



CORPORATE PLAN 2011 – 2013

20 years of fighting intergenerational poverty



independent development trust



VISION

The IDT's vision is to be the leading knowledge-based development agency.

MISSION

The IDT, together with strategic partners, will enable poor communities to access resources, recognise and unlock their own potential and continuously improve their quality of life.

VALUES AND OPERATING PRINCIPLES

These values and operating principles are the cornerstones of the IDT's organisational culture and define the IDT way of doing work or the footprints the organisation aims in the communities it enters.

Values	Operating Principles
People Centred	<ul style="list-style-type: none"> We improve the lives of people. We work together as a team. We are focused on our stakeholders.
Integrity	<ul style="list-style-type: none"> We are open and honest in all our communications. We believe in the integrity of our data and reports. We respect one another. We treat each other with dignity.
Professionalism	<ul style="list-style-type: none"> We approach work in a professional manner. Our service is world class. We achieve quality results.
Accountable	<ul style="list-style-type: none"> We are accountable to our clients, stakeholders and one another for our actions.
Visionary	<ul style="list-style-type: none"> We approach our work in a creative manner. Our solutions are innovative. We have impact.

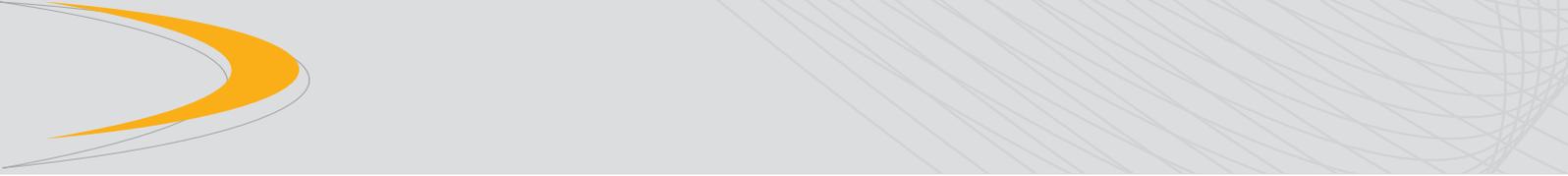
CORE BUSINESS AREAS

- Development Programme Management
- Harnessing/Leveraging Resources
- Institutional Delivery & Capacity Building
- Knowledge Management
- Social Facilitation



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FOREWORD BY THE CHAIRPERSON

There are parallels between South Africa's journey between 1990 and 2010 and the journey of the Independent Development Trust (IDT) over the same period.

In 1990 President Nelson Mandela, and other political prisoners were released from prison, creating a platform for a negotiated settlement which would end Apartheid rule and enable the transition to truly democratic South Africa and people centred development. The IDT was born in 1990. The ruling party at the time needed to demonstrate a commitment to addressing the development needs of the black majority and the IDT was established to usher in the radical transformation of development practice in South Africa.

2010 is a year of celebration for our nation, key among which is the 20-years of freedom associated with the release of President Mandela. It has caused the nation to reflect on progress, take pride in the achievements and ponder over the lessons learnt, as critical data to define the social policy objectives and targets for the next 20-years. Similarly, 2010 is the year during which the IDT will reflect and celebrate its 20th Anniversary.

Based on this reflection, the IDT can state that over the 20-years of its existence, it has vigorously pursued its mandate. The IDT has national reach with presence, and rural depth, in all of the provinces. As a result the IDT embodies 20 years of experience and knowledge in diverse development programmes, in different sectors, across the country. The IDT can confidently state that we have delivered on government's expectation that a defining feature of the public sector will be an administration " . . . *that knows where people live, understands their needs, and responds faster.*"¹

Thus in celebrating 20-years of the IDT will amongst others:

- Assert its standing as a unique national asset which has remained relevant in a dynamic development-socio-economic environment;
- Showcase the depth and breadth of the IDT's Development Footprint; and
- The range of its achievements in delivering its mandate particularly its innovative methodologies, integrated development models, impact on people's lives; and its effectiveness as a business enterprise.

In looking ahead, the IDT developed a 2010/30 Strategic Vision anchored in its experience of being on the ground, serving the poor and its deep understanding of how poverty manifests and is maintained in different settings. The IDT thus believes that the eradication of chronic intergenerational poverty requires a comprehensive, integrated and long-term strategy. Hence the 2010/30 Strategic Vision which will direct the IDT's resources on the eradication of chronic intergenerational poverty.

Additionally, as a public entity entrusted with public funds, the (IDT) exclusively applies its resources in support of the social policy agenda as determined by the Shareholder. Government has set ten (10) strategic priorities for the Medium Term Strategic Framework (2009-14), five (5) of which were elevated as the key priorities for 2010/11, namely, ". . . *education, health, rural development and land reform, creating decent work, and fighting crime. In addition, we will work to improve the effectiveness of local government, infrastructure development and human settlements.*"²

The IDT's 2010/1 -2012/13 Corporate Plan, as the entry phase of the 2010/30 Strategic Vision, is aligned to government's key priorities. As it was charged to lead development two decades ago, the IDT will through this

¹ State of the Nation Address delivered by President Zuma at a Joint Sitting of Parliament on 11 February 2010. Page 7

² Ibid

its Strategic Vision lead the transformation of development with the intent of being the leading authority on poverty eradication.

