

2020

**POVERTY ALLEVIATION AND CIVIL
SOCIETY ORGANISATIONS**

*A Spending Review of the National
Development Agency*

STUDENT NAME: YUSUF MAYET

CLUSTER: SOCIAL DEVELOPMENT

NATIONAL TREASURY

Executive Summary

This review will show that due to the non-specific nature of the legislative mandate of the National Development Agency, the Agency has practically been given 'free-reign' to provide direct funding or capacity building support to any organisation it sees as contributing towards poverty alleviation. This has resulted in the Agency providing the type of support that other state institutions are better positioned and equipped to provide, and doing it in an admin-heavy, inefficient manner. The review therefore concludes with the following recommendations:

1. *There is an urgent need for a review of the NDA Act.* The first option is to do this through an amendment of the NDA Act with the aim to refine the role of the NDA, in light of what other government entities are responsible for.
2. *The state needs to explore ways in which the existing capacity of the NDA can be used most effectively and efficiently to address poverty.* How can the NDA be repurposed to make a more meaningful contribution, rather than duplicating the work of other state institutions?
3. *The repeal of the NDA Act* is another option that may be considered. The Department of Social Development is in the process of defining/ redefining the roles and responsibilities of the social development sector through the review of the White Paper and ultimately the preparation of a Social Development Act. This presents an ideal opportunity to re-explore the role of the NDA and reposition the entity through the provisions in the Social Development Act, by firstly repealing the current NDA Act.
4. *The winding down of NDA's CSO Development initiatives and reprioritisation of funds towards government institutions better placed to perform these functions.* To change the role/ mandate of the NDA will require a change in legislation, which can take years to pass and still more years before the change is observed at the ground level. In the meantime, we can signal the change through strategic budget reprioritisations, proposing strategic budget shifts from the NDA towards state institutions better positioned and equipped to provide CSO support.

The implementation of the above recommendations will ensure a more co-ordinated and efficient way of delivering state support to organisations that contribute towards poverty alleviation. This will include organisations providing direct social development services to vulnerable individuals that the state is mandated to provide, as well as organisations contributing towards skills development and job creation thus enabling individuals to sustain themselves economically.

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

Summary

The founding legislation of the National Development Agency is very broad and basically allows the Agency to provide capacity building support and direct funding support to any organisation it identifies as providing services to poor communities or addressing poverty alleviation. Much of this support is provided to non-profit organisations providing services that government is mandated to provide.

In the social development sector, the government is highly reliant on non-profit organisations (NPOs) to provide welfare services to vulnerable individuals on its behalf. As such, the quality and quantity of support that government provides to these NPOs and the relationship with NPOs is a key aspect of service delivery in this sector. The national Department of Social Development plays the role of policy maker and ensuring an environment conducive for NPOs to flourish. Provincial departments of social development are mandated to provide the various welfare services and therefore deal directly with the NPOs that provide the services on their behalf. Besides providing direct funding support to NPOs through their various service subprogrammes, provincial DSDs also have a dedicated budget for institutional capacity building of NPOs.

Furthermore, a large number of government departments run programmes aimed at alleviating poverty and promoting sustainable livelihoods.

This review shows that of the NDA's average total budget of R234.1 million per annum, over half is for compensation of employees and 83 out of the total 219 staff are development officers and managers, tasked with empowering civil society organisations (CSOs) and identifying their needs, which inform the interventions required by the agency. The Agency spent a further R12.2 million per year on average on the CSO Development programme, the bulk of which was spent on travel and accommodation expenses for CSO mobilisation and formalisation. The Agency also transfers on average R8.5 million directly to CSOs including day care centres, ECDs, pre-schools and co-operatives.

It is clear from this review that much of the support that the NDA provides to CSOs through its CSO development programme is already provided by a number of institutions across government. In many cases, these institutions are better placed to provide this support and are equipped to provide it on a much larger scale. For instance, provincial DSDs total budget for direct transfers to NPOs delivering social development services is nearly ten times what the NDA transfers.

As a result, this review concludes with the following recommendations/ options:

1. *There is an urgent need for a review of the NDA Act.* The mandate of the NDA in the current Act is far too broad, practically allowing the NDA to provide direct funding support or capacity building to any organisation it sees as contributing towards poverty alleviation. The first option is to do this through an amendment of the NDA Act with the aim to refine the role of the NDA.
2. *The state needs to explore ways in which the existing capacity of the NDA can be used most effectively and efficiently to address poverty.* How can the NDA be repurposed to make a more meaningful contribution, rather than duplicating the work of other state institutions?
3. *The repeal of the NDA Act* is another option that may be considered. The Department of Social Development is in the process of defining/ redefining the roles and

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

responsibilities for the social development sector through the review of the White Paper and ultimately preparation of a Social Development Act. This presents an ideal opportunity to re-explore the role of the NDA and reposition the entity through the provisions in the Social Development Act, by firstly repealing the current NDA Act.

4. *The winding down of NDA's CSO Development initiatives and reprioritisation of funds towards government institutions better placed to perform these functions.* As mentioned, to change the role/ mandate of the NDA will require a change in legislation, which can take years to pass and still more years before the change is observed at the ground level. In the meantime, we can signal the change through strategic budget reprioritisations:
 - a. The R8.5 million per annum NDA currently transfers directly to various organisations can be reprioritised towards provincial DSDs where it can be used to fund NPOs that deliver social development services; and to the Department of Small Business Development where it can support co-operatives.
 - b. Currently the NDA spends R48.1 million for the salaries of 85 development officers, development managers and development specialists that are tasked with the bulk of the CSO mobilisation and formalisation work. These workers can be absorbed within the various Provincial Departments of Social Development under the 'Institutional capacity building and support for NPOs' subprogramme, thus saving on administration and other support costs, including R8.7 million in non-salary implementation costs of the CSO Development programme.
 - c. Another option would be simply halve the NDAs current CSO development and implementation initiatives and reprioritise the funds towards provincial DSDs earmarked for the institutional capacity building of CSOs. Provincial DSDs have a dedicated subprogramme for this and are best placed to determine the needs of CSOs within their province. This would entail the reprioritisation of R28.4 million to provincial DSDs.

The implementation of the above recommendations will ensure a more co-ordinated and efficient way of delivering state support to organisations that contribute towards poverty alleviation. This will include organisations providing direct social development services to vulnerable individuals that the state is mandated to provide, as well as organisations contributing towards skills development and job creation thus enabling individuals to sustain themselves economically. More broadly, this review and its recommendations are an important step in identifying duplications and inefficiencies in the way the state currently delivers services, thus making effective use of limited public resources. This is especially important in the current fiscal environment of a government debt crisis.

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

Contents

Executive Summary	2
Summary	3
1 Key Spending Review Questions	6
2 Problem statement.....	6
3 National Development Agency	6
4 Analysis of mandates and roles	8
4.1 National Department of Social Development: Community Development Branch	8
4.1.1 NPO registration, compliance monitoring and funding.....	9
4.1.2 Social Mobilisation and Empowerment.....	9
4.1.3 Poverty Alleviation, Sustainable Livelihoods and Food Security.....	10
4.2 Provincial Departments of Social Development, Programme 5: Development & Research.....	10
4.3 Department of Public Works and Infrastructure – Expanded Public Works Programme	11
4.4 Department of Agriculture, Land Reform and Rural Development.....	11
4.5 Department of Employment and Labour.....	12
4.6 Department of Environment, Forestry and Fisheries	12
4.7 Department of Mineral Resources and Energy.....	12
4.8 Department of Small Business Development	12
4.9 Department of Sports, Arts and Culture	13
4.10 Department of Tourism	13
4.11 Department of Trade, Industry and Competition.....	13
5 Summary of Overlaps and Duplication	13
6 Governance and Reporting Lines.....	15
7 Expenditure Analysis	17
7.1 Revenue	17
7.2 Expenditure.....	17
7.2.1 Staff Costs and Mandate Staff Costs	18
7.2.2 CSO Development & Third-party funded capacity building.....	19
8 Options	20
9 Recommendations	20
10 Actions	21

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

1 Key Spending Review Questions

The questions that this spending review seeks to answer are:

- What does the NDA spend on the various forms of support to civil society organisations?
- What are some of the programmes in other national departments aimed at poverty eradication and sustainable development? What is the extent of these programmes?
- What do provincial departments of social development do under Programme 5: Development & Research that is aimed at poverty eradication and sustainable development?
- How does the effectiveness and the efficiency of the above programmes compare? Therefore, where is this kind of support best placed?

2 Problem statement

The founding legislation of the National Development Agency is very broad and basically allows the Agency to provide capacity building support and direct funding support to any organisation it identifies as providing services to poor communities or addressing poverty alleviation. Much of this support is provided to non-profit organisations providing services that government is mandated to provide.

In the social development sector, the government is highly reliant on non-profit organisations (NPOs) to provide welfare services to vulnerable individuals on its behalf. As such, the quality and quantity of support that government provides to these NPOs and the relationship with NPOs is a key aspect of service delivery in this sector. The national department of social development plays the role of policy maker and ensuring an environment conducive for NPOs to flourish. Provincial departments of social development are mandated to provide the various welfare services and therefore deal directly with the NPOs that provide the services on their behalf. Besides providing direct funding support to NPOs through their various service subprogrammes, PDSs also have a dedicated budget for institutional capacity building of NPOs.

Furthermore, a large number of government departments run programmes aimed at alleviating poverty and promoting sustainable livelihoods, some of which are summarised in this review.

3 National Development Agency

The National Development Agency seeks to contribute towards poverty eradication and sustainable development by granting funds and assisting with the capacity building of civil society organisations involved in providing services to poor communities.

Who? According to NDA's Grants Funding Policy 2017 Civil Society Organisations refer to 'a wide range of organisations including community groups, NPOs, NGOs, CBOs, FBOs, co-operatives, Foundations, Section 21 companies irrespective of their registration status.'

What? NDA has different aspects of support to CSOs defined by its own CSO Development model. The Agency uses a process of community engagements and household profiling (aligned to Mikondzo approach used by the National Department of Social Development) to assess the level of development of these organisations:

- CSO mobilisation: this aspect consists of consultation and dialogues, needs assessments and ultimately classification of CSOs into categories depending on the type of intervention they require. In 2019/20, over 9500 CSOs were reached through mobilisation programmes.
- CSO formalisation: Formalising and registering CSOs in terms of the NPO Act of 1997 or the Co-operatives Act of 2005. In 2019/20, over 1000 organisations were assisted to formalise their structures.

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

- CSO capacity-building consists of training of CSOs in organisational management and compliance with relevant registration legislation. Over 5000 CSOs were trained in compliance registration legislation and over 5500 were trained in organisational management.
- CSO resource mobilisation: this sections provides a guide of information and activities for CSOs to attract and retain funding, including creative communication and nurturing stakeholder relationships.
- CSO grant funding and sustainability: the NDA provides grants to CSOs (in line with the NDA Grants Funding Policy 2017) through its own allocation and by acting as a conduit for government, foreign government, private sector, international organisations and philanthropists. The programme is aimed at developing the organisations to ensure they have capacities to deliver quality services, attract more funding based on their performance records, and to expand and reach more people in poor communities where they operate. In 2019/20, 153 organisations received grant funding to the value of R55.6 million, mainly due to funding received through the Criminal Asset Recovery Account (CARA) to address gender-based violence.

The NDA mandate is derived from the National Development Agency Act, 1998 (Act No. 108 of 1998, as amended). In terms of the Act, the primary objective of the NDA is to contribute towards the eradication of poverty and its causes by granting funds to CSOs for the purposes of:

1. carrying out projects or programmes aimed at meeting development needs of poor communities; and
2. strengthening the institutional capacity of other CSOs involved in direct service provision to poor communities.

The secondary objects of the NDA in terms of the Act relate to encouraging and facilitating consultation, dialogue between CSOs and stakeholders on their development experiences and development policy, however this aspect is not the focus of this review.

The Agency is required by the Act to implement programmes that respond to the following areas of responsibilities (only those relevant for this review are listed):

- Act as a key conduit for funding from the Government of the Republic, foreign governments and other national and international donors for development work to be carried out by CSOs.
- Contribute towards building the capacity of CSOs to enable them to carry out development work effectively.
- Create and maintain a database of CSOs, including, but not limited to, the scope and subject matter of their work and their geographical distribution, and share the information in that database with relevant organs of state and other stakeholders.
- May grant money from its funds in accordance with such criteria and procedures as the NDA determines, with due regard to the NDA's primary object referred to in section to any CSO for any project or programme that the organisation intends to undertake or is undertaking.

As mentioned the scope of CSOs eligible for support from the NDA spans 'a wide range of organisations including community groups, NPOs, NGOs, CBOs, FBOs, co-operatives, Foundations, Section 21 companies irrespective of their registration status.' The NDA can basically support any organisation it deems as contributing to poverty alleviation at community level, which includes CSOs involved in capacity development and training of other CSOs. To be eligible for NDA grant funding, CSOs must have gone through the NDAs CSO mobilisation and needs assessment process and also there should be a sustainability plan in place.

The NDA is a schedule 3A public entity whose Executive Authority is the Minister of Social Development. The NDA Board is the Accounting Authority. In terms of the NDA Act, the board must consist of 11 members made up as follows: five members to represent Government appointed by the

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

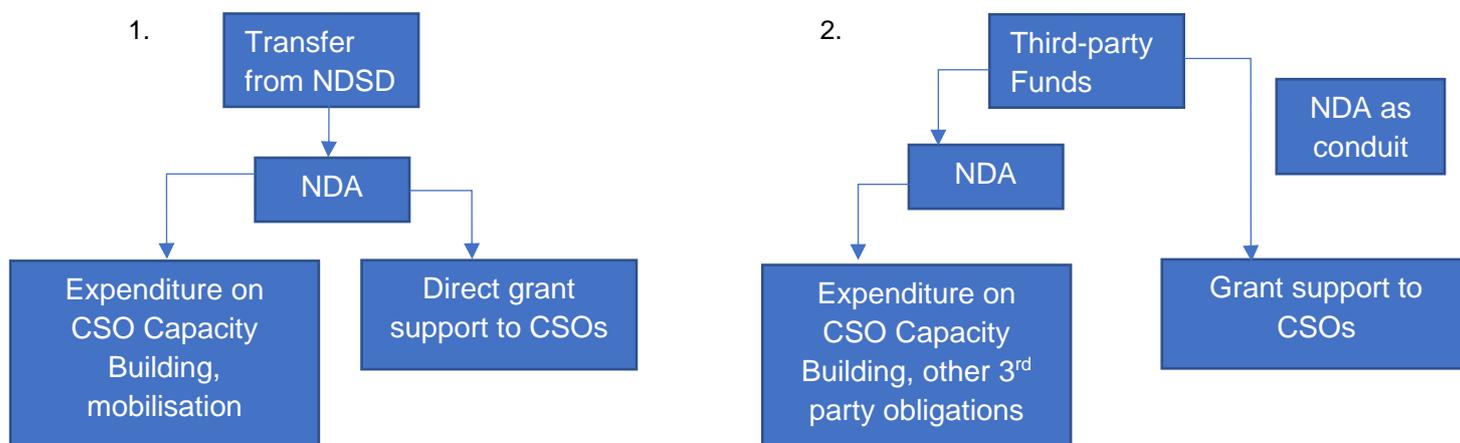
Final

Minister after consultation with Cabinet; and six members to represent Civil Society, also appointed by the Minister.

The NDA's main source of revenue is through the transfer it receives from the Department of Social Development which it uses to finance the bulk of its operations and CSO Development initiatives. The Act also allows the NDA to grant funds to basically any CSO that deems as contributing to poverty alleviation at community level, which includes CSOs involved in capacity development and training of other CSOs.

In addition to this, the Act allows the NDA to raise funds from any other legal source, including donations and contributions. In this regard, the Agency must carry out its obligations in terms of the agreements with the third-party donors. These include for example capacity building initiatives and training.

The NDA, in line with the Act, must act as a conduit for funding from government and non-government donors towards civil society organisations.



4 Analysis of mandates and roles

Below is a summary of other programmes across the rest of government that are aimed at alleviating poverty and promoting sustainable livelihoods.

4.1 National Department of Social Development: Community Development Branch

In the absence of a Social Development Act, the role of the department in addressing poverty alleviation and sustainable livelihoods (outside of social assistance grants) is not clearly defined. Rather, in a somewhat fragmented manner, the department has developed a number of policies in different areas in an attempt define its role; and attempts to verify its role by drawing links with broad legislation and policies such as the Constitution and the NDP:

- Constitution of the Republic of SA ,2006, section 9, 10 and 27
- NPO Act 71 of 1997
- White paper on social welfare 1997 (being reviewed)
- The National Development Plan (NDP vision 2030) sets out targets to eradicate poverty reduce unemployment and eliminate inequality
- Food and Nutrition security Policy of 2013

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

- National Youth Policy
- Policy for Social Services Practitioners
- Social Service Practitioners policy (approved by cabinet in 2016/17)
- Social Service Practitioners Bill (being processed for gazetting)
- Older persons Act 2006, amended and completed (requires approval by cabinet to be tabled in Parliament)
- Generic norms and standards for Community development Practice
- Community development Practice Policy 2018
- Recruitment and retention strategy for social service practitioners 2015/16

The Community Development branch with NDS has the broad goal of enabling ‘the poor, vulnerable and excluded within South African society to secure a better life for themselves, in partnership with all those who are committed to build a caring society.’ The idea is to encourage a bottom-up approach in understanding the needs of communities and ensuring their participation in their own development. The branch is divided into three sections:

4.1.1 NPO registration, compliance monitoring and funding

This unit derives its functions from section 5 of the NPO Act which include:

- (a) facilitating the process for developing and implementing policy;
- (b) determining and implementing programs, including programs—
 - (i) to support nonprofit organisations in their endeavour to register, which include CBOs, FBOs, Voluntary Associations, etc.; and
 - (ii) to ensure that the standard of governance within nonprofit organisations is maintained and improved.
- (c) liaising with other organs of state and interested parties; and
- (d) facilitating the development and implementation of multi-sectoral and multi-disciplinary programs.

As part of the above functions, this section does ‘compliance enhancement’ campaigns such as the Know your NPO status campaign, capacity building of NPOs that include education and awareness programmes (pre and post registration), train-a-trainer programmes and other support programmes; coordinating partnerships between NPOs and other stakeholders such as SARS, CIPC; establishment and strengthening of NPO forums, intergovernmental and sectoral collaboration; NPO information management through walk-in centre, published information of registered NPOs, and NPO roadshows to increase access to NPO services in communities.

Between 2014/15 and 2019, the department did 304 roadshows and reached 31 158 NPOs with its pre-registration support campaigns. Over the same period, 15 489 NPOs were provided with post registration support capacity building, and 2 512 officials were trained through train-a-trainer.

NPO Funding develop and review policies, legislation; and implementation strategies pertaining to funding of Non Profit Organizations (NPOs), as well as coordination and oversight of funded NPOs, facilitating implementation of the sector funding policy.

4.1.2 Social Mobilisation and Empowerment

This units functions include community mobilisation and empowerment through community and household profiling, community dialogues and community based planning for interventions. The aim is to mobilise and empower communities to identify and implement sustainable solutions towards their own development. There is a Community Mobilisation and Empowerment Framework which the unit plans to implement over the next few years. We have not yet seen this framework, and there are no concrete and measurable outputs of the community mobilisation and empowerment programme in the departments plans and performance reports.

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

Community Development Practice responsibility is to facilitate the development of policies, strategies and guidelines on community development, particularly as it relates to the role of community development practitioners. This includes implementation of the Community Development Practice Policy and the Comprehensive Norms and Standards for Community Development Practice, that seeks to define the role and professionalisation of community development practitioners.

Youth development and empowerment responsibility is to facilitate the development of policies, strategies and guidelines on youth development and empowerment, facilitate youth camps that reach 3000 youth per year aimed at presenting young people 'with a platform of being mobilized for social action towards the establishment of community programmes.' There is a Social Development Youth Strategy that the department is implementing with the aim to standardise Youth programmes across all provinces, as well as Youth Mobilisation Guidelines. Among its functions, this section facilitates youth mobilization through establishment of youth centers and clubs in all nine provinces and ensuring youth participation in youth development and empowerment through funding of youth SMMEs, NPOs and cooperatives.

4.1.3 Poverty Alleviation, Sustainable Livelihoods and Food Security

The overall purpose of this division is to contribute to poverty eradication and elimination of hunger through support to community driven projects or initiatives and the provision of food and nutrition security services. This includes facilitating implementation of Sustainable Livelihood programmes, support to co-operatives through linkage to sustainable livelihoods initiatives, facilitating development and implementation of empowerment programmes for women, development and implementation of the Asset Based Community Development (ABCD) and linking social protection beneficiaries to sustainable livelihoods opportunities. There is a framework for linkage of community initiatives & projects to economic opportunities within the sector (which we have not seen) that this unit is tasked with implementing. Once again, it is difficult to find measurable outputs from this section – it is difficult to find measurable outputs from this section and it is unclear how sustainable livelihoods programmes are measured.

The other aspect of this division is the food and nutrition security programme, which, despite the funds being shifted to provinces, DSD still provides overall coordination of the food and nutrition security plan and technical support to provincial DSDs in implementing the programme.

4.2 Provincial Departments of Social Development, Programme 5: Development & Research

The consolidated budget for the programme amounts to R7.1 billion over the 2020 MTEF (R2.3 billion in 2020/21; R2.4 billion in 2021/22 and R2.5 billion in 2022/23). It should be noted that the figures are as tabled in March not during the special adjustment. The figures will vary when taking the special adjustment into consideration.

The objective of programme is to render developmental social welfare services to vulnerable people and groups in collaboration with partners to reduce their vulnerabilities and promote community empowerment with the allocated funds. The programme renders its service through the following sub-programmes:

- Community Mobilisation: Building safe and sustainable communities through the creation of strong community networks, based on principles of trust and respect for local diversity, and nurturing a sense of belonging and confidence in local people.
- Institutional capacity building and support for NPOs: To support NPO registration and compliance monitoring, NPO stakeholder liaison and communication, provide institutional capacity building, manage NPO funding and monitoring and create a conducive environment for all NPO to flourish.
- Poverty Alleviation and Sustainable Livelihoods: Manage Social Facilitation and Poverty for Sustainable Livelihood programmes (including EPWP) . The development and research unit

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

implements interventions such as household profiling, and change agents programs aimed and facilitating poverty mitigation.

- Community-Based Research and Planning: To provide communities an opportunity to learn about the life and conditions of their locality and uplift the challenges and concerns facing their communities, as well as their strengths and assets to be leveraged to address their challenges
- Youth Development: Create an environment to help young people to develop constructive, affirmative and sustainable relationships while concurrently providing opportunities for them to build their competencies and needed skills to engage as partners in their own development and that of their communities
- Women Development: Create an environment to help women to develop constructive, affirmative and sustainable relationships while concurrently providing opportunities for them to build their competencies and needed skills to engage as partners in their own development and that of their communities.
- Population Policy Promotion: To promote the implementation of the Population Policy within all spheres of government and civil society through population research, advocacy, capacity building and by monitoring and evaluating the implementation of the policy.

4.3 Department of Public Works and Infrastructure – Expanded Public Works Programme

The aim of this programme is to create work opportunities through the use of labour intensive methods in the infrastructure, social, non-state, environmental and cultural sectors. The programme is co-ordinated at a national level by the DPWI who transfer funds (R7.9 billion over the MTEF) mainly to provinces, municipalities and non-profit organisations for implementation. The programme is implemented by 290 bodies in the different sectors. An estimated 4.5 million work opportunities have been created to date and the plan is to create a further 3 million over the MTEF. The programme includes an aspect of training for unskilled, marginalised and unemployed people in South Africa – at a national level, the DPWI provides an enabling environment for training, enterprise development and communication across all of the programme's sectors.

4.4 Department of Agriculture, Land Reform and Rural Development

The department provides support to subsistence, smallholder and black commercial farmers through the Fetsa Tlala food production initiative, which is funded through the Ilima/Letsema projects grant with a total allocation of R1.8 billion over the medium term. As part of the initiative, in each year over the MTEF period, 145 000 subsistence and smallholder producers are expected to be supported with agricultural inputs and the mechanisation of farms, and 120 000 hectares of productive land are expected to be planted. The aim to increase food security and create employment in the agricultural sector.

Furthermore, the comprehensive agricultural support programme grant, with an allocation of R4.8 billion over the MTEF, will be used to provide subsistence, smallholder and commercial farmers with infrastructure in the areas of grain, livestock and horticultural production; it also has an allocation for the recruitment and training of extension officers as well as for the placement of unemployed agricultural graduates in commercial farms in all provinces.

Over the medium term, 750 rural enterprises and 270 farmer production support units will be supported through the Rural Development programme for the provision of infrastructure and inputs, both on and off farms.

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

4.5 Department of Employment and Labour

Through the Work Seeker Services subprogramme, with a budget of approximately R200m per annum, the department registers work seekers, retrenched workers, and work, learning, training and income generating opportunities on the Employment Services of South Africa database; and facilitates access to employment and income-generating opportunities for the unemployed and underemployed.

In the 2020/21 financial year, the department plans to register around 750 000 work seekers on the Employment Services of South Africa database, provide employment counselling to 220 000 work seekers, filling 47 500 registered employment opportunities, and registering 95 000 work opportunities on the Employment Services of South Africa database.

4.6 Department of Environment, Forestry and Fisheries

The Environmental Protection and Infrastructure Programme, with a budget of about R1.5 billion per annum, manages the planning and implementation of the environmental protection and infrastructure programmes of the expanded public works programme (Working on Waste, Working for the Coast, Working for Wetlands, People and Parks, and open space management) across South Africa using labour-intensive methods targeting the unemployed, youth, women and people with disabilities; and small, medium and micro enterprises. Through this, the department plans to create 184 618 work opportunities and 93 230 full-time equivalent jobs in environmental projects over the next three years. Other smaller initiatives include handing over plantations to communities, and allocating fishing rights to small-scale fishing co-operatives.

4.7 Department of Mineral Resources and Energy

Initiatives include issuing mining rights and permits to 360 historically disadvantaged South Africans over the next three years and rehabilitating ownerless and derelict mines.

4.8 Department of Small Business Development

This department is tasked with creating or promoting an environment conducive for the establishment, development and growth of SMMEs and cooperatives. This department has a programme dedicated to Integrated Cooperative Development with a total budget of around R150 million per annum. It includes the following subprogrammes: Cooperatives Development manages and facilitates the creation of new cooperatives and the growth of existing cooperatives to improve their competitiveness; Cooperatives Programme Design and Support oversees and coordinates the design and implementation of targeted financial and non-financial support programmes for new and existing cooperatives; Supplier Development and Market Access Support manages strategic partnerships with the private sector, state-owned entities and the public sector with the aim of developing cooperatives to become suppliers of goods and services, and facilitating their readiness to access market opportunities. Support also includes expanding access to finance through innovative service offerings by providing blended finance support to 45 000 cooperatives over the next three years.

The Enterprise Development and Entrepreneurship programme has a budget of about R2.4 billion per annum. It constitutes the following sub programmes: Enterprise and Supplier Development manages and facilitates the establishment of new and productive enterprises, and the sustainability and growth of existing enterprises; SMMEs Programme Design and Support oversees and coordinates the design and implementation of targeted financial and non-financial support programmes to support new and existing SMMEs; Entrepreneurship provides leadership and oversight on the conceptualisation, design and implementation of the entrepreneurship development framework, and instruments and programmes in support of enterprise development. Support includes scaling up and coordinating support for SMMEs, cooperatives, and village and township economies by establishing 150 incubation centres/digital hubs

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

in townships and rural areas over the next three years and expanding access to finance through innovative service offerings by providing blended finance support to 75 000 SMMEs over the next three years.

4.9 Department of Sports, Arts and Culture

The Mzansi Golden Economy sub programme, with a total budget of around R330 million per annum, seeks to create economic and job opportunities in the arts, culture and heritage sector by supporting programmes designed to develop audiences, stimulate demand, increase market access, and develop skills.

4.10 Department of Tourism

The Working for Tourism subprogramme, with a budget of around R415m per annum, facilitates the development of tourism infrastructure projects under the expanded public works programme through labour-intensive methods targeted at youth, women, unemployed and disabled people, and small, medium and micro enterprises. 15 946 opportunities will be created through this over the next three years.

The Tourism Incentive Programme with a budget of around R150m per annum, manages the establishment of capital and non-capital tourism incentives to promote and encourage the development and growth of the tourism sector.

4.11 Department of Trade, Industry and Competition

With a budget of about R1.8 billion per annum in the Industrial Competitiveness and Growth programme, the department designs and implements policies, strategies and programmes for the development of manufacturing and related economic sectors, and contributes to the direct and indirect creation of decent jobs, value addition and competitiveness, in both domestic and export markets.

The department also provides over R2 billion per annum worth of manufacturing development incentives to promote additional investment in the manufacturing sector, over R700 million per annum worth of service sector development incentives to promote increased investment and job creation in the services sector. A further R1.5 billion per annum approximately is allocated for Infrastructure Investment Support which provides grants for two industrial infrastructure initiatives, special economic zones and the critical infrastructure programme, aimed at enhancing infrastructure and industrial development, and increasing investment and exports of value-added commodities.

5 Summary of Overlaps and Duplication

NDA roles and activities	Similar programmes in the rest of government
CSO mobilisation: this aspect consists of consultation and dialogues, needs assessments and ultimately classification of CSOs into categories depending on the type of intervention they require.	With NDSD, the <i>Social Mobilisation and Empowerment unit's</i> functions include community mobilisation and empowerment through community and household profiling, community dialogues and community based planning for interventions. The aim is to mobilise and empower communities to identify and implement sustainable solutions towards their own development. The <i>Youth Development & Empowerment unit</i> within NDSD facilitates youth mobilization through establishment of youth centers and clubs in all nine provinces and ensuring youth

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

	<p>participation in youth development and empowerment through funding of youth SMMEs, NPOs and cooperatives.</p> <p>PDSDs, through <i>Youth and Women Development</i> programmes, assist these groups with programmes such as skills development and linking them to job opportunities.</p>
<p>CSO formalisation: Assisting CSOs to formalise and register CSOs in terms of the NPO Act of 1997 or the Co-operatives Act of 2005.</p>	<p>The <i>NPO registration, compliance monitoring and funding unit</i> within NDSD implements programmes to support nonprofit organisations in their endeavour to register, which include CBOs, FBOs, Voluntary Associations, etc.</p> <p>The Department of Small Business Development, through the <i>Cooperatives Development</i> programme manages and facilitates the creation of new cooperatives and the growth of existing cooperatives to improve their competitiveness.</p>
<p>CSO capacity-building consists of training of CSOs in organisational management and compliance with relevant registration legislation.</p>	<p>The <i>NPO registration, compliance monitoring and funding unit</i> within NDSD implements programmes to ensure that the standard of governance within nonprofit organisations is maintained and improved. It also does 'compliance enhancement' campaigns such as the Know your NPO status campaign, capacity building of NPOs that include education and awareness programmes (pre and post registration), train-a-trainer programmes and other support programmes;</p>
<p>CSO resource mobilisation: this sections provides a guide of information and activities for CSOs to attract and retain funding, including creative communication and nurturing stakeholder relationships.</p>	<p>As part of the above functions, this section coordinates partnerships between NPOs and other stakeholders such as SARS, CIPC; establishment and strengthening of NPO forums, intergovernmental and sectoral collaboration; NPO information management through walk-in centre, published information of registered NPOs, and NPO roadshows to increase access to NPO services in communities.</p> <p>The <i>Institutional capacity building and support for NPOs subprogramme</i> within PDSDs support NPO registration and compliance monitoring, NPO stakeholder liaison and communication, provide institutional capacity building, manage NPO funding and monitoring and create a conducive environment for all NPO to flourish.</p> <p>The <i>Cooperatives Programme Design and Support</i> programme within the Department of Small Business, oversees and coordinates the design and implementation of targeted financial and non-financial support programmes for new and existing cooperatives</p>
<p>CSO grant funding and sustainability: the NDA provides grants to CSOs (in line with the NDA Grants Funding Policy 2017) through its own allocation and by acting as a conduit for government, foreign government, private sector, international organisations and philanthropists. The programme is aimed at</p>	<p>Part of the duties of the <i>NPO registration, compliance monitoring and funding unit</i> include liaising with other organs of state and interested parties; and facilitating the development and implementation of multi-sectoral and multi-disciplinary programs; seems similar to the 'conduit' role NDA plays between NPOs and funders inside and outside of government.</p> <p>The functions of the <i>Poverty Alleviation, Sustainable Livelihoods and Food Security unit</i> within NDSD includes linking community initiatives & projects to economic opportunities within the sector,</p>

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

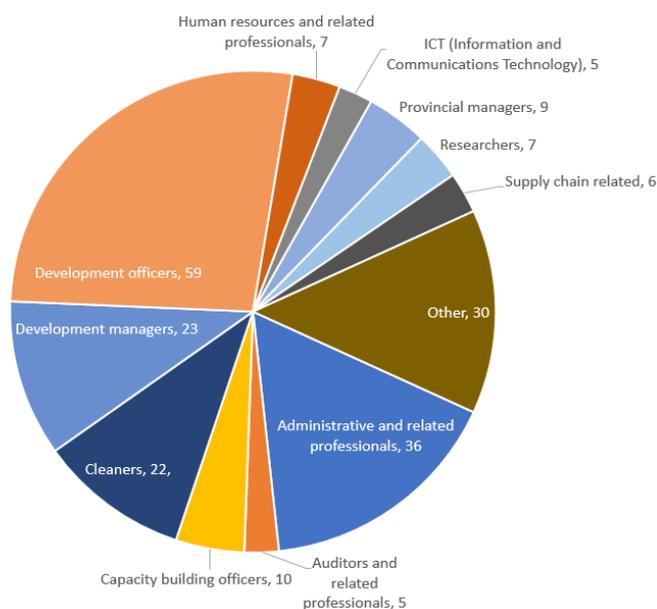
<p>developing the organisations to ensure they have capacities to deliver quality services, attract more funding based on their performance records, and to expand and reach more people in poor communities where they operate.</p>	<p>linking co-operatives and social assistance beneficiaries to 'sustainable livelihoods initiatives', facilitating implementation of 'Sustainable Livelihood' programmes.</p>
--	--

6 Governance and Reporting Lines

The Agency's core functions, i.e. the CSO Development programmes outlined above that are the focus of this review, is carried out through 9 provincial offices and 9 district offices. After scrutinising annual reports and planning documents, it's difficult to discern the duties of NDA national office versus provincial offices. These are not clearly separated.

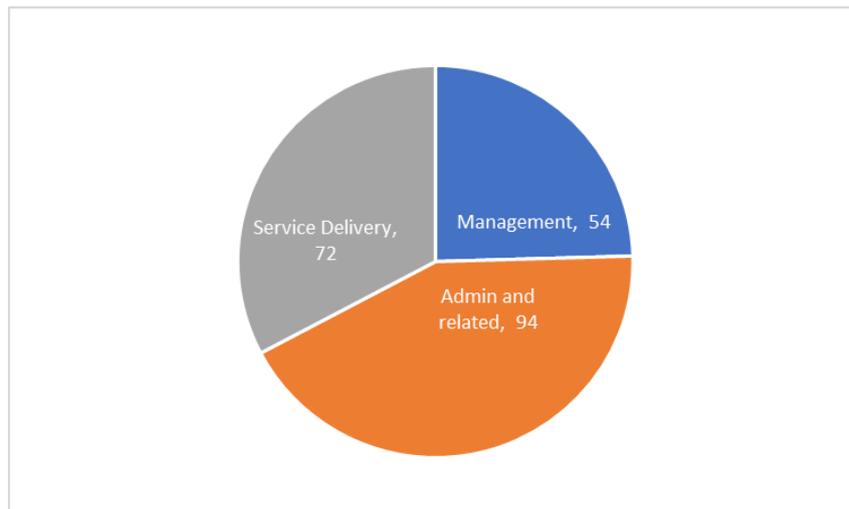
The agency employs 83 development officers and managers tasked with empowering civil society organisations and identifying their needs, which inform the interventions required by the agency. These officers make up the bulk of the agency's personnel complement (ENE 2020). The Agency projected to have 219 posts by end of 2019/20 made up as follows:

Staff Breakdown 1

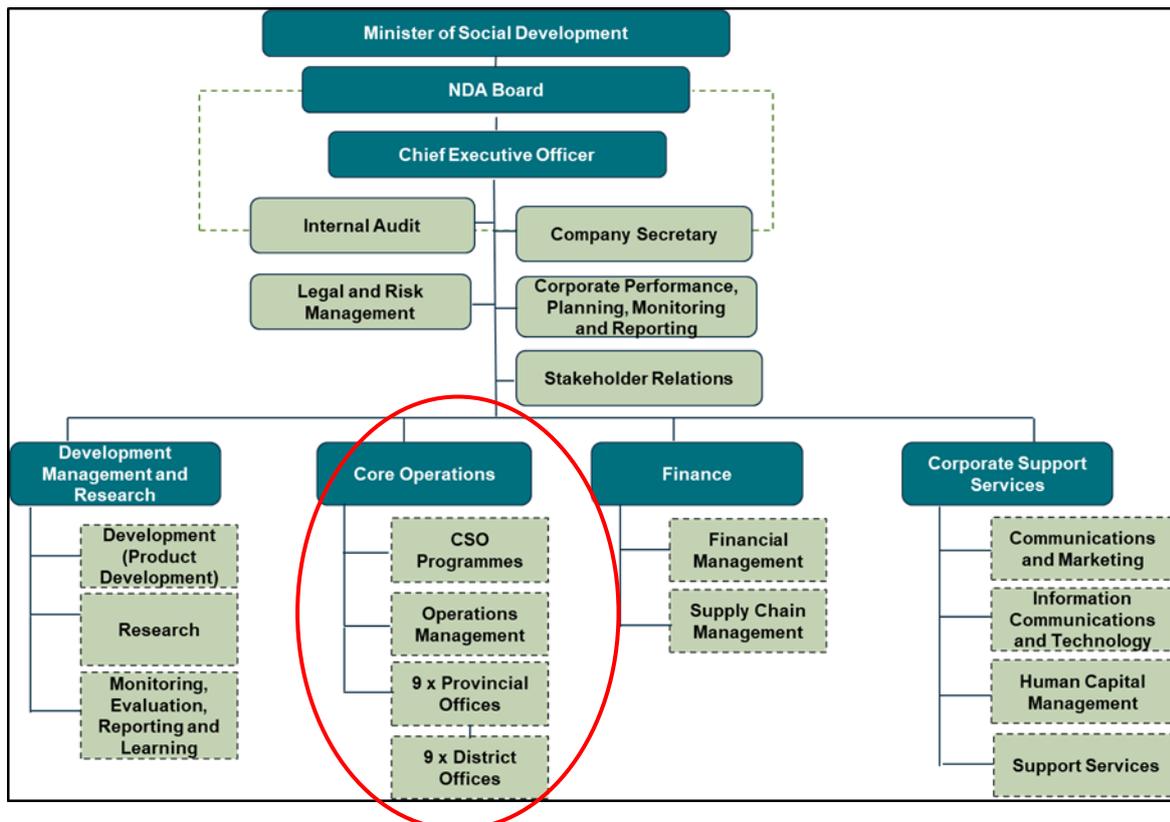


Assuming the only actual service delivery staff are the development officers, research officers, capacity building officers and development specialists, the pie chart below shows the breakdown between management vs admin/support vs service delivery staff:

Staff Breakdown 2



The pie chart above illustrates an admin heavy organisation, employing 22 more admin and related staff than there are actual service delivery staff. Furthermore, a management ratio of 1:1.3 is excessive. Below is an illustration of the current organisational structure and reporting lines. The entity’s reports to the Minister of Social Development as its Executive Authority, while the Board of the Agency plays the role of Accounting Authority.



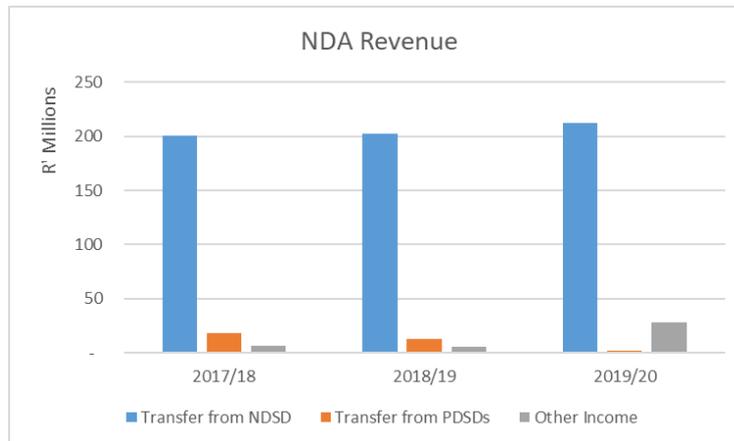
This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

7 Expenditure Analysis

7.1 Revenue

As mentioned, NDA’s main stream of revenue is through the transfer from the National Department of Social Development, which represents around 90 percent of its total revenue:

NDA Revenue Sources

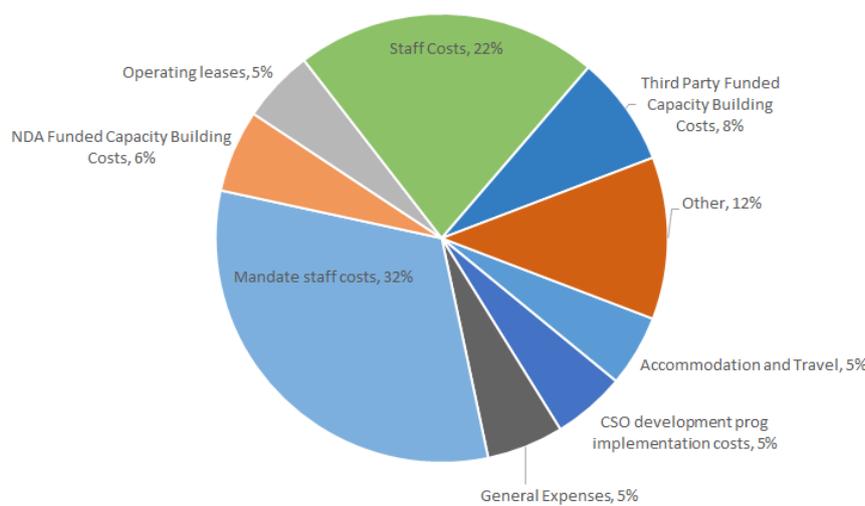


A portion of the revenue over the past three years (5 per cent on average) came from Provincial Departments of Social Development. This suggests that provinces have been ‘contracting’ NDA to carry out NPO capacity building, using the budget under their Institutional capacity building and support for NPOs subprogramme.

7.2 Expenditure

Below summarises the breakdown of expenditure over the past three years, 2017/18 – 2019/20. Total expenditure averaged R234.1 million per annum. This section will examine each category in turn.

NDA Expenditure Breakdown

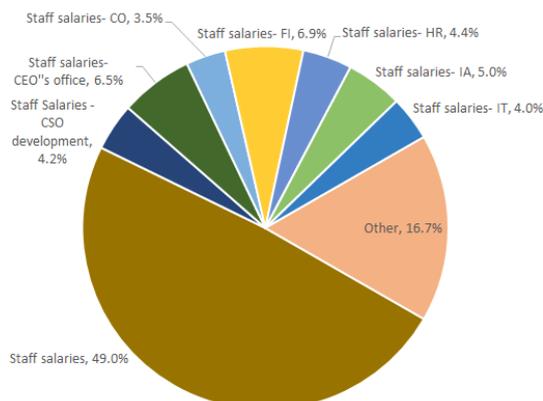


This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

7.2.1 Staff Costs and Mandate Staff Costs

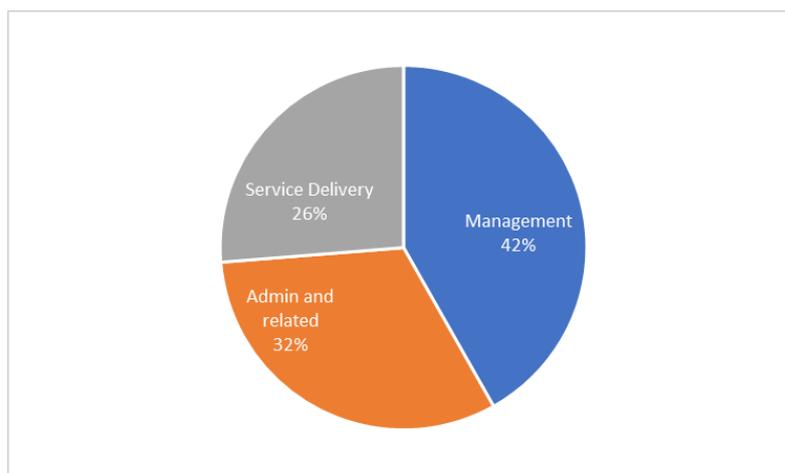
These areas together make up on average R124.9 million per annum or 54 per cent of total expenditure and is made up as follows:

Staff costs



The pie chart below shows that in 2019/20, of the total spending on compensation of employees of R135.4 million in 2019/20, the Agency spent only 26 per cent of this on actual service delivery staff, namely development officers, research officers, capacity building officers and development specialists.

NDA Compensation of Employees 2019/20 Breakdown



We know that bulk of the staff is made up of (59) development officers that earn between R376 596 and R470 039 and (23) development managers earning between R733 257 and R869 006. However, only 4.2 per cent of total staff costs are for salaries of staff in the CSO development programme. This might point to a classification issue. The following points are worth noting:

- Staff salaries in the CEOs office total R8.1 million per annum on average and the COOs office R5.4 million per annum
- The salaries of other admin staff (including Corporate Services, IT, Finance, M&E) total R29.7 million per annum on average.
- The above salaries of non-core staff total R43.2 million per annum which is 34.6 per cent of total staff costs.

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

- The Agency paid an average R5.8 million per year on performance bonuses, and another R2.5 million for leave payouts
- R8.2 million per annum is for salaries of staff dedicated to the Research programme (secondary mandate), which is not the focus of this review.
- *The ratio of admin/ management staff to service delivery staff is extremely high.* As at the end of 2019/20, there were approximately 148 admin and management staff (which comprised 74 per cent of total compensation spending) versus 72 service delivery staff (26 per cent of total compensation spending). This means there are 2 admin/ management staff for every service delivery staff member. Service delivery staff include development officers, research officers, capacity building officers, and development officers.
- There were 59 development officers and 24 development managers as at the end of 2019/20, a ratio of no more than 3 development officers for every development manager. In comparison, a social worker supervisor typically oversees around 12 junior social workers.

7.2.2 CSO Development & Third-party funded capacity building

Third-party funded capacity building averaged R18.6 million per annum, peaking in 2019/20 due to the R23.3 million UIF training programme. The second highest spending in this category was for an NPO Summit in KZN in 2018/19 which cost a total of R7.9 million. An average of R2.3 million per annum was spent on venue hire for training in Limpopo. Other spending included on a number of different trainings in 2017/18 such as Mentoring of Cooperatives and Training of Social Service Professionals, each costing above R2 million.

Performance Indicator	Actual achievement 2016/2017	Actual achievement 2017/2018	Actual achievement 2018/2019	Actual achievement 2019/2020
CSO Mobilisation and Formalisation				
Number of CSOs that participated in CSO mobilisation programmes per year	3 120	5 956	9 137	9504
Number of CSOs assisted to formalise their structures per year	631	803	903	1008
CSO Institutional Capacity Building				
Number of CSOs capacitated to comply with registration legislations per year	3 065	3 953	4 455	5011
Number of CSOs capacitated in civil society organisational management per year	2 880	4 927	5 261	5263
CSO Grant Funding and Resource Mobilisation				
Number of CSOs that received grant funding per year	-	162	124	153
Rand value of resources raised per year	R80 million	R61.7 million	R147 million	R 55.7 million
CSO Linkages for Sustainability				
Number of CSOs referred to sustainable resource opportunities per year	New	1 328	1 460	2272

Spending dedicated to the *CSO Development programme* implementation totals R12.2 million on average over the past 3 years, although showing a decline of 45 per cent to R8.7 million since 2017/18. The bulk of this is spent on travel and accommodation expenses for CSO mobilisation and formalisation, which averaged R4.2 million per annum. Given that over 9500 CSOs were reached through CSO mobilisation in 2019/20 and over 1000 assisted to formalise their structures, this seems reasonable – however we still need to examine what exactly CSO mobilisation entails, and whether the benefits justify this expenditure. Also, whether this should be done by PDSDs.

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

Other spending relates to the ECD awards, for which around R2.5 million was spent in 2017/18 and 2018/19, but nothing (insignificant amount) in 2019/20. About R1.7 million per annum was spent on Ministerial outreach and events, which includes purchase of toys (why?). About R1.1 million is spent on grant funding activities. Over and above the value of resources raised according to the above table, the NDA provided grant funding to various organisations from its own funds amounting R8.5 million per annum on average. These organisations include day care centres, ECDs, Pre-schools and co-operatives – NDA should not be providing direct funding to such organisations; these service sectors fall under the mandate of other departments such as provincial departments of social development that provide direct subsidies to ECD facilities. Provincial Departments of Social Development alone have a budget of around R8 billion per annum for transfers to NPOs providing direct social welfare services to vulnerable individuals.

8 Options

This review proposes the following three options for reducing the inefficiencies in the NDA:

1. The medium to longer term option of reducing the inefficiencies is a review and amendment of the legislation. The mandate of the NDA in the current Act is far too broad, practically allowing the NDA to provide direct funding support or capacity building to any organisation it sees as contributing towards poverty alleviation. How can the NDA be repurposed to make a more meaningful contribution to poverty alleviation, rather than duplicating the work of other state institutions?
2. Redefine the role of the NDA in the context of the development of Social Development Act - the Department of Social Development is in the process of defining/ redefining the roles and responsibilities with the social development sector through the review of the White Paper and ultimately presentation of a Social Development Act. This presents an ideal opportunity to re-explore the role of the NDA and reposition the entity through the provisions in the Social Development Act, by firstly repealing the current NDA Act.
3. Strategic budget reprioritisation – As evident, the NDA spends a large portion of its budget on management, admin and support compared to actual service delivery. This review has illustrated that various other state institutions are better positioned to more effectively and efficiently deliver the type of support to non-government organisations that NDA currently does. Provincial Departments of Social Development, for instance, are more acutely aware of the needs of the various organisations in their particular province and already have a function and budget dedicated to institutional capacity building of NPOs. Proposing a reprioritisation of the service delivery portion NDA's CSO Implementation programme to the various provinces earmarked for capacity building of NPOs could save a substantial portion of admin and support costs. This would be far more efficient than the NDA, a national organisation managing support to CSOs across the country and attempting to increase their footprint through establishment of more district offices, whereas these already exist through PDSOs.

9 Recommendations

Based, on the findings in this review, the following recommendations are presented for consideration.

1. *There is an urgent need for a review of the NDA Act.* The mandate of the NDA in the current Act is far too broad, practically allowing the NDA to provide direct funding support or capacity building to any organisation it sees as contributing towards poverty alleviation. The first option in to do this through an amendment of of the NDA Act with the aim to refine the role of the NDA.

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

2. *The state needs to explore ways in which the existing capacity of the NDA can be used most effectively and efficiently to address poverty.* How can the NDA be repurposed to make a more meaningful contribution, rather than duplicating the work of other state institutions?
3. *The repeal of the NDA Act* is another option that may be considered. The Department of Social Development is in the process of defining/ redefining the roles and responsibilities with the social development sector through the review of the White Paper and ultimately presentation of a Social Development Act. This presents an ideal opportunity to re-explore the role of the NDA and reposition the entity through the provisions in the Social Development Act, by firstly repealing the current NDA Act.
4. *The winding down of NDA's CSO Development initiatives and reprioritisation of funds towards government institutions better placed to perform these functions.* As mentioned, to change the role/ mandate of the NDA will require a change in legislation, which can take years to pass and still more years before the change is observed at the ground level. In the meantime, we can signal the change through strategic budget reprioritisations:
 - a. The R8.5 million per annum NDA currently transfers directly to various organisations can be reprioritised towards PDSs where it is meant for NPOs delivery social development services; and to the Department of Small Business Development where it is meant for co-operatives.
 - b. Currently the NDA spends R48.1 million for the salaries of 85 development officers, development managers and development specialists that are tasked with the bulk of the CSO mobilisation and formalisation work. These workers can be absorbed within the various Provincial Departments of Social Development under the 'Institutional capacity building and support for NPOs' subprogramme, thus saving on administration and other support costs, including R8.7 million in non-salary implementation costs of the CSO Development programme. . In the extreme case, this could save almost R100 million that the NDA currently spends on non-service delivery staff.
 - c. Another option would be simply halve the NDAs current CSO development and implementation initiatives and reprioritise the funds towards PDSs earmarked for the institutional capacity building of CSOs. PDSs have a dedicated subprogramme for this and are best placed to determine the needs of CSOs within their province. This would entail the reprioritisation of R28.4 million to PDSs.

The implementation of the above recommendations will ensure a more co-ordinated and efficient way of delivering state support to organisations that contribute towards poverty alleviation. This will include organisations providing direct social development services to vulnerable individuals that the state is mandated to provide, as well as organisations contributing towards skills development and job creation thus enabling individuals to sustain themselves economically. More broadly, this review and its recommendations are an important step in identifying duplications and inefficiencies in the way the state currently delivers services, thus making effective use of limited public resources. This is especially important in the current fiscal environment of a government debt crisis.

10 Actions

Given that the current 2021 MTEF budget process is at an advanced stage, it is unlikely that this review will impact the allocations for the 2021 MTEF. At this stage the following actions are recommended:

- The findings of this review should be shared with the NDA to consider in their strategic planning processes, possibly impacting the review of their strategic plan and annual performance plan for the 2021/22 financial year. The draft plans are usually received by National Treasury and commented on in December/January.

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Final

- The findings must also be share with National DSD to consider in their processes leading up to the Social Development Act to consider redefining the role of NDA in the social development sector
- This may enable a proposal for a strategic budget reprioritisation in the 2022 MTEF budget process. In the extreme case, this could save almost R100 million that the NDA currently spends on non-service delivery staff.