by youth	R10 million worth of funding and opportunities accessed	R17,5 million
Value of businesses opportunities sourced for voucher recipients	R20 million worth of businesses opportunities sourced.	R78,2 million
Value of loans approved for youth entrepreneurs	R11 million in loans approved	R41,7 million
Value of loans disbursed	R10 million in loans disbursed	R35,5 million
Number of loans issued to young entrepreneurs	8,150 loans issued	13,895

2.3 Business support voucher programme

The business support voucher programme (BSVP) has been in high demand from young entrepreneurs who have made a decision to go into business. This programme has provided youth with business support vouchers to register their businesses, market their business and products, conduct market surveys and research for their business, and source expertise to assist them to set up processes and structures to ensure that their businesses perform optimally and adhere to statutory requirements of running a business in the country.

The target for business voucher support was reduced this financial year compared to the last financial year because of the limited funding the NYDA received from government. This meant that the NYDA had to limit the number of vouchers that could be processed and approved for funding each month so that it did not overspend on this activity. Despite the financial limitations, the NYDA managed to issue vouchers in excess of the target by 51%. This indicates that the NYDA has a capacity to deliver on this service to young people; however, this is provided that funding is made available by government to support this initiative. In addition, there is a high demand of this product, as evidenced by the number of young people requesting this service at the various NYDA branches. This year, 7,403 young people came to our branches looking for business support vouchers, but because of the limited funding we were only able to approve business support vouchers for 1,057 young people. Of the total number of entrepreneurs who were supported with vouchers for business plans, the business support voucher programme managed to source business opportunities for them valued at R78,2 million in the year under review.

Figure 3: Number of vouchers issued to youth entrepreneurs by province

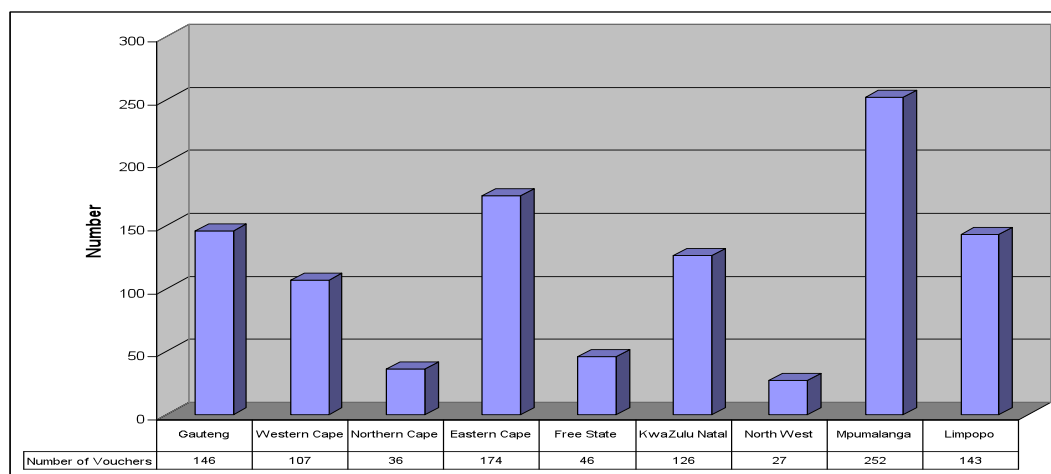
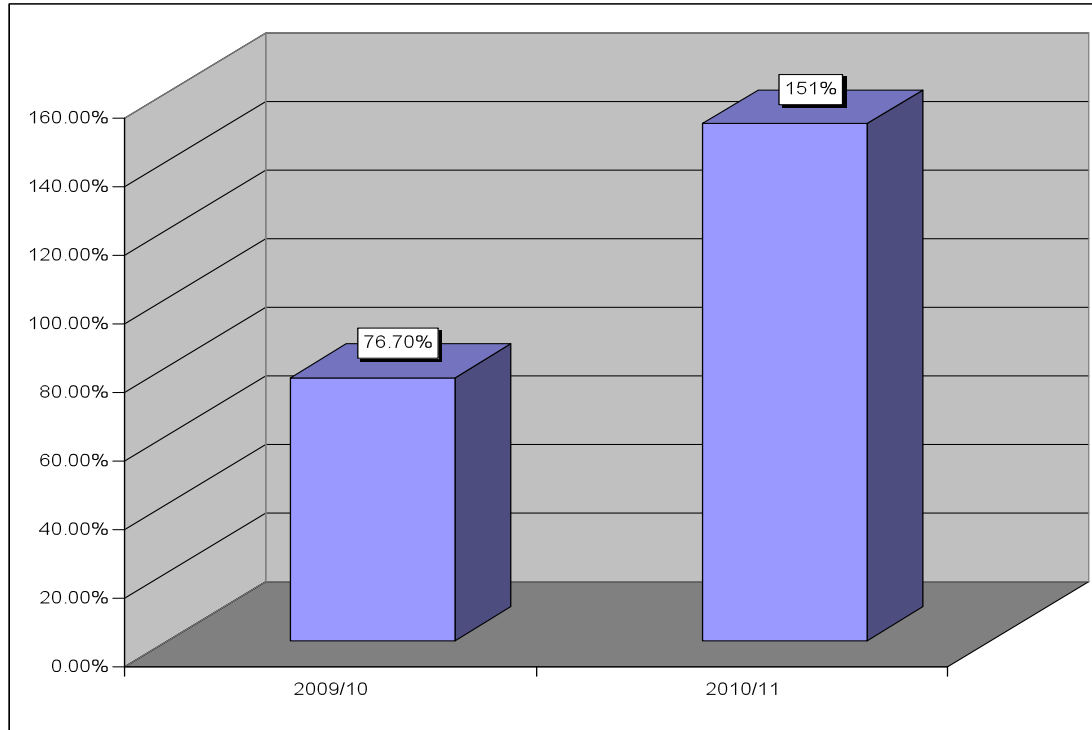


Figure 3 above shows that business support vouchers were issued in all nine provinces, with only the North West, Northern Cape and Free State provinces issuing less than 100 vouchers. The NYDA is very much aware that it would have issued more vouchers were it not for the funding allocation limitation it has faced during the year under review.

Figure 4: Comparison of voucher issued proportional (%) achievements against targets 2009/10 and 2010/11

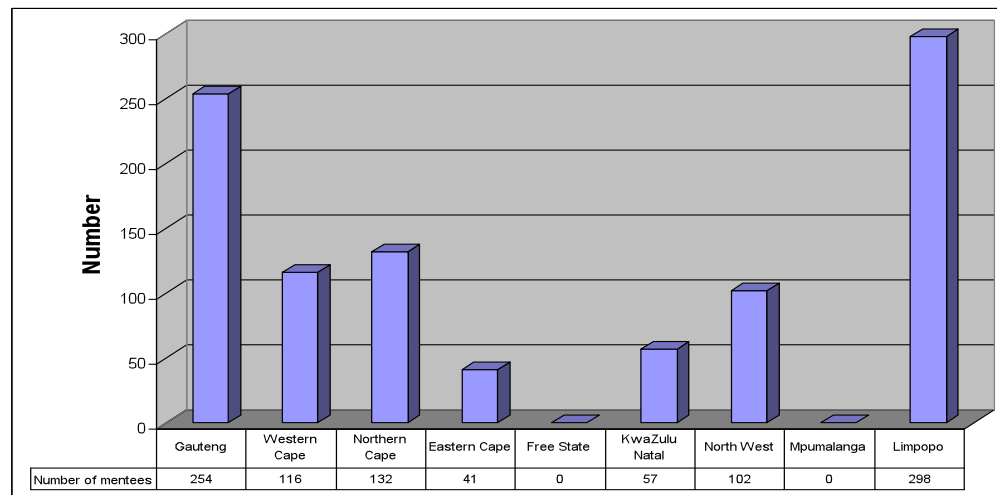


In the year under review the NYDA business support voucher programme managed to meet its target and surpass it by 51%. This shows a better performance than the previous year, during which we managed to achieve only 76.7% against the set target for that year.

2.4 Youth business mentorship support

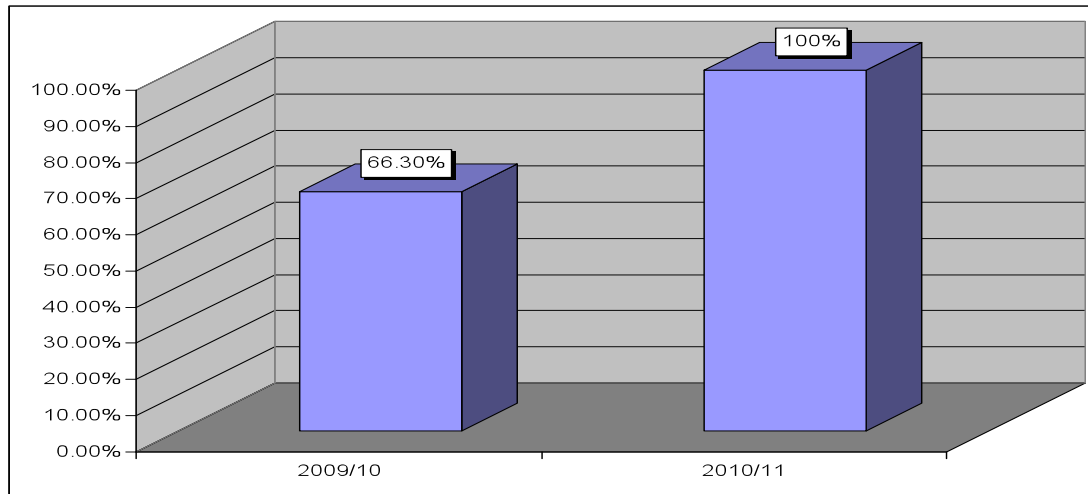
The youth entrepreneurship programmes provide mentorship to youth entrepreneurs. This programme is crucial in ensuring that young people who are entering the business world can sustain themselves through the assistance that they receive from experienced business people.

Figure 5: Number of mentees mentored by province



The distribution of mentees that were mentored this financial year did not cover all nine provinces. For example, in provinces such as Mpumalanga and Free State, there were no young entrepreneurs mentored due to lack of capacity in the NYDA in those provinces to facilitate and link young people to mentors. As the NYDA strengthens its capacity in all the provinces, the performance on linking young people to mentors will be intensified in all the nine provinces.

Figure 6: Comparison of mentees mentored proportional (%) achievements against targets 2009/10 and 2010/11



In the last financial year the NYDA managed to achieve only 66.3% against the set target for that year. However, in the year under review the mentorship support programme managed to meet its set target of providing mentorship support to 1,000 young entrepreneurs.

Volunteer Business Mentorship in Action

Mkhululi Nkosi (27) is a beneficiary of the NYDA's Volunteer Mentorship Programme which boasts a number of volunteer mentors who assist young entrepreneurs by providing first-class expert advice on how they can manage, expand and grow their businesses.

Through this programme, Nkosi has been linked with two business mentors who taught him business management skills that will assist him in running his leather goods manufacturing business. Nkosi hails from Dannhauser, northern KwaZulu-Natal. As a young boy he aspired to be a policeman because he wanted to work for government and assist other people.

"I completed my Matric in 1999 and enrolled for a six-month fashion design course at a college based in Johannesburg," says Nkosi. After completing the six-month fashion design course, the 27-year-old got a job at a shoe manufacturing business; he worked there for two years until he moved to another shoe manufacturing business where he was a supervisor. "I thought of starting my own business because I was not earning much and wanted to transfer my skills by training other people," he says.

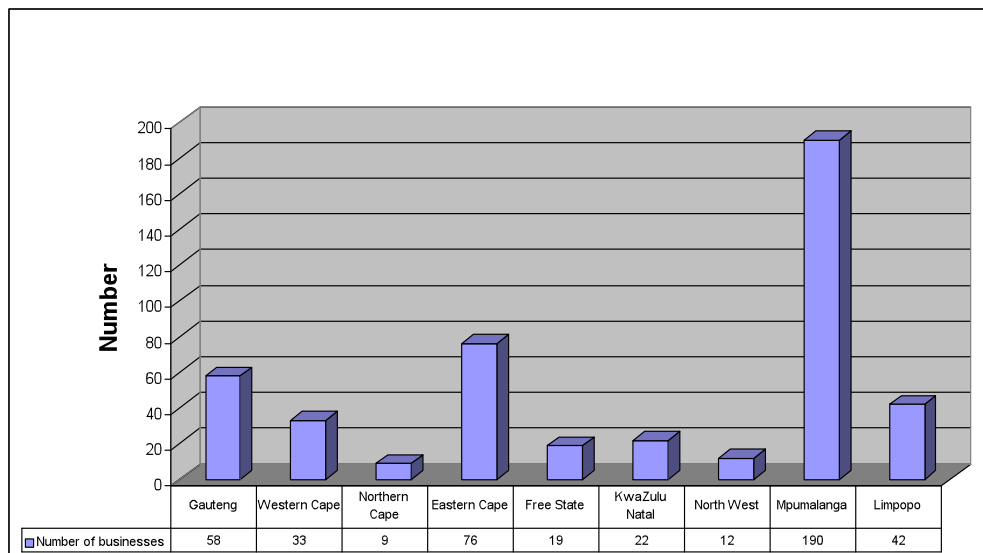
He saved up enough money to buy machinery and material and started his leather goods manufacturing business in 2005. "I have trained and worked with three temporary employees. Our leather products include shoes, bags and wallets." According to Nkosi, his business, which is based at Baragwanath Taxi Rank in Soweto, is never short of customers.

The father of one says that he meets his mentors once a month and that working with them has really improved his business, particularly with regards to managing the business finances. "Over the next five years I would like to raise more funds so that I can grow my business and buy bigger business premises. "I would like to urge any aspiring entrepreneur to educate themselves and seek out information on how to run a business," he concludes.

2.5 Registration of new youth owned companies

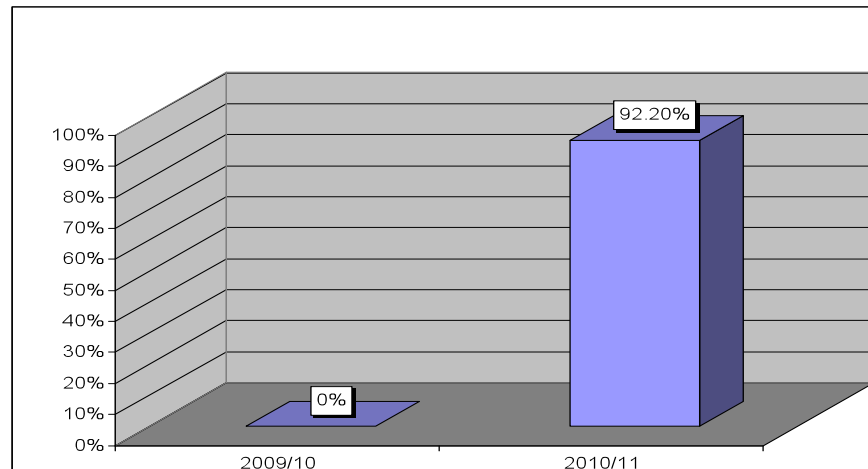
The NYDA has also introduced vouchers to support young people who are interested in the registration of new businesses with CIPRO. In its first year, the NYDA had targeted to register 500 youth-owned businesses with CIPRO. A Memorandum of Understanding (MoU) was signed between the NYDA and CIPRO to facilitate this initiative. The first year of operations saw its own challenges, particularly in relation to the setting up of systems and processes within both the NYDA and CIPRO in order to facilitate the registration of youth-owned businesses. The first two quarters did not produce any registered youth-owned companies as a result of the stated challenge of setting up the systems and processes as demanded by the MoU. Thus, the NYDA-CIPRO partnership only started to see its results by the third quarter and numbers increased substantially by the fourth quarter. Although the target of 500 registered youth-owned companies was not met, the NYDA-CIPRO partnership managed to register 461 (92%). Indications are that the programme is gaining its intended momentum.

Figure 7: Number of new youth-owned companies registered by province



As a new project for the NYDA, the uptake of the business registration service varies from province to province; however, for the Mpumalanga province, it seems that there is a higher rate of uptake for this service, in comparison to other provinces. The aim is to ensure that more young people who are interested in starting up businesses to sustain their livelihood must have easy access to register their companies anywhere in the country.

Figure 8: Comparison of new registered companies' proportional (%) achievements against targets 2009/10 and 2010/11



The support provided to young entrepreneurs to register their businesses is one of the new programmes the NYDA started implementing during the year under review. The performance against the target set shows that the target set against this programme was not met; however, the achievement against the target was over 90%. With processes in place and experience gained during the first year of implementation, the NYDA is confident that achievement against targets will improve in the coming year.

2.6 Financial support provided to youth entrepreneurs

The enterprise financing programme provides loans to young entrepreneurs to ensure that there is funding available to support their enterprises. Most of the youth funded by the NYDA are those that the commercial banks and development finance institutions (DFIs) would classify as high risk, and who would thus not be financed. The NYDA had set a target to issue 8,150 loans worth R11 million to young entrepreneurs. During this financial year, the NYDA approved 13,895 of loans for young entrepreneurs worth R41,7 million. At the end of the year under review, the NYDA had already disbursed loans to youth enterprises valued at R35,5 million, which is equivalent to about 85% of loans approved in the year. This provides a clear indication to the NYDA that young people are looking for business financial support. However, in the current financial status quo, the NYDA is unable to meet this demand.

Figure 9: Comparison of value of loans approved proportional (%) achievements against targets set in 2009/10 and 2010/11

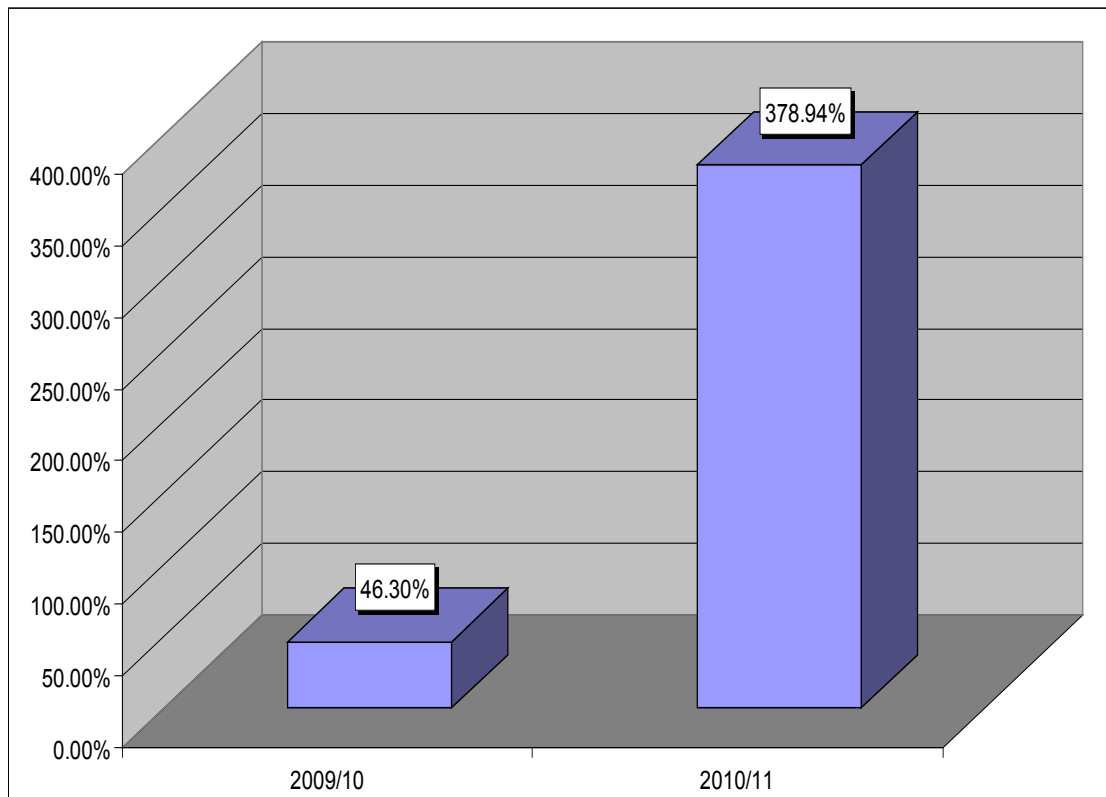
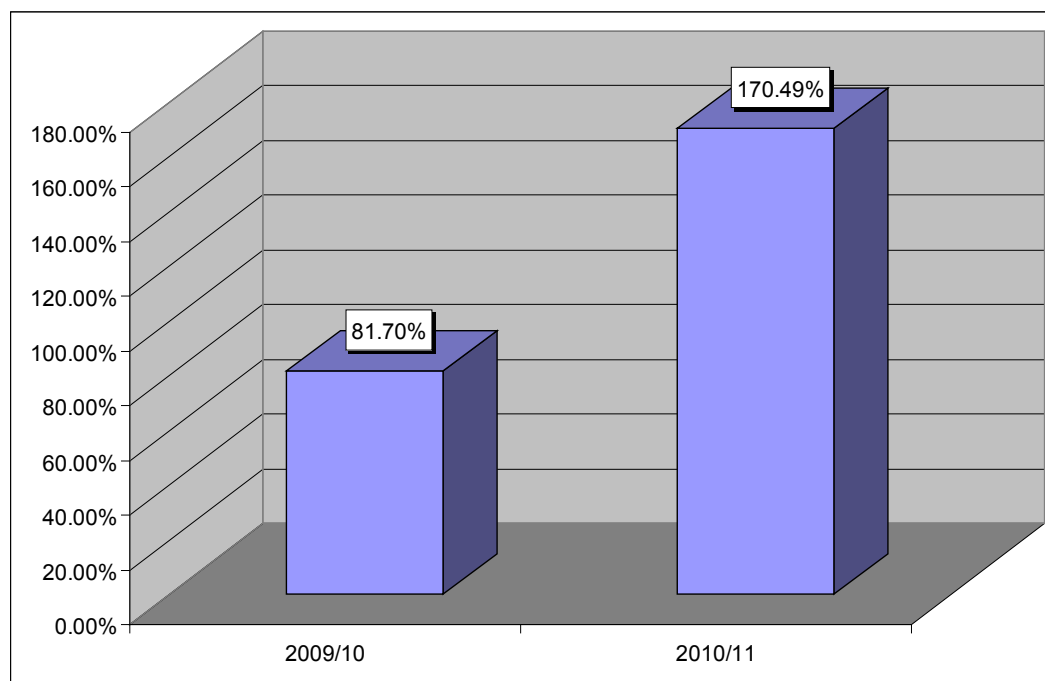


Figure 9 above shows that performance against target for value of loans issued was exceeded by 278.94% in the year under review, which indicate a far better performance against target as compared to the previous year. The majority of loans disbursed this year, were micro-loans. These have proven to have a larger impact on the numbers of young people receiving financial support as opposed to SME loans.

Figure 10: Comparison of number of loans issued proportional (%) achievements against targets set in 2009/10 and 2010/11



The number of loans issued during the year in review was 70.49% above the set target for the year in review. The NYDA issued microloans to over 3,000 youth entrepreneurs than the previous financial year. This not only shows an increase, but demonstrates the increase in the demand by young entrepreneurs from the NYDA. Furthermore, it also demonstrates the level of capacity that the NYDA has to provide financial support to the youth-owned businesses.

3. Education and Skills Development

The education and skills development programme aims to build technical, business and life-skills for the youth, steering young people towards choosing careers that are in demand by the labour market. The programme also aims to improve young people's matriculation results in order to facilitate their entry into higher education institutions, thus increasing their employability.

The NYDA implemented a number of programmes to meet the education and skills development requirements of youth. These included entrepreneurship and business management skills; job preparedness; technical skills training; experiential programmes; YouthBuild programme; career guidance programmes for in-school and out-of-school youth; and the Second Chance Matric re-write programme that seeks to provide the option for young people who failed Matric to re-write the exams.

Table 3: Number of youths provided with education and skills development support

KEY PERFORMANCE INDICATOR	2010/2011 TARGET	YEAR ACHIEVEMENT
Number of young people provided with entrepreneurship and business management skills	15,150 young people	16,656
Number of youths provided with job preparedness training	10,000 youth participated in job preparedness	12,179
Number of young people enrolled in Youth Build South Africa projects	100 young people enrolled	105
Number of young people estimated to be provided with career guidance information	400,000 estimated	446,588
Number of young people enrolled to re-write Grade 12 exams	2,000 enrolled	2,036

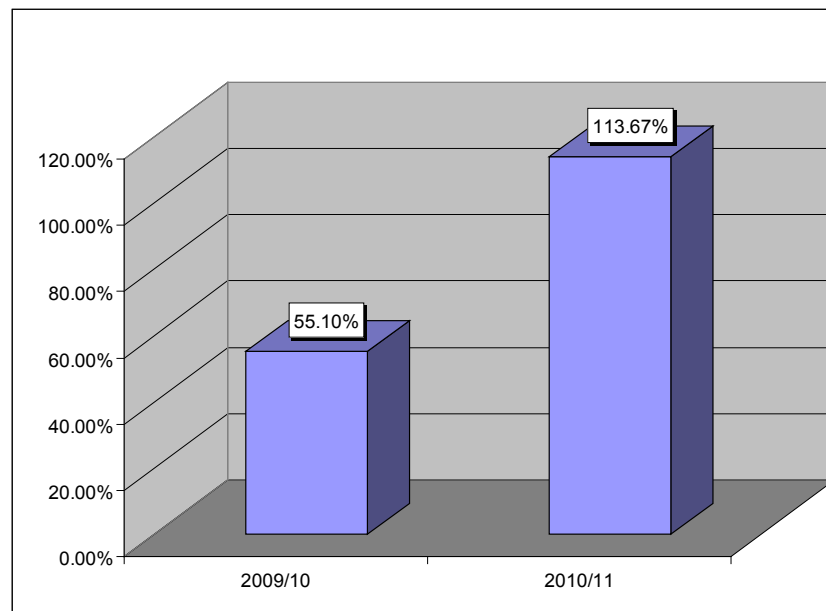
The NYDA had targeted to provide entrepreneurship and business management training to 15,150 youth in the year under review. The activity started slowly in the first quarter but picked up in the second quarter. The increase in the rate of intake in the last quarter can be attributed to the expansion of this programme, as more NYDA service points were established during this period. The figures show that the target was exceeded by 1,506 young people who attended these training sessions.

The NYDA provides job preparedness workshops for youth who are searching for employment. This programme assists and equips young people to professionally prepare and conduct themselves during job interviews, thus empowering them to excel in the job-interview process. Through this programme, young people searching for employment have a better chance of being offered the jobs that they are applying for. The NYDA had set itself a target of reaching 10,000 young people with this programme, and during the year under review 12,179 young people participated in the programme, which indicates that the programme exceeded the set target by 2,179 youths.

The NYDA started implementing the YouthBuild programme, modelled along the US YouthBuild programme. This programme provides technical skills and academic needs for young people. The programme focused on housing construction and attaining Matric. Young people received formal Matric training and conducted practical work on a number of trades in the housing and construction sector; these included bricklaying, plumbing, wiring and carpentry. After completion of the requirements the youth were tested and awarded trade certificates in the areas for which they had been trained and passed. In addition to the technical skills, those that needed to attain a Matric certificate were enrolled in additional classes that would assist them in writing Matric. The NYDA had an intake of 105 young people in the programme during the year under review.

In 2010, around 33% of young people who wrote Matric did not pass. The Matric re-write programme implemented by the NYDA provided some of these pupils with a second chance to write the Matric examination. The NYDA enrolled 2,036 young people to rewrite their Matric as a pilot project in Gauteng, Western Cape, Eastern Cape and KwaZulu-Natal provinces. The outcomes of this project will inform how the NYDA engages with the Department of Basic Education on how it can implement programmes that can provide a second chance for Matriculants who had failed Matric.

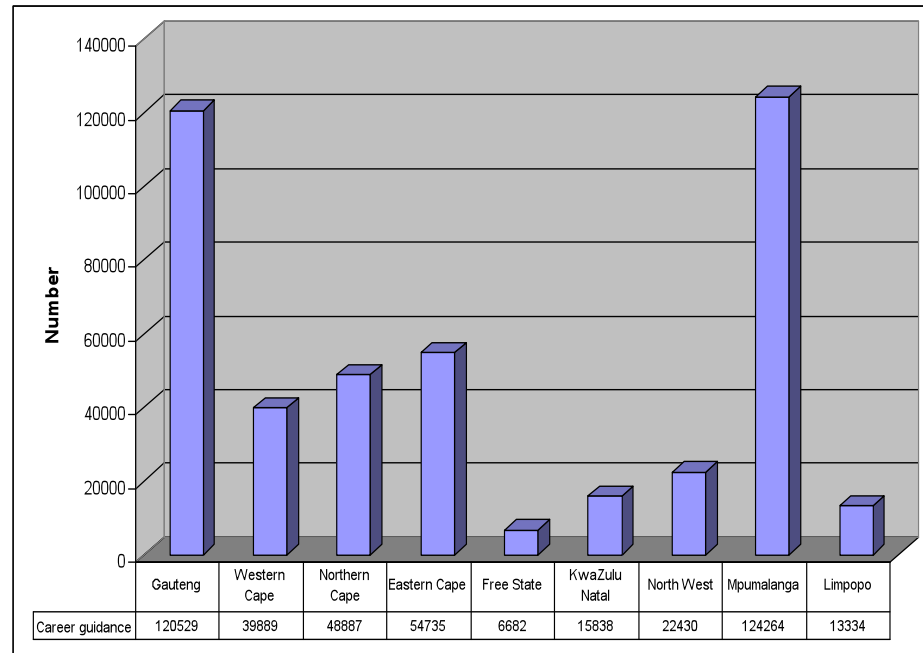
Figure 11: Comparison of youths enrolled in skills development programmes proportional (%) achievements against targets set in 2009/10 and 2010/11



In the previous financial year, the NYDA managed to achieve 55.1% against the set target on number of young people provided with career guidance information. Using lessons learned from the previous year, during the year under review the NYDA performance against the set target was exceeded by 13.67%. This shows significant improvement from last financial year performance on this programme.

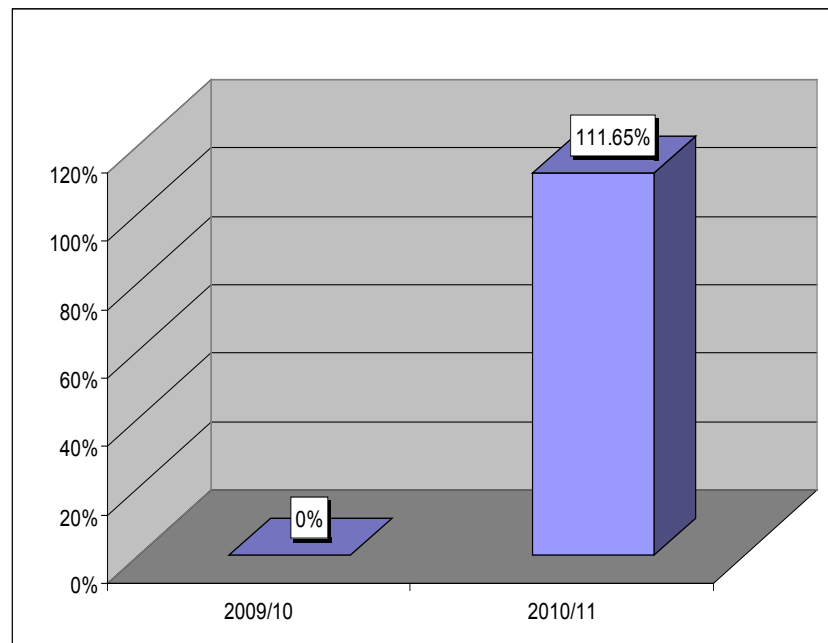
Career guidance is critical for the youth in South Africa with regard to being well informed on career choice. Given the history of the country and very weak career guidance programmes at both basic and tertiary education, many young people complete their basic education without being exposed to the variety of professions which they can choose in order to improve their livelihood. The NYDA started a mass career guidance campaign for in-school and out-of-school youth. The aim was to ensure that young people know the different career choices that they can make.

Figure 12: Number of young people provided with career guidance by province



The NYDA had targeted to reach 400,000 young people through this programme. In the year under review, the NYDA managed to reach 446,588 young people, covering all nine provinces. Additionally, the NYDA is planning to rapidly expand the reach of this programme, especially to cover rural areas where young people are not privileged enough to access this critical life-information. The achievement against this target has shown the NYDA that the organisation is capable of delivering this service to a larger proportion of young people in the country.

Figure 13: Comparison of youth provided with career guidance services proportional (%) achievements against targets set in 2009/10 and 2010/11



Career guidance as an NYDA programme was introduced in the year under review. In its first year of operation as a strategic programme, the career guidance programme performed far above its set target. The NYDA is planning to strengthen this programme to increase its coverage so that most young people in all the provinces have acceptable levels of young people being provided with career guidance by the NYDA.

NYDA Accelerated Artisan and Skills Training Programme

The NYDA has implemented the Accelerated Artisans and Skills Training Programme aimed at addressing artisan skills shortage in South Africa and implementing government's job creation plan.

After conducting an assessment, a young person could either undergo electrical, plumbing, boiler making, welding, bricklaying, carpentry, forklift, computer numerical control programming or air conditioning and refrigeration training. In addition, to increase the young people's chances of securing work opportunities, the programme also included life skills and job preparedness training.

According to the Senior Programme Manager, Innocentia Mphago, the programme is designed for historically disadvantaged unemployed young people between 16 and 35 who do not have skills to access economic opportunities. In March 2011, 100 young people from the Ekurhuleni Artisan and Skills Training Centre in Kempton Park and 150 from the Tlhabane Technical Centre in the North West completed the programme. During the programme, each learner receives a stipend to cover meals and transport costs.

Other provinces where the programme was implemented are Free State, Mpumalanga and Northern Cape.

Hailing from Burgersfort in Limpopo, Tebogo Madigage (23) is one of the learners who completed the programme, specialising in electrical training. "I got interested in this field because my brother is an electrician," she explains.

After Matric Tebogo, studied electrical engineering. On completion, she registered her details on the NYDA's Jobs and Opportunities Database. "I was ecstatic when the NYDA called me to come through for the assessment. I enjoyed the programme and would like to encourage more women to explore a career in the electrical sector because it is still male dominated." Tebogo will be looking for employment so that she can support her three-year-old child.

Through the programme, the NYDA is also communicating that in addition to finding employment opportunities, young people can create opportunities by exploring self employment. Whether they choose to conduct their businesses as sole proprietors or form cooperatives, the young people will be able to take advantage of the following NYDA financial and non-financial business support programmes and services:

- The Enterprise Finance division offers loans ranging from R1,000 to R5 million.
- The Business Consultancy Services Voucher Programme offers young entrepreneurs access to a number of business development support services such as bookkeeping, marketing, tendering support, website development and more, for just R200.
- The Volunteer Mentorship Programme links up-and-coming entrepreneurs with established entrepreneurs.
- The Business Opportunities Support Services links young entrepreneurs to emerging procurement opportunities in the private and public sectors.

Rethabile Mazibuko (23) from Benoni is one of the participants who have opted for self-employment. He specialised in computer numerical control programming and has formed a cooperative with six other young people so that they can establish a computer numerical control programming training centre. "The centre will enable us to make an income but also create employment, a major challenge facing South African youth," he says.

Rethabile studied computer numerical control programming before when he went through a learnership programme, but he explains that the NYDA programme is more practical and detailed. "I like working with my hands, so this programme was perfect for me," he says. Rethabile is also attending night classes and upgrading his maths, accounting and english results so that he can enrol for an electrical engineering degree. "I want to join industry forums so that I can network and gain more information and skills," he says.

"Equipping young people with these skills and supporting them to find or create employment is definitely a step in the right direction, in what Minister Gordhan in his 2011 budget speech referred to as the long walk to economic freedom," concludes Mphago.

4. National Youth Service

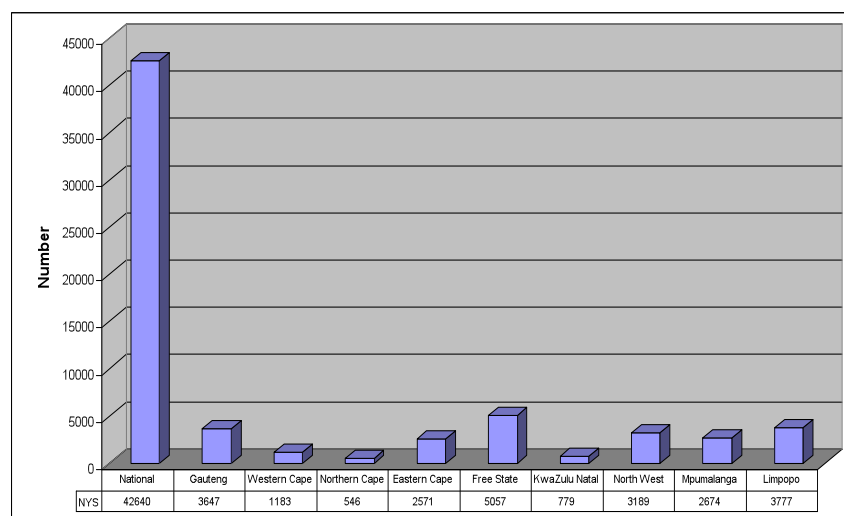
The National Youth Service Programme (NYSP) is one of the major youth development programmes implemented by the NYDA. In addition, the NYDA ensures that the NYS projects that are implemented by government are registered with the National Youth Service Unit located within the NYDA. To expand the programme, the NYDA introduced partnership agreements with National, Provincial and Local government spheres to ensure that the programme is mainstreamed and integrated in their operations. In March 2010, the NYDA entered into an agreement with the Public Service Commission to evaluate the impact of all NYS programmes implemented by government, including those implemented by the NYDA and its predecessor the Umsobomvu Youth Fund. This evaluation is critical, as it will provide an indication on how this programme has improved the livelihoods of youth who participated over the years. The evaluation report is expected during the course of the 2011/12 financial year.

KEY PERFORMANCE INDICATOR	2010/2011 TARGET	YEAR ACHIEVEMENT
Number of youth enrolled in National Youth Service Programme	50,000 enrolled	66,063
NYS projects registered with government departments	8 NYS projects registered	17
NYS partnerships signed with national, provincial and local governments	5 NYS partnerships signed	49

The NYDA had targeted to enrol 50,000 youth in the NYS programme, register 8 NYS projects with government departments and sign 5 partnerships with National, Provincial and Local government. The performance against these targets, as presented in Table 4 above, show that the NYDA met all the targets under the National Youth Service key performance area. During the year under review, 66,063 young people were enrolled in the NYS programme, exceeding the in-take target by 16,063 young people. The NYDA registered 17 government-implemented NYS projects, exceeding the target by 9 projects. Furthermore, the NYDA managed to sign 49 partnerships with government, exceeding the target by 44 partnerships. The majority of the partnerships entered into were with local government; this move is strategic for the NYDA and youth development because local government is the sphere that is responsible for service delivery. The NYDA is planning to intensify and expand its relations with local government in order to enhance service delivery and youth participation in the economy.

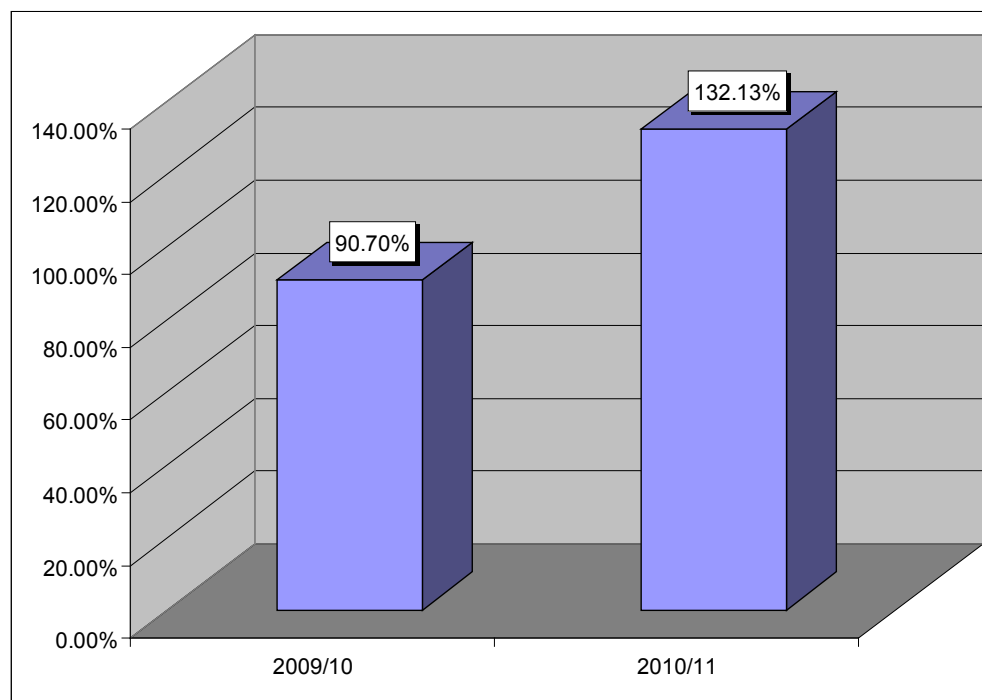
Figure 14 below indicates that most of the young people enrolled in NYS projects were at national level. A total of 42,640 young people were enrolled in these national projects; the national enrolment of NYS represent over two thirds (65.5%) of the total number of young people who participated in NYS projects in the year under review. The provincial NYS projects did not recruit as many youth as the NYDA would have liked this financial year, however, with the agreements with municipalities, this pattern will change in the next financial year.

Figure 14: Number of youth registered in National and Provincial NYS projects



The NYDA failed to meet its set target of youth enrolled in NYS projects in the previous year; however, during the year under review, NYS managed to enrol young people far above the set target. Figure 15 below shows that during the year under review the target set for the year was exceeded by 32.13%. This suggests a significant improvement in the performance against the year's target.

Figure 15: Comparison of youth enrolled in NYS proportional (%) achievements against targets set in 2009/10 and 2010/11



5. Social Cohesion

Social cohesion, similar to social capital, is a sociological construct that proposes a reciprocal relationship between the superstructure – described as community, groups, collective, society or government – and the agent, described as the individual. Simply put, this means that an individual is affected by groups, society and other collectives; at the same time, the group, collective, society or community is itself affected by the individual. The NYDA is expected to deliver services, interventions or activities that would be interpreted as contributing towards social cohesion on the part of the youth of South Africa.

The NYDA Corporate Plan extracted this definition of social cohesion from the National Youth Policy (NYP): “the process through which individuals or groups are included to participate fully in the society they live.” The National Youth Policy itself states that “social cohesion allows young people to participate and engage in activities that build their social capital and networks and strengthen the relations that bind people together. These interactions with others strengthening young people’s identities, builds their self-esteem, develops a sense of belonging, close intergenerational gaps and contributes to building a better life for all.” The NYDA constructed three objectives for its social cohesion KPA, these were to:

- Promote social dialogue and engagement for young people on youth development issues;
- Develop an implementation model for social cohesion programmes for the NYDA; and
- Promote patriotism and nation-building practices among the youth.

KEY PERFORMANCE INDICATOR	2010/2011 TARGET	YEAR ACHIEVEMENT
Number of hosted dialogue sessions with young people	6 dialogue sessions	7 dialogue sessions
Hosted patriotism campaigns for young people (1 per province)	9 campaigns	9 campaigns
Comprehensive social cohesion model developed	Documented social cohesion model	Adopted model
Number of youth mobilised to participate in 16 Days of Activism	500 youth participate in the campaign	618 youth
Volunteers recruited to participate in the 2010 Soccer World Cup	15,000 volunteers recruited and participated	18,048 volunteers

The NYDA had planned to host 6 dialogue sessions with youth formations; host 9 patriotism campaigns (one in each province), compile a comprehensive social cohesion model to be used in guiding implementation of social cohesion activities; mobilise 500 youth to participate in the 16 Days of Activism campaign against abuse of women and children; and also recruit 15,000 youth to volunteer during the 2010 Soccer World Cup event held in South Africa in the months of June and July 2010. The NYDA had also planned to develop a comprehensive model for social cohesion to be used in developing youth social cohesion programmes. The performance review indicates that all the set targets were met under this KPA: all 6 dialogue sessions and 9 patriotism campaigns were held during the year under review. The social cohesion model for NYDA was developed and approved, which will be used to inform the design of activities and programmes that will promote social cohesion. In addition, 618 young people were mobilised to participate in the 16 Days of Activism against Child and Women Abuse, and 18,048 youth were recruited to participate as volunteers in the Soccer World Cup event.

6. Information and Communication

The aim of the NYDA is to increase youth development access points to ensure that young people can easily access youth interventions closer to the communities that they live in. Supporting the strategy to increase access to NYDA programmes is the use of technology, which aims to increase access to NYDA services by young people. The NYDA had planned to establish 134 NYDA access points for young people to access youth development services. These access points were planned to provide information to 800,000 young people during the year under review. The table below details the achievements of the NYDA against these targets.

KEY PERFORMANCE INDICATOR	2010/2011 TARGET	YEAR ACHIEVEMENT
Number of NYDA information dissemination and access points established	134 access points	144
Number of youth accessing information through NYDA service delivery access points	800,000 youth provided with information	1,012,763

The NYDA managed to meet and exceed both targets set for this key performance area. During the year under review there were 144 access points established by the NYDA throughout the country. The majority of these access points are based in different municipalities across the 9 provinces. Over 1 million young people accessed information through the NYDA; these include young people who got information through our call-centre. Both mediums of contact with the young people – the call-centre and walk-in centres – provide a range of information to young people as well as youth services, provided by the NYDA and by government, non-governmental organisations and the private sector.

Figure 16: Number of young people accessing information through NYDA access points

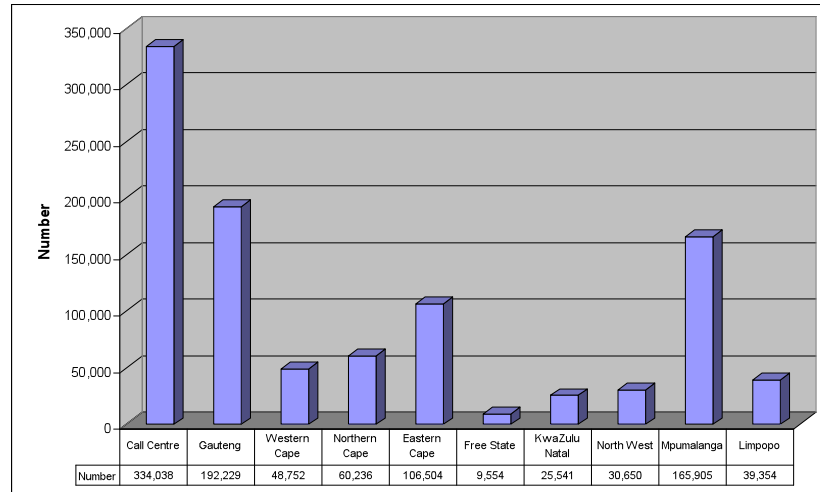


Figure 16 above indicates that the majority of young people have accessed this information from our call centre; however, the relatively high numbers in young people who have accessed information in Gauteng, Eastern Cape and Mpumalanga may be due to the fact that in these provinces NYDA has more than one branch, thus increasing the accessibility of NYDA information through these branches as compared to the other provinces, where we have only one branch. With the expansion of walk-in centres for which the NYDA is signing agreements with municipalities to increase access to information, NYDA is expecting the number of young people coming to these centres to increase in the coming year.

Figure 17: Comparison of youth accessing information from NYDA access points proportional (%) achievements against targets set in 2009/10 and 2010/11

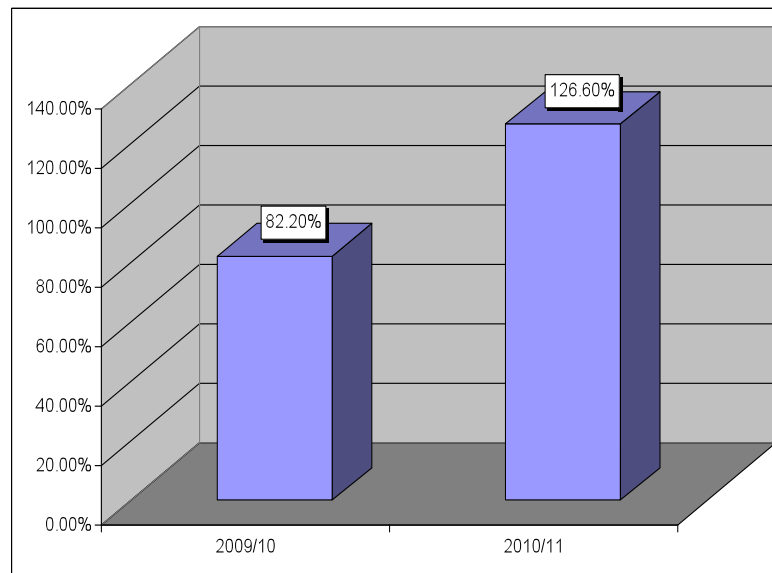


Figure 17 above shows that the target set for the number of young people who access information from the NYDA information access points was exceeded by 26.6%. The performance for the year under review shows improvement when compared to the previous year, during which the NYDA managed to achieve only 82.2% against the set target on this activity. Promoting access to information is one of the critical objectives of the NYDA, as this ensures that young people know where to get help when they need it. The NYDA will be working towards ensuring that more young people have access to quality information.

7. Policy, Lobby and Advocacy

The most effective methods for mainstreaming and integrating youth development into the South African society are influencing the policy architecture of the country; lobbying for youth development to be in the centre of programme design and implementation; and advocating for youth development as a key component of service delivery and development of the country. The NYDA policy, lobby and advocacy programmes were structured to meet the following goals:

- Contributing to and influencing policy and legislation that affect young people;
- Popularising the African Youth Charter and the National Youth Policy;
- Mainstreaming and integrating youth development in all sectors, planning and implementation of programmes;
- Strengthening youth development structures at national, provincial and local levels; and
- Establishing Provincial Board structures.

These goals were planned to be met through written and oral policy submissions that were being developed for the country; conducting public hearings and public engagements with youth formations and structures; attending and providing feedback to relevant portfolio committees; distributing and promoting the National Youth Policy and the African Youth Charter to young people. The work to lobby government departments and municipalities to establish youth offices that ensure that youth development has a focal point at all government levels structures was another target. Pivotaly, the NYDA sought to formulate the Integrated Youth Development Strategy. Provincial Board members, who would oversee that youth development is mainstreamed at the provincial and local level, were a key imperative.

The NYDA convened and chaired the quarterly feedback meetings of the Inter-Departmental Youth Task Team, wherein government youth directorates meet to review the progress made towards achieving the mainstreaming of youth development within their work.

KEY PERFORMANCE INDICATOR	2010/2011 TARGET	YEAR ACHIEVEMENT
Written policy and legislation submissions	11 written policy and legislation submissions	11 submissions
Public hearings attended	2 public hearings	7 public hearings
Portfolio committee meetings attended	5 portfolio committee meetings	10 portfolio committee meetings
Constituency work engagements attended	2 constituency engagements	2 constituency engagements
Number of copies of the African Youth Charter distributed	2,000 copies distributed	2,975 copies
Number of copies of the National Youth Policy distributed	2,000 copies distributed	3,501 copies
Draft Integrated Youth Development Strategy (IYDS)	Draft IYDS	Draft IYDS
Provincial board members recruited and appointed (1 board per province)	9 provincial board members appointed	9 provincial boards
Government departments lobbied to establish Youth directorates	5 departments lobbied	6 departments
Municipalities assisted to establish Youth Councils	5 municipalities assisted	5 municipalities
Inter-departmental youth task team meetings held	4 meetings held	4 meetings

Table 7 above on predefined targets and key performance indicators for policy, lobby and advocacy shows that all targets set for this programme area were met and, in some areas, targets were exceeded. One of the objectives of the NYDA, stated in the NYDA Act, is the development of an Integrated Youth Development Strategy (IYDS) for South Africa. During the year under review, the NYDA started the process of developing the integrated strategy, and by the end of the financial year a draft integrated youth development strategy had been developed. The IYDS provides an operational framework for implementing youth development in the country. This document went through numerous consultative processes wherein various stakeholders made an input. It is expected that the IYDS will be presented to Cabinet for ratification in the 2011/12 financial year. Once ratified by Cabinet the Integrated Youth Development Strategy will guide all stakeholders on priorities for youth development in country.

8. Research, Monitoring and Evaluation

Research, monitoring and evaluation guides the design, implementation and measurement of all NYDA programmes. This programme aims at providing accurate information for planning and implementation; it also provides information on the performance of the NYDA on its mandate and programmes. The programme produces pieces of information and knowledge that can be utilised for designing programmes based on good practice and lessons learnt from programme implementation. Both the evaluation and knowledge management processes seek to provide information and knowledge to managers and implementers on what works best and what does not work.

The NYDA defined the goals of the programme as:

- Conducting research that informs youth development in South Africa;
- Generating programme and project evaluation information that inform planning and implementation of youth development programmes of the NYDA;
- Developing processes and procedures for monitoring and evaluating NYDA programmes; and
- Creating and promoting a learning environment for the NYDA and the youth development sector.

During the year under review this programme planned to write and produce a literature and data review on the status of youth in South Africa; conduct and publish a report based on a survey conducted with Small Medium Enterprises (SME); conduct evaluations and produce evaluation reports on projects and programmes implemented by the NYDA; develop and produce the NYDA monitoring and evaluation framework; and publish lessons-learnt reports based on programme and project implementation of the NYDA. The activities are important to ensure that the NYDA uses information in programme design and that all NYDA programmes provide lessons that can be shared across the organisation's operations.

Table 8: RESEARCH, MONITORING AND EVALUATION

KEY PERFORMANCE INDICATOR	2010/2011 TARGET	YEAR ACHIEVEMENT
Literature review report on status of youth produced	Copy of literature review	Copy of status of youth literature review report completed
Published report of SME survey	Copy of final SME survey report	Final report received
Completed NYDA Project evaluations	12 project evaluation reports	6 evaluation reports
Approved monitoring and evaluation (M & E) framework and guidelines	Approved copy of M & E framework and guidelines by NYDA Board	Approved M&E framework
Lesson learnt and knowledge brief publications produced on youth development	12 publications	15 publications

Section 6 (1) of the NYDA Act, 2008 requires that the NYDA submit to the State President a report on the status of youth every three years. The research programme had planned the project in two phases. Phase one was to compile a detailed report based on available research and data on young people in South Africa. The phase one report provides the basis for conducting research that would close the gaps between existing information and required information to produce an accurate status of youth report. Phase two will be completed in the coming financial year, which will allow the NYDA to present a comprehensive report on the status of youth to the State President. Furthermore, the NYDA conducted quarterly satisfaction surveys with young people who visited the branches.

During the year under review, the NYDA developed an institutional monitoring and evaluation (M & E) framework and guideline. The M & E framework was adopted by the NYDA Board as a tool that will guide all monitoring, evaluation and reporting requirements to produce accurate and reliable information on the operations of the NYDA. The NYDA, in partnership with SME Survey (Pty) Ltd, conducted the SME survey in 2010 and published a report from the survey. Six evaluations were conducted by the NYDA, which included the following evaluations:

- The evaluation of NYS–North West Province Renovation of Public Buildings Project;
- Final evaluation of the Siyanceda Youth Service Project –Cycle 3, implemented by the Cape Mental Health Society;
- Final evaluation of the Graduate Development Programme implemented by Eastcape Midlands College;
- The evaluation of Lubisi Youth Development Programme facilitated by Triple Trust Organisation;
- SME survey;
- The evaluation of the Youth in Conflict with the Law project.

The following evaluations were still in the process of being written up and will be completed early in the following financial year:

- The evaluation of the YouthBuild project;
- Evaluation of the Cooperatives Training and Mentorship project implemented by Coastal FET College;
- The evaluation of the Hot Dog Café –Cadet programme; and
- Mid-term evaluation of the Refurbishment and Maintenance of Public Buildings project.

The knowledge management programme produced 15 publications on youth development based on research, evaluations and programme review. The topics covered by these publications included: entrepreneurship education and out-of-school entrepreneurship programmes; the education system; youth unemployment; social cohesion; lessons from the expanded works programme; and mentorship and experiences from the YouthBuild programmes. These publications have contributed to the debate within the NYDA on how to improve its programme and project design to ensure that these interventions respond to young people's needs.

9. Effective and Efficient Management of Resources

The NYDA has set up key performance indicators to measure the effective and efficient management of resources. These indicators were set up to assist the organisation to create processes and systems that would support its operations. The goals for this key performance area are to:

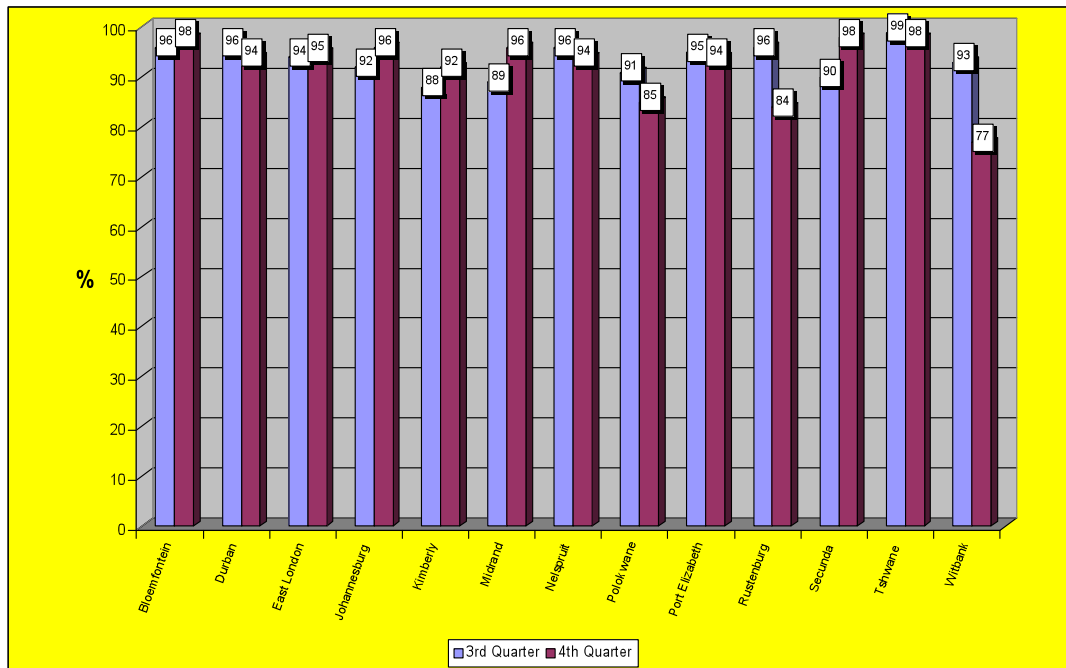
- Provide quality of services to young people accessing NYDA services;
- Sustain efficient use and management of NYDA resources; and
- Maintain good corporate governance through compliance with PFMA and other legislation.

The NYDA measured the satisfaction levels of its clients, as an organisation the level of satisfaction was set at 90% which was to be measured on a quarterly basis from clients who have visited the operational branches of the NYDA. Noting that the portfolio at risk for the NYDA loan was high, the NYDA aimed at reducing the high portfolio at risk for both the micro-finance and SME loan books we were unable to meet our set targets this financial year, this is due to the high risk nature of the clients we are responding to, young people who are starting businesses and require support for them to be able to start making profit from their new businesses. Recognising that the government allocation to NYDA was drastically reduced from its original request by Treasury, the NYDA sought to forge partnerships with government, non-governmental organisation and the private sector to ensure that programmes for youth were expanded. Thus partnerships were forged with other institutions. As required by law, the NYDA had to make sure that it adhered and complied with policies and laws governing state funded institutions. During the year under review the institution invested on systems, processes and controls that would ensure that it maintained good corporate governance through conducting a number of internal audits.

KEY PERFORMANCE INDICATOR	2010/2011 TARGET	YEAR ACHIEVEMENT
Level of clients' satisfaction	90% satisfaction level	88.7% (year average) satisfaction
Reduced current (51%) SME loan book portfolio at risk (PAR) by 10%	10% reduction on current PAR	29% increase
Reduction of current (65%) micro-finance loan book portfolio at risk (PAR) by 15%	15% reduction on current PAR	14% increase
Partnership agreements signed with public and private sector institutions to support NYDA work	10 partnerships	61 partnerships
Maintain effective corporate governance controls	Adequate controls based on internal audit opinion	9 audit reports, acceptable controls audit opinion and 1 weak audit controls opinion

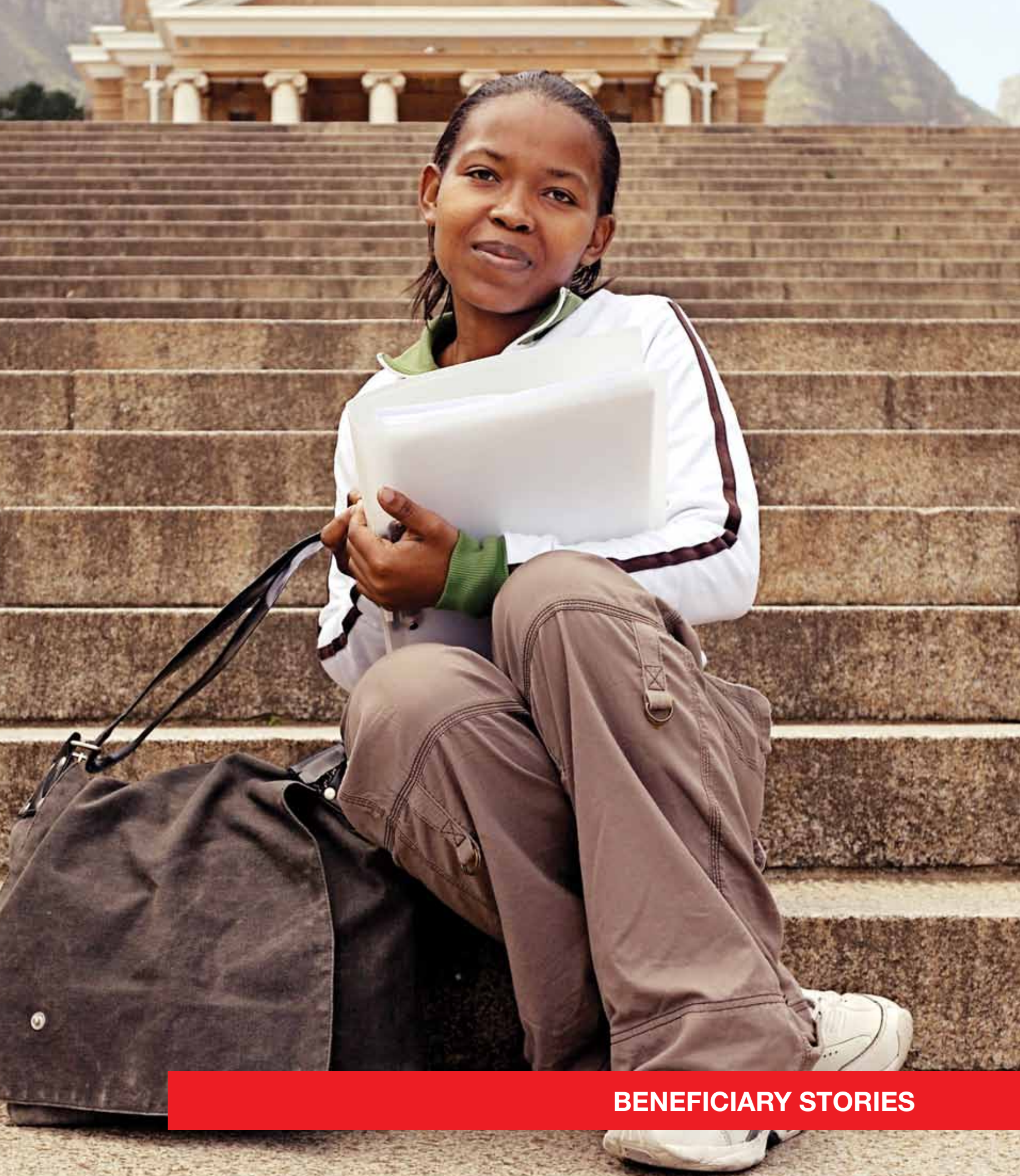
The level of customer satisfaction conducted in the 13 branches of the NYDA with a sample of 1,591 who responded to the questionnaire was very high (95.4%) in quarter three. The satisfaction levels decreased in the fourth quarter to 82% on a total sample of 2,576 respondents. This might be the result of a number of reasons, including sampling error; the limitation on the range of services we could provide, due to our low funding levels, to sustain services at same levels throughout the year; and staff turnover. The average client satisfaction with NYDA services at branches was calculated to be 88.7%, slightly short of our target of 90%.

Figure 18: NYDA Branch comparison of levels of satisfaction with NYDA by its clients – Quarter 3 and 4, 2010/11 client satisfaction survey (N Q3 = 1,591; N Q4 =2,576)



The NYDA did not manage to decrease the portfolio at risk (PAR) for micro-finance loan book by 15% from the baseline of 65%, the outcome against this target showed and increase from the baseline of 14%. The main challenge the NYDA have on managing the loan book to acceptable levels of PAR is due to the fact that the young people issued with loans are start ups, therefore they need time to nature their businesses to a point that they are able to pay back the loans issued to them in agreed upon time. The reduction of SME loan book portfolio at risk by 10%, from the baseline of 51% was not achieved; the outcomes indicated that the NYDA PAR for the SME loan book increased by 29% from the baseline of 51%. This was due to the fact that during the year under review the NYDA did not issue many new SME loans, while the SME loan book remained with large numbers of bad debtors.

As part of NYDA maximising its efforts from our programmes and increasing the base within which youth development can be mainstreamed and integrated, a number of partnership agreements with public and private sector institutions were signed. The NYDA had targeted 10 partnerships, but due to the scale and demand of youth development interventions required to improve the livelihood of young people, the NYDA managed to sign 61 partnerships. Some of these partnerships are for service delivery, whilst others are for sharing resources and some are for funding specific youth development activities.



BENEFICIARY STORIES

Beneficiary Stories

The go-to-woman for fabulous events



Kre-Native Concepts is the name to remember if you would like to host an event that will blow your guests away. Owned and managed by Nosipho Radebe (28), the Durban-based company offers comprehensive event planning and management services such as event conceptualisation, food and beverages management, event styling, lighting display and the hiring of marquees, event furniture and stages.

“I started the business while I still had a full-time day job but had to resign when I realised that the business was growing faster than I had expected,” she explains. Nosipho’s qualifications, experience and international exposure has given her a sound foundation and the confidence that she needs to excel in business and the events management industry in particular. She holds a diploma in Marketing Management, a higher certificate in Hospitality Management and a certificate in Entrepreneurship that she obtained from Sierra Nevada College in the USA. Her work experience includes working in the USA as an au pair, working as an Event Manager and as a Marketing and Function’s Manager.

With various achievements under her belt such as representing KwaZulu Natal (KZN) in the SAB Kickstart Competition and being one of 14 entrepreneurs who were selected for a USA youth entrepreneurship exchange programme, Nosipho is definitely on the right track. “I started the business with nothing but a dream and through hard work, perseverance and the R50 000 business loan I got from the National Youth Development Agency I have managed to survive and grow a profitable company in this cut throat business world.

Asked where she would like to see the business in five years, Nosipho explains that she wants to expand the business beyond KZN, grow it into the best event styling agency in KZN, employ the best team in the industry and ultimately see it placed among the top 3 agencies in South Africa. With her can-do attitude it is clear how Nosipho overcame some of the challenges that she faced, such as being underestimated because of her age and experience and initially not having start-up capital.

“I urge any aspiring entrepreneur to believe in the power of their dream. Times will be tough, but keep your head up and focus on your plan. Finally, be loyal to the people who are loyal to you, especially those that see your vision,” she concludes.

Entrepreneur finally has plan for his business, thanks to Voucher Programme

Jumping castles, waterslides, kiddies’ chairs and tables, and photoboards. These are just some of the products and services that Michael Nhlapo’s events company offers. If it were not for the Business Consultancy Voucher Programme that the NYDA offers, Michael would still not have a business plan for his events company based in Secunda, Mpumalanga.

The 34-year-old married father of two started his business, Tswelopele Transport and Projects, in 2008 after having registered it two years earlier.

“I started with one jumping castle but now I have nine castles and a waterslide. These I hire out to the public and companies hosting kiddies’ events,” Michael says.

Michael also owns a mobile catering trailer from where he sells food to the public and then puts it up for hire on weekends. It is mostly churches, stadiums or individuals that rent it out. He says he had approached the former Umsobomvu Youth Fund the previous year for financial assistance but he had not qualified as he had not provided surety. “I approached other financial institutions as well, but they wanted a business plan which I did not have at the time,” says Michael, who holds an N5 Mechanical Engineering certificate.

“I went to the NYDA and qualified for the voucher programme. I used my voucher to develop a business plan,” he continues. “My plan now is to expand my business. I want to get more jumping castles and mobile kitchens. I am also looking forward to completing my Safety Management diploma at UNISA,” concludes Michael.



Young entrepreneur proving that dynamite indeed come in small packages

Diphethlo Masemola epitomises ambition, vibrancy and success. At the tender age of 25, she owns an office supplies company and is currently studying an MTech in Architectural Technology. She had to make a very hard decision to leave her steady income in order to pursue her dream.

“I have always been entrepreneurial-minded. For instance, I used to sell sweets and ice cream in school,” she explains. As a result of her love for architecture, interior design and construction, after matric she enrolled in a BTech in Architecture with the Tshwane University of Technology (TUT).

After completing her BTech she worked at an architectural firm as an Architectural Technologist. “My job, among other things, included drawing building plans and going on construction sites,” she explains. It was her entrepreneurial flair and her supervisor’s encouragement that finally prompted her to start her own business.

“I conducted research to find out what was mostly in demand and found that a lot of companies were putting out tenders for office supplies, such as furniture and stationery. In 2009, Dikeamo Consultants, was established, and she acquired an R18,000 business loan from the National Youth

Development Agency (NYDA) that she used to fund a business opportunity. Some of the organisations she has provided her services to include the Department of Correctional Services and the Independent Electoral Commission (IEC).

“I won’t lie; the business world is tough, especially when you are starting out, because you sometimes have to go for months without securing a business opportunity. So it is important to save for those rainy days. It is also important to be confident and assertive. I often get remarks such as, ‘Are you sure you are not in school? You are so petite’,” she explains. Diphethlo does not let that deter her. “I show them that I am indeed a business woman and can deliver what I have indicated on paper,” she says.

Even though she is currently working from home, Diphethlo has big plans for her business. “I currently reside in Orchards, Pretoria, and plan to open a shop where I can sell office supplies and hopefully employ other young people,” she concludes.

Only the sky’s the limit for beauty salon owner

Boitumelo Makhethi is the proud owner of Maggie’s Hair Salon in Vereeniging. After years of struggling as an unemployed young person, Makhethi’s life was changed for the better when she received assistance from the NYDA.

“I used to do people’s hair on the side of the road just to make ends meet. At some stage I met a guy who told me about a hair academy in Johannesburg. I had never been to the city before. The guy told me the academy would help me realise my talent and make it work for me. I went there, and here I am, making a living out of my talent,” Makhethi says. Using her pension, Makhethi’s grandmother paid for her month-long hair course in 1998. “It was the hardest period of my life. I felt bad that my grandmother was using her pension to help me,” she says.

Later, Makhethi, armed with a certificate, went back to Vereeniging to look for a job and also gain experience in the hair industry. She worked at a hair salon for two years before leaving to start her own business. For a while, Makhethi used her home as business premises.

“I used the lounge of our four-room house which I shared with my grandmother, two sisters as well as my uncle,” she says. After some time I decided to move my business to the little shack we had at the back of the house. I made a few changes to it to make it suitable for my clients,” says Makhethi.

Makhethi’s business proved to attract more customers – she was forced to look for a bigger space. “I found a room at the back of a shop in Sharpeville. I relocated, but still my clientele kept growing.” It was during this time that Makhethi heard about the NYDA and how it could assist her financially.

“I shared this information with a few people who would always discourage me by telling me the organisation was useless. I approached the NYDA nonetheless. I explained my intentions and before long I had a business plan and I was granted a loan of R23,000. I was very grateful for this,” Makhethi says. Today, the 35-year-old employs six people. And one of her plans is to buy her own premises and employ more people in her community.



Successful entrepreneur initiates an intervention that addresses the legal profession's lack of representivity

Born and bred in Newington, a small village in Bushbuckridge, Siphon Mafuyeka is a qualified attorney who owns and manages Mafuyeka Attorneys, a successful law firm in Sunnyside, Pretoria. Siphon's passion for training and employing black attorneys is driven by the small number of black attorneys in South Africa compared to white attorneys, and the discrimination often faced by aspiring black attorneys while they are studying or trying to serve their articles.

"I experienced these challenges personally and vowed to make it easier for other aspiring black attorneys," he explains. Instead of dwelling on the challenges, Siphon prefers to focus his energies on practical solutions. "My goal is to give more black candidate attorneys an opportunity to serve articles at my law firm and to employ a minimum of ten black attorneys in the next five years," he explains.

As talented as he is, Siphon never intended to study Law. "In school I excelled in Science and thought that I would pursue a career in the Science industry. However, my school stopped offering

Science as a subject because there were no Science teachers. I also could not go to an alternative school because my parents could not afford it," says Siphon.

Compliments he often received about his good debating skills convinced him to study Law after Matric. After gaining experience in various law firms, Siphon became a Director and acquired 26% shares at a law firm. In March 2009 he entered into a partnership to start his own law firm. "The partnership was not working, hence I decided to approach the NYDA for start-up capital to establish Mafuyeka Attorneys," he says. He used the start-up capital for office infrastructure and to pay his lease. When the business started in May 2010, he employed two people: a Secretary and an Office Manager. He has since employed two more people: a qualified Attorney and a Candidate Attorney. "We are pleased to have played a key role in making Mafuyeka's dream come true and hope to do so for many other young people. The development approach that he has adopted will ensure that many other young people become beneficiaries of his success," says Andile Lungisa, the NYDA Executive Chairperson.

Asked what advice he would give to any aspiring entrepreneur, Siphon points out that entrepreneurship is not for the timid, and without a vision and the willingness to sacrifice you can easily be tempted to close doors and find employment. "Go for it and be willing to work very hard," he emphasises.

With this sort of attitude, Siphon is well on his way to achieving his objective of making Mafuyeka Attorneys one of the best law firms in Pretoria.

Taking centre stage in the mainstream economy

Young South African women are beginning to take a centre stage in the mainstream economy of the country. This is evident from stories like Constance Makwale's, the 29-year-old owner of Viloli C and B Trading Enterprise in Ekurhuleni, Gauteng. In 2005, Constance received a loan of R19,000 from the NYDA (then the Umsobomvu Youth Fund) to start a small food business. In addition to the loan, the NYDA gave her a lot of business support, meeting her regularly to ensure that her business operated profitably.

At the time, the young entrepreneur was staying with her mother at the Winnie Mandela informal settlement in Tembisa. "Within a year, I had managed to save R52 000." In 2007, Constance's husband bought them a house at a nearby up-market Greyville suburb.

She used her savings to build a garage to use as her business's new premises. This allowed her to extend her business to offer grocery items and popular fast food such as kota (a type of sandwich).

Today, Viloli C and B Trading Enterprise, which Constance named after her grandmother, boasts a turnover of R40 000 a year. Among her clients are the nearby Thembinkosi Primary school for disabled children, to which she supplies an average of 60 kotas on weekdays. She employs three permanent staff, including her husband, who is in charge of delivering food to customers.

Constance says the loan gave her the kick-start she needed to pursue her dreams. In June, she and other entrepreneurs from across Gauteng graduated after successfully completing a two-year Basic Entrepreneurship and Small Business Management course at the University of Pretoria. She's also done short-courses in Business Management, Marketing, and Financial Planning at the Small Enterprise Development Agency.

To ensure that her business continues to grow, the NYDA gave Constance additional funding of R46,000, which has enabled her to buy a mobile kitchen, equipped with a gas stove. This allowed her to be among the vendors accredited to sell food to workers during the construction of the Peter Mokaba stadium in Polokwane. "I had already signed a contract with a construction company there to cook for their workers, but unfortunately it was cancelled," says the mother of two.

Constance has very ambitious plans for her business. "I want to turn our house into proper business premises in the next few years," she says. A true go-getter who refuses to be defined by her circumstances, she says young people should not get into the habit of resting on their laurels. "There are many opportunities available in this country for them to participate in," she says. "Government has opened the doors for us to access finance and therefore create jobs for ourselves and others. This way, we can contribute to the fight against poverty and crime."



Young entrepreneur seizes the opportunity to provide electrical solutions

At the tender age of twenty-five, Ntokozo Kenneth Ngcobo has managed to achieve what some only dream about. He owns and manages Miazzi CC, an electrical design and installation company which boasts clients such as Eskom and government departments. "I think my Electrical Engineering diploma and employment experience gave me a sound foundation and enabled me to network with the relevant people," he explains.

Ntokozo started his career as a Junior Technician and progressed to become a Technician and Senior Technician before he went into business. Asked why he went into self-employment, he explains that it is something that he always wanted to do, and he was at a point where he felt that he had the relevant skills and experience.

In February 2011 Ntokozo acquired a R36,000 business loan from the National Youth Development Agency (NYDA). He used the business loan to buy the software that he uses to design electrical solutions. Today he employs two permanent staff and plans to expand his business to the rest of the country. "Currently we only operate in my hometown, Pietermaritzburg, so in the next five years I'll be working towards ensuring that we break into new markets," says Ntokozo.

Ntokozo's desire to excel and learn has always been evident; he matriculated at 16 and started working at 19. To ensure that he gains more skills and information, he is planning to do a one-year Project Management course. In conclusion, Ntokozo advises aspiring entrepreneurs to be patient but also to network before and after they venture into self-employment so that they acquire and retain clients.

Young entrepreneur sets sights on full-service beauty studio

Siphokuhle Sikhosana and her fiancée run a beauty studio in Mondeo, south of Joburg. Zama's Skin & Body clinic was started from nothing but a dream and a strong will to succeed in entrepreneurship. Armed with a qualification in Somatology, the 26-year-old from Meredale near Soweto and her partner, who has a background in Accounting, had approached the then Umsobomvu Youth Fund for assistance.

"We were referred to a lot of business courses and some of them did help when we started," Siphokuhle says. She later benefited from the Microfinance programme, from which she obtained a loan of about R93,000 as well as Business Development and Website Designing vouchers through the NYDA's Business Consultancy Voucher Programme (BCSVP).

Siphokuhle also joined the Volunteer Mentorship Programme which matches mentees with professionals or businessmen who have a vast knowledge of entrepreneurship or business. She was matched with a mentor who works at one of the country's leading clothing retailers. "It's been three months. We have not met many times, but we do talk on email and telephonically. We discuss things that will help my business move forward," continues Siphokuhle. Her biggest dream now is to extend her business and turn it into a day-spa.

“We currently have four treatment rooms where we do massages, facials, nail treatments and hair removal. There is a demand for detox treatment but unfortunately we don’t provide that yet due to the limited space in the clinic.” So far, Siphokuhle’s business has been going well, she says, although there have been a few challenges along the way. “Some days are better than others. That’s how business is. And some seasons are better. Right now business is a little slow because it’s winter, but that does not hinder our plans of making this business work,” she concludes.



Kwesihle Guest House received NYDA support

Kwesihle Guest House is a new business situated in the Queensburgh area, Northdene, 17 km from the old Durban International Airport. The stunning property offers six tastefully decorated, air-conditioned, en-suite bedrooms with television sets and internet connection. Gumede’s business started operating in July 2009 with a few guests, mainly from Johannesburg.

The business was awarded a Business Plan Voucher which was used to purchase the property mentioned above. Owner Nelly Gumede funded herself through taking a second bond. She later applied for the Branding Voucher that assisted in marketing her business and then a Web Design Voucher for the development of her website. The business employs two people.

There’s no stopping this home industry and party planning Queen

Jabulile Mokoena’s home industry, party-planning and party accessories business is thriving. The 35-year-old has a shop in Atteridgeville, a township located to the west of Tshwane, and is about to open another store at the Sammy Marks Square Shopping Centre which is based within the Tshwane Central Business District.

Jabulile hails from Mamelodi, a township on the outskirts of Tshwane. “In high school I thought I would pursue Civil Engineering, but after failing maths I decided to rather go for Journalism,” she explains. However, due to financial challenges, she could not enroll for journalism studies after matric and ended up working part-time at various retail stores. In 1996 she applied to join the South African Air Force, was accepted in 1997 and worked in the hospitality and catering division after undergoing cooking and baking training. “I acquired a valuable skill at the Air Force and even got an opportunity to travel twice to Burundi when South African soldiers were deployed there,” she says. Jabulile saw an opportunity to take advantage of her expertise and started catering at family and friends’ events. She then went a step further and completed an events décor course, which now comes in handy when she does children’s parties.

As more and more business came in, Jabulile decided to open the store in Atteridgeville and hired one employee. After hearing an Umsobomvu Youth Fund (now the NYDA) radio advert, she applied for a R50 000 loan that she used to buy catering equipment. “There have been a couple of stumbling blocks along the way, but with passion, perseverance and a lot of hard work, anything is possible,” says the mother of two girls. Things are now on track; Jabulile has a substantial clientele which includes government departments, she is going to hire two more people at the Sammy Marks Square Shopping Centre store and has just received a Branding and Design Business Development Services Voucher from the National Youth Development Agency that she will use to market her new store by developing posters and business cards. “I am raring to go. I will not be renewing my contract at the Air Force so that I can focus on growing my business and possibly opening another store in Mamelodi, my hometown,” she concludes.



Endumeni Pharmacy assisted by NYDA

Mbali Zulu benefited from the Business Consultancy Services Voucher programme of the NYDA. She received a Business Plan Voucher to develop a business plan, which she later used to apply for a business loan that she received from a local bank.

“The voucher intervention helped me with the necessary drafting of activities to be followed in managing the business,” says Mbali.

The business started operating in June 2009, with three staff members. By June 2009, the business had grown and was making a monthly turnover of R49, 000. By the end of August 2009, it was making about R170, 000 per month, with projections for further growth. Mbali has since received an additional voucher for Bookkeeping and Financial Administration. “In addition, I have been given constructive advice by the NYDA representatives,” she concludes.

A passion for business

“I have a passion for business,” says Gugu Maduna, “I’ve realised that I’m actually good at it and it’s what I really want to do.” Although a full-time Officer in the South African National Defence Force (SANDF), Gugu has started moving into the business world through her company, Nqudulu Trading Enterprise, which she set up two years ago with a loan from the NYDA’s predecessor, the Umsobomvu Youth Fund.

Born in 1983 in Newcastle, Gugu is related to the former minister of justice, Penuell Maduna. She says that she caught the small business “bug” from her mother, Cecilia Hlophe, who owns a shop that specialises in bedding. Her drive to make her mark quickly became apparent: after matriculating in 2003, she studied for a diploma in Family Relationship Counselling at Intec College – not because she was particularly interested in working in the field, she says, but because she wanted the qualification. She had a similar “get ahead” motive for joining the SANDF as a private in 2005. “I was really looking for a bursary to study further,” she explains.

In part, she ascribes her rapid promotion to Communications Officer with the rank of Lieutenant to the fact that that she is now studying for a diploma in Human Resources Management through the Mopani FET College in Phalaborwa, and this includes a module on Communications. Her new post is a demanding one: she says that she is responsible for all communications within the SANDF in Phalaborwa, where she is based, and must manage the relationship between the local community and the military. “If people want to hold a rally or a festival, they call me and I organise it,” she says.

In 2009, Gugu decided to launch Nqudulu Trading Enterprise as a sideline to her full-time work. She applied to the Umsobomvu Youth Fund for a R40,000 loan with the idea of buying a multipurpose container on wheels, equipped with a range of services including four public phones, three computers, a photocopier and a counter that offers airtime and pre-paid electricity. “I wanted to open an internet café and heard that a Johannesburg company called ZOK Cellulars supplies these specially equipped containers,” she says. “The overall cost was R55,000, so I had to put some of my own capital into the business.”

Now operational for a year, Nqudulu took some getting off the ground. “Things fluctuate in business and I didn’t have immediate success,” Gugu said. “But I now have a regular customer base and I’m doing quite well. I estimate that my monthly turnover is between R20,000 and R25,000.”

Nqudulu has already branched out into computer repairs, and Gugu plans to further broaden its range of services to include wedding and school photographs and a cellphone clinic. In time, she says, her ambition is to become a full-time entrepreneur – in which case she would go back to the NYDA for further support. “But first I want to build up what I’ve got,” she says. “I’m the kind of person who likes to finish what she’s started.”



Ziqalele Jesta Cleaning Services operating thanks to NYDA

Jesta Muthwa has over 16 years' experience in the cleaning industry. She started Ziqalele Jesta Cleaning Services after her employer left the country in 2001. She took over the contract with Waltons Stationery (PTY) Ltd from her previous employer, and since then she has never looked back as she continues to secure additional contracts with other companies including Gagasi FM.

Jesta received a Bookkeeping Voucher from the NYDA; this product assisted her in setting up financial systems and policy manuals.

“Cook” for a living

Having saved up enough to start a business, in 2006 Johanna Ramaboea, mother of one, gave up a career as an Administration Officer at the Tshwane Northern College to cook for a living, as she puts it. The daughter of a widowed teacher, Johanna hails from a family of four in Polokwane. She derives her love for cooking from her mother, a seasoned cook, while her uncle – an entrepreneur – ignited a passion for business. Johanna also wants to try her hand at the Logistics Industry in the next few years.

However, just a year after opening up her own restaurant in the ever-bustling suburb of Sunnyside in Pretoria, her entrepreneurial journey came to a halt due to a dispute with her then landlord. Determined to fight to save her business, Johanna turned to the law for respite. The legal route proved to be very expensive, costing her a fortune and forcing her to walk away. Without any source of income, and with her business on hold, Johanna was forced to start afresh. “It’s important to have a long-term view and stick to your plan. If things don’t work out, seek alternatives instead of jumping from one project to the next,” she says. “It’s important for young people to learn that they need to make things happen themselves and not rely on government contracts or hand-outs. You have to be able to build your own foundation,” she continues.

When the Limpopo-born Johanna started working in the 1990s, she says she knew that her diploma in Commercial Administration didn’t mean she was guaranteed to land a job in her preferred field. That is why while her peers spent hours paging through the classified section of newspapers looking for the ideal job, she took what was available, landing herself a job as a toll-gate operator earning less than R1,000 a month. The hours were irregular and the money was little. Still, Johanna saw it as a launching pad to something bigger.

“The only way to grow is to start right at the bottom,” the determined Johanna says. “Sitting at home will not earn you a cent, not even the money you need to go out there and look for the job you want.” Johanna is now the proud owner of Maja Restaurant & Catering, which operates from Pretorius Road in downtown Pretoria. What started off as a one-woman show in 2006, interrupted by the legal tussle over contractual disagreements, has grown into a multi-person business with eight permanent staff. With the help of the NYDA funding, Maja has grown to attract an interesting mix of customers which include government departments, organised labour, and the private sector.

“I have been operating from here since 2008. The business is doing well but the competition is tight and the place is a little smaller than what I had in Sunnyside,” Johanna says. But she’s confident of her business’s ability to grow and prosper further. Her tip to budding entrepreneurs: “Entrepreneurs should insist on written contracts and never rely on verbal agreements, to avoid any future misunderstandings.”



From style to substance

At school, Dineo Moloi used to make clothes for Barbie dolls and sell them for R2 a piece. She'd cut up her old jeans to make denim jackets and made her own Matric Dance dress. At university, when her res was looking to have some house jackets made, Dineo outshone the professionals with her designs and landed her first order to design and manufacture 200 jackets for another res on campus. If there is such a thing as an entrepreneurial gene, this resourceful 26-year-old has it.

"Business is my passion. I enjoy sewing; I've always sewed, but business is what I love." And, clearly, she has a flair for it. Dineo is the proprietor of J4X, a home-based clothing manufacturer that specialises in making uniforms for schools and businesses. J4X (short for "Just 4 Matrix") is two years old, has five employees – four of which are full-time – and has a turnover of R200,000 per annum. When that first order came in, Dineo – who was completing her BCom Accounting degree at Wits – needed R38 000 to get the job done. Like any student, she could scarcely scrape together R380. So she turned to the NYDA (then the Umsobomvu Youth Fund).

"I knew about the Umsobomvu Youth Fund, and that the Diagonal Street branch processed loans of less than R100,000, so I went there. But I didn't have surety and with only one of my parents employed, it was difficult. So they got me to produce the purchase order and we used that as security. I also submitted quotes from my suppliers." Dineo says it took about six weeks for her

application to be processed. "I outsourced the job and the NYDA paid my suppliers on my behalf. I made a good profit and used some of it to pay my varsity fees. Then I decided to take a gap year to do a learnership to earn some money and gain work experience. I worked as a creditor's clerk at a pharmaceutical company."

That was last year. Dineo has continued to build her business and is already supplying to six schools and a few small businesses. She has invested in capital assets so that she can do as much as possible in-house. She hopes to secure another loan from the NYDA to make her next big acquisition – an embroidery machine which costs about R300,000 new. "I applied for a second loan, but got no response, so I applied again. This time I need to submit a business plan, which I'll do. I don't give up," she laughs.

Asked to describe herself, she says: "I'm very persistent. I'm also resilient and innovative." All essential attributes of an entrepreneur. "I think an entrepreneur needs to be hardworking and financially smart. And you must have a passion for your business." This young woman is making sure she's as "financially smart" as the best of them. This year she's finishing her degree, studying Auditing and Tax.

Dineo says she gets her strength from God and takes her inspiration from her environment and her grandparents. "Where I grew up, things don't come easily. The fact that I had to stay at home for a year because I didn't have the means to carry on studying at university – that drives me. My grandparents on both sides were also very inspiring people. My paternal grandfather owned a butcher shop and both my grandmothers ran their own taverns. My maternal grandfather was also a businessman – and he even modelled."

Her business sponsors a soccer team in the Rabie Ridge community where she lives. "They're called the Black Diamonds and we provide kits and soccer balls to the players. The idea is to get the youth involved in sport to keep them from falling into crime. I don't own the team. I want it to be owned by an NGO that is run by the young people."

From a back alley to a mall

The hair business has provided a way in for generations of entrepreneurs. But high-school drop-out Kennedy Chabalala seems to have made full use of it to turn his life around and develop the confidence to consider entering other sectors.

From his base in Louis Trichardt, the 37-year-old speaks of his difficult journey through a difficult childhood with absentee parents. "My background was not good," he says. As a result, he left high school in Grade 11 to find work and support his three siblings. By then he knew he wanted a career in the hair industry, as he had already become something of an amateur stylist.

Since he's begun giving his younger brother a regular hair cut, other boys looking for the same treatment had waited at their home after school. Helping out at a neighbourhood barbershop enabled Kennedy to hone his skill. Shortly after, he secured a job working for a salon owner, albeit for only R300 a month.

"It was not easy to start. It was difficult because I did not have any money," he says. But some 12 years later, with assistance from the NYDA,

Kennedy employs seven people, excluding his wife and sister, in a thriving business with a monthly turnover of R26,000. Kennedy believes that success is all about attitude. “If you have a dream, you don’t look at the size of the mountain in front of you. You must believe that you can climb it.”

A second outlet is temporarily closed, as the mall in which it is located is undergoing renovations. Kennedy says he is working hard at keeping that clientele, sending them SMSes to alert them of where the other outlet is. As he talks about opening a third outlet, he talks about his frustration with the mall renovations. “They disappoint me, because I’m out of my budget now.”

But being in a mall, with the likes of Shoprite as neighbours, is a far cry from where Kennedy started in 2005, sharing a room with four other businesses and touting for business in a back alley. “When you called for customers, they would not trust you, thinking you wanted to rob them,” he says. So insecure was his situation there that he was not even allowed to have a key, forcing him to turn away clients when the landlord closed for the day at midday on Saturdays. However, a loan of R47,000 from the NYDA saw him getting new equipment and settling into new premises with a law firm for neighbours. Undoubtedly, he will have to fork out more in rentals for his second premises when the mall re-opens. But Kennedy is also looking forward to housing a Lotto machine after being approached by the National Lottery. “On my current premises, they said the space is too small and too unsafe.”

Despite being proud of how far he has come, Kennedy also has his sights set firmly on the future. He now feels ready to accept help with marketing, particularly the funding and development of a website, banners, business cards and flyers.

But the father of three is also growing other interests. He would like to develop abattoir facilities for the chicken project that his father manages in Valdezia. He also has an eye on construction. Since 2007, he has been bidding for tenders but so far has only secured some very small ones. “I plan to go far in life. The issue is not just making money for myself, but to create jobs for others so that they can eat,” he says.



Entrepreneur takes charge of her destiny

Today Mokgadi Matlakala (32) is a successful business woman who sells herbal medication, but it has not always been plain sailing for her. Born and raised in Seshego, Polokwane, Mokgadi’s dream of becoming an accountant was shattered when she got pregnant while in high school and was forced to find employment after Matric so that she could provide for her child.

“I was down, but definitely not out. Promoting hair products in the aisles of retail stores got me through and paid the bills,” she explains. While working as a promoter, Mokgadi met a woman who indicated that she would pay her if she sold herbal medication on her behalf. Mokgadi jumped at the opportunity and soon developed a loyal customer base.

“Sales were good but I was not reaping the rewards; the woman was pocketing most of the profits and paying me peanuts,” says Mokgadi. After hearing about the NYDA through newspaper and TV adverts, she decided to approach them and apply for a business loan so that she could buy her own herbal medication and be self-employed. In April 2010, Mokgadi acquired a R3,615 loan from the NYDA.

“Business is good: I will soon be paying off the loan,” she says. Owning a recreational lodge is one of the business ventures that Mokgadi is hoping to go into so that she can employ and empower the youth. “My advice to young people is that in life, if you want to survive, do not depend on someone else, vuka uzenzele (wake up and do it for yourself). I am living proof that you should never give up,” she concludes.

Loan spawns business for a family of four

At a regular business forum meeting among entrepreneurs living in and around Driekop, a rural area in Limpopo province, attendees are treated to a presentation on different funding options. Lynette Makhubedu (27) also participates in the gathering, close to the nearby Dilokong chrome mine.

It was here that the NYDA was introduced as a potential funder of the multifaceted business that she and three family members founded on a R49,000 three-year loan from the NYDA. Operating as a close corporation, Lyga Care Service & Trading, the business started in August 2010 and is encompassed in a container stationed near Dilokong Hospital, not far from the Modikwa platinum mine.

Within the container is an Absa ATM, a spaza shop and a three-computer internet café - complete with four public phones, fax, printer and copying facilities. "We realised that many people were suffering when they wanted to use the internet," says Lynette. The nearest internet facilities were at Burgersfort, a 30-minute taxi ride away. The business operates from 7.30 am almost every day, except for the occasional Saturday when it closes to allow Lynette and her uncle Kgomedi, who manages the business, time for church. A single mother, Lynette says her biggest lessons have been in self-belief and communicating with customers. "If you believe in yourself, you will make it."

She credits Kgomedi, whom she describes as an ambitious entrepreneur, for the business's existence. The two other owners are Kgomedi's wife Rebecca and his younger brother Gabriel, who works for Pick 'n Pay in Pretoria. Lynette is in charge of buying stock and also takes care of the accounts, having trained as a bookkeeper on a three-month-long programme, not long after completing Matric in 2002. There is one employee who performs duties such as assisting customers with the internet or making photocopies. Asked whether Lyga turns a profit, Lynette says, "Not too much," adding: "It differs: some months we make a profit of R1,000, others R500." None of the four owners is drawing a salary at the moment. Anything extra is used to pay their only employee's R800 salary and keep up with loan repayments. However, three of the four co-directors still manage to get paid from the proceeds of a car wash which they run with three other partners. The Lyga container sits within the yard of the car wash, which started off as a community enterprise.

Lynette says Lyga has tremendous business potential that the directors still need to tap. The internet café has not been operational for the past three months, despite having been a draw card for the rest of the business. The obstacle lies in the pre-paid facilities, for which Lyga may need assistance with the modem settings. The business is still awaiting an operator to provide them with a fixed line, despite having approached Telkom. "They say there are no underground cables," says Lynette.

She says Lyga does get visits from NYDA officials who drop in to check on progress. The directors also travel to the NYDA's offices in Polokwane when they have a query or need further assistance. Lynette says they are not keen on getting new loans until they have paid off the current one. The partners are working to revive the catering side of the business that collapsed in November 2010 when a car rammed into the room used to prepare vetkoek, pap and vleis for the market. Also on the cards are plans to make clay bricks as well as work with Dilokong mine in a chrome recovery project.

Lynette says that while many other people in the area have found employment in the mines, she is happy to be involved in business. "I feel proud because when it comes to our young generation, they don't have the idea of starting businesses. Maybe we are the ones to show the youth that they can make a difference in their communities; they don't have to depend on others."

It 'Feels Right' To Be Your Own Boss

Ntokozo Ngcobo (26) is a driven entrepreneur with a passion for Electrical Engineering. A qualified Electrical Engineering Technician from the outskirts of Pietermaritzburg, in Mpolweni Mission, KwaZulu-Natal, Ngcobo has always known he was destined for great things.

Mpolweni Mission is set amidst forested hills and the rolling countryside of the Natal Midlands. This is where the young Ngcobo was raised by a single parent – his mother. After graduating from the Durban University of Technology with a diploma in Electrical engineering, Ngcobo did his inservice training at the Tekmation Training Institute while continuing to further his studies at the University of Zululand, where he also did electrical maintenance for the campus.

He cut his teeth in the electrical consulting business at the Lebone Consulting Engineers. He later joined the TP Group, where he took up the position of senior technician. Projects under his belt include designing from scratch the Break and Build Gingindlovu Refurbishment Project in Eshowe, the Kamberg Strengthening Project, Edendale Split-Metering and the Fredville Clinic. When the TP Group folded in 2009, he joined the Nduluka Consulting Engineers in Pietermaritzburg, where he completed various Eskom and municipality projects like the Mhlathuze Turn-In Lines and Overloaded Transformers Project, to mention just a few.

After having worked for at least three employers, Ngcobo decided it was time he went on his own. “I thought I had had enough experience. Now was the time to start and work in my own business.” With a couple of thousand rands in savings, his mother’s love, and funding from the NYDA, Ngcobo was set for success and determined to achieve his childhood dream of having his own business. Almost two years later, Ngcobo is the Director of Mjazi Trading, a company that offers designs and project management services for reticulation projects.

“We only started in late 2010 but are already on our way to reporting turnover of R500,000,” says Ngcobo, who described the feeling of being his own boss as “just right”. “It feels right to wake up in the morning and work in your own business. Every day, I wake up looking forward to new challenges and making a difference,” he says. His company already employs two full-time technicians, each earning a monthly salary of more than R30,000.

Ngcobo says he owes his success to his mother, who never ceased believing in him, and the NYDA. “The NYDA provided funding that enabled me to purchase vital software that is the backbone of Mjazi Trading,” he explains. And his advice to young people? “Take your chances and enter the business world. We have to embrace opportunities to bring about change in our country.”

Ngcobo is looking forward to expanding his client base, and perhaps getting married in the future. “I only have one child (a son). My focus now is generating more revenue for my business.” He added: “My big client is Eskom.”



Developing insurance brokerage takes on well established brokers

Ernest Sibiya (33) owns and manages Sihle Insurance Consultants, a Durban-based company which offers a range of insurance-broking services for personal and business assets. With a staff complement of four, Ernest’s business is flourishing. “We pride ourselves on professionalism and excellent service delivery,” he says.

He now plans to conquer the Gauteng market and is currently setting up a branch in Johannesburg. His long-term goals include becoming one of the largest empowered South African short-term insurance brokers and establishing an insurance administration agency that will assist and develop upcoming black brokers by offering reasonable insurance rates and all the necessary training, guidance, coaching and mentorship programmes.

Ernest hails from Mandeni, KwaZulu-Natal. As a child he wanted to become a Chartered Accountant but because of financial challenges he could not study further after matriculating and was forced to find employment in order to assist his mother to support the family. In 2008 he got job as an Insurance Broker. While working, he acquired a Certificate of Proficiency and an Intermediate Certificate in Business Studies from the Insurance Institute of South Africa (IISA) and

also completed a National Qualifications Framework Level 4 from Nouveau Consulting, a learning provider accredited by the Insurance Sector Education and Training Authority (INSETA).

Asked how he got into business Ernest explains that he discovered that he has strong marketing skills and knew that he could take advantage of his extensive short-term insurance knowledge and experience which was acknowledged when he was awarded the Broker of the Year award in 2007/2008. “I searched for opportunities and decided to establish an insurance brokerage in 2006. I must say, though, it was not an easy decision to leave a permanent job,” he says.

Ernest received a R100,000 business loan from the National Youth Development Agency (NYDA) in March 2010. He also acquired the NYDA’s Branding and Design Voucher valued at R8,000 and a Human Resource Policies Voucher valued at R10,000. The Business Consultancy Services Voucher Programme offers young entrepreneurs access to business development support services such as bookkeeping, marketing, tendering support, website development and more, for just R200.

According to Ernest, one of the challenges that he faces is matching the rates of well-established insurance brokers or agencies. “I am, however, moving full steam ahead and would advise any aspiring entrepreneur to not let what they cannot do stop them from what they can do. Be ambitious and do what you are good at,” he concludes.

An embodiment of women power

Mokhanyo Group is a Mpumalanga-based full-service catering company specialising in mobile, event, and boxed-lunch catering. Offering a variety of foods from a set menu to à la carte, and catering to specific dietary or religious needs such as halaal, kosher, vegetarian, vegan and food allergy requests, the company has been running for almost three years. However, its specialty is wedding cakes.

Formed in 2008 by entrepreneur Sophy Masenya-Mokhonya, Mokhanyo Group is made up of four women members who all work in the business. The company employs up to 40 staff members, depending on the size of the function. It has established a formidable reputation for excellence amongst its clients and peers.

As do many others in the food service industry, Masenya-Mokhonya and her staff work very long hours. It is not uncommon for them to work on holidays or seven days a week during the busy event seasons. A married mother of four children, Masenya-Mokhonya focuses on the business while her husband, who's unemployed, has taken it upon himself to look after their children. "My husband supports me and makes sure he keeps our home and children safe and secure while I work long hours."

Although Masenya-Mokhonya only had a Grade 8 education, she refused "to sit and mourn about my circumstances. I decided to turn my everyday activity – that is cooking and baking – into a business," she says. "I decided to invest in my passion by acquiring a professional qualification in catering and baking. I did my training with the Waltloo Group in Mpumalanga."

Masenya-Mokhonya believes her success is founded on her passion for what she does. "I love serving good food and making people's functions memorable."

One of Masenya-Mokhonya's earlier lessons when she started her business was the recognition that passion alone will not make a business operate profitably. This, she says, drove her to acquire all the fundamentals of business such as how to cost correctly and charge clients, attracting new business, client retention, cash-flow management and record keeping. From humble beginnings, "catering for school children, weddings, traditional functions, I now cater for big clients including some government departments," she says.

As part of her business's social responsibility activities, Masenya-Mokhonya does catering at no cost for two schools in her community, the Nansindlela High School, for matric farewell parties, and Moniwa Primary. Both are in the Bonkolhoup-Hoek area in Mpumalanga. At Christmas times, Mokhanyo Group also caters for the elderly in their area. "It took quite a while to get the business up and running," says the entrepreneur. "In the beginning I had to dig into my own depleted pockets before I got funding from the NYDA," Masenya-Mokhonya says. Despite her commendable success, challenges persist.

"I still have to hire transport to run my business. Not having my own transport is a problem," she says. Two of her children have completed Grade 12, and as they are not presently enrolled for further education, they sometimes help out in the business. "In the future, I would like to open my own catering school to provide training for unskilled and unemployed learners."

Building a family legacy

The desire for small business success can run in families – hence the time-honoured institution of the family firm. This is the case with Tshepo Maake, who took over his father's air-conditioning and refrigeration firm in 2009, with the help of a loan from the NYDA, and built it up into a thriving small enterprise.

Tshepo, now 32 years old, was born in the Limpopo town of Tzaneen and has lived and worked there his whole life. His beginnings are modest: his mother was a primary school teacher and his father, Bethuel Maake, started out as maintenance technician at the University of Limpopo. After matriculating from the Kwiti High School in Turfloop, he followed in his father's footsteps by studying electrical engineering at the Polokwane Technical College, but was forced to leave after two years because the family could not afford to continue paying fees.

In 1999 he began working in his father's business as a refrigeration and air conditioning mechanic, installing and maintaining systems for a range of private and government clients in the Tzaneen area. After five years of learning the ropes, he moved to a larger firm operating in the same field, Lawrence P Temperature Control, to deepen his knowledge and experience.

Then in 2008, with his father reaching an advanced age, the old man's business collapsed. Tshepo moved back to rebuild the company, which he renamed Macony Refrigeration, an Anglicised version of his Pedi name, Makone. But with the operation burdened by debt, he desperately needed an injection of new capital. At a workshop in 2009 at the Tzaneen showgrounds, Tshepo met NYDA loan officer Castilia Mabilo, who explained how he could secure loan finance from the agency. After arranging a further meeting, he was given a R40,000 loan, which he needed to buy a compressor and gas for the new business.

Since then, Macony Refrigeration has grown steadily. A major client has been the University of Limpopo, which has regularly called on the company to provide air-conditioning services to a total value of R200,000. Macony has also branched out into new localities, including Giyani, where it has done work valued at R40,000 for the legislature, and the provincial health department in Phalaborwa. “The company has grown a lot,” says Tshepo. “We’ve moved into a new office and workshop in the industrial area outside Tzaneen. When I started out, it was just me and my father, who now works for me. We are now four: two technicians, a bookkeeper and a receptionist.” Tshepo now has plans to take the business “to the next level”. His ambition is to move his office from the outskirts of the town to central Tzaneen and he would like to do more work for large suppliers such as Defy and KIC.

The growth of Macony Refrigeration has also brought major improvements to Tshepo’s daily life. He has bought his first home, in the Nkwankwa residential area of Tzaneen, where he lives with his three-year-old daughter, Pshepi.

NYDA, Flemish government boost local arts

The NYDA hosted a three-day Batsha-Jeugd Conference, a partnership project between the NYDA and the Flemish government aimed at promoting arts, culture and sports among the youth of South Africa.

The conference was hosted at the Birchwood Hotel in Boksburg and attracted young people from across the country and abroad. With the Batsha-Jeugd Programme ending in September 2010, the conference was convened with the aim of reflecting on lessons learnt during the past two and a half years of cooperation. The Batsha Jeugd project was expected to stimulate social cohesion among the youth through arts, culture, heritage and sports and youth initiatives to be achieved through the involvement of youth from disadvantaged communities and different racial groups and genders.

In 1997, the former National Youth Commission entered into cooperation with the Flemish government. The nature of the cooperation was based on youth development aimed at, amongst other things, strengthening the participation of civil society organisations in governance issues.

The cooperation was further strengthened in 2004–2006 with a particular focus on Local Youth Development Policy. Following the finalisation of the 2004–2006 cooperation, a new collaboration on Community Arts Centres was agreed upon by the former minister of Arts and Culture, the former minister in the Presidency and the Flemish Ministry of Culture, Youth, Sports and Media.

The 2007–2010 cooperation focuses on the integration of youth development, arts, culture and heritage in four community arts centres. It was agreed that the NYDA would, in partnership with the Department of Arts and Culture, partner in a programme titled Batsha-Jeugd.

The aim of this programme would be to develop linkages between the youth and children in artistic, cultural and youth development and to further encourage sharing of experiences and information among youth and children.

These four centres received funding to integrate arts, culture, heritage, sports and youth development in their programmes and capacity building was provided, both in South Africa as in Flanders. The recent conference established that one of the major successes of the programmes has been the revival of interest in both young people and township communities in the arts, sport and culture. Through participating in the programme’s activities, the Batsha-Jeugd Programme helped many township youth, especially those not in school and the unemployed, to find a positive way of spending their time and channelling their energy towards positive development.

Both programme officials and the youth agreed that participating in Batsha-Jeugd programmes like drama, music, dance, poetry, visual arts and sport provided them with an alternative space to spend their time productively and to avoid social vices. Evidence from all four provincial centres suggests that not only were the youth becoming more interested in participating in the activities of the programme, but older members of the communities were also showing their support for it.

The following four centres were identified for the programme:

- Gauteng: Ipelegeng Community Centre;
 - Free State: Mmabana Cultural Centre;
 - KwaZulu-Natal: The BAT Centre;
 - Western Cape: Nyanga Arts Development Centre.
-

NYDA beneficiaries win in the Social Business Plan Competition

On 30 November 2010, the Nelson Mandela Bay Social Business Plan Competition 2010 was held in Port Elizabeth, with the aim of giving young people the opportunity to provide business solutions for social problems.

Participants were encouraged to develop a business plan for their social enterprise and a panel of judges including representatives from the Eastern Cape Development Corporation, Small Enterprise Development Agency, National Youth Development Agency, COMSEC Business Incubator, Motherwell Urban Renewal Programme, NICRO and the International Labour Organisation selected the top five winners.

Mali Technologies and The Catalyst, two of the winners, are NYDA beneficiaries. Mali Technologies' idea is to support micro-enterprises and promote Information Technology in schools. The business benefited from the Business Consultancy Services Voucher Programme and won first prize in the Business Plan Competition. The Catalyst Foundation's idea to provide support for women entrepreneurs through virtual incubation won it the first prize in the Women-Owned Business Category, and the business benefited from the Microfinance Programme.

Ricardo Dames, Branch Manager of the NYDA's Port Elizabeth office, explained that the NYDA ran three training programmes: Introduction to Social Enterprise, Generate Your Social Business Idea, and Generate Your Social Business Plan training. "We trained 268 young people. This culminated in 48 social business plans being entered for adjudication," he concludes.

NYDA's sanitary towels project benefits disadvantaged schoolgirls

According to research, a girl who is absent from school due to menses for four days per month loses 13 learning days, equivalent to two weeks of learning in every school term. This research and incidents where young women in schools experience the loss of human dignity because of having no choice but to use old newspapers or cloths during their menstrual cycle, is what prompted the NYDA to launch the Sanitary Towels Project.

At the 99th anniversary of the ANC, President Jacob Zuma also highlighted the need for such a project by indicating that the government will work tirelessly to create a health system that promotes women's health as a fundamental human right. President Zuma also undertook to promote the provision of sanitary towels to women on the indigent list of municipalities.

Aimed at young women in peri-urban and rural areas between Grades 6 and 12 in all the nine provinces, the project was launched on 3–4 February 2011 in Limpopo, Mpumalanga, Western Cape and the Eastern Cape. The NYDA Executive Chairperson, Andile Lungisa, Deputy Executive Chairperson, Yershen Pillay and the CEO, Steven Ngubeni, visited selected schools in the four provinces for the handover ceremonies, which took place after school to ensure that lessons were not disrupted. Each girl received three sanitary towel packs, an equivalent of three months' supply.

Schools that were visited included Muyexe Primary School and Hatlani High School in Giyani, Limpopo; Litha Primary School, Gugulethu Comprehensive School and Vuyani Primary School in Gugulethu, Western Cape; Elukhanyisweni and Musa High Schools in Mpumalanga and Zamukulungisa High School in Mthatha, Eastern Cape.

"This project is aligned to our holistic approach of assisting young people and creating an environment where they can reach their full potential. Something as small as a sanitary towel can go a long way towards increasing learners' confidence, improving their attendance in schools and increasing the learner retention rate so that they can access better opportunities after matric and contribute towards the South African economy," says the NYDA's Executive Chairperson, Andile Lungisa.

To ensure maximum impact, the NYDA aims to work with the following partners: the Departments of Education, Health, and Women, Children and People Living with Disabilities and municipalities. To sustain this project, the organisation is exploring the possibility of funding young entrepreneurs in each province who can produce the sanitary towels.

"This would have the added benefit of creating employment within the communities," Lungisa concludes.

NYDA staff help build houses for elderly

In June 2010, the NYDA in partnership with YouthBuild International, the National Department of Human Settlements and the City of Johannesburg built 76 houses in Ivory Park to commemorate the events of 16 June 1976.

A 2007 report for the Infrastructure Inputs Sector Strategy released by the Presidency mentioned that in order to construct the 40 million houses imperative for South Africa, skilled workers, among them Construction Managers and Supervisors, General Managers and Project Managers as well as Structural Engineers, would be needed between 2010 and 2016.

Through the YouthBuild Ivory Park Infrastructure Programme, 76 houses have been built with the help of NYDA staff who took time out to volunteer. The houses were later handed over to beneficiaries, the elderly who had been living in shacks around Ivory Park.

This project not only addresses the challenges of housing but has also given young people around Ivory Park a chance to gain technical skills such as carpentry, brick-laying and plumbing. The programme is also in line with the NYDA's mandate of encouraging the culture of community service as well as nation-building among young people.

Andile Lungisa, chairperson of the NYDA, who also took part in the building of one of the houses, announced plans to extend the YouthBuild project to other provinces. He said 34 more houses would be built in Mpumalanga to symbolise 34 years since the Soweto and related uprisings.

NYDA opens youth advisory centre in Flagstaff

Flagstaff now receives information on National Youth Development Agency products and services right at their doorstep. The NYDA has opened a Youth Advisory Centre (YAC) in Flagstaff in the Ingquza Hill Municipality. This is in response to a call by President Zuma in his 2010 State of the Nation Address, wherein he challenged the NYDA to open more offices across the country.

Since the NYDA's establishment in 2009, it has brought about hope to millions of young people, especially those living in rural areas when it announced its intention to focus on the rural youth. As part of its strategy, the NYDA seeks to have YACs in all 283 municipalities so that its accessibility can be improved.

"We have made rural youth our priority. The opening of the two youth advisory centres proves our commitment to these young people," says NYDA Executive Chairperson Andile Lungisa.

He adds: "This further answers the call by President Jacob Zuma for the NYDA to form provincial structures. Over the coming months we have targeted all 283 municipalities to house YACs to enable the organisation to address the issues surrounding rural youth development and job creation, to improve access to education, and to provide youth enterprise support and skills development programmes. We currently have 144 centres; we therefore encourage other municipalities to come on board. The services offered at these offices can really change young people's lives for the better."

Based at municipal offices and FET colleges, YACs enable young people to access information about NYDA programmes and services, various career options, available bursaries, job opportunities and any other information that will assist them to realise their dreams. Young people can also take advantage of the free internet access at the YAC points.

"Access to relevant information can mean the difference between failure and success in life. We therefore want to reach that young man or woman who is unsure about what to do after Matric, is experiencing challenges setting up his or her business or is on the verge of giving up because he or she cannot find a job," concludes Lungisa.

Business acumen important before you venture into business

Call it tenderpreneurship or entrepreneurship: whatever the word, knowing your business and understanding your market is important in ensuring the success of your business. Twenty-three-year old businessman Luyanda Kimbili knows this very well, and for him the key is maintaining close relations with his customers and staying ahead of his competitors.

“Because I know that I’m in a competitive market and people have options including established businesses, I have to find ways of keeping in touch with my customers. I often text them messages on the menu of the day and specials, which keeps them updated on their favourite specials and helps maintain those relations and trust,” he says.

Luyanda, who hails from Cape Town, is one of the NYDA’s micro-finance beneficiaries. He owns a take-away outlet in Site B, Khayelitsha, near Cape Town. He received a loan of R23,000 from the NYDA in July 2010 in order to start his business.

“I sell a variety of food, including vetkoeks, burgers, Russian sausages and other meals,” he says.

Luyanda is one of many young South Africans who have found it difficult to complete their studies, often due to financial constraints, but defends his decision to go into business as purely following his passion.

“I’m very passionate about business, which is why I approached the NYDA for funding and was able to open my business in July 2010,” he says.

Before starting his business, Luyanda was studying towards a BA Degree in Business Administration at the Tertiary School in Business Administration (TSIBA), when he experienced financial challenges resulting in him dropping out of school.

“I did not venture into business because I needed something to do, but because of my love for business, and it is something I will continue doing. Through running my own business, I have been able to get an understanding of the practicality of being hands-on in your business and studying the ins and outs,” he says. He admits that running your own business is not easy even when you have had only theoretical training, but is quick to admit that he intends going back to school to complete his studies.

“I want to go back to school to finish my studies. But beyond that, in about five years from now, I want to own a construction company as part of expanding my business interests, because I don’t want to focus on one business. In that, doing tendering work seems viable at this stage, so long as you know what you are doing and you are able to carry out the work. That is the field I want to pursue,” he says.

Luyanda remains unshaken on his view on education as a pre-condition for any successful venture in life.

“Even in business, education opens your understanding of operating successfully and allows you to be able to network and expand your opportunities. It’s also vital for institutions like the NYDA to assist young people in their businesses beyond financial support, including mentorship and dealing with the challenges of owning a business. Having theory alone is not the same as doing practical work in business,” concludes Luyanda.

NYDA hands over 100 bicycles to learners in rural Jozini

A total of 100 learners from disadvantaged backgrounds received brand new bicycles from the NYDA during an event held at the Jozini Stadium, KwaZulu-Natal. This is part of the Ride to School Bicycle Project aimed at improving the mobility of female learners by providing bicycles to those who walk long distances to schools on a daily basis.

This initiative by the NYDA supports the Integrated Rural Mobility and Access (IRMA) project of the Department of Transport aimed at rural transport development and improving rural mobility and accessibility to social and economic activities.

Speaking during the handover ceremony, NYDA Deputy Executive Chairperson Yershen Pillay said that through this project, the NYDA aims to improve youth access to centres of learning. "This project is a direct result of the NYDA's efforts to intensify rural youth development with special focus on young women. Our ultimate aim is improving access to education," he said. Pillay added that ensuring that more young people accessed education is important in ensuring that the lives of many South Africans are improved.

The learners were identified from 16 schools around Jozini; emphasis was on learners who walk further than 6 km to and from school. The project is in line with the Rural Transport Strategy for South Africa, which endeavours to find innovative solutions to challenges related to accessing socio-economic opportunities by communities within the ambit of environmental sustainability.

11 underprivileged youths to study in Turkey

The lives of 11 young people from underprivileged backgrounds will never be the same again. At the end of October 2010, the 11 young people from underprivileged families left South Africa for a lifetime opportunity to study in Ankara, the capital city of Turkey. The scholarships form part of the agreements that resulted from Deputy President Kgalema Motlanthe's two-day official visit to the Republic of Turkey earlier in the year. Tasked with identifying and supporting the young people, the National Youth Development Agency (NYDA) engaged schools in all nine provinces involved in the Dinaledi Schools Project to recommend students who could apply.

An initiative of the Department of Education, the Dinaledi Schools Project is aimed at improving the pass rate of students studying Maths and Science in disadvantaged schools through equipping them with resources such as laboratories and skilled teachers.

"Once relevant students were identified, we submitted their application forms to the Turkey Embassy and all 11 of them were accepted; 10 undergraduates and 1 postgraduate," explains Mzwabantu Ntlangeni, NYDA International Relations and Partnerships Director.

Pat Mdluli (19) from Kabokweni village in Nelspruit is one of the deserving students who could not go to university after matriculating because of financial constraints. "I was ecstatic and could not believe it when I was told that my application was successful. My mom was the first person I told and she was also over the moon. This is the end of poverty for me," says Mdluli.

Mdluli is a hard worker who received two distinctions, in Mathematics and Life Orientation, when he matriculated in 2009. Growing up, Mdluli wanted to become a doctor, but has since changed his mind and will be studying for a BCom Accounting Science Degree in Turkey. Raised by a domestic worker and a driver, Mdluli is not only ambitious but also selfless: in addition to starting his own auditing firm when he completes his qualification, he says he would like to give back to his community by teaching young people Maths and Science.

"I am currently researching the Turkish lifestyle on the internet. Although I will really miss my family, I realise that this is an opportunity that I cannot pass up," says Mdluli.

According to Ntlangeni, Mdluli and the rest of the group will have to attend a Turkish language course, and upon completion the learners can then study whatever they would like at any Turkish university.

"The scholarship covers tuition, dormitory fees, medical treatment and a monthly allowance. We are currently raising additional funds to cover travelling expenses and other unexpected costs. The Gauteng and Limpopo provincial governments have already come on board. We urge other provincial governments and the public and private sector to support this initiative," Ntlangeni adds.

NYDA uses Women's Month to empower rural women

Historically, the South African labour market has been known to exclude women from participating in economic activities. At least this was the case until the mid-1990s when women flipped the script and penetrated the job market, making a mark in the workplace and in business following the first democratic elections and the introduction of new policies. The fight is not over, though; according to the results from the Employment Equity Report compiled by the Department of Labour, the transformation in the workplace, particularly in the private sector, is slow.

One of the NYDA's KPAs is Economic Participation, which looks at devising policies and integrated programmes that promote job placement, self-employment and income-generating activities as well as skills development and education. It is in this context that, while South Africa celebrated Women's Month in August, the NYDA launched the Young Women's Development Programme. The programme brought young women, particularly in rural areas, together through different platforms to share their experiences and challenges on issues that pertain to their livelihoods and their development. The programme also meant to establish purpose-driven relationships and strategic partnerships for the advancement of young women.

Starting in Beaufort West in the Western Cape and moving to Kuruman in the Northern Cape, the NYDA female board members, Innocentia Motau, Maria Tshabalala and Pholisa Makeleni, supported by the towns' municipal representatives and other stakeholders, held seminars with local women where discussions on education, economic participation (employability), social development and leadership, which also form part of the government's Millennium Development Goals, were held.

The seminars also included Job Preparedness Workshops that were conducted by qualified NYDA facilitators. Participants received free training, covering topics such as self-assessment, which assists women to identify their character traits, strengths and personal developmental areas. It enables women to get to know themselves and the skills they have, and the kinds of jobs in which they are likely to succeed.

Other topics covered by the Job Preparedness Workshops included tips on preparing CVs (how to write a CV, acceptable formats and professional application letters), preparing for interviews, personal image (personal grooming and how to present oneself when attending an interview), and business ethics. The young women were also exposed to group mentorship led by successful young female entrepreneurs who shared tips on their roads to success. This was part of the NYDA's Volunteer Enterprise Mentorship Programme.



STATEMENT OF CORPORATE GOVERNANCE 31 MARCH 2011

Statement of Corporate Governance

For the year ended 31 March 2011

Regulatory Environment and Statutory Compliance

The National Youth Development Agency (NYDA) was established through a merger between Umsobomvu Youth Fund (UYF), a Public Entity listed under Part B of Schedule 3 of the Public Finance Management Act, No. 1 of 1999 (PFMA), and the National Youth Commission, a Public Entity listed under Part A of Schedule 3 of the PFMA, pursuant to Section 21(2) of the National Youth Development Agency Act, No. 54 of 2008 (NYDA Act) and it is classified as a Public Entity listed under Part A of Schedule 3 of the PFMA.

The NYDA, being a public entity, is subjected to the applicable provisions of the PFMA amongst others, and has adopted Protocol on Corporate governance for Public Sector and has adopted and approved a materiality framework as required in terms of Treasury Regulation 28.3. Further to this, the NYDA is guided and governed by the provisions of the NYDA Act in its structure and operations. Being in its first year of operations and also recognising that Corporate Governance is an important element of the management and operations of the NYDA, the Board's priority was to establish Governance Structures in line with the provisions of the NYDA Act and to ensure that the NYDA meets the need for accountability, integrity and transparency. In developing these structures, the Board took cognisance of the work done by the former entities, and hence the policies, processes and governance structure within these entities formed the basis for the development of the Board, Board Committee charters and related policies and processes that would guide and govern the operations of the NYDA in line with the provisions of the NYDA Act, to ensure that the NYDA continues to deliver services to the young people of South Africa.

The Board, Board Committee charters and related policies and processes provide a comprehensive set of governance policy directives and guidelines to promote the highest standards of corporate governance within the NYDA, and the Board will continue to develop and improve its corporate governance practices to ensure that it meets with best practices. The Board, Board Committee charters and related policies and processes provide a comprehensive set of governance policy directives and guidelines to promote the highest standards of corporate governance within the NYDA and the Board will continue to develop and improve its corporate governance practices to ensure that it meets with best practices. To ensure this, NYDA continues to assess its compliance to good corporate governance practices. The Board has duly implemented measures to address these non-compliances.

During the year under review the NYDA largely operated using the management structure adopted from the former entities to ensure uninterrupted provision of services to young people, and therefore engaged in a process to align the structure with the requirements of the NYDA Act and further to ensure that the NYDA responds adequately to the mandate of the NYDA.

Governance Principle

The Code of Conduct and Fraud Prevention Plan commit the NYDA's management and staff to the highest standard of ethical and professional behaviour, including a fundamental respect for the law, and require all employees to act in utmost good faith and integrity in all transactions and with all stakeholders with whom they interact.

Systems and procedures have been implemented to ensure that the Code of Conduct and Fraud Prevention Plan is communicated and adhered to by all employees and the Board. The Code of Conduct, together with the Human Resource Policy, clearly articulates how the provisions contained therein should be adhered to and dealt with in instances of non-compliance.

Governance Structures

Board of Directors

NYDA is led by and controlled by an effective and efficient unitary Board, comprising eight members, five independent non-executive Directors, two executive Directors appointed as Executive Chairperson and Deputy Executive Chairperson, and the Chief Executive Officer as an ex-officio Board member with no voting rights. The Board is appointed by the President of the Republic of South Africa on recommendation of Parliament, except for the Chief Executive Officer who is appointed by the Board. The NYDA reports to the Minister in the Presidency, Minister Collins Ohm Chabane, and therefore its Executive Authority.

In terms of Section 49 of the PFMA, the Board is the Accounting Authority of NYDA and retains full and effective control over the NYDA. Its fiduciary and general responsibilities are listed in Section 50 of the PFMA and those responsibilities which have been incorporated in its Charter.

The duties and responsibilities of the Board were determined primarily with reference to the Protocol on Corporate Governance for Public Sector, PFMA and NYDA Act. These duties and responsibilities, amongst others, comprise:

- Formulating corporate strategy and setting of targets;
- Approving budgets to procure the necessary resources to execute the corporate strategy;
- Reviewing actual performance in relation to targets; and
- Ensuring that risks arising from the execution of the strategy are effectively managed and controlled;

The Chief Executive Officer, who is appointed by the Board, together with his executive team (the Operations Executive Committee), manages the day-to-day affairs of NYDA and ensures that the Board's strategies, policies and resolutions are sustainably implemented and managed. The Board, in carrying out its tasks under its terms of reference, may obtain outside or other independent professional advice, as it considers necessary, to carry out its duties and responsibilities. The selection and appointment of professional advisors are carried out in accordance with NYDA's standard supply chain management policies and processes.

The Chief Executive Officer and his executive team provide the Board with the relevant information to assess the performance of NYDA in relation to approved targets, and meet with the Board from time to time to discuss performance and review corporate strategy, targets and budgets. The Board has unrestricted access to accurate, relevant and timely information.

The Board has been operating under the provisional arrangements and frameworks that were put in place when the NYDA was established. The process of incorporating the Board into the National Treasury's administration system for office bearers of statutory institutions is underway. The Board is currently going through a formal evaluation, the outcomes of which will assist in concluding and formalising the Board's terms and conditions for the Executive Board members as well as other agreements between the Executive Authority and the NYDA Board.

On an annual basis, the Executive Authority evaluates the mix of skills, experience and other relevant qualities inherent in the Board in order to ensure that the Board is capable of carrying out all its responsibilities towards the NYDA. The Executive Authority believes the Board is well constituted in this regard.

The Board has established its Committees as required by the NYDA Act (except for the Development Committee) to assist the Board in efficiently and effectively advancing the business of the Board, and to adequately and properly discharge Directors' responsibilities. However, the Board remains accountable and responsible for the performance and affairs of the NYDA. The mandates of these Committees are contained in their respective charters and duly approved by the Board.

The NYDA's Board Governance Structure

The NYDA's Board is assisted in discharging its duties through the following committees:

- Audit Committee (established in terms of Section 77 of the PFMA);
- Human Resources and Remuneration Committee;
- Credit and Investment Committee;
- Executive Management Committee;
- Development Committee;

A summary of the NYDA's Board and Board Committee structures as at 31 March 2011 is outlined below.

Directors	Position held per Board Committee				
	Audit	Credit and Investment	Human Resources and Remuneration	Executive Management	Development
Executive:					
Mr Andile Lungisa (Chairperson)				Chairperson	
Mr Yershen Pillay (Deputy Chairperson)				Member	
Mr. Steven Ngubeni (Chief Executive Officer)		Member	Member	Member	
Non- Executive:					
Mr Mcebo Khumalo					Chairperson
Ms Pholisa Makeleni			Chairperson		
Ms Innocentia Motau	Member	Chairperson			
Mr Francois Slabber			Member		
Ms Maria Tshabalala		Member			Member

Delegation of Authority

The ultimate responsibility for NYDA's operations rests with the Board. The Board retains effective control through a well-developed governance structure of Board Committees which specialise in certain areas of the business. The Board of directors delegates specific authorities to these committees and to the Chief Executive Officer. The Operations Executive Committee, which comprises the heads of each division of NYDA, assists the Chief Executive Officer in discharging his duties and the duties of the Board when it is not in session. However, certain responsibilities are still reserved for the Board. Delegating authorities to Board Committees or Management does not in any way mitigate or dissipate the Board's duties and responsibilities.

Induction Programme

The Board, primarily the Board Chairperson, is responsible for ensuring that induction is provided to new Directors and that education and training is offered to existing Directors in order to improve and maintain the effectiveness of the entire Board. The Directors are informed of NYDA's programmes and operations, senior management and the business environment as well as Directors' fiduciary duties, responsibilities and expectations. The induction programme is reviewed from time to time to ensure its effectiveness when inducting new Board and Board Committee members.

Board Meetings

The Board met ten times during the year under review. A summary of the attendance of Directors at Board meetings during the year under review is outlined in the following table:

Names of members	Meetings attended	Attendance record (%)
Mr Andile Lungisa (Chairperson)	10/10	100
Mr Yershen Pillay (Deputy Chairperson)	8/10	80
Mr Steven Ngubeni	8/10	80
Mr Mcebo Khumalo	6/10	60
Ms Pholisa Makeleni	9/10	90
Ms Innocentia Motau	8/10	80
Mr Francois Slabber	6/10	60
Ms Maria Tshabalala	9/10	90

Secretary of the Board

The Board Secretary, who is appointed by and reports to the Board, ensures that the Board functions effectively. This is achieved by providing detailed guidance on the nature and extent of the Board and individual directors' duties and responsibilities. The Company Secretary is a central source of guidance and advice to the Board on matters of business ethics and good governance. The Board Secretary also serves as Secretary for the Board Committees. The performance of the Board Secretary is appraised in the same manner as are the Directors.

Directors' Interest in Contracts

Every Board member is required to disclose his or her business interest in other listed and non-listed companies and entities in the Board Secretary's Register of Interests. Board members are prohibited in dealing or owning shares, securities or similar interests in any of NYDA's clients, agents or service providers. Except to the extent disclosed in these financial statements, none of the Directors dealt in any shares, securities or similar interests in any of NYDA's clients, agents or service providers.

Board Statutory Committees

Audit Committee

The Audit Committee, established in terms of Treasury Guidelines as provided for in Section 77 of the PFMA, comprises of three members, two of whom are independent, and a non-executive Board member. The NYDA Chief Executive Officer attends on invitation. Its purpose is to assist the Board in discharging its duties relating to the safeguarding of assets, operation of adequate systems and control processes and preparation of accurate financial reporting. The Committee reports to the Board on a quarterly basis.

The Audit Committee is further responsible for the ensuring following:

- NYDA's audit, financial and risk areas are adequately addressed;
- Appropriate policies and internal control recommendations by internal audit and the Auditor-General are implemented;
- The annual financial statements and annual report have been properly prepared by management and reviewed by the Auditor-General before recommendation to the Board of directors for approval;
- Periodic evaluation of the suitability and performance of auditors;
- Reviewing polices and recommendations to the Board for approval.

The independent specialists are remunerated based on the guidelines issued by the National Treasury from time to time for each meeting attended.

Details of attendance by members of the Committee for the period 01 April 2010 to 31 March 2011 are set out below:

Name of members	Meetings attended	Attendance record (%)
Mr Vonani Mathebula (Chairperson)	3/3	100
Ms Innocentia Matou	3/3	100
Mr Peter Koch	2/3	75
Mr Steven Ngubeni	2/3	75

Credit and Investment Committee

The Committee comprises of 3 (three) members, two of which are non-executive and the Chief Executive Officer and its purpose is to ensure that commitments which NYDA seeks to make to projects are aligned with the objectives of the NYDA and further reviews the portfolio of loans and projects funded. It further considers, for approval, projects recommended by NYDA's Management Committee where NYDA would have a funding exposure to any particular project between R10 million and R20 million. The Committee reports to the Board on a quarterly basis.

The Committee is further responsible for ensuring the following:

- Projects fit the detailed programme criteria established by the NYDA;
- NYDA does not have undue exposure to any particular project and/or service provider organisation;
- Adequate controls and mitigating measures are in place to manage projects risks which have been identified; and
- Recommending approval of projects to the Board where any single commitment exceeds R20 million.

The full terms of reference of this Committee are contained in its Charter.

The Committee meets on a quarterly basis and when projects are recommended to it for approval, and the mandate and powers of the Investment Committee are reviewed on an annual basis by the Board in order to ensure that the rules which govern the Committee are still relevant and applicable.

Details of attendance by members of the Committee for the period 14 June 2010 to 31 March 2011 are set out below:

Names of members	Meetings attended	Attendance record (%)
Ms Innocentia Motau (Chairperson)	2/2	100
Ms Maria Tshabalala	2/2	100
Mr Steven Ngubeni	0/2	0

Human Resources and Remuneration Committee

The Committee comprises an independent specialist and four members, two of whom are non-executive Directors. Its purpose is to provide advice and guidance to the Board on matters relating to human resources which are considered vital in order to ensure that NYDA subscribes to good and fair labour practices and has the relevant human resources to achieve its mandate. The independent specialist was only appointed subsequent to year-end. The Committee reports to the Board on a quarterly basis.

The Committee is further responsible for the following:

- Recommending all policies for conditions of employment of staff;
- Determining all essential components of remuneration;
- Establishing remuneration credibility with all key stakeholders;
- Advising on effective retention strategies;
- Determining the basis for measuring the performance of executive directors and senior management;
- Recommending annual salary increments and rewards.

The Committee has access to independent surveys and consultants to consider market-related remuneration and related benefits. The full terms of reference of this Committee are contained in its Charter, which was duly approved by the Board.

The mandate and powers of the Committee are reviewed on an annual basis by the Board in order to ensure that the rules which govern the Committee are still relevant and applicable.

Details of attendance by members of the Committee for the period 1 April 2010 to 31 March 2011 are set out below:

Names of members	Meetings attended	Attendance record (%)
Ms Pholisa Makeleni (Chairperson)	3/5	60
Mr Francois Slabber	3/5	60
Yershen Pillay	1/5	20
Mr Steven Ngubeni	3/5	60
Joy Ndlovu	1/5	20

Executive Management Committee

The Executive Management Committee consists of the Chairperson of the Board, Deputy Chairperson of the Board, and Chief Executive Officer.

The Committee considers the following strategic matters:

- Review and approve monthly NYDA programme and financial performance;
- Review and approve all quarterly reports prior to such reports being submitted to the Executive Authority;
- Review progress on implementation of the Board projects;
- Review progress on implementation of strategic partnerships;
- Identify and review strategic risks as they arise;
- Review the minutes of all committees lead by the CEO, excluding the Procurement Tender Committee;
- Review progress on implementation of the NYDA Communication strategy;
- Prioritise the allocation of capital and technical and human resources; and
- Attend to any other matters as delegated by the Board.

Details of attendance by members of the Committee for the period 26 June to 31 March 2011 are set out below:

Names of members	Meetings attended	Attendance record (%)
Andile Lungisa (Chairperson)	0/1	0
Yershen Pillay	1/1	100
Mr Steven Ngubeni	1/1	100

Development Committee

The Development Committee consists of three members, two Non-Executive Directors and the Chief Executive Officer. The Committee reports to the Board on a quarterly basis.

The Committee is responsible for:

- Providing advice to the Board on the way forward for programmes referred to the Board by the Provincial Advisory Boards;
- Guiding the Board in defining the youth development interventions and programmes as envisaged in Section 4 of the Act;
- Providing guidance to the Board on issues to be included in conducting youth development research;
- Providing guidance to the Board on issues that ensure youth development is included in National priorities and government programmes emanating thereof;
- Providing guidance to the Board on issues that would ensure youth development interventions are in line with the Integrated Youth Development Strategy; and
- Providing input to the Board on the review of the capacity of the NYDA to implement programmes.

The mandate and powers of the Committee are reviewed on an annual basis by the Board in order to ensure that the rules which govern the Committee are still relevant and applicable.

Details of attendance by members of the Committee for the period 28 October 2010 to 31 March 2011 are set out below:

Names of members	Meetings attended	Attendance record (%)
Mcebo Khumalo (Chairperson)	0/0	0
Maria Tshabalala	0/0	0
Mr Steven Ngubeni	0/0	0

Committees led by the Chief Executive Officer

The following Committees, some of which are led by the Chief Executive Officer, have been delegated with the day-to-day operations and decisions of the NYDA. The independent specialist was only appointed subsequent to year-end.

- Operations Executive Committee;
- Management Committee;
- Procurement and Tender Committee;
- Skills Development and Employment Equity Committee;
- Occupational Health and Safety Committee.

Operations Executive Committee

The Committee is responsible for strategic and operational matters including day-to-day management of the business of NYDA in terms of its delegated authority approved by the Board of Directors. This Committee facilitates the effective control of all operational activities, acting as a medium of communication and coordination between the various business units and the Board. It is also responsible for recommendations to the Board on policies and strategies and monitoring their implementation in line with the Board's mandate. This Committee meets once a month.

As at 31 March 2011, the Operations Executive Committee consisted of:

Names of members	
Mr Steven Ngubeni (Chairperson)	Chief Executive Officer
Mr Mbongeni Mtshali	Chief Operations Officer (resigned: 31 August 2010)
Mr Mzwabantu Ntlangeni	Acting Chief Operations Officer (From December 2010) and Divisional Director – NYDA Partnerships and International Relations
Mr Sello Nkoane	Acting Chief Financial Officer (resigned: 31 December 2010)
Mr Michael Mashinini	Acting Chief Financial Officer (From 1 January 2011)
Mr Freddie Bruintjies	Divisional Director – Enterprise Finance (resigned: 31 July 2010)
Ms Stieneke Samuels	Acting Divisional Director Enterprise Finance
Mr Clayton Peters	Divisional Director – Skills Development and Transfer
Ms Moipone Molotsi	Divisional Director – Business Development Services
Ms Ncedi Hluyo	Divisional Director – Human Resource Management
Mr Bongani Magongo	Divisional Director – Research and Evaluation
Ms Gugu Mjadu	Divisional Director – Communications and Corporate Affairs
Ms Daphney Chuma	Divisional Director- Public Sector & Government Communications (resigned: 30 June 2010)
Ms Margaret Tleane	Divisional Director- Policy, Lobby and Advocacy
Mr Daniel van Vuuren	Divisional Director – Service Delivery Channel
Mr Edgar Mahura	Chief Information Officer

The following managers have a standing invitation to attend Executive Committee meetings:

Ms Teboho Sejane	Business Strategist
Mr Sanjay Hargovan	Risk Manager

The Operations Executive Committee met nine times during the year under review.

Management Committee

The Management Committee ensures that commitments which NYDA seeks to make in projects are aligned with the objectives of the NYDA. It has decision-making authority in respect of project grants with a value less than R5 m, subject to prior recommendation of the Quality Assurance Committee

The Management Committee is responsible for ensuring the following:

- Projects submitted to it are aligned with the aims and objectives of the NYDA;
- Projects fit the detailed programme criteria established by the NYDA;
- The NYDA does not have undue exposure to any particular project and/or service provider organisation;
- Adequate controls and mitigating measures are in place to manage risks which have been identified; and
- Recommending approval of projects to the Investment Committee where any single commitment exceeds R5 million.

The Management Committee comprises the Chief Executive Officer, as Chairperson, the Chief Financial Officer and Divisional Directors.

The Management Committee met once during the year under review to evaluate grant-funded programmes, including the appraisal of Entrepreneurship Loans and Investments.

Procurement and Tender Committee

The objective of the Procurement and Tender Committee (PTC) is to ensure that goods and services are procured in accordance with the procurement policy of the NYDA and that its full terms of references are contained in its charter, which was duly approved by the Board.

The PTC is responsible for the following:

- Development and implementation of a sound and fair procurement policy guided by the relevant regulatory framework;
- Proper procedures, processes and systems are in place to give effect to the procurement policy; and
- Adjudicating of bids.

The Procurement and Tender Committee is chaired by the Chief Executive Officer and the members consist of the Chief Financial Officer and two Divisional Directors, with the Risk Unit and Supply Chain Management Unit having a standing invitation to the Committee meetings. PTC Task Teams are established with a limited mandate to support the PTC in procurement for programme or project specific requirements. The effectiveness and compliance of procurement and tendering management is monitored through formal reporting by the Procurement Manager to this Committee, which includes the achievement of best quality, cost effectiveness and optimum delivery of products and services to NYDA and its programmes. Emphasis on Black Economic Empowerment and Youth-Owned SMME's is a key objective of NYDA's preferential procurement strategy.

The Committee met three times during the year under review.

Skills Development and Employment Equity Committee

The objective of the Skills Development and Employment Equity Committee (SDEEC) is to ensure that NYDA complies with the legislation relating to skills development and employment equity.

The SDEEC is further responsible for the following:

- Monitoring implementation of the workplace skills plan and employment equity plan;
- Making recommendations to the NYDA management with respect to skills development and training for all employees;
- Ensuring that the principles which underpin skills development and employment are applied fairly to all employees of NYDA.

The SDEEC is chaired by a staff member appointed by the Executive Committee and reports directly to the Chief Executive Officer. The Committee consist of 11 members representative of the demographics of NYDA in respect of gender, race, job level and disability.

The Committee met four times during the year under review.

Occupational Health and Safety Committee

The objective of the Occupational Health and Safety Committee (OHSC) is to ensure that NYDA complies with the legislation relating to health and safety issues affecting employees. Appropriate policies and practices of NYDA are in place to ensure that the provisions of the Occupational Health and Safety Act No. 85 of 1993 are complied with and that the safety of all employees and contractors on NYDA premises is ensured.

The OHSC is responsible for ensuring that:

- NYDA adopts, maintains and applies appropriate health, safety and environment policies and procedures;
- NYDA maintains effective health-, safety- and environment-related internal control and risk management systems;
- Effect is given to the applicable legislation.

The OHSC is chaired by a senior staff member appointed by and reporting directly to the Chief Executive Officer, as per the provision in the Act.

The Committee met twice during the year under review.

Risk Management

Board Responsibility on Risk Management

The Board is responsible for the total process of risk management, which includes the system of internal control. It is responsible for ensuring that a risk assessment is undertaken at least annually as well as ensuring that it regularly receives and reviews reports on the risk management process at appropriate intervals. Their responsibility further includes ensuring that proper processes and structures are in place to identify, evaluate, mitigate and communicate the risks to which NYDA is exposed and further significant risks that affect decisions of stakeholders (including the shareholder) in their dealing with NYDA. In order to effectively discharge these responsibilities, the Board has institutionalised several structures within the NYDA, including the Audit Committee, and it is in the process of setting up the Risk Management Committee which will be a sub-committee of the Audit Committee. The Risk Management Committee, coordinated by the Risk Management Unit, is to assist in the execution of the risk management process.

Audit Committee Responsibility

The Audit Committee has the responsibility of assisting the Board in ensuring that all material risks to which NYDA is exposed are properly managed. In this regard, the Audit Committee will work in close cooperation with the Risk Management Committee.

Risk Management Responsibility

NYDA's Risk Management Unit, reporting to the Office of the Chief Executive Officer, monitors the entire risk profile, ensuring that major risks are identified and reported, and provides and maintains the risk management infrastructure to assist Management in fulfilling its responsibilities. The Risk Manager assists in the execution of the risk management process but the primary responsibility still remains with the Board. The Risk Manager has a standing invitation to attend the Board Audit Committee meetings.

NYDA's approach to risk management is to identify as many of its business risks as possible, and to formulate and implement policies to counter, manage, control, reduce or eliminate these risks. Risk policies are developed and reviewed from time to time to take into account new business imperatives.

NYDA's policy on, approach to and management of risk is documented in the NYDA Risk Management Strategy and distinguishes between the following identified areas of risk:

- Business and Operational Risks (Corporate Governance, Sustainability, Programmes, Support);
- Credit and Market Risks;
- Human Resources Risks;
- Information and Technological Risks;
- Business Continuity and Disaster Recovery;
- Physical, Health and Safety Risks; and
- Political, Social and Economic Risks

NYDA views risk management as an ongoing process and, during the year under review, it continued to review its enterprise-wide risks, risk management policies and procedures at regular intervals in order to ensure that its management of business risk was progressive and adjusted to changing circumstances.

Internal controls

NYDA's internal controls and systems are designed to provide cost-effective, reasonable, but not absolute, assurance as to the integrity and reliability of the annual financial statements, and to ensure that assets are adequately safeguarded against material loss or unauthorised loss and that transactions are properly authorised and recorded. Such controls are based on established written policies, procedures, structures and approval frameworks which are monitored throughout NYDA and are applied by trained, skilled personnel with the appropriate segregation of duties through clearly defined lines of accountability and delegation of authority.

The control system includes comprehensive reporting of critical risk areas which are identified by operational risk management and confirmed by management. Both management and Internal Auditors closely monitor the controls and ensure actions are taken to correct deficiencies as they are identified.

Internal Audit

Internal Audit is an integral part of the NYDA and is prescribed by the King II Report, the PFMA and the Protocol on Corporate Governance. It functionally reports to the Board Audit Committee and administratively to the Executive Management of NYDA. Internal Audit operates under a formal terms of references, approved by the Board, and acts in accordance with the standards set by the Institute of Internal Auditors. Internal Audit is aimed at providing reasonable assurance on the effectiveness of NYDA's corporate governance, risk management processes and the system of internal control, and has been outsourced to an audit firm.

The internal auditors have unrestricted access to members of the Audit Committee and the Board Chairperson, and have a standing invitation to all Audit Committee meetings.

Internal Audit is further used as a tool by Management to:

- Assist NYDA to achieve its mandated objectives;
- Recommend improvements to NYDA's operations;
- Mitigate losses, illegality and damage to reputation.

Fraud Prevention and Whistle-blowing

Fraud, or fraudulent activities, in any form as defined in the NYDA's Fraud Prevention and Whistle-Blowing Policy, is not tolerated and is investigated and followed up by the application of all remedies available to it within the full extent of the law.

NYDA maintains a fraud/whistle-blowing hotline, which is outsourced to an independent external service provider. Employees, service providers and beneficiaries of NYDA are encouraged to report any suspected fraudulent, corrupt or unethical activities. The policy enables the protection of those that report these offences within their rights as afforded by legislation such as the Protected Disclosures Act 27 of 2000.

The Risk Management Unit receives and follows up on every report received and updates the Audit Committee on the status or progress of reported incidences.

Financial Intelligence Centre Act

NYDA believes that it is fully compliant with the Financial Intelligence Centre Act No. 38 of 2001 (FICA), and all employees receive compulsory training as to the awareness and obligations of NYDA in respect of FICA to support the international fight against money-laundering activities.

Employment Practices

The Board has managed the transfer of the employees from the former UYF and the NYC in line with the NYDA Act and in compliance with Section 197 of the Labour Relations Act 66 of 1995. The Board has further adopted a new set of employment terms and conditions of employment that seek to achieve equity and parity within its employment practices, as well as policies that are designed to attract, motivate and retain relevant and quality human resources that would enable it to achieve its mandate.

Communication and Corporate Affairs

NYDA enters into dialogue with institutional stakeholders for constructive engagement to form mutual partnerships to achieve the objectives of youth development. Due regard is taken in respect of statutory, regulatory and other directives that regulate the dissemination of information by NYDA's Directors and officials.

Directors and officials of NYDA are expected to take cognisance that society demands greater transparency, accessibility and accountability regarding reports and communication. As such, NYDA makes every effort to ensure that information is readily available for its staff and is distributed to its stakeholders, including youth, via a broad range of communication channels including its internet portal (www.youthportal.org.za), the NYDA call centre (08600 YOUTH), the national network of Youth Advisory Centres, Government Thusong Service Centres, Constituency offices, its service providers and outreach events.

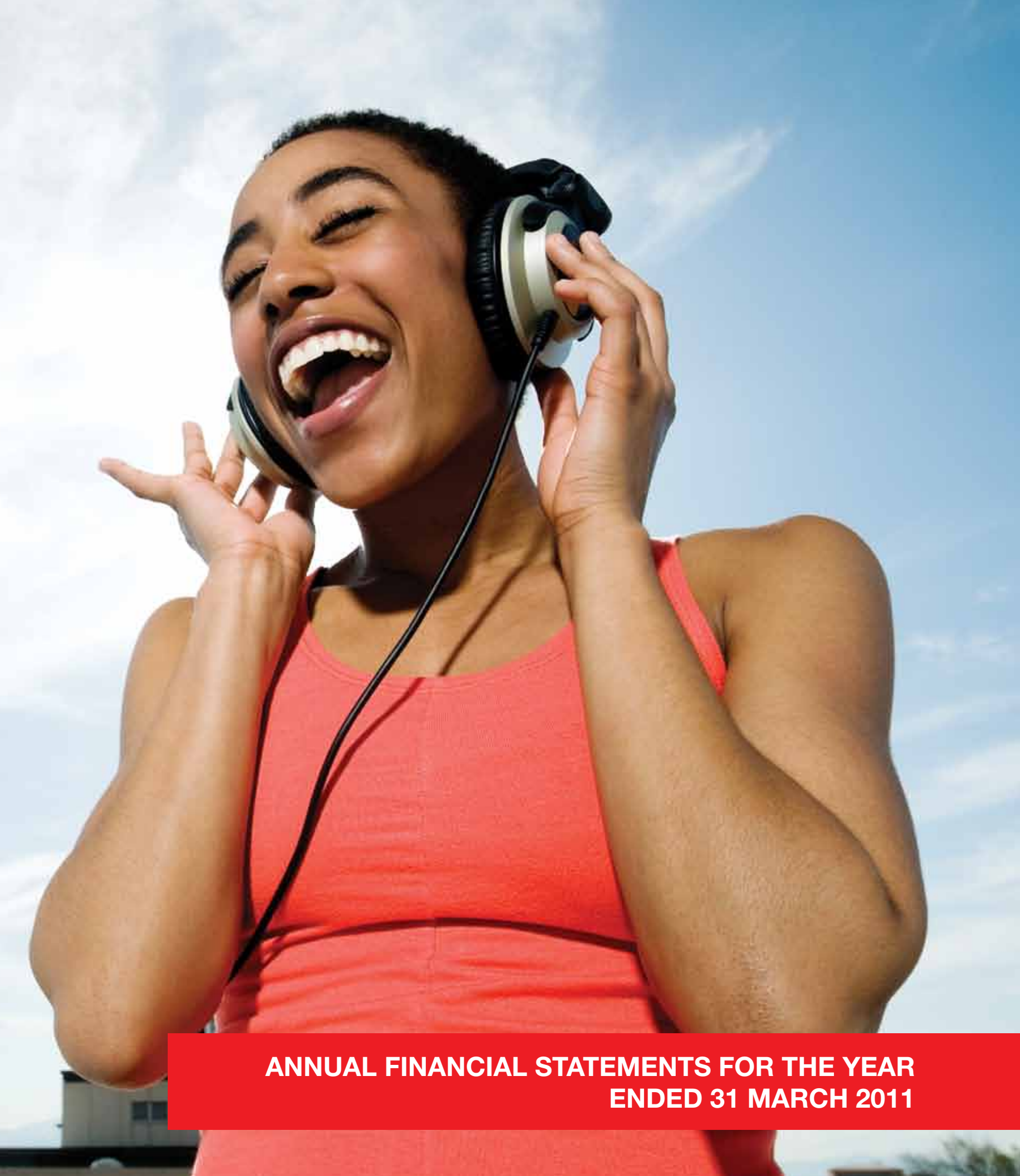
NYDA is in the process of developing a Manual of Information as required by the Promotion of Access to Information Act, which will be available on the NYDA website.

National Credit Act

The NYDA is registered in terms of the National Credit Act (NCA) as a credit provider and has implemented relevant processes in order to ensure that it complies with the relevant provisions of the Act.



OUR YOUTH. OUR FUTURE.



**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH 2011**

Annual Financial Statements For The Year Ended 31 March 2011

Page	Index
101	Board's Responsibilities and Approval
102	Audit Committee Report
103	Report of the Auditor-General
107	Directors' Report
109	Statement of Financial Position
110	Statement of Financial Performance
111	Statement of Changes in Net Assets
112	Cash Flow Statement
113	Accounting Policies
121	Notes to the Financial Statements

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Board's Responsibilities and Approval

The National Youth Development Agency (NYDA) was established by the National Youth Development Agency Act No. 54 of 2008 (NYDA Act) through the merger of the National Youth Commission (NYC) and the Umsobomvu Youth Fund (UYF). The merger was pursuant to section 21(2) of the NYDA Act effective 1 October 2009, and this report and the accompanying financial statements cover the period 1 April 2010 to 31 March 2011. Being the second year of NYDA's operations, the financial statements include the six months' comparatives as reported in the 2009/2010 annual financial statements.

The Board is required by the Public Finance Management Act No. 1 of 1999 (PFMA), as amended, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the NYDA, as at the end of the financial period, and the results of its operations and cash flows for the period then ended, in conformity with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and directives and guidelines issued by the Accounting Standards Board (ASB) from time to time. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

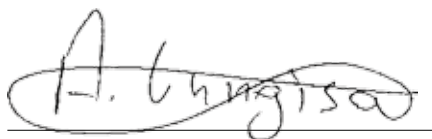
The financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board acknowledges that they are ultimately responsible for the system of internal financial control established by the NYDA and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of errors in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the NYDA and all employees are required to maintain the highest ethical standards in ensuring that the NYDA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risks across the NYDA. While operating risk cannot be fully eliminated, the NYDA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of these financial statements. However, any system of internal financial control can only provide reasonable and not absolute assurance against material misstatement or loss.

The financial statements for the year ended 31 March 2011, as set out on pages 109 to 158, which have been prepared on a going concern basis, were approved by the Board and were signed on its behalf by:



Andile Lungisa
Chairperson of the Board
29 July 2011



Yershen Pillay
Deputy Chairperson of the Board
29 July 2011

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Audit Committee Report

We are pleased to present our second report for the year ended 31 March 2011.

Audit Committee members and attendance

The Audit Committee consists of 3 members (a Board member and 2 independent members), listed hereunder and meets at least 4 times per annum as per its approved terms of reference. During the period under review the Committee met three times.

Name of member	Number of meetings attended
Mr Vonani Mathebula	3
Ms Innocentia Motau (Member of Board)	3
Mr Peter Koch	2

Audit Committee responsibility

We report that we have adopted appropriate formal terms of reference in line with the requirements of Treasury Regulations 27.1.8 of the Public Finance Management Act, No. 1 of 1999, as amended (PFMA). We further report that we have conducted our affairs in compliance with this charter.

The effectiveness of internal control

In the conduct of its duties, the Audit Committee has, inter alia, reviewed the following:

- The effectiveness of the internal control systems, based on the reports of management, internal and external audits;
- The effectiveness of the internal audit;
- The risk areas of the entity's operations to be covered in the scope of internal and external audits;
- The adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- Any accounting and auditing concerns identified as a result of internal and external audits;
- The entity's compliance with legal and regulatory provisions;
- The activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
- Where relevant, the independence of and objectivity of the external auditors.

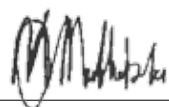
The Audit Committee's review of internal controls identified some control weaknesses within the NYDA's control environment, which should be improved upon urgently in order for NYDA to create a strong control environment which will ensure that errors and non-compliance with laws and regulation errors are prevented within the organisation.

Evaluation of financial statements

We have:

- Reviewed and discussed the audited financial statements for the year ended 31 March 2011 with the Auditor-General of South Africa.
- Reviewed the Auditor-General of South Africa's management report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed significant adjustments resulting from the audit; and
- Made enquiries from management and external auditors to ensure that there are no unresolved audit issues.

Based on the above, we consider that these financial statements comply in all material respects with the requirements of the Public Finance Management Act, No. 1 of 1999, as amended, the South African Standards of Generally Recognised Accounting Practice, and directives and guidelines issued by the Accounting Standards Board. The Audit Committee has therefore recommended the approval of these financial statements by the Board of Directors.



Vonani Mathebula
Chairperson of the Audit Committee
29 July 2011

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Report of the Auditor-General

To parliament on the financial statements of the National Youth Development Agency for the period ended 31 March 2011

Report on the financial statements

Introduction

I have audited the accompanying financial statements of the National Youth Development Agency (NYDA), which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 109 to 158.

Accounting authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the NYDA as at 31 March 2011 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matters

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Significant uncertainties

With reference to note 26 to the financial statements, the entity is currently investigating claims from a service provider, the ultimate outcome of which cannot currently be determined and no provision for any liability that may result has been made in the financial statements.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Restatement of corresponding figures

As disclosed in note 23 to the financial statements, the corresponding figures for 31 March 2010 have been restated as a result of an error identified during 31 March 2011 in the financial statements of the NYDA at, and for the year ended, 31 March 2010.

Irregular expenditure

As disclosed in note 28 to the financial statements, the NYDA incurred irregular expenditure of R67 649 197 as a result of non-compliance with supply chain management prescripts as determined by the National Treasury.

Fruitless and wasteful expenditure

As disclosed in note 27 to the financial statements the NYDA incurred fruitless and wasteful expenditure of R2 056 000 due to interest paid on late payment of supplier invoices and borrowings.

Material impairments

As disclosed in note 7 to the financial statements, material impairments to the amount of R38 753 000 (2009-2010: R54 029 000) were incurred in the current year as a result of the impairment of loans advanced by the NYDA. At 31 March 2011, of the total gross loans receivable of R178 460 000, R142 366 000 (which includes the R38 753 000), had been impaired as the recoverability of these loans are doubtful.

Report on other Legal and Regulatory Requirements

In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 14 to 19 and material non-compliance with laws and regulations applicable to the public entity.

Predetermined objectives

There are no material findings on the annual performance report.

Compliance with laws and regulations

Annual financial statements, performance and annual reports

The accounting authority submitted financial statements for auditing that were not prepared in all material aspects in accordance with generally accepted accounting practice as required by section 55(1)(b) of the PFMA. The material misstatements identified by the Auditor-General of South Africa with regards to interest income, loans receivable, other receivables from exchange transactions and trade and other payables from exchange transactions were subsequently corrected.

Procurement and contract management

Goods and services with a transaction value of over R500 000 were not procured by means of a competitive bidding process as per the requirements of Treasury Regulation (TR) 16A6.1, TR 16A6.4 and National Treasury Practice Notes 6 and 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.

Goods and services with a transaction value of between R10 000 and R500 000 were procured without inviting at least three written price quotations from prospective suppliers, as per the requirements of TR16A6.1 and National Treasury Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.

Not all invitations for competitive bidding were advertised for a minimum period of 21 days as per the requirements of TR 16A6.3(c).

The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act of South Africa, 2000 (Act No. 5 of 2000).

Awards were made to bidders who did not submit an SBD 4 declaring whether the bidder or any person connected with the bidder is employed by the state or if the bidder is a legal person, whether the bidder has a relationship with persons or a person involved in the evaluation and/or adjudication of the bids as per the requirements of Practice Note 7 of 2009-10 issued in terms of section 76(4)(c) of the PFMA.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Expenditure management

The accounting authority did not take effective and appropriate steps to prevent irregular and fruitless and wasteful expenditure, as per the requirements of section 51(1)(b)(ii) of the PFMA.

Borrowings

Contrary to the requirements of section 66(3)(c) of the PFMA, the NYDA entered into borrowing positions without obtaining prior authorisation from the Minister of Finance. A joint venture agreement was entered into requiring both partners to contribute an agreed amount. The NYDA did not contribute the full agreed amount and the shortfall was contributed by the other partner on behalf of the NYDA, resulting in the NYDA borrowing funds that attracted interest. As at the date of this report, the full amount borrowed has been settled.

Internal Control

In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the findings on the compliance with laws and regulations included in this report.

Leadership

The accounting authority did not have sufficient monitoring controls to ensure compliance with all applicable laws and regulations, and more specifically with regards to compliance with supply chain management prescripts determined by the National Treasury.

Financial and performance management

Management did not implement daily and monthly controls over trade and other payables and around the loan management system.

The financial statements contained numerous misstatements that were corrected. This was mainly due to staff members not fully understanding the requirements of the financial reporting framework as well as inadequate review of the financial statements by senior management, prior to submission for auditing.

Auditor - General

**Pretoria
31 July 2011**



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Directors' Report

The Board of the National Youth Development Agency (NYDA) is pleased to submit their second report, together with audited financial statements for the year ended 31 March 2011.

1. Establishment of the NYDA its mandate and operations

The NYDA was established by the South African Government through the National Youth Development Agency Act, No. 54 of 2008 (the NYDA Act). This Act, in particular Section 21(2), makes provision for the merger between Umsobomvu Youth Fund (UYF) and the National Youth Commission (NYC) to form the NYDA. It is classified as a National Public Entity under Part A of Schedule 3 of the Public Finance Management Act, No. 1 of 1999, as amended. The NYDA's mandate is to advance youth development through guidance and support to initiatives across sectors of society and spheres of government, embark on initiatives that seek to advance economic development of young people between the age of 14 and 35 and develop and coordinate the implementation of the Integrated Youth Development Strategy and Strategy for the Republic of South Africa.

2. NYDA thus far and Corporate Governance

The Board has established its governance structure as required by the NYDA Act, particularly the appointment of the Chief Executive Officer and constitution of its Board Committees supported by related charters. The Development Committee was established during the period under review. The Board is also in the process of developing a Corporate Governance Manual, informed by Protocol on Corporate Governance for the Public Sector and King III report on Corporate Governance, which will provide a comprehensive set of governance, policy directives and guidelines to promote the highest standards of Corporate Governance within the NYDA. In line with the NYDA mandate, as articulated in the NYDA Act, the Board adopted eight key performance areas (KPIs) which it believes adequately responds to the mandate of the NYDA. These KPIs are reported against as disclosed in the performance report for the period under review.

3. Review of financial results and activities

The review of the financial results and activities of the NYDA are contained in the reports of the Chairperson, Chief Executive Officer and financial statements. The financial results and position of the NYDA for the period under review are set out on pages 101 to 158.

The salient results of youth development funding are as follows:

Disbursements	31 March 2011 R'000	31 March 2010 R'000
Youth development and related projects	132,291	102,974
Project-related operating expenses	67,445	35,976
Project disbursements	199,736	138,950
Investment in small and medium enterprises	2,022	5,965
Micro-finance loans and cooperatives	4,984	2,592
Amounts disbursed	206,742	147,507

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Directors' Report (continued)

4. Capitalisation and going concern

The NYDA has been capitalised through the Medium Term Expenditure Framework process, by R370 million for the year ending 31 March 2011. Further to this the NYDA was recapitalised, through the 2010 Medium Term Expenditure Framework (MTEF) by R1.2 billion over the MTEF period, with R385 million for the financial year 2011/12. This was against the R2.8 billion requested over the same MTEF period by the NYDA, with R930 million requested for the financial year 2011/12. This has seriously impacted the delivery of services to young South Africans; however, since our government has continuously demonstrated its commitment to the youth and the NYDA, we are positive that this challenge will be overcome.

The Board has made an assessment of the NYDA's ability to continue as a going concern, and is satisfied that the NYDA has adequate resources and implemented measures to operate as a going concern in the next 12 months after the approval of the upcoming annual financial statements. At the time of making the assessment, the Board was not aware of any intention by government to either liquidate or curtail the operations of the NYDA in the next 12 months. It is for these reasons that the NYDA continues to adopt the going concern basis for the preparation of these financial statements.

5. Significant matters

Impairment of financial assets

The Board of NYDA has also noted the significant amount in the provision for impairment during the period under review as compared to provision for impairment as at 31 March 2010. The key contributor to the increase is the current economic conditions which makes it difficult for young entrepreneurs to honour their current loan repayment commitments. The Board has also noted that certain clients have the resources to honour their commitments but deliberately defaulted and the Board has taken a decision that, where clients have deliberately not repaid their loans and NYDA can establish beyond reasonable doubt that such young entrepreneurs have the resources, legal action will be taken without hesitation. The Board also acknowledges that there are some who genuinely cannot honour their commitments due to the economic conditions; the Board has therefore taken a decision to provide additional support to these young entrepreneurs, and one of the ways to achieve this is to provide them with procurement opportunities within NYDA. The Board has also requested management to review NYDA's credit management processes and policies to ensure that in future loans are granted only to young entrepreneurs who demonstrate the capacity to repay their loan commitments.

6. Board of Directors

The NYDA Board members during the year under review and to the date of this report are as follows:

Executive Directors	
Mr Andile Lungisa	Executive Chairperson of both the Board and Executive Management Committees
Mr Yershen Pillay	Executive Deputy Chairperson of the Board and member of the Executive Management Committee
Non-executive Directors	
Mr Mcebo Khumalo	Chairperson of the Development Committee
Ms Maria Tshabalala	Member of the Credit & Investment and Development Committees
Ms Innocentia Motau	Chairperson of the Credit and Investment Committee and member of the Audit Committee
Mr Francios Slabber	Member of the Human Resource and Remuneration Committee
Ms Pholisa Makeleni	Chairperson of the Human Resource and Remuneration Committee
Ex Officio	
Mr Steven Ngubeni	Chief Executive Officer

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Directors' Report (continued)

The Chief Executive Officer is an ex-officio member of the Board without voting rights. Remuneration of the Board and senior management are set out in note 25.

7. Subsequent events

The Directors are not aware of any matter or circumstance arising since 31 March 2011 and the date of this report, not dealt with in the annual financial statements that would significantly affect the operations or the results of NYDA.

8. Bankers

Standard Bank of South Africa Limited
Absa Bank Limited

9. Auditors

Auditor-General of South Africa

10. Company Secretary

Ms Duduzile Mthimunye (resigned 10 January 2011) and Mr Neo Eugene Chuene (appointed 10 January 2011)

The financial statements set out on pages 109 to 158, which have been prepared on the going concern basis, were approved by the Board on 29 July 2011 and were signed on its behalf by:



Andile Lungisa
Chairperson of the Board
29 July 2011



Yershen Pillay
Deputy Chairperson of the Board
29 July 2011

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Statement of Financial Position

	Note(s)	31 March 2011 R '000	31 March 2010 R '000 Restated
Assets			
Current assets			
Inventories		-	11
Other receivables from exchange transactions	2	5,233	2,881
Cash and cash equivalents	3	40,762	24,371
Investments in associates	6	-	4,456
Short term portion of loans	7	11,793	38,346
		57,788	70,065
Non-current assets			
Property, plant and equipment	4	22,887	31,248
Intangible assets	5	13,347	12,201
Investments in associates	6	6,985	11,751
Loans receivable	7	24,301	50,774
Rental deposits		2,360	919
		69,880	106,893
Total assets		127,668	176,958
Liabilities			
Current liabilities			
Finance lease obligation		20	68
Trade and other payables from exchange transactions	8	29,985	73,339
Provisions	9	16,566	23,825
Deferred income	10	874	1,040
		47,445	98,272
Assets		127,668	176,958
Liabilities		(47,445)	(98,272)
Net assets		80,223	78,686
Reserves			
Accumulated reserves		78,686	60,083
Surplus for the year		1,537	18,603
		80,223	78,686

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Statement of Financial Performance

		12 months ended	6 months ended
		31 March 2011 R '000	31 March 2010 R '000 Restated
	Note(s)		
Revenue			
Revenue from exchange transactions			
Administration fees		-	751
Interest income	12	23,008	19,195
Other income	13	11,197	-
Revenue from non-exchange transactions			
Donor funding income		3,321	1,943
Grant income – Office of the Presidency		369,973	278,598
Donation income		-	342
World Festival of Youth and Students Sponsorship	21	63,573	-
Fair value adjustments	14	189	-
Profit on disposal of assets		71	-
		471,332	300,829
Expenses			
Operating expenses	15–19	(160,362)	(139,540)
Donor funding disbursements		(3,321)	(1,943)
Fair value adjustments	14	-	(1,789)
Project disbursements	20	(199,736)	(138,950)
World Festival of Youth and Students expenses	21	(106,376)	-
Loss on disposal of assets		-	(4)
		(469,795)	(282,226)
Surplus		1,537	18,603

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Statement of Changes in Net Assets

	Note(s)	Accumulated Surplus Restated R '000	Total net assets Restated R '000
Balance at 01 October 2009		60,083	60,083
Prior year adjustments	23	-	-
Surplus for the period		18,603	18,603
Restated balance at 31 March 2010		78,686	78,686
Changes in net assets			
Surplus for the year		1,537	1,537
Total changes		1,537	1,537
Balance at 31 March 2011		80,223	80,223

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Cash-Flow Statement

	Note(s)	12 months ended 31 March 2011 R '000	6 months ended 31 March 2010 R '000
Cash-flows from operating activities			
Receipts			
Grants received		369,973	164,925
Interest income		9,766	11,135
World Festival of Youth and Students Sponsorship		63,573	-
Other receipts		11,808	-
		455,120	176,060
Payments			
Operating expenses		(464,666)	(175,747)
Changes in working capital		(1,431)	6,741
		(466,097)	(169,006)
Net cash-flows from operating activities	22	(10,977)	7,054
Cash-flows from investing activities			
Purchase of property, plant and equipment	4	(2,240)	(1,216)
Proceeds from disposal of property, plant and equipment		268	46
Purchase of other intangible assets	5	(2,813)	(3,179)
Investment in associates		9,410	4,133
Loan capital repayments received		29,797	11,065
Loans disbursed		(7,006)	-
Net cash-flows from investing activities		27,416	10,849
Cash-flows from financing activities			
Finance lease payments		(48)	(59)
Net increase in cash and cash equivalents		16,391	17,844
Cash and cash equivalents at the beginning of the year/period		24,371	6,527
Cash and cash equivalents at the end of the year/period	3	40,762	24,371

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Accounting Policies

1. Basis of preparation

The financial statements have been prepared in accordance with the effective South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and directives and guidelines issued from time to time by the Accounting Standards Board (ASB) in accordance with the Public Finance Management Act No. 1 of 1999. The financial statements are prepared on the historical cost basis with the exception of certain financial instruments, which are measured at fair value. All figures in these financial statements are denominated in Rands rounded off to the nearest thousand (R'000) and comparatives are for a period of six months.

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GRAP.

Going concern assumption

These financial statements have been prepared on the assumption that the entity will continue to operate as a going concern for at least the next 12 months from the date of approval.

1.1 Significant estimates, assumptions and judgements

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimations and uncertainty at reporting date, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Financial assets and liabilities:

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The valuation methodologies applied in arriving at fair values of financial instruments are consistent with those valuation methodologies recommended by various international private equity organisations. The methodology used to fair value these financial assets is the discounted cash-flow valuation technique. NYDA does not have any financial instruments which are actively traded in the financial markets.

Impairment of non-financial assets:

NYDA assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, NYDA estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the asset's fair value less costs to sell and its value in use, and is determined for an individual asset. If the asset cannot be assessed individually, it will be assessed as part of a cash-generating unit. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

Impairment of financial assets:

NYDA assesses at each reporting date whether a financial asset or group of financial assets are impaired. In case of specific impairment, individual financial assets are reviewed for any indicators of impairment. In respect of groups of financial assets, the historical performance of the portfolio of financial assets are reviewed; in addition factors such as industry and stage of development of the enterprise are taken into account. If there is objective evidence that an impairment loss on a financial asset or a group of financial assets has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate (the effective interest rate computed at initial recognition). When an amount is outstanding in excess of 90 days, this is considered by management as objective evidence that an impairment loss has occurred. However, there may be other objective evidence that may indicate impairment that management considers when assessing a financial asset or a group of financial assets.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Accounting Policies (continued)

1.1 Significant estimates, assumptions and judgements (continued)

Provisions:

Both leave pay and staff bonuses are recognised where NYDA has a present legal or constructive obligation as a result of a past event, where a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Leave pay is determined by daily rate of cost to company multiplied by the number of leave days. Bonus provision is raised based on the bonus payout as approved by the Board of Directors on the recommendation of the Remuneration Committee.

Judgements

In the process of applying accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements.

Leases:

NYDA has entered into property and equipment lease transactions. Based on an evaluation of the terms and conditions of the arrangements, where NYDA does not retain all the significant risks and rewards of ownership, such transactions are classified as operating leases, and in cases where it retains significant risks and rewards of ownership such arrangements are classified as finance leases.

Property Plant and Equipment:

Residual values are determined with reference to the net realisable value obtained at the end of the asset's useful life.

1.2 Standards issued but not yet effective

A number of GRAP standards and interpretations have been approved but are not yet effective, as at 31 March 2011. Management has assessed and determined that the following GRAP standards and interpretations may have an impact on the NYDA's financial statements. The extent of impact of these standards and interpretations has been assessed and is not considered to be material.

- GRAP 21 - Impairment of non-cash-generating assets
- GRAP 23 - Revenue from non-exchange transactions (taxes and transfers)
- GRAP 24 - Presentation of budget information
- GRAP 25 - Employee benefits
- GRAP 26 - Impairment of cash-generating assets
- GRAP 104 - Financial instruments

The following are interpretations issued but not yet effective:

- IGRAP 13 - Operating leases - incentives
- IGRAP 14 - Evaluating the substance of transactions involving the legal form of a lease

1.3 Investments in associates

An associate is an entity in which NYDA has significant influence and which is neither a subsidiary nor a joint venture. The NYDA invests in equity of the young, rapidly growing companies that have the potential to develop into significant economic contributors and expanding companies that also create jobs in the economy. The NYDA meets the definition of the venture capital organisation, as it invests in new companies with limited operating history and that are too small to raise capital in the public markets and have not reached a point where they are able to secure a bank loan or complete debt offering. NYDA has therefore opted to elect the venture capital organisation exemption, and these investments in associates, upon initial recognition, are designated as at fair value through profit and loss in accordance with IAS 39: Fair value adjustments are recognised through profit and loss. In determining the fair value of investments in associates, the discounted cash-flow method is applied and NYDA has no interest in associates through which it carries out its business. NYDA uses the discounted free cash-flow valuation technique or net asset value as the primary basis of valuing investments in associates. NYDA uses discount rates of 20%-40% to discount estimated future cash-flows. Where reliable information necessary for the application of the discounted free cash-flow valuation technique is not available, the investments are carried at cost. In circumstances where NYDA makes a loan to an associate and such a loan is impaired, this will be regarded as an impairment indicator of the investment.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Accounting Policies (continued)

1.4 Joint ventures

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.

Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operational decisions relating to the activity require unanimous consent of the parties sharing control (the venturers). The binding agreement establishes joint control over the joint venture. Such requirement ensures that no single venturer is in a position to unilaterally control the activity.

Jointly controlled operations

Where the operation of a joint venture comprises the use of the venturer's assets and other resources without the establishment of a separate entity, the joint venture is referred to as a jointly controlled operation.

The economic entity recognises in its separate annual financial statements and consequently in its consolidated annual financial statements:

- The assets that it controlled and the liabilities that it incurred; and
- The expense that it incurred and its share of the revenue that it earned from the sale or provision of the goods or services by the joint venture.

Jointly controlled assets

Where the economic entity undertakes its activities under joint venture arrangement directly, the controlling entity's share of jointly controlled assets and any liabilities incurred jointly with other venturers is recognised in the statement of financial position of the entity and classified according to their nature.

Revenue from the sale or use of the economic entity's share of the output of jointly controlled assets, and its share of joint venture expense is recognised in the statement of financial performance.

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. All other repairs and maintenance are recognised through surplus and deficit as they are incurred. Property, plant and equipment are depreciated over their expected useful lives on a straight line basis at rates estimated to write each asset down to its estimated residual value over the term of its useful life. Depreciation on property, plant and equipment begins when the asset is available for use.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Useful life
Furniture	4–6 years
Motor vehicles	4–6 years
Office equipment	3–7 years
Computer hardware	3–5 years
Leasehold improvements	over the shorter of its useful life or the remaining term of the lease

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and such gains or losses are recognised through surplus and deficit in the year the asset is derecognised. The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Accounting Policies (continued)

1.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The externally acquired intangible assets are capitalised and have finite useful lives. These intangible assets are amortised on a straight line basis over their useful lives. The amortisation period, the amortisation method and residual value of these intangible assets are reviewed at least at each financial year-end.

Internally generated intangible assets are capitalised only when NYDA can demonstrate that:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- it has the intention to complete and ability to use the asset after taking into account how the asset will generate future economic benefits;
- the technical, financial and other resources are available to complete the development of the asset; and
- expenditure during development can be reliably measured.

The internally generated intangible assets, excluding capitalised development cost, are not capitalised; these are expensed through profit and loss in the year in which the expenditure is incurred.

NYDA amortises its intangible assets at a rate of 14%-33% per annum. Software developed is amortised when the software becomes available for use. Amortisation of these assets is recognised through statement of financial performance.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the net assets and are recognised through surplus and deficit in the year the asset is derecognised.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

1.7 Impairment of non-financial assets

NYDA assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, NYDA estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, when it will be assessed as part of a cash-generating unit. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In assessing value in use, the estimated future cash-flows are discounted to their present value using a pretax discount rate that reflects market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised through statement of financial performance.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, NYDA makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised through statement of financial performance.

1.8 Provisions

Both leave pay and staff bonuses are recognised where NYDA has a present legal or constructive obligation as a result of a past event, where a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. In respect of leave pay, the expense relating to leave pay provision is recognised through the statement of financial performance. Provisions are reviewed at each report date and adjusted to reflect the latest estimates.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Accounting Policies (continued)

1.9 Inventories

Inventories are initially measured at cost. The cost of inventories comprises all costs of purchase, plus taxes and other costs incurred in bringing the inventories to their present location and condition.

Subsequently, inventories are measured at the lower of cost and net realisable value.

1.10 Revenue recognition

Revenue comprises interest income, administration fees and government grants.

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of NYDA's activities. Revenue from the rendering of services is recognised when it is probable that the economic benefits associated with a transaction will flow to NYDA and the amount of revenue, and associated costs incurred, can be measured reliably. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the service have been resolved.

The main categories of revenue and the basis of recognition are:

- Interest income is recognised in the statement of financial performance for all financial instruments measured at amortised cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the average expected life of the financial instruments. The effective interest rate is the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, NYDA estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses; and
- Administration fees which include services and management fees are recognised as services are rendered on a stage of completion basis. Management fees relate to income received by NYDA, for managing projects on behalf of third parties. Service fees relate to fees charged to loan applicants for due diligence conducted by NYDA; and
- Government grants are classified as revenue from non-exchange transactions. Such revenue arises when an entity receives value from another entity without directly giving approximately equal value in exchange. Management has applied judgement when developing the accounting policy for government grants, since there is no standard in the SA Standards of GRAP Framework that provides guidance on the accounting treatment of such transactions. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition. This revenue will be measured at the amount of increase in net assets recognised by the entity. An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as an amount equal to that reduction.

1.11 Leases

Leases are classified as finance leases whenever the terms of the lease substantially transfer all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value on the minimum lease payments. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Rental deposits are held by lessors on leased property.

1.12 Financial instruments

Initial recognition and measurement

On initial recognition, the instruments are classified as either a financial asset or financial liability, and recorded at fair value plus, in case of financial assets and financial liabilities not recorded at fair value through surplus and deficit, any directly attributable incremental costs of acquisition or issue.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or conversion in the market place (regular way purchases) are recognised on the trade date, i.e. the date NYDA commits to purchase or sell the asset.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Accounting Policies (continued)

1.12 Financial instruments (continued)

Subsequent measurement

Subsequent measurement of financial instruments carried on the statement of financial position is on the following basis:

- **Investments**
Investments in equity instruments are designated as at fair value through surplus and deficit. All changes in fair value are recognised directly in the Statement of Financial Performance.
- **Loans receivable**
Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised through surplus and deficit when the loans receivables are derecognised or impaired, as well as interest through the amortisation process.
- **Other receivables**
Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Where the impact of discounting is not material, other receivables are carried at original invoice amount less any allowance for impairment.
- **Trade payables**
Trade payables are initially recognised and carried at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are derecognised when the obligation under the liability has been discharged.
- **Cash and cash equivalents including cash on call**
Cash and cash equivalents including cash on call comprise of demand deposits and short term, highly liquid investments that are readily convertible into known amounts of cash. Cash and cash equivalents including cash on call are subsequently measured at amortised cost.
- **Investment in associates**
Refer to point 1.3 above.

Impairment of financial assets

Assets carried at amortised cost

NYDA assesses at each reporting date whether a financial asset or group of financial assets are impaired. In case of specific impairment, individual financial assets are reviewed for any indicators of impairment. In respect of groups of financial assets, the historical performance of the portfolio of financial assets are reviewed and factors such as industry and stage of development of the enterprise are taken into account. If there is objective evidence that an impairment loss on a financial asset or a group of financial assets has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate (the effective interest rate computed at initial recognition). When an amount is outstanding in excess of 90 days, this is considered by management as objective evidence that an impairment loss has occurred. However, there may be other objective evidence which may indicate impairment which management considers when assessing a financial asset or a group of financial assets. The carrying amount of the financial asset or a group of financial assets shall be reduced through use of an allowance account when there is objective evidence that the asset may be impaired directly and against carrying value of an asset when the asset is considered irrecoverable. The amount of the loss shall be recognised through surplus and deficit. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised through statement of financial performance.

Derecognition of financial instruments

A financial asset is derecognised where:

- the rights to receive cash flows from the asset have expired;
- NYDA retains the right to receive cash-flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- NYDA has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Accounting Policies (continued)

1.12 Financial instruments (continued)

Where NYDA has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of NYDA's continuing involvement of the asset. Continuing involvement that takes a form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that NYDA could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised through surplus and deficit.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and the obligation can be estimated reliably.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the economic entity expects to pay in exchange for that service and had accumulated at the reporting date.

Defined contribution plans

A defined contribution plan is a plan under which the economic entity pays fixed contributions into a separate entity. The economic entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to services in the current or prior periods.

The economic entity's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees, unless the standard requires or permits the inclusion of the contribution in the cost of an asset. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

Where contributions to a defined contribution plan do not fall due wholly within 12 months after the end of the period in which the employees render the related service, they are discounted using a risk-free rate determined by reference to market yields at the reporting date on government bonds, or by reference to market yields on high-quality corporate bonds.

1.14 Project disbursements

Disbursements to projects are categorised and disclosed as follows:

- External project disbursements are approved grant funding made to third-party service providers who plan, implement, and manage youth development projects.
- Internal project disbursements are payments relating to youth development projects that are planned, implemented, and managed internally by NYDA using its own capacity.
- Project-related operating expenses:
 - Direct project support costs are costs incurred by NYDA, directly related to a project that is planned, implemented and managed by a third party service provider, but do not form part of the main project disbursements.
 - Indirect project support costs are costs related to a programme, business unit or division which cannot be allocated to a specific project.
- Share of overhead costs relate to costs incurred by NYDA to support its activities and cannot be allocated to any specific division. These costs are apportioned based on the number of employees within product and service units.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Accounting Policies (continued)

1.15 Fruitless and wasteful and irregular expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Irregular expenditure is expenditure that is contrary to the Public Finance Management Act, No. 1 of 1999, the State Tender Board Act (Act No. 85 of 1968) or is in contravention of the entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure; irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and, where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 Budget information

The financial statements and the budget are not on the same basis of accounting; therefore, a reconciliation between the statement of financial performance and the budget has been included in the financial statements. Refer to note 29 in the "Notes to the Financial Statements."

Comparative information is not required.

1.17 Related parties

The NYDA operates in an economic sector currently dominated by entities directly or indirectly owned or controlled by the South African government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. We regard all members of the Operations Executive Committee, reporting directly to the Chief Executive Officer, as key management personnel as per the definition of the financial reporting standards. Close family members of key management individuals, in their dealings with the entity, are also classified as related parties.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	2011	2010
	R '000	R '000
2. Other receivables from exchange transactions		
Staff and study loans	7	48
Sundry debtors	4,692	657
Interest receivable banks	205	57
Prepaid expenses	616	2,213
	5,520	2,975
Less: Allowance for impairment	(287)	(94)
	5,233	2,881

Sundry debtors include the following main debtors: Old Mutual (R2.7 million) in respect of loans ceded to Old Mutual on the termination date, Eastern Cape Provincial government (R428 thousand) for the World Festival of Youth and Students, and Progress Fund (R870 thousand) for loan capital repayments.

Other receivables impairment reconciliation 2011	Allowance for impairment 2010 R '000	Impairment expense R '000	Impairment reversal R '000	Allowance for impairment 2011 R '000
Allowance for impairment	(94)	(193)	-	(287)
	(94)	(193)	-	(287)

Other receivables impairment reconciliation 2010	Allowance for impairment 2009 R '000	Impairment expense R '000	Impairment reversal R '000	Allowance for impairment 2010 R '000
Allowance for impairment	-	94	-	(94)
	-	94	-	(94)

NYDA's other receivables do not exceed a maturity period of 12 months; therefore, the carrying amount is considered a reasonable approximation of the fair value. Interest on staff and study loans is charged at prime and term ranges from 6 to 12 months.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on call	3	3
Cash at bank and on hand	31,252	13,879
Unrestricted cash	31,255	13,882
Free State Development Corporation	5,451	5,285
Business Partners (Pty) Limited	1,175	1,135
NYDA/MTN Enterprise Development	1,541	2,355
NYDA/FNB – Outgoing Investment	-	560
Massmart Holdings Limited	466	257
Belgium donor funding	874	897
Restricted cash	9,507	10,489
Cash and cash equivalents	40,762	24,371

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	2011	2010
	R '000	R '000

3. Cash and cash equivalents (continued)

Restricted cash represents funds earmarked for specific projects where NYDA is in partnership with third parties; hence such funds are restricted and cannot be used for any other purpose other than the purpose as stipulated in the partnership agreement.

Guarantees

Absa Bank Limited has issued the following rental guarantees on behalf of NYDA in favour of the Department of Public Works for the amount of R2.1 million.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

4. Property, plant and equipment

	2011			2010		
	Cost / Valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated depreciation R'000	Carrying value R'000
Furniture	17,025	(10,274)	6,751	17,235	(8,251)	8,984
Motor vehicles	1,797	(1,362)	435	1,797	(1,191)	606
Office equipment	7,077	(4,373)	2,704	6,966	(3,650)	3,316
Computer hardware	17,069	(10,751)	6,318	15,394	(8,875)	6,519
Leasehold improvements	30,201	(23,522)	6,679	30,056	(18,233)	11,823
Total	73,169	(50,282)	22,887	71,448	(40,200)	31,248

Reconciliation of property, plant and equipment – 2011

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Furniture	8,984	-	(36)	(2,099)	(98)	6,751
Motor vehicles	606	-	-	(171)	-	435
Office equipment	3,316	124	(3)	(732)	(1)	2,704
Computer hardware	6,519	1,972	(158)	(2,015)	-	6,318
Leasehold improvements	11,823	144	-	(5,288)	-	6,679
	31,248	2,240	(197)	(10,305)	(99)	22,887

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

4. Property, plant and equipment (continued)

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Reconciliation of property, plant and equipment – 2010					
Furniture	10,393	-	-	(1,409)	8,984
Motor vehicles	710	-	-	(104)	606
Office equipment	3,512	134	-	(330)	3,316
Computer hardware	6,506	990	(71)	(906)	6,519
Leasehold improvements	14,461	92	-	(2,730)	11,823
	35,582	1,216	(71)	(5,479)	31,248

Carrying value of computer hardware includes R41 thousand in respect of finance leases for computers and laptops. Included in the carrying value of office equipment is an amount of R17 thousand relating to finance lease for printers and copiers.

5. Intangible assets

	2011			2010		
	Cost / Valuation R'000	Accumulated amortisation R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated amortisation R'000	Carrying value R'000
Software developed in-house	9,492	(4,147)	5,345	7,030	(3,167)	3,863
Computer software purchased	6,069	(4,408)	1,661	6,037	(3,858)	2,179
Software under development	6,341	-	6,341	6,159	-	6,159
Total	21,902	(8,555)	13,347	19,226	(7,025)	12,201

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

5. Intangible assets (continued)

Reconciliation of intangible assets – 2011

	Opening balance R'000	Additions R'000	Transfers R'000	Amortisation R'000	Impairment loss R'000	Total R'000
Software developed in-house	3,863	2,599	-	(1,075)	(42)	5,345
Computer software purchased	2,179	32	-	(550)	-	1,661
Software under development	6,159	2,703	(2,521)	-	-	6,341
	12,201	5,334	(2,521)	(1,625)	(42)	13,347

Reconciliation of intangible assets – 2010

	Opening balance R'000	Additions R'000	Transfers R'000	Amortisation R'000	Impairment loss R'000	Total R'000
Software developed in-house	1,658	2,454	-	(249)	-	3,863
Computer software purchased	2,380	31	(4)	(228)	-	2,179
Software under development	5,465	694	-	-	-	6,159
	9,503	3,179	(4)	(477)	-	12,201

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

6. Investments in associates

Name of entity	Nature of Enterprise	Share-holding	Investment at cost 2011 R'000	Investment at cost 2010 R'000	Repayment received 2011 R'000
Franchise Fund	Private equity investment	80%	100,000	100,000	(100,000)
Chicken Kwasa (Pty) Ltd	Fast food	26%	300	300	-
Serokolo Health Solutions (Pty) Ltd	Medical health care	26%	-	-	-
Soundrite Sound (Pty) Ltd	Entertainment	10%	-	-	-
K5 Transport Logistics (Pty) Ltd	Airline Charter	10%	-	-	-
Limani Strategic Marketing (Pty) Ltd	Manufacturing	25%	-	-	-
Planet Waves (Pty) Ltd	Agricultural	20%	-	-	-
Decti Rating (Pty) Ltd	BEE rating agency	19%	-	-	-
MK Integrated Fire Security (Pty) Ltd	Industrial fire services	19%	100	100	-
Grace Zakorski (Pty) Ltd	Manufacturing	10%	-	-	-
Vynide Investments (Pty) Ltd	Manufacturing	10%	1,000	1,000	-
For Men Only (Pty) Ltd	Retail	19%	-	-	-
Mafatafata Printing (Pty) Ltd	Printing	19%	-	-	-
Sword South Africa (Pty) Ltd	Manufacturing	19%	-	-	-
Kekana Rumsey Zarorski (Pty) Ltd	Manufacturing	10%	-	-	-
Tuscan Mood (Pty) Ltd	Manufacturing	10%	-	-	-
E2 BA-LE2 (Pty) Ltd	Manufacturing	19%	-	-	-
			101,400	101,400	(100,000)

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

6. Investments in associates (continued)

Repayment received 2010 R'000	Accumulated Fair value adjustments 2011 R'000	Accumulated Fair value adjustments 2010 R'000	Carrying amount 2011 R'000	Carrying amount 2010 R'000
(100,000)	6,985	15,739	6,985	15,739
-	(300)	(300)	-	-
-	-	53	-	53
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	100	-	100
-	(100)	215	-	315
-	-	-	-	-
-	(1,000)	(1,000)	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(100,000)	5,585	14,807	6,985	16,207

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	2011	2010
	R '000	R '000

6. Investments in associates (continued)

In respect of the above investments in which NYDA has less than 20% shareholding, NYDA has significant influence by virtue of having representation on the Board of Directors and also having a right to participate in policy-making process, including participation in decision making about dividends and other distributions. All the above associates have been incorporated in the Republic of South Africa. The cost of investments and fair value adjustments less than R1 thousand have been shown as nil. Based on the contractual agreement with Business Partners, NYDA contributes 80% of the funding for Franchise Fund loans; however, NYDA only exercises significant influence and does not participate in the management of the fund that is therefore classified as an Investment in Associate.

Summarised Franchise Fund

Opening carrying amount	15,739	21,486
Repayment received during the year	(9,410)	(1,554)
Fair value adjustment	656	(4,193)
Carrying value at end of year	6,985	15,739

Other investments in small and medium enterprises

Opening carrying amount	468	643
Fair value adjustment	(468)	(175)
Carrying value at end of year	-	468

Due within one year	-	4,456
Due within more than one year	6,985	11,751
	6,985	16,207

The NYDA has an on going investment with FNB that has a maturity of more than a year.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	2011	2010
	R '000	R '000
7. Loans receivable		
Small and medium enterprises **	236,863	250,495
Micro loans direct lending and intermediaries *	84,827	79,843
Cooperatives	2,421	2,421
Gross advances	324,111	332,759
Add: Interest receivable **	34,880	22,197
Less: Cumulative capital repayments	(180,531)	(151,778)
Subtotal	178,460	203,178
Less: Allowance for impairment	(142,366)	(114,058)
Small and medium enterprises **	(113,773)	(91,492)
Micro loans direct lending and intermediaries	(27,002)	(21,088)
Cooperatives	(1,591)	(1,478)
Net loans receivable	36,094	89,120
Due within one year	11,793	38,346
Due within more than one year	24,301	50,774
	36,094	89,120

* Micro finance direct lending attracts fixed interest up to the maximum rate permissible by the National Credit Act No. 34 of 2005.

Loans receivable impairment reconciliation 2011

	Allowance for impairment 2010 R '000	Impairment reversal R '000	Impairment expense R '000	Loans written-off R '000	Allowance for impairment 2011 R '000
Small and medium enterprises	91,492	-	32,726	(10,445)	113,773
Micro loans direct lending and intermediaries	21,088	-	5,914	-	27,002
Cooperatives	1,478	-	113	-	1,591
	114,058	-	38,753	(10,445)	142,366

Loans receivable impairment reconciliation 2010

	Allowance for impairment 2009 R '000	Impairment reversal R '000	Impairment expense R '000	Loans written-off R '000	Allowance for impairment 2011 R '000
Small and medium enterprises	43,616	(1,372)	49,816	(568)	91,492
Micro loans direct lending and intermediaries	17,729	-	6,923	(3,564)	21,088
Cooperatives	190	-	1,288	-	1,478
	61,535	(1,372)	58,027	(4,132)	114,058

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	2011	2010
	R '000	R '000

7. Loans receivable (Continued)

NYDA has, in assessing its loan book for any indicators of impairment, considered the following factors over and above the amount in excess of 90 days:

- whether the borrower was trading or not;
- the age of the debt;
- progress of attorneys in recovering the debt and their opinion on recoverability;
- the reliance of the borrower on a few customers and the loss of this customer base; and
- the cash flows of the business as shown on the bank statements and/or management accounts.

** Reclassification of prior year

Reclassification of prior year's loans is due to interest adjustments. The effect is shown below:

Small and medium enterprises increased	-	580
Interest receivable increased	-	4,279
Allowance for impairment – Small and medium enterprises	-	(4,859)

Range of interest rates

Small and medium enterprises	prime -2% to prime +6%
Micro-finance	16%–32%

8. Trade and other payables from exchange transactions

Trade payables	13,904	9,594
Joint venture accruals	300	17,085
Other payables	15,781	46,660
	29,985	73,339

NYDA's trade payables generally do not exceed a maturity of 2 months and the fair value is considered to be a reasonable approximation of the carrying value.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

9. Provisions

Reconciliation of provisions – 2011

	Opening Balance R '000	Additions R '000	Utilised during the year R '000	Total R '000
Leave pay	7,147	7,876	(7,025)	7,998
Staff bonuses	16,678	8,433	(16,543)	8,568
	23,825	16,309	(23,568)	16,566

Reconciliation of provisions – 2010

	Opening balance R '000	Additions R '000	Utilised during the year R '000	Total R '000
Leave pay	9,647	1,530	(4,030)	7,147
Staff bonuses	8,477	8,482	(281)	16,678
	18,124	10,012	(4,311)	23,825

Staff bonuses were paid during first quarter of the new financial year, and the leave pay provision is expected to be utilised as and when an employee takes leave or resigns.

10. Deferred income

	2011 R '000	2010 R '000
Belgium donor funding	874	1,040

Deferred income relates to a conditional grant received from the Belgium Fund in respect of training centres. Should the training centres collapse, this funding will have to be returned to the Belgium Government.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

11. Financial instruments

Set out below is the classification of financial instruments held by NYDA at 31 March 2011.

	Loans and receivables	Financial assets designated as at fair value through profit and loss	Financial liabilities at amortised cost	Non-financial instruments	Total
Assets	R'000	R'000	R'000	R'000	R'000
Loans receivable	24,301	-	-	-	24,301
Short-term portion of loans receivable	11,793	-	-	-	11,793
Rental deposits	-	-	-	2,360	2,360
Investment in associates	-	6,985	-	-	6,985
Other receivables	4,617	-	-	-	4,617
Prepaid expenses	-	-	-	616	616
Cash and cash equivalents	40,762	-	-	-	40,762
	81,473	6,985	-	2,976	91,434
Liabilities					
Finance lease obligation	-	-	20	-	20
Trade and other payables	-	-	29,985	-	29,985
	-	-	30,005	-	30,005

The primary risks associated with the financial instruments held by NYDA are credit, liquidity, market, interest rate and portfolio risks.

Credit risk

One of NYDA's core business activities is to invest in small and medium enterprises. As a result, it is exposed to credit risk. Credit risk refers to the risk that loans made to third parties will not be repaid. The objective of credit risk management is to minimise financial losses that may arise as a result of third parties failing to discharge their obligations. The credit risk at the investment stage of any potential investment is researched and assessed in a due diligence process where the entrepreneur is evaluated, the viability of the enterprise is considered and various other indications are established and verified. In addition, NYDA has implemented a credit policy which assists in managing credit risk with the following key elements included:

- approval process;
- cash-flow based lending methodology;
- attaching protective covenants to funding arrangements;
- collections policies and procedures;
- delinquency management;
- monitoring; and
- mentorship.

There have been no changes in the exposure or the policy used to manage credit risk.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	2011	2010
	R '000	R '000
11. Financial instruments (continued)		
Maximum exposure		
For as long as NYDA has an exposure to a borrower or investee company, NYDA conducts an ongoing evaluation of the business and does not provide loans to any single entity in excess of R5m. NYDA places its cash reserves with the South African Reserve Bank and local financial institutions which have a minimum rating of AAA. Changes in credit exposure and the maximum credit exposure for all financial assets are detailed in the table below:		
Loans receivable		
Micro-loans direct lending and intermediaries	6,785	11,557
Small and medium enterprises	29,309	77,561
Cooperatives	-	2
Investment in associates	6,985	16,207
	43,079	105,327
General		
Other receivables	5,233	2,881
Cash and cash equivalents	40,762	24,371
Rental deposits	2,360	919
	48,355	28,171
Total	91,434	133,498

Collateral and other credit enhancement on loans receivable

The nature of NYDA's target market is black youth who have not accumulated assets which are significant in relation to the loans advanced to them. Therefore, the value of tangible security offered is not adequate. For loans less than R100 thousand, a third party stands as surety and co-principal debtor for a portion (10% to 50%) of the loan. The surety must be in salaried employment with no record of defaulting on loans. During the year under review, NYDA did not take possession of any collateral in respect of loans. There is no collateral held for other classes of financial assets. NYDA does not take possession of collateral to use in its own operations.

NYDA does not take possession of collateral in order to use in its own operations.

Loans and receivables 2011

	Neither past due nor impaired R '000	Value in arrears for 01-30 days R '000	Value in arrears for 31-60 days R '000	Value in arrears for 61-90 days R '000	Value in arrears >90 days R '000	Total R '000
Loans receivable	28,618	4,069	317	13	3,077	36,094
Other receivable	-	-	-	-	5,234	5,234
Investment in associates	6,985	-	-	-	-	6,985
Cash and cash equivalents	40,762	-	-	-	-	40,762
Rental deposits	2,360	-	-	-	-	2,360
	78,725	4,069	317	13	8,311	91,435

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

11. Financial instruments (continued)

Loans and receivables 2010

	Neither past due nor impaired R '000	Value in arrears for 01-30 days R '000	Value in arrears for 31-60 days R '000	Value in arrears for 61-90 days R '000	Value in arrears >90 days R '000	Total R '000
Loans receivable	88,531	181	158	134	116	89,120
Other receivable	2,881	-	-	-	-	2,881
Investment in associates	16,207	-	-	-	-	16,207
Cash and cash equivalents	24,371	-	-	-	-	24,371
Rental deposits	919	-	-	-	-	919
	132,909	181	158	134	116	133,498

Loans past due date but not impaired (loans renegotiated)

NYDA bases its decision to advance loans to small and medium enterprises after considering the business, legal and financial risk attributable to such a prospective borrower. The terms of the loan are dependent on an assessment of these risks. However, during the period of the loan agreement the borrower may request NYDA to renegotiate certain terms of the loan agreement. In such circumstances, NYDA will consider amendments to the loan agreement provided that after the amendment the credit risk is still acceptable to NYDA.

In circumstances where a loan agreement is renegotiated, the loan is derecognised and all gains or losses arising from the original loan granted are recorded in the statement of financial performance. The loan is carried at amortised cost using the effective interest rate applicable to the new loan. Where the terms of the original loan are amended, the loan is amortised using the effective interest rate applicable at the time of conclusion of the original loan agreement.

Loans which have been renegotiated are regularly reviewed for any indicators of existence of impairment in accordance with the accounting policy. These loans would otherwise be past due or impaired. During the year under review, no loans were renegotiated.

Liquidity risk

Liquidity risk refers to the risk that NYDA will not be able to meet its funding commitments and other financial obligations as and when they fall due. The funding provided to small and medium enterprises is usually characterised by fixed maturities of up to five years, scheduled repayments and limited moratorium on capital repayments and interest. One of the cornerstones of the lending practice adopted is to consider certainty of cash-flows and ability of the borrower to absorb and service debt. NYDA has adopted a conservative cash-flow management policy, to manage the risk of investments made in instruments which are not readily realisable, in order to keep a healthy liquidity position.

NYDA has the following mechanisms in place to ensure that it has the funds available to meet commitments:

- A strategic plan and a three-year budget is prepared and approved by the Board of Directors prior to the start of the financial year;
- At half year, NYDA conducts a revision of its annual budget and its liquidity needs are re-assessed. Also, the process for making an application for recapitalisation is made to its Executive Authority and National Treasury;
- On a quarterly basis, the strategic plan and budget is reviewed by a committee comprising divisional heads, CFO and CEO;
- Once a commitment has been made, NYDA keeps record of all gross commitments, drawn-down commitments or cancelled commitments and undrawn commitments;
- The cash resources of NYDA are distinguished between encumbered and unencumbered;
- Three-year projections are prepared of cash flow, undrawn commitments brought forward, new commitments, cancelled commitments and undrawn commitments carried forward;
- Disbursements on commitments are made in several tranches based on individual project needs; and
- Finance provided to small enterprises is usually in the form of self-liquidating financial instruments with minimal funds tied in equity investments.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	2011	2010
	R '000	R '000

11. Financial instruments (continued)

Expected maturity dates: financial liabilities

NYDA does not have any long-term borrowings. Its short-term liabilities comprise mainly of debts arising in the ordinary course of business and commitments to make grants for the implementation of Skills Development and Transfer projects. The debts arising in the ordinary course of business are normally settled over a period of not more than two months from the date of invoice.

Grant commitments are usually made over a period of 12 to 18 months.

Expected maturity dates: financial assets:

NYDA's financial assets comprise mainly cash in current accounts with local financial institutions and loans due from small businesses. Except for loans due from small businesses and restricted cash, other financial assets are very liquid and not subject to any notice periods for draw down.

Concentration risk:

NYDA's exposure to illiquid assets is comprised of investments in unlisted entities. This accounts for less than 7% of the carrying value of financial assets.

NYDA, manages its liquidity risk by placing funds in short term highly liquid investments and ensuring that the maturities of financial assets match those of its financial liabilities.

NYDA makes loans available to small and medium enterprises. These loans include term loans (working capital and asset-based loans), shareholder loans and bridging loans. The typical maturity periods for each category of loans advanced are as follows:

Types of loan categories Exposure	Original term		
Loans < R 100,000	06-36 months	30,820	34,560
R100,000 < Loan < R 300,000	12-36 months	6,850	8,087
R300,000>	36-60 months	140,790	159,737
Bridging loans	03-06 months	-	531
Shareholder loans	60 months	-	263
Total amount of loan receivable		178,460	203,178
Less: impairment		(142,366)	(114,058)
Carrying amount of loan receivables		36,094	89,120

The balance of the loans outstanding as at 31 March 2011 are scheduled to be repaid as follows:

Maturity period

Due within the next 12 months	11,793	38,346
Due thereafter	24,301	50,774
Total value of loans	36,094	89,120

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	2011	2010
	R '000	R '000

11. Financial instruments (continued)

Expected maturity dates: equity investments

NYDA holds, beneficially for its own account or through nominees on its behalf, the following investments with scheduled investment dates as follows:

Maturity period

Due within the next 12 months	-	4,456
Due thereafter	6,985	11,751
Total value of equity investments	6,985	16,207

The equity investment of R7 m relates to NYDA's interest in the Franchise Fund. In terms of the en commandite partnership agreement, NYDA will continue collecting the capital amount together with accrued interest from borrowers of the Franchise Fund.

Remaining contractual maturities of financial assets and liabilities at 31 March 2011:

	Due immediately or within one month R '000	Due later than one month but not later than twelve months R '000	Due later than twelve months R '000	Total R '000
Other receivables	-	5,234	-	5,234
Cash and other cash equivalents	40,762	-	-	40,762
Total current assets	40,762	5,234	-	45,996
Trade and other payables	-	(29,985)	-	(29,985)
Finance lease obligation	-	(20)	-	(20)
Total current liabilities	-	(30,005)	-	(30,005)
Net liquidity of continuing operations	40,762	(24,771)	-	15,991

Market risk

Market risk is defined as the risk that the fair value of future cash-flows of a financial instrument will fluctuate because of changes in market prices and includes currency risk, interest rate risk and other price risk (which are factors other than currency and interest rate risk which may influence fair value of financial assets). The entity is primarily exposed to interest rate risk. Its objective is to ensure that it minimises losses of interest income as a result of utilising cash which attracts interest at a variable rate, to invest in other financial assets bearing interest at fixed rate. Hence, not all its loans granted are variable rate loans.

NYDA is not directly exposed to currency risk as it does not enter into foreign currency transactions.

However, insofar as other price risk is concerned, NYDA holds minority unlisted equity positions in certain small and medium enterprises. The market values of these investments are exposed to risk of devaluation due to changes in various aspects in the market such as import tariffs, government regulation, tax laws and interest rates. However, the values of these investments do not fluctuate significantly over short periods.

As a result, NYDA has minimal exposure to other price risk arising from its holdings in equities of small and medium enterprises. Investments in small enterprises as a percentage of total financial assets is below 23%.

NYDA makes micro-loans of under R100 thousand to businesses. These loans are made at fixed interest rates and, therefore, if interest rates change, NYDA will be exposed to fair value risk. However, the amount of these loans is small in relation to total financial assets and, therefore, the effect of a change in the interest rate is not significant.

There have been no changes in the exposure or the policy used to manage market risk.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	2011	2010
	R '000	R '000

11. Financial instruments (continued)

Interest rate risk

Changes in interest rates will affect the revenue stream of NYDA, as most of the financial assets' returns are linked to the prime rate.

Sensitivity analysis

At 31 March 2011, if interest rates had been 200 basis points higher, with all other variables held constant, interest income would have increased by approximately R1.5 million. Consequently, income and accumulated reserves would have increased accordingly. If interest rates had been 200 basis points lower, with all other variables held constant, interest income would have decreased by approximately R1.5 million. Consequently, income and accumulated reserves would have decreased accordingly. The change would have occurred because of variable rate interest which NYDA earns from its financial assets, which include cash and loans.

NYDA's exposure to interest rate risk is as follows:

Small and medium enterprises	29,309	77,561
Micro-loans direct lending and intermediaries	6,785	11,557
Cooperatives	-	2
Cash and cash equivalents	40,762	24,371
	76,856	113,491

Fair values

Fair value hierarchy of financial assets at "at fair value through profit and loss"

NYDA measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making measurement:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the financial assets either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs which are not based on observable market data.

Investment in associates

Level 1	-	-
Level 2	-	-
Level 3	6,985	16,207

Investment in associates is measured using the discounted cash-flow method and net asset value method, which are not based on the observable market data.

No transfers between fair value hierarchy levels have taken place during the current year.

Set out below is the comparison by category of carrying amounts and fair value of all of NYDA's financial instruments that are carried in the financial statements:

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

11. Financial instruments (continued)

Financial assets

	Fair Value	Carrying Amount
	R '000	R '000
Loans receivables	36,094	36,094
Investment in associates	6,985	6,985
Cash and cash equivalents	40,762	40,762
Rental deposits	2,360	2,360
Other receivables	5,233	5,233
	91,434	91,434

Financial liabilities

Trade and other payables	29,985	29,985
Finance lease obligation	20	20
	30,005	30,005

Other receivables generally do not exceed a maturity of two months and, therefore, the fair value is considered a reasonable approximation of the carrying amount.

Portfolio risk

Portfolio risk arises as a result of loans and advances being concentrated in any particular industry, location or stage of development. The risk is managed through the steering committee which sets limits of exposure to the various industries. The portfolio allocation is reviewed quarterly at meetings of the steering committee.

NYDA recognises that it may face the risk of over exposing itself in certain situations and considers the following in determining concentration:

- over-concentration of loans to a particular industry
- excessive funding of business in early stages of development
- over-concentration of loans to business controlled by common shareholders or grants to a single service provider
- over-concentration of funding in illiquid equity investments

In managing portfolio risk exposure, NYDA strives to ensure that not more than 35% of the total advances are made within a specific industry. Below is a schedule of advances made to small, medium and micro enterprises in different sectors:

Industry

Building and construction	7%	23%
Emergency services	-%	3%
Health	-%	1%
Manufacturing	12%	5%
Printing	2%	-%
Retail	16%	10%
Services	47%	40%
Agriculture	1%	-%

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	2011	2010
	R '000	R '000
11. Financial instruments (continued)		
Transport	8%	6%
Hospitality and Leisure	7%	12%
	100%	100%
Stage development		
Early stage	54%	54%
Expansion	31%	31%
Management buy-in	6%	6%
Management buy-out	9%	9%
	100%	100%

Over-exposure to few counterparties

In terms of the credit policy relating to loans, no entity in which more than 25% of the issued shares are held by an existing shareholder of a borrowing company is entitled to loans in aggregate exceeding R20 million and not more than R5 m for a single business. Individual companies and shareholders with exposure of less than R5 million are approved by the Enterprise Finance Management Committee, between R0 million and R5 million by the Investment Committee and between R15 million and R20 million by the Board of Directors.

Capital management

NYDA considers the annual government grant it receives as its capital and obtains its capital by making annual applications to the National Treasury. The funds which are received are held in money market instruments with local financial institutions which have a minimum AAA rating.

NYDA has a formalised budgeting and forecasting process in place which allows for monitoring on a monthly basis of the cash reserves and commitments of the Fund. It maintains cash on demand to meet forecasted monthly cash outflows with the residual being maintained on call accounts. NYDA conducts rolling forecasts to anticipate its cash requirements to meet operating expenses, capital expenditure and draw-down requests in respect of commitments made for grants and loans. NYDA tracks loan and grant approvals, commitments and undrawn commitments on a continuous basis so as to provide a basis to anticipate capital calls.

NYDA makes commitments from its existing capital base, notwithstanding that it has an expectation that the National Treasury will recapitalise NYDA on an annual basis. NYDA continuously keeps record of reserves which are encumbered and those which are unrestricted in order to avoid deficits arising from over-commitment of funds.

12. Interest income

Funds held at the South African Reserve Bank and Commercial Banks	1,806	775
Loans receivable	21,202	18,420
	23,008	19,195

Interest income on loans advanced was increased by R4.5 million in the prior year due to a reclassification between interest income and impairments.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	12 Months ended 31 March 2011 R '000	6 Months ended 31 March 2010 R '000
Note(s)		
13. Other income		
Sponsorship income	1,226	-
Gain on settlement of liability	6,436	-
Other	3,535	-
	11,197	-
14. Fair value adjustments		
Fair value adjustments to designated investments in associates	189	(1,789)
15. Auditors' remuneration		
Audit fees	3,813	5,218
Prior year under provision	1,740	-
	5,553	5,218
16. Depreciation and amortisation		
Depreciation		
Computer hardware	2,015	906
Office equipment	732	330
Furniture	2,099	1,409
Leasehold improvements	5,288	2,730
Motor vehicles	171	104
Total depreciation	10,305	5,479
Less: attributable to project disbursements	(8,619)	(4,145)
Total depreciation	1,686	1,334
Amortisation		
Intangible assets	1,625	476
Less attributable to project disbursements	(878)	-
Amortisation of intangible assets	747	476

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	12 Months ended 31 March 2011 R '000	6 Months ended 31 March 2010 R '000
	Note(s)	
17. Employee related costs		
Salaries and allowances		125,951
Provident fund: defined contribution plan		7,714
Total employee cost		133,665
Less attributable to project disbursements		(90,410)
		43,255
		20,925
18. Impairment of assets		
Impairment expense		
Small and medium enterprises		30,353
Micro-loans direct lending and intermediaries		5,914
Cooperatives		113
Total loans receivable		36,380
		58,027
Property, plant and equipment		142
Other receivables		192
		36,714
		58,121
Reversal of impairments		
Small and medium enterprises		-
		(1,372)
		36,714
		56,749
Loans receivable written off		7,867
		-
Impairment expense on loans advanced was increased by R4.5 million in the prior year due to a reclassification between interest income and impairments.		
19. Operating lease expense		
Building		13,170
Office equipment		3,586
		16,756
Less attributable to project disbursements		(13,699)
		3,057
		1,253
Future minimum rentals under non-cancelable operating leases within one year		
Buildings		12,959
After one year, but not more than five years		
Buildings		8,312
		19,567

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	12 Months ended 31 March 2011 R '000	6 Months ended 31 March 2010 R '000
Note(s)	R '000	R '000

The leases relate to buildings occupied by the NYDA and the average lease terms vary from 3 to 5 years and the escalation rates range from 8% to 10%.

20. Project disbursements

The respective disbursements are as follows:

Service Delivery Channel	2,441	4,727
Skills Development and Transfer	28,699	23,842
Business Development Services	10,327	27,681
Entrepreneurship Financing	2,493	-
External project disbursements	43,960	56,250
Service Delivery Channel	65,643	36,442
Skills Development and Transfer	4,164	-
Business Development Services	4,629	3,246
Entrepreneurship Financing	8,401	5,280
Communications and Corporate Affairs	1,826	408
Information Communication Technology	820	327
Human Resource Management	2,779	525
Policy Lobby and Advocacy	69	496
Internal project disbursements	88,331	46,724
Project-related operating expenses	67,445	35,976
Total disbursements	199,736	138,950

21. World Festival of Youth and Students

Income

Sponsorship income	61,185	-
Registration fee	2,388	-
Total income	63,573	-

Expenditure

Administration	106	-
Security	2,801	-
Media products	28,595	-
Launch	16,021	-
Advertising	3,019	-

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	12 Months ended 31 March 2011 R '000	6 Months ended 31 March 2010 R '000
Note(s)		
21. World Festival of Youth and Students (continued)		
Catering	27,716	-
Travel international	5,600	-
Travel local	1,382	-
Accommodation	21,136	-
Total expenditure	106,376	-
Deficit for WFYS	(42,803)	-

NYDA won the right to host the World Festival of Youth and Students conference which was held during December 2010. The organisation funded the conference expenses from Grant income of R29 million from the Office of the Presidency and income generated from various sponsorships including, amongst others the National Lotteries Board, the Office of the Presidency and various provinces.

Additional income was generated from the conference registration fees from delegates who attended the conference.

In addition to the cash sponsorship commitments, the Department of Communications provided donations in kind to the NYDA for the conference expenses as a way of settling expenses for the advertising of the conference on behalf of the NYDA.

The NYDA is still owed R30 million of committed sponsorship income by various stakeholders including R16 million owed by the National Lotteries Board and R10 million owed by SASCOC. NYDA is in engagement with these sponsors and NYDA's management is of the view that the entire outstanding amount of R30 million will be recovered from the respective debtors.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	12 Months ended 31 March 2011 R '000	6 Months ended 31 March 2010 R '000
Note(s)		
22. Cash (used in) /generated from operations		
Surplus	1,537	18,603
Adjustments for:		
Depreciation and amortisation	11,930	5,955
(Loss)/Gain on disposal of assets	(71)	4
Fair value adjustments	(189)	1,789
Write off	4,726	-
Interest income	(13,242)	(10,753)
Donation income	-	(342)
World Festival of Youth and Students Sponsorship	-	-
Impairment deficit	39,086	56,465
Movements in provisions	(7,259)	5,701
Movement in VAT	-	36,192
Deferred expenses	-	370
Grant income utilised	-	(278,598)
Grant received	-	164,927
Changes in working capital:		
Inventories	11	31
Other receivables from exchange transactions	(2,544)	(756)
Rental deposits	(1,441)	(81)
Trade and other payables from exchange transactions	(43,354)	8,890
Deferred income	(166)	(1,343)
	(10,976)	7,054

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	12 Months ended 31 March 2011 R '000	6 Months ended 31 March 2010 R '000
Note(s)		

23. Prior year adjustments

R3.6 million relates to interest accrued from an advance made to the Progress Fund by FNB on behalf of the NYDA, which was not accrued for in the prior period by the NYDA.

A misstatement to the value of R767 thousand relates to suspended interest on non-performing loans, which was not released to the Statement of Financial Performance when the loans were written off.

The correction of the error(s) results in adjustments as follows:

Impact on 2010 financial year:

Interest paid increased	-	(3,633)
Impairment expense decreased	-	767

Impact on 2011 financial year:

Opening accumulated reserves decreased	-	3,633
Opening accumulated reserves increased	-	(767)

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

24. Related parties

Type	Related parties	% share-holding	Nature of transaction	Loans and investments disbursed in 2011	Terms and conditions	Collateral
Joint ventures	1. Jointly controlled asset with FNB Leverage Finance (LF)	33%	NYDA has invested R36 million with a commitment to invest R80 million.	Nil (2010: R3.9 million)	FNB will provide funding to SMEs and remit collections to NYDA as and when received	None
	2. Jointly controlled asset with Massmart Holdings Limited	50%	NYDA and Massmart contributed R1 million each to provide funding to entrepreneurs for franchises costing less than R150 thousand	Nil (2010: R300 thousand)	NYDA will provide funding to entrepreneurs and remit collections to Massmart as and when received	None
	3. Jointly controlled asset with Mobile Telephone Network Ltd (MTN)	57%	NYDA and MTN contributed R2 million and R1.5 million respectively to provide funding to entrepreneurs for franchises costing R30 thousand	Nil (2010: Nil)	NYDA will provide funding to entrepreneurs and remit collections to MTN as and when received	None
	4. Jointly controlled asset with Old Mutual (Masisizane Fund)	Nil (2010:50%)	NYDA and Masisizane Fund contributed R100 million each to provide funding to women-owned enterprises	Nil (2010: R215 thousand)	Based on termination agreement Old Mutual will remit collections of existing loans to NYDA	None
Associates	1. Franchise Fund (en commandite partnership between NYDA and business partners)	80%	NYDA has invested R100 million (80% stake) in the Franchise Fund in order to assist young black entrepreneurs to start franchises	Nil (2010: Nil)	Franchise Fund will provide funding to SMEs and remit collections to NYDA	None
	2. Chicken Kwasa (Pty) Ltd	26%	NYDA has granted a loan to Chicken Kwasa (Pty) Limited for an approved amount of R1,75 million	Nil (2010: Nil)	The interest rate on this loan is prime less 2% Participation fees are charged at a rate of greater than 1.25% of actual gross monthly revenue or R9100 per month. The loan period is from March 2005 to 2010	Note 1

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

24. Related parties (continued)

Loan balance before impairment	Liability balance	Interest income	Administration fees	Other expense with related parties	Other income with related parties	Impairment on loans with related party
R23.2 million (2010: R39.4 million)	Nil (2010: R10.6 million)	R3.2 million (2010: R2.4 million)	Nil (2010: Nil)	R3.7 million (management fees with interest and interest on loan) (2010: R12.6 million)	Nil Nil	R4.4 million (2010: R5.1 million)
R2.2 million (2010: R2.3 million)	Nil Nil	R250 thousand (2010: R22 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)
R133 thousand (2010: R127 thousand)	R300 thousand (2010: Nil)	R6 thousand (2010: R16 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R71 thousand (2010: R71 thousand)
Nil (2010: R9.8 million)	Nil (2010: Nil)	Nil (2010: R202 thousand)	Nil (2010: Nil)	R721 thousand (interest paid) R7.3 million (Management fees repaid) (2010: Nil)	Nil (2010: R819 thousand)	Nil (2010: R7.3 million)
Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)
R1.5 million (2010: R1.3 million)	Nil (2010: Nil)	R110 thousand (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R1.5 million (2010: R1.3 million)

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

24. Related parties (continued)

Type	Related parties	% shareholding	Nature of transaction	Loans and investments granted	Terms and conditions	Collateral
Associates	3. Serokolo Health Solutions (Pty) Ltd	26%	NYDA has granted a loan to Serokolo Health Solutions (Pty) Ltd for an approved amount of R1.2 million	Nil (2010: Nil)	The interest rate on this loan is prime. The loan period is from October 2005 to October 2010	Note 2
	4. Soundrite (Pty) Ltd	10%	NYDA has granted a loan to Soundrite Sound (Pty) Ltd for an approved amount of R5 million	Nil (2010: Nil)	The interest rate on this loan is prime plus 2%. Participation fees are not charged. The loan period terminates on 30 December 2013	Note 3
	5. K5 Transport Logistics (Pty) Ltd	10%	NYDA has granted a loan to K5 Transport Logistics (Pty) Ltd for an approved amount of R1.2 million	Nil (2010: Nil)	The interest rate on this loan is prime plus 3%. Participation fees are not charged. The loan period is from June 2006 to May 2011	Note 4
	6. Limani Strategic Marketing cc t/a Sun Goddess	25%	NYDA has granted a loan to Limani Strategic Marketing cc t/a Sun Goddess for an approved amount of R2 million	Nil (2010: Nil)	The interest rate on this loan is prime plus 1.5%. Participation fees are not charged. The loan period is from June 2006 to May 2011	Note 4
	7. Planet Waves (Pty) Limited	20%	NYDA has granted a loan to Planet Waves (Pty) Ltd for an approved amount of R3.6 million	Nil (2010: Nil)	The interest rate on this loan is prime plus 2%. Participation fees are not charged. The loan period is from August 2006 to August 2011	Note 3
	8. MK Intergrated Fire Security (Pty) Ltd t/a Turnover Trading	19%	NYDA has granted a loan to Turnover Trading for an approved amount of R4.5 million	Nil (2010: Nil)	The interest rate on this loan is prime less 1%. Participation fees are charged at R100 thousand after each six months. The loan period is from March 2007 to March 2012	Note 3
	9. Decti Rating Agency (Pty Ltd)	19%	NYDA has granted a loan to Decti Rating (Pty) Ltd for an approved amount of R1.5 million	Nil (2010: Nil)	The interest rate on this loan is prime plus 2%. Participation fees are not charged. The loan period is from December 2006 to December 2011	Note 3

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

24. Related parties (continued)

Loan balance before impairment	Liability balance	Interest income	Administration fees	Other expense with related parties	Other income with related parties	Impairment on loans with related party
R487 thousand (2010: R466 thousand)	Nil (2010: Nil)	R44 thousand (2010: R25 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R487 thousand (2010: Nil)
R6.3 million (2010: R4.5 million)	Nil (2010: Nil)	R566 thousand (2010: R273 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R6.3 million (2010: R4.5 million)
R1.1 million (2010: R967 thousand)	Nil (2010: Nil)	R129 thousand (2010: R63 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R1.1 million (2010: R967 thousand)
R2.1 million (2010: R1.9 million)	Nil (2010: Nil)	R223 thousand (2010: R111 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R2.1 million (2010: R1.9 million)
R1.6 million (2010: R1.4 million)	Nil (2010: Nil)	R174 thousand (2010: R113 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R1.6 million (2010: Nil)
Nil (2010: R4.1 million)	Nil (2010: Nil)	Nil (2010: R209 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)
Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

24. Related parties (continued)

Type	Related parties	% share-holding	Nature of transaction	Loans and investments granted	Terms and conditions	Collateral
Associates	10. Grace Zagorski (Pty) Ltd	10%	NYDA has granted a loan to Grace Zagorski (Pty) Ltd for an approved amount of R5 million	Nil (2010: Nil)	The interest rate on the loan of R4.4 million is prime plus 2% and R600 thousand is interest free. Loan period is from March 2007 to March 2012	Note 3
	11. Vynide Investments	10%	NYDA has granted a loan to Vynide Investments for an approved amount of R3 million	Nil (2010: Nil)	The interest rate on this loan is prime plus 2%. Participation fees are not charged. The loan period is from November 2007 to December 2012	Note 3
	12. Mafatafata Printing and Packaging	19%	NYDA has granted a loan to Mafatafata Printing and Packaging for an approved amount of R1.4 million	Nil (2010: Nil)	The interest rate on this loan is prime. Participation fees are not charged. The loan period is from September 2007 to October 2012	Note 3
	13. Sword South Africa (Pty) Ltd	19%	NYDA has granted a loan to Sword South Africa (Pty) Ltd for an approved amount of R2.3 million	Nil (2010: Nil)	The interest rate on this loan is prime. Participation fees are not charged. The loan period is from February 2008 to March 2013	Note 3
	14. Kekana Rumsey Zagorski (Pty) Ltd	10%	NYDA has granted a loan to Kekana Rumsey Zagorski (Pty) Ltd for an approved amount of R5 million	Nil (2010: Nil)	The interest rate on the loan of R4.5 million is prime plus 2% and R500 thousand is interest free. Loan period is from November 2007 to December 2012	Note 3
	15. Tuscan Mood 201 (Pty) Ltd t/a Spartan	10%	NYDA has granted a loan to Tuscan Mood (Pty) Ltd for an approved amount of R4.5 million	Nil (2010: Nil)	The interest rate on the loan of R3.2 million is prime plus 2% and R1.3 million is interest free. Loan period is from March 2008 to February 2013	Note 3
	16. For Men Only	19%	NYDA has granted a loan to For Men Only for an approved amount of R1.5 million	Nil	The interest rate on the loan of R1.4 million is prime plus 1.5%. Loan period is from January 2008 to February 2013	Note 3
	17. E2 BA-LE2 (Pty) Ltd	19%	NYDA has granted a loan to E2 BA-LE2 for an approved amount of R2.5 million	R87 thousand	The interest rate on the loan of R2.5 million is prime less 1%. Loan period is from April 2008 to September 2013	Note 3
	18. Umsobomvu Youth Fund	N/A	The related party note is with regards to the Vat Liability raised due to the transfer of assets from UYF to NYDA	Nil	The amount calculated is reflective of the net Vat liability due to the transfer of assets from UYF to NYDA	None

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

24. Related parties (continued)

Loan balance before impairment	Liability balance	Interest income	Administration fees	Other expense with related parties	Other income with related parties	Impairment on loans with related party
R6.0 million (2010: R5.3 million)	Nil (2010: Nil)	R651 thousand (2010: R322 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R6.0 million (2010: R5.3 million)
R2.8 million (2010: R2.5 million)	Nil (2010: Nil)	R301 thousand (2010: R161 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R2.8 million (2010: R2.5 million)
R2.0 million (2010: R1.9 million)	Nil (2010: Nil)	R183 thousand (2010: R98 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: R12 thousand)	R2.0 million (2010: R1.9 million)
R1.3 million (2010: R1.5 million)	Nil (2010: Nil)	R130 thousand (2010: R85 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R1.3 million (2010: Nil)
R6.1 million (2010: R5.4 million)	Nil (2010: Nil)	R656 thousand (2010: R327 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R6.1 million (2010: R5.4 million)
R4.4 million (2010: R3.9 million)	Nil (2010: Nil)	R481 thousand (2010: R237 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R4.4 million (2010: R3.9 million)
R2.0 million (2010: R1.8 million)	Nil (2010: Nil)	R214 thousand (2010: R106 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R2.0 million (2010: R1.8 million)
R2.9 million (2010: R2.7 million)	Nil (2010: Nil)	R236 thousand (2010: R113 thousand)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	R2.9 million (2010: R2.7 million)
Nil (2010: Nil)	Nil (2010: R7.9 million)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)	Nil (2010: Nil)

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

24. Related parties (continued)

Type	Related Parties	% share-holding	Nature of transaction	Loans and investments granted	Terms and conditions	Collateral
All entities on the national sphere of government as well as entities that report to entities on national sphere of government						
Fellow subsidiary/ Department	1. Government Communication Information System (GCIS)	N/A	GCIS advertises events on behalf of NYDA	Nil	None	None
	2. Lotteries Board	N/A	Sponsorship for the World Festival of Youth and Students	Nil	None	None
	3. Other entities on the national sphere of government	N/A	Expenses incurred for goods and services obtained	Nil	None	None

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

24. Related parties (continued)

Loan balance before impairment	Liability balance	Interest income	Administration fees	Other expense with related parties	Other income with related parties	Impairment on loans with related party
Nil	R233 thousand	Nil	Nil	R3.2 million	Nil	Nil
Nil	Nil	Nil	Nil	Nil	R24 million	Nil
Nil	Nil	Nil	Nil	R581 thousand	Nil	Nil

1. Cession of debtors and favourable bank balance - Personal surety - Pledge of shares and loans - Cession of insurance - Mortgage over property - General/Special Notarial Bond

2. Cession of debtors and favourable bank balance - Personal surety - Pledge of shares and loans - Cession of insurance

3. Cession of debtors and favourable bank balance - Personal surety - Pledge shares and loans - Cession of insurance - General/Special Notarial Bond

4. Personal surety - Pledge of shares and loans - Cession of insurance

There were no further transactions with national sphere of government after reporting date.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	12 Months ended 31 March 2011 R '000	6 Months ended 31 March 2010 R '000
Note(s)		
25. Director's emoluments		
Chief Executive Officer: Malose Kekana (terminated October 2009)		
Salary for managerial services to NYDA	-	116
Allowances	-	13
Total short term employee benefits	-	129
Provident fund: Defined contribution plan	-	8
	-	137
Chief Executive Officer: Steven Ngubeni (appointed November 2009)		
Salary for managerial services to NYDA	1,412	653
Allowances	138	35
Total short term employee benefits	1,550	688
Provident fund: Defined contribution plan	250	62
	1,800	750
Executive Director: Andile Lungisa		
Salary for managerial services to NYDA	664	351
Allowances	66	33
Total short term employee benefits	730	384
Provident fund: Defined contribution plan	110	18
	840	402
Executive Director: Yershen Pillay		
Salary for managerial services to NYDA	535	277
Allowances	56	47
Total short-term employee benefits	591	324
Provident fund: Defined contribution plan	122	18
	713	342
Non executive		
Fees for Service		
Innocentia Motau	368	1
Maria Tshabalala	364	130
Mcebo Rich Khumalo	364	122
Pholisa Makeleni	364	151
Francois Jacobus Slabber	364	123
	1,824	527

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

25. Director's emoluments (continued)

2011	Short term employee benefits R '000	Bonus R '000	Expense Allowance R '000	Pension fund R '000	Total R '000
Other key management personnel					
Divisional Directors and senior management reporting directly to the Chief Executive Officer:					
Acting Chief Financial Officer (resigned December 2010)	562	191	66	38	857
Acting Chief Financial Officer (appointed January 2011)	148	-	6	9	163
Chief Operations Officer (resigned August 2010)	422	196	43	28	689
Divisional Directors:					
Mr A.M. Ntlangeni	670	133	42	74	919
Ms M.I. Molotsi	679	143	91	75	988
Mr B.S. Magongo	611	121	46	60	838
Mr C.J. Peters	691	112	10	144	957
Mr D.J. Van Vuuren	666	151	87	57	961
Ms S. Samuel	423	-	98	63	584
Ms N.G. Hluyo	655	147	69	144	1,015
Ms G.B.A. Mjadu	620	123	56	53	852
Mr F.C. Bruintjies	232	185	40	16	473
Mr K.E. Mahura	794	135	23	-	952
Ms D. Chuma	171	-	15	-	186
Ms M. Tleane	430	36	213	56	735
	7,774	1,673	905	817	11,169

2010	Short term employee benefits	Provident fund defined contribution	Pension fund	Performance bonus	Total
	5,478	327	51	1,074	6,930

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

	2011	2010
	R '000	R '000

26. Contingent liability

A contingent liability is an existing condition or situation involving uncertainty as to possible loss to an organisation that will ultimately be resolved when one or more future events occur or fail to occur.

A contingent liability is recognised by the entity when that uncertainty will ultimately be resolved when one or more future events not wholly within the agency's control occur or fail to occur. Resolution of the uncertainty may confirm the loss or the incurrence of a liability.

The NYDA have the following contingent liabilities which meet the definition as provided for above:

- The transport costs relating to the hosting of the World Festival of Youth and Students (WFYS) conference for which the City of Tshwane had provided under a partnership agreement of mutual benefit with the NYDA around the hosting of the WFYS conference in Tshwane, for which the City of Tshwane is currently demanding payment from the NYDA for the costs incurred by the city on transport where independent transport providers were used to meet the required transport capacity for the conference. The municipality is claiming expenses to the value of R5.7 million. NYDA is of the opinion that the City of Tshwane has no grounds to claim these expenses from the NYDA on the basis of the agreement reached between the NYDA and the City of Tshwane on the matter of transport provision for the conference.
- A contingent liability arising from a number of legal cases against the NYDA with a possible loss of R158 thousand.
- Section 53(3) of the PFMA states that a public entity may not accumulate surpluses unless prior written approval of the National Treasury has been obtained. National Treasury granted its approval for the accumulated surplus at the beginning of this year. The retention for the surplus at the end of the financial year has not yet been approved.

27. Fruitless and wasteful expenditure

Interest paid to Massmart joint venture	-	15
Interest paid to Old Mutual in respect of management fees	712	-
Interest paid to Merseta	118	-
Interest paid to Progress Fund in respect of late payment of management fees	512	-
Interest paid to Progress Fund for loans paid on our behalf	697	3,633
Fraudulent use of credit card	6	-
Interest paid on late payment of rental	11	-
	2,056	3,648

28. Irregular expenditure

Irregular expenditure for the period	67,649	11,079
---	---------------	---------------

The PFMA defines irregular expenditure as expenditure other than unauthorised expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation.

- Irregular expenditure to the value of R41 million was incurred by the NYDA during the year under review. The amount is made up of the following:

Normal Operating Expenses	R31 million
Fixed Assets	R5 million
Tender Evaluation Process	R5 million
- An additional irregular expenditure to the value of R26 million was incurred in relation to the World Festival of Youth and Students conference. Due to the urgent nature of the organisation of the conference, a lot of expenses had to be approved days before the conference and some during the course of the conference itself.

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

Figures in Rand thousand

28. Irregular expenditure (continued)

No disciplinary action will be taken to recover the irregular, fruitless and wasteful expenditure incurred as these expenses resulted from operational deficiencies. The necessary steps have been taken to prevent the recurrence of irregular, fruitless and wasteful expenditure as incurred in the current year.

29. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Account	Actual R'000	Budget R'000	Variance R'000	Variance %
Net surplus as per Statement of Financial Performance	1,537	40,644	39,107	96%
Grant income	369,973	369,973	-	-
Interest income	23,008	27,006	3,998	15%
Administration income	-	332	332	100%
Donor funding income	3,321	-	(3,321)	100%
Other income	11,197	-	(11,197)	100%
Fair value adjustments	189	-	(189)	100%
Profit on disposal of assets	71	-	(71)	100%
Sponsorship income	63,573	29,000	(34,573)	(119)%
Total income	471,332	426,311	(45,021)	(11)%
Administration and overheads	28,166	17,341	(10,825)	(62)%
Communication and PR expenses	18,507	16,894	(1,613)	(10)%
Employee costs	42,224	45,339	3,115	7%
Information technology expenses	10,184	11,424	1,240	11%
Outsourcing and external services	12,679	17,065	4,386	26%
Travel and entertainment expenses	9,909	3,366	(6,543)	(194)%
Seminars and training expenses	1,979	895	(1,084)	(121)%
Impairment	36,714	14,177	(22,537)	(159)%
Donor funding disbursement	3,321	-	(3,321)	100%
World Festival of Youth and Students	106,376	29,000	(77,376)	(267)%
Project disbursements	199,736	230,166	30,430	13%
Total expenditure	469,795	385,667	(84,128)	(22)%
Net surplus per approved budget	1,537	40,644	39,107	96%
Budget surplus				
Budget surplus/deficit as approved by the Board				40,644
Plus capital expenditure				15,909
				56,553

National Youth Development Agency

Financial Statements for the year ended 31 March 2011

Notes to the Financial Statements

29. Reconciliation between budget and statement of financial performance (continued)

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance

Variance explanations:

- Grant income: The agency collected 100% grant income.
- Other income: Other income includes donor funding income and gain on settlement of liabilities which was not budgeted for.
- Sponsorship income: The sponsorship income relates to WFYS and only R29 million from the Office of the Presidency was included in the budget.
- Project disbursements: The agency budgeted R259 million for the commitment to the youth development through skills, mentorship, entrepreneurship (which includes disbursement of loans and vouchers and R29 million budgeted for WFYS); however, the spending on projects is 19% more than the budget, and this is mainly due to the WFYS conference.
- Information technology: The agency saved 8% against internet connectivity, IT support and website maintenance. The under-spending is mainly due to the fact that IT development projects were put on hold due to budget constraints.
- Outsourcing and external services: This expense is 49% less than the budget due to a management decision to reduce the consultancy usage.
- Employee cost: The 2% over-spending is due to the appointment of the Provincial Advisory Boards.
- Other operating expenses: Communication and public relations costs exceeded budget by 23% while seminars and staff training that were not covered by the budget related to workshops for the corporate and communications divisions as well as staff training for the finance division. Travel costs incurred by the Board Special Projects team to the value of R5 million were also not covered by the budget.

30. 2010 FIFA World Cup expenditure

30.1 NYDA incurred expenses in relation to the hosting of the FIFA World Cup in South Africa in June 2010. The expenditure was through one of the National Youth Service projects on social cohesion, which was aimed at educating and encouraging young people to be patriotic citizens. In this regard, the NYDA ran a training programme for young people to be volunteers during the World Cup tournament so that they could be ambassadors of the country and take pride in assisting their country in hosting a successful FIFA World Cup. The programme was run at a total cost of R1,721 thousand, of which R673 thousand was incurred during the reporting period.

30.2 NYDA purchased 51 World Cup tickets, to the value of R34 thousand, of which 42 were given to youth in various provinces during the competition and 9 were issued to staff members who were the chaperones for these youth. Travel costs for the chaperones and youth amounted to R45 thousand and R210 thousand respectively. Other expenses relating to this competition included handing out of vuvuzelas, caps and T-shirts to youth to the value of R1.9 million. Staff members of the NYDA were issued vuvuzelas, caps and T-shirts to the value of R28 thousand.

National Youth Development Agency
NYDA House
11 Broadwalk Avenue
Halfway House
Midrand

PO Box 982
Halfway House 1685
Fax: 086 606 6563
Email: info@nyda.gov.za

 **OUR YOUTH. OUR FUTURE.**
08600 YOUTH (96884) • www.nyda.gov.za



NATIONAL YOUTH DEVELOPMENT AGENCY