Over the 2010/11- 2012/13 period the IDT will, within the available budget and through the selected key performance indicators and targets, impact on rural and marginalised communities and households and yield outcomes such as:

- Reduction of vulnerability of poor communities
- Increasing of community assets
- Increasing access to resources
- Tested replicable models of sustainable rural development documented and disseminated
- Contributing new knowledge to the body of development practice
- Innovative delivery of transformative development programmes impacting on people's lives
- Effective and integrated public sector delivery support

As the Accounting Authority, the Board of Trustees confidently presents the Corporate Plan of the Independent Development Trust for the period 2010/11 to 2012/13



P.F. RADEBE (MRS)
CHAIRPERSON: BOARD OF TRUSTEES
DATE

1. EXECUTIVE SUMMARY

1.1. CONTEXT

2008/10 has been one of the most challenging periods in the history of the world. All nations were affected by the devastating impact of the global financial crisis and economic decline. Both the developed and the emerging economies, did not escape the destructive effects of this deteriorating economic climate. South Africa was not spared, in spite of its prudent fiscal and monetary policy. After an extended period of economic growth, South Africa also experienced an economic recession.

Within this milieu of changing and hard economic times, the Independent Development Trust (IDT) reviewed its business operations in pursuit of the decision to apply its resources to its mandate and the eradication of intergenerational poverty in particular.

2009/10 was the entry year for the IDT's 2010/30 Strategic Vision of becoming the premier development agency leading the fight against chronic intergenerational poverty. This 2010/30 Vision is grounded in the belief that chronic poverty can only be successfully eradicated through a targeted, integrated, comprehensive long-term strategy and programmes. This position is supported by the fact that while there have been substantial investments in social development and significant achievements since 1994, poverty has proven intractable and inequality has deepened.

Hence, the organisation embarked on a Gearing-Up project which resulted in several changes which are currently being implemented such as Project Tsoseletso, a Culture Change Management Strategy; a Leadership Behaviour Change Initiative; and the introduction of the Gateway Framework to optimise organisational performance by enhancing project selection criteria, design integrated development solutions, and to enhance learning and innovation; a Costing Model and a Cost Savings Strategy.

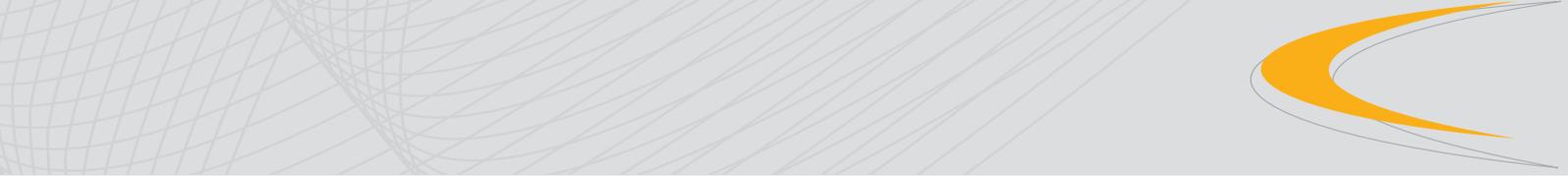
However, like all other organisations, the IDT was required to strike the correct balance between meeting the organisation's mandate and programme obligations whilst maintaining optimum efficiency levels vis-à-vis the available financial resources.

Thus, the main thrust of the environmental scanning process which informed this 2011/13 Corporate Plan was to test the relevance of the 2010/30 Strategic Vision in the light of the changing global and national economic trends, current realities and the new political landscape post 2009 National Elections. This strategic analysis was done by way of raising few critical questions:

- What is most significant to the IDT, among the 'dots on the horizon', which cannot be ignored?
- What has changed?
- What has remained the same and significant?
- What are the key issues and possible scenarios that will shape the corporate strategy for the forthcoming planning cycle?

1.2. KEY ISSUES FROM THE ENVIRONMENTAL SCAN

There are strong synergies between the social policy agenda and the IDT's 2010/30 Strategic Vision. The IDT visualised its role as that of the **Premier Development Agency** leading innovation and transformation of the development sector premised on an assumption that the institutional arrangements would change, creating a platform for such a role. These institutional arrangements have been put in place with the **reconfigured Cabinet** creating an environment for the IDT to present its value proposition to key departments, thereby advancing the vision of the Premier Development Agency leading the eradication of chronic intergenerational poverty.



In view of this tough economic environment and the massive social challenges, the IDT has strengthened its focus and efforts to roll back intergenerational poverty. The organisation strives to be responsive to the needs of the people and supportive to government's Programme of Action. To realise its mandate and mission, the IDT has to fast track development interventions in rural and agriculture development, education, health care and job creation. All these efforts should be done in a way that creates a balance between responding to the societal demands, national government development priorities and prudential management of limited financial resources.

The IDT remains confident about the relevance of its mandate thus the IDT will strengthen the pursuit of its vision as the leading knowledge-based development agency by:

- Sharing the success stories from the IDT work in order to contribute to the body of indigenous development knowledge;
- Documenting and distributing lessons of experience from our programmes; and
- Quantifying and evaluating the value add of our interventions.

1.3. ABOUT THIS CORPORATE PLAN

The 2010/30 Strategic Vision:

- Took a long term view, on the organisation's future as a development agency;
- Decided that the organisation will not subsidise public mandated social infrastructure programme; and
- That 15% of the organisation Main Fund must be invested in delivering the organisation's mandate such as in a community-based programmes.

This 2011/2013 three-year Corporate Plan, for the financial year starting 1 April 2010 and ending 31 March 2011, is directly in line with the IDT's mandate, legislative and fiduciary obligations, and is derived from a rigorous analysis of the international, regional and national development environment. It reflects a number of strategic choices on how best to position the IDT and to apply its resources to achieve optimum development impact and enhance its relevance to government, and the communities it serves.

However, the 2011/13 Corporate Planning has been one of the most complex and challenging planning processes. The current IDT recapitalisation challenge has brought about great uncertainties for the organisation. This challenge is exacerbated by the tough economic climate that the organisation is operating under. As a result, the organisation has to consider how best to plan for business going forward, meaning that either it plans for growth, status quo maintenance or scaling down of business. These are difficult choices that the organisation has to make given the strategic shifts it has adopted.

Further, the launch of the 2010/30 Strategic Vision would also have a serious impact on the IDT's business operations. There is a great demand now placed on community development and institutional delivery capacity as opposed to focusing strictly social infrastructure programme management. This shift in programme focus, could also lead to the IDT inviting more communities and stakeholders that seek its development support and technical expertise.

Thus, the strategic objectives the IDT will like to pursue in 2011-13 cycle are the following:

- To attain sustainable livelihoods through people centred development interventions.
- To pioneer innovative development solutions.
- To ensure excellence in service delivery.

2. OVERVIEW

2.1. HISTORICAL BACKGROUND AND CONTEXT

The Independent Development Trust (IDT) is a Schedule 2 Public Entity governed by its Deed of Trust, the Public Finance Management Act (Act No. 1 of 1999), as amended by Act of No. 29 of 1999 (PFMA) and other relevant legislative frameworks. The IDT's mandate as set out in the Deed states that *“the Primary Goal of the Trust is to use its resources, together with strategic partners, in ways which in the opinion of the Trustees will best serve to enable poor communities in the Republic of South Africa to access resources and recognise and unlock their potential so as to continuously improve their quality of life.”*

The IDT was established in 1990 as an independent, temporary grant making agency through an endowment of R2 billion from national government. During the period 1990-1998/9 the IDT expended R2.8b billion on 8,800 projects country-wide.

In March 1997 the IDT was constituted as a public entity to support government with the eradication of poverty when Cabinet endorsed a recommendation of an Inter-ministerial Advisory Committee that, inter alia, *“The IDT must be transformed into a government development agency that will implement projects which are commissioned by government departments. It must cease to be a civil society organisation, an independent agency or funding agency.”* Thus building on the IDT's effectiveness as a redistributive mechanism, the organisation was integrated into the public service delivery system in 1999 with the promulgation of the Public Finance Management Act and listed as a Schedule 2 Major Public Entity.

Since 1998/99 the IDT has been advancing the social policy objectives of government through the implementation of a range of programmes. Its portfolio, mainly social infrastructure, grew from R260million in 1998/99 to R2billion in 2008/09. The major focus and role of the IDT was on programme implementation and programme management. This success has created a platform for the IDT to sustain its reputation as a responsive, innovative and caring development agency, despite its shrinking capital base.

The success of the IDT is deeply rooted in its mandate and the underpinning corporate strategy. The IDT has retained and strengthened its business model as a development agency, whilst at the same time being fully compliant with the Public Finance Management Act, as confirmed by its attainment of the seven successive unqualified audits. Through its understanding of the importance of collaboration and partnerships, the organisation has managed to deliver development programmes in many marginalised and under-served rural communities of South Africa. These programmes have transformed many lives and given hope to many poor people in the rural areas.

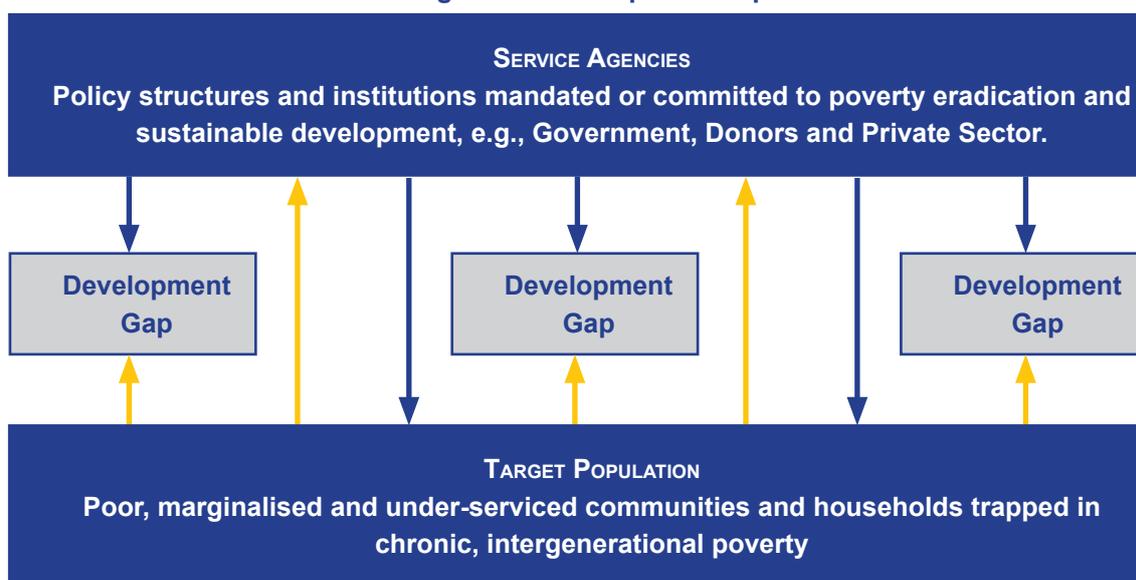
2.2. DEVELOPMENT SECTOR OVERVIEW

2.2.1. Development Landscape

While the development sector comprises multiple actors with different roles and responsibilities, they can broadly be grouped into two categories: the target populations and those with the resources for development. Government is the key player in the latter group as it determines the policies and provides the resources in terms of its pro-poor budgetary stance and annual allocations for social expenditure.

However, government cannot achieve this on its own. The private sector does not have the reach or experience and, the poor do not have the capacity and power to access the resources. Hence there is a development gap (Diagram 1 below) and a need for public institutions like the IDT to link those with resources and those who need the resources. It is also the space within which a multitude of public, non-governmental, community-based and other civil society structures operate.

Diagram 1: Development Gap



2.3. PUBLIC SECTOR DEVELOPMENT TRENDS

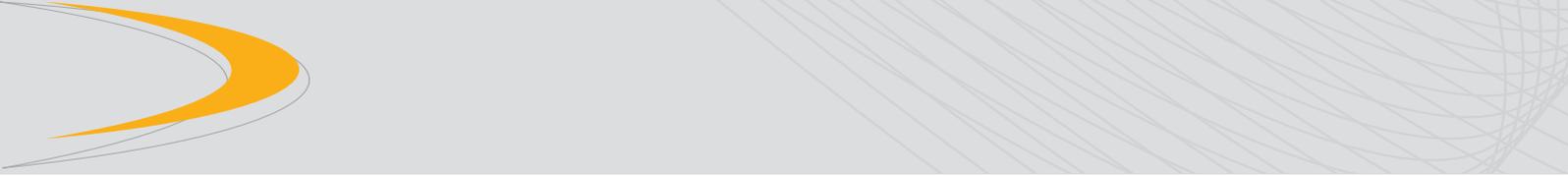
Several complementary development agencies and development funding institutions (DFIs) have been mandated or established to facilitate sustainable development and the eradication of poverty. In 2006/07 however, the IDT along with twelve (12) other DFI's were subjected to a robust Review under the auspices of National Treasury. The objectives of the Review were to ensure that the mandates and operations of DFI's are coordinated and utilise economic resources more effectively and with greater efficiency in support of government's policy objectives, such as reducing poverty, increasing employment levels, developing infrastructure, increasing access to basic services and promoting small, micro and medium enterprises.

The DFI Review concluded among others that *"The IDT is a development agency, rather than a DFI, as it does not undertake any lending or other development banking activities."*³ Thus the organisation is excluded from the provisions of the Development Funding Policy for DFIs which was subsequently concluded. The DFI Review further concluded that the IDT is *"... is broadly meeting its mandate and ... emphasis should remain on social infrastructure implementation activities, which is IDT's core competence and where it has a competitive advantage vis a vis other DFIs and development agencies (DAs) ... (and that) ... the development impact of all the local involvement/empowerment related to infrastructure projects is very large."*

The organisation operates in the same space as DFI's with complementary mandates such as the Development Bank of Southern Africa (DBSA) and the erstwhile Umsobomvu Youth Fund (UYF) which has been integrated into the National Youth Development Agency. The organisation's mandate is also complimentary to that of the National Development Agency (NDA) which is charged with contributing towards the eradication of poverty and its causes by granting funds to civil society organisations. While the organisation does not have formal partnership agreements with these public entities, it has worked in partnership at operational level.

Other than those listed above, there is a plethora of government development agencies that focus on similar services and products of social facilitation, economic development, institutional delivery capacity building, job creation and poverty alleviation programmes.

³ Review of Development Funding Institutions- March – June 2007: Independent Development Trust. Produced by the National Treasury of South Africa. Page 4



However, in 2007, the IDT commissioned a study to prepare a business case to inform a revised business model. The study reviewed all listed public entities as well as other public sector funded agencies delivering services or funding at national, provincial and local level (310 entities identified). The identified organisations were analysed and entities that focused on delivery or funding of development-related activities and services (Development Agencies and DFI's) selected for further assessment. The review specifically focused on assessing the degree of overlap with the IDT's core area including social, infrastructure and institutional development. The review identified 39 Development Agencies that had some degree of overlap with the IDT's focus areas. However many of these agencies focus on specific provincial or municipal mandates and are none of them were operating in the space of developmental social infrastructure delivery as a national agency.

The IDT's distinctive role in the value chain is its mandate, experience and proven competence as a redistributive mechanism as articulated in the Reconstruction and Development Programme (RDP):

"If growth is defined as an increase in output, then it is of course a basic goal. However where that growth occurs, how sustainable it is, how it is distributed, the degree to which it contributes to building long-term productive capacity and human resource development, and what impact it has on the environment, are the crucial questions when considering growth and development. The RDP integrates growth, development, reconstruction and development."⁴

Although IDT has been appointed to manage the pilot of the Comprehensive Rural Development Programme, the envisaged Rural Development Agency (RDA) could result in duplication, unless the two entities develop collaborative strategies that are complementary. Concerted business development is a necessity and, with it, serious partnership development across agencies and the three spheres of government as well as mobilisation of corporate social investments are critical.

2.4. NON-STATE SECTOR DEVELOPMENT TRENDS

There are many non-state sector institutions, international and local, active in the area of development and construction programme management. For example, a range of international donor agencies and multilateral organisations of operate in the country. Dominant among this group are: the United Nations Development Programme (UNDP); European Union (EU), the Danish International Development Agency (DANIDA), the German Agency for Technical Cooperation (GTZ) United States Agency for International Development (USAID); and the International Labour Organisation (ILO). Most of these organisations work with government and civil society organisations to deliver development support in capacity building, technical support, local economic development, health and HIV/AIDS and education.

Established construction project management consultancies and major construction companies are gradually increasing their portfolio in government projects. As, the IDT relies on 'external' capacity, such as consultants from the built environment profession and contractors, to deliver its niche, the organisations competes for scarce skills.

The IDT competes for scarce skills within a limited pool. Scarcity of skills in the Built Environment has a direct impact on the rate and quality of services and products the IDT's delivers to its clientele. To remain competitive, the IDT has to invest in talent management by ensuring that it attracts, retains and rewards the rights skills. Failure to reward accordingly could lead to high staff turnover, low morale and productivity.

⁴ *The Reconstruction and Development Programme*: African National Congress, Umanyano Publications, Johannesburg. 1994 Para. 1.3.6. Page 6

2.5. IDT'S DEVELOPMENT APPROACH

The IDT's approach to development is based on the understanding that poverty is not only a lack of income, but more about an enduring denial of choices and opportunities, which renders the poor vulnerable and powerless. The IDT strives to eradicate intergenerational poverty through: the quality of its human capital, delivering a distinctive development product and service, an organisational culture that is geared toward learning and growth; and the quality of its leadership. Historically, development agencies were established to drive transformation and innovation, and over the years the IDT has implemented many 'greenfield' programmes⁵. The IDT has demonstrated the ability to reinvent itself in response to the demands and shifts in the development landscape. The competitive edge which the IDT enjoys as a result of its experience, knowledge-base and competence acquired over the 20-years of its existence, informs the strategic choices articulated in its corporate strategy.

In this regard the IDT is guided by a perspective of development which argues the view that *"development is about achieving the full set of human aspirations and about an increase in the autonomous competence of society to sustain itself and be prosperous under changing conditions."*⁶

The government has developed a long-term, comprehensive and integrated anti-poverty strategy. Amongst other things, government is committed to building a democratic society by strengthening the developmental state to promote its social and economic development goals. To achieve this, the new administration has reconfigured the Cabinet by introducing to new departments that would help address its programme of action, such as the National Planning Commission; Monitoring and Evaluation; Economic Planning; Women; Children and People with Disabilities; and, Rural Development and Land Reform, to mention a few.

The IDT has been very effective in creating models of poverty eradication, mainly targeting rural and marginalised and vulnerable communities. As an established development agency and redistributive mechanism with national presence and reach, the IDT is well positioned to deliver long-term comprehensive poverty eradication programmes.

2.6. IDT'S LEGISLATIVE/REGULATORY FRAMEWORK

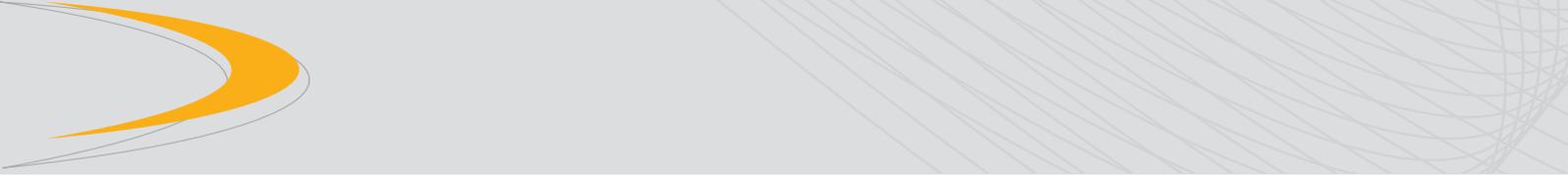
Government has approved a "Protocol on Corporate Governance in the Public Sector", which is to be read in conjunction with the King Report. The protocol is applicable to all public entities listed in Schedule 2, 3B and D of the PFMA. It is intended to provide guidance on how to achieve the socio-politico-economic objectives of government; good governance in the public sector; freedom to manage and effective accountability of both financial and non-financial matters.

In line with public sector requirements, the IDT develops a strategic plan which is presented by the Accounting Authority to the Executive Authority for approval. The IDT's Corporate Plan is then recommended to Parliament by the Executive Authority via the Portfolio Committee of Public Works. The relationship between the IDT and the Executive Authority is governed by the Shareholder Compact. On a quarterly basis, the organisation reports performance progress to the Minister and on an annual basis, the Minister tables the IDT's Annual Report of its performance against predetermined objectives in Parliament.

The IDT regards good corporate governance as integral to good performance. It is critical for IDT to fulfill its mandate in a manner that is consistent with best practices and with regard to accountability, transparency, fairness and responsibility. For this reason, the IDT subscribes to the principles of good governance on an

⁵ Examples of such programmes include such as the Clean and Green, Community Production Centres, Poverty Relief Programme, National Food Emergency, Zivuseni, Eradication of Mud Schools and Undesirable Structures, Jobs for Growth and the Skills Acquisition and Placement Programmes.

⁶ Institute for Futures Research, University of Stellenbosch. 2008



ongoing basis as laid down by the King Report and the Protocol on Good Governance in the Public Sector. The IDT undertakes to maintain effective governance and the highest standard of ethics business operations.

The IDT executes its mandate in accordance with its constitutive documents and any applicable legislation as reflected in the Corporate Plan. Its Board exercises its fiduciary duties in pursuance of strategic objectives as set out in the corporate plan. Further, the Board ensures that targets are met, monitored and reported on a regular basis.

2.7. CORE BUSINESS AREAS

The major activities and strength of the IDT fall within five core business areas:

- **Development programme management to enable the delivery of services:** This involves managing programmes through a programme delivery cycle and integrated specialist support from other operational areas of the IDT. This covers programme design and planning; implementation management; disbursement management; monitoring and reporting; targeting and resource distribution management.
- **Leverage/harnessing resources for poor communities:** This focuses on mobilising different resources (human, financial, technical, information, etc.) in development interventions which will result in deeper and more sustainable development outcomes. The IDT functions as a link between poor communities who were historically deprived of access to resources, services and information, and the government and its agencies that are committed to targeting such communities.
- **Institutional delivery and capacity building for programme delivery and sustainable development:** The IDT invests in enhancing institutional capacity for programme delivery and for sustainable development. Its model of institutional delivery capacity is grounded in the empowerment of people and their institutions. Further, it entails the provision of developmental and responsive solutions tailored to the demands in the areas where the IDT works. Capacity building is not pursued as an end in itself, but in an integral component of the organisation's service delivery model and determined by the need to deliver sustainable development outcomes.
- **Knowledge management to create a vibrant culture of learning and growth:** This covers the process of managing the information cycle and includes the generation, collection, collation, storage, retrieval, dissemination, repackaging, utilisation, archiving and disposal of information.
- **Social facilitation to encourage community participation in the development interventions in order to ensure ownership and sustainability:** It recognises the importance of community participation in any development intervention to ensure ownership and sustainability. Social facilitation presupposes that:
 - ❖ Poor people must be active and involved in managing their own development by claiming their rights and exercising their responsibilities.
 - ❖ The community can successfully guide development planning and initiatives, resulting in a more inclusive, community-based and bottom-up planning process.

3. VISION OF THE IDT

The IDT's vision is to be the leading knowledge based development agency.

4. MISSION OF THE IDT

The mission of the IDT, together with strategic partners, will enable poor communities to access resources, recognise and unlock their own potential and continuously improve their quality of life.

5. CORE VALUES AND OPERATING PRINCIPLES

The following are values and operating principles of the IDT. These values and the operating principles are the cornerstone of the IDT's organisational culture and its way of doing the business of development.

Table 1: Values and Operating Principles

Values	Operating Principles
People centred	<ul style="list-style-type: none">• We improve the lives of people.• We work together as a team.• We are focused on our stakeholders.
Integrity	<ul style="list-style-type: none">• We are open and honest in all our communications.• We believe in the integrity of our data and reports.• We respect one another.• We treat each other with dignity.
Professionalism	<ul style="list-style-type: none">• We approach work in a professional manner.• Our service is world class.• We achieve quality results.
Accountability	<ul style="list-style-type: none">• We are accountable to our clients, stakeholders and one another for our actions.
Visionary	<ul style="list-style-type: none">• We approach our work in a creative manner.• Our solutions are innovative.• We have impact.

6. ENVIRONMENTAL ANALYSIS

As an expression of a universal compact to eradicate poverty, the Millennium Development Goals (MDGs), the Monterrey Consensus and the Johannesburg Plan of Action for Sustainable Development, all recognise the need for concerted interventions to measurably address poverty.

Similarly, South Africa's national development agenda affirms international development priorities. Since the dawn of democracy in 1994, government has focused, amongst other things, on developing and establishing the legislative framework, a policy agenda and programmes to improve economic growth, reduce unemployment and eradicate poverty. Poverty eradication and employment creation have thus been priority policy objectives since 1994.

This MDG poverty eradication target does not address chronic intergenerational poverty nor human development and aspirations. There is also evidence that despite substantial investments in social policy objectives and unparalleled economic growth, there is evidence of deepening poverty, the growing feminisation of poverty and the effectiveness of poverty eradication strategies which focused on women as the primary catalysts for change.

Thus, in 2007 government declared the intention to develop a comprehensive and integrated anti-poverty strategy and in doing so it would:

- *“Define clearly the poverty matrix of our country;*
- *Develop a proper database of households living in poverty;*
- *Identify and implement specific interventions relevant to these households;*
- *Monitor progress in these households as the programmes take effect in graduating them out of poverty;*
- *In this context, address all indigence, especially the high numbers of women so affected;”*⁷

In June 2009 the Poverty War Room Unit in the Presidency issued a discussion document entitled: *“Towards an anti-poverty strategy for South Africa: Strategy and Action Plan”* as a fulfilment of the government’s 2007 statement of intent on poverty eradication for public comment and discussion. As of March 2010, the Office of the Deputy President is working towards concluding the process of establishing the National Anti-Poverty Council of South Africa. It is envisaged that the Council will be launched around May 2010.

This intent fundamentally shifts from the minimalist targets and indicators of the MDGs towards addressing chronic, intergenerational poverty at household level and which takes account of the racial, spatial and gender dimensions of poverty. Such an anti-poverty strategy focuses on addressing chronic, intergenerational poverty which is defined as *“poverty that is passed from one generation to the next, that is, the most severe form of chronic poverty, can be assessed by comparing the wellbeing of two generations within the same household. Intergenerational poverty dynamics, examines the persistence of poverty of different generations within the same household. Such an analysis of individual chronic poverty usually is not possible with income indicators.”*⁸

Cabinet has established a National Planning Commission as an embodiment of its *“efforts to improve long term planning and rally the nation around a common set of objectives and priorities.”* On 12 August 2009, Cabinet approved the release of the Green Paper: National Strategic Planning, for public consultation. Parliament also established an Ad Hoc Committee to solicit comments and representations from organisations, institutions and individuals as part of a broader public engagement process. Majority of South Africans supported the idea of having a long term national vision and strategic plan for the country.

Given its national presence, the IDT is well positioned to be the dedicated development agency supporting government with the implementation of a comprehensive, integrated, anti-poverty strategy.

6.1. ISSUES FROM THE ENVIRONMENTAL SCAN

The IDT annually undertakes an environmental scan of the business environment within which it operates.

2008/10 has been one of the most challenging periods in the history of the world. All nations were affected by the devastating impact of the global financial crisis and economic decline. Both the developed and the emerging economies, did not escape the destructive effects of this deteriorating economic climate. South Africa was not spared, in spite of its prudent fiscal and monetary policy. After an extended period of economic growth, South Africa also experienced an economic recession.

The economic recession has impacted on all sectors of the economy and society. The public and private sector had to re-think the application of their resources; deal with budget deficits and shortfalls; face questions of survival; and the significance of substantial job losses (in excess of 800 000 jobs have been shed).

⁷ State of the Nation Address, delivered by the Honourable Mr. Thabo Mbeki, President of the Republic of South Africa at a Joint Sitting of Parliament in Cape Town on 9 February 2006. Page 9

⁸ Günther, I and Klasen, S.: *Measuring Chronic Non-income Poverty*, Conference Paper, Department of Economics University of Gottigen. May 2007.



Although statistics suggest that the country was gradually coming out of recession by the last quarter in 2009, it has been postulated that recovery will only be evident after 18-24 months. Against this macroeconomic backdrop there has been increased public pressure on government to act as displayed by the high number of industrial action strikes by unions across many sectors and last year's service delivery protests where communities were demanding infrastructure, housing, electricity, jobs and sanitation.

The financial and economic strain continues to be borne by the majority of individuals, households and companies, has been significant

Inequalities, the gap between the rich and the poor has also become wider and deeper. There is no real reduction in poverty levels as shown by the number of people now receiving social grants which is standing at 13 million. According to SARS estimates, liquidations have increased by 45% year-on-year, reflecting a contraction in production. This situation has led to lower gross operating surplus as well as job losses, thus placing further strain on the collection of both corporate and personal income tax.⁹

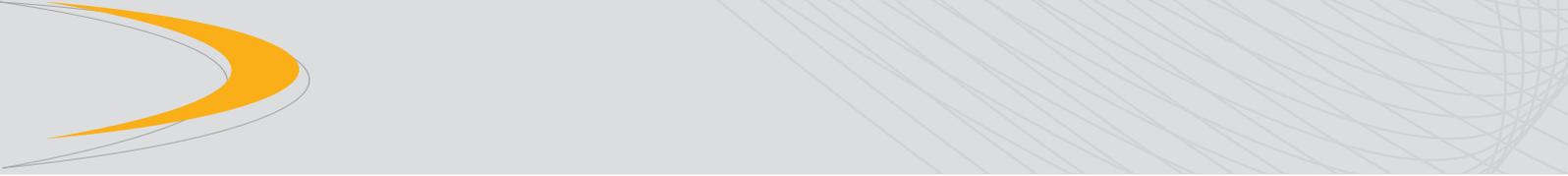
Due to changes in the demographic patterns and trends in the country, there has been an increase in development challenges for the urban and rural areas. Tensions have developed between the South African citizens and foreign nationals. People are fighting over jobs opportunities, residential accommodation and provision of basic services. This has led to displacement of families and soaring of relations between neighbours. In addition, recent protestations over service delivery have increased and even become violent in nature in some of the areas.

Consequently, many people across the country especially those living in the urban and peri-urban areas informal settlements, are putting pressure on local municipalities and national government to do something to improve their living conditions. They would like to see basic services such a housing, sanitation, electricity and roads installed in their townships and communities. More so, they would like to see government provide more economic opportunities and help create decent jobs for all.

The 2009 Elections returned the African National Congress (ANC) as the governing party. The Election Manifesto of the ANC has since been translated into the Medium-Term Strategic Framework (MTSF) and the Programme of Action of the new Administration for the next five-years. The MTSF listed ten strategic priorities:

- Speeding up economic growth and transforming the economy to create decent work and sustainable livelihoods.
- Introducing a massive programme to build economic and social infrastructure.
- Developing and implementing a comprehensive rural development strategy linked to land and agrarian reform and food security.
- Strengthening the skills and human resource base.
- Improving the health profile of all South Africans.
- Intensifying the fight against crime and corruption.
- Building cohesive, caring and sustainable communities.
- Pursuing African advancement and enhance international co-operation.
- Ensuring sustainable resource management and use.
- Building a developmental state, improving public services and strengthening democratic institutions.

9 Revised South African Review Services Strategic Plan for 2009/10-2011/13 p.2



With effect from 2010 financial year, the strategic priorities have been crystallised into five key priorities:

- Speeding up economic growth and transforming the economy to create decent work and sustainable livelihoods.
- Introducing a massive programme to build economic and social infrastructure
- Improving the health profile of all South Africans.
- Intensifying the fight against crime and corruption.
- Developing and implementing a comprehensive rural development strategy linked to land and agrarian reform and food security.

The Government Programme of Action has a strong emphasis on people centeredness, sustainable development, rural development, social cohesion and poverty eradication as the President confirmed that *“the fight against poverty remains the cornerstone of our government’s focus.”* Whereas the Expanded Public Works Programme (EPWP) was conceptualised as an intervention to enable government to act as an employer of last resort as part of the Anti-Poverty Strategy, there is an expectation that the government will deliver on its promises. The IDT has been drawn into the centre of the EPWP service delivery value chain to assist with implementation.

A distinctive feature of the new Administration is the intent to strengthen accountability. This has been reinforced by the establishment of a ‘helpline’ in the Presidency which citizens can call if they feel let down by government and public servants who have not done their work. The President has visited different parts of the country, unannounced, to conduct a first-hand assessment of the nature of citizens complaints. This has strengthened and deepened focus on accountability and performance management

There are strong synergies between the social policy agenda and the IDT’s 2010/30 Strategic Vision. The IDT visualised its role as that of the Premier development agency leading innovation and transformation of the development sector premised on an assumption that the institutional arrangements would change, creating a platform for such a role.

7. STRATEGY

7.1. 2010/30 STRATEGIC VISION

The IDT’s 2010/30 Strategic Vision is premised on the understanding that the eradication of chronic intergenerational poverty requires a long-term strategy, and the 2011/13 Corporate Strategy is the short-term plan for the implementation this Strategic Vision.

The 2010/30 Strategic Vision embodies a number of principles:

- The IDT’s development practice will be shaped by the aspirations of the poor households and communities.
- Peoples’ participation will be used as one of the pillars and platforms to hear communities’ voices, aspirations and needs.
- The IDT will strengthen its social facilitation and community mobilisation role through its model of capacity building which recognises the centrality of people’s community-based institutions and networks.
- The IDT will promote partnerships with civil society and service level agreements with community institutions as models of services delivery.
- The IDT will invest its financial resources in community-mandated programmes, which will include research and documentation of development solutions; design and implementation of community-driven projects; institutional delivery capacity building; and resource mobilisation.

7.2. LONG-TERM:20-30 YEARS

The IDT has adopted a long-term view strategic vision. The draft Anti-Poverty Strategy confirms this approach. It declares a strategic intent *“to reverse, and reduce the incidence of poverty as well as prevent the recurrence of poverty (intergenerational transmission),”*¹⁰ and recognises the interdependence of social policy objectives, sustained improvements in economic policy and good governance.

The IDT sees itself as the organisation which will be the implementation arm in the delivery of the Anti-Poverty Strategy. It will be a development agency which will design the innovative approaches which will be piloted, documented, refined and packaged such that they can be absorbed by line functions and the organisation can be freed to address the new challenges.

In twenty years time the IDT would like to be a PREMIER DEVELOPMENT AGENCY:

- That is responsive to the needs of its clients and communities.
- That is a more effective organisation (right people, right structure).
- That becomes a development agency of choice for the government and other stakeholders.
- That is financially sustainable and operationally sound.
- That the organisation will become a life changer; an advocate for the poor and the marginalised people and communities.
- That its development impact would be measured through: improved quality of life of the people and reduction in the levels of vulnerability amongst the poor.

7.3. MEDIUM-TERM: 10-YEARS

Government has declared its intent to *“be at the centre of development and sharply improve our planning and coordination capacity throughout government by means of a planning entity within a reconfigured Cabinet system,”*¹¹ which will among other be responsible for the anti-poverty strategy.

The organisation is positioning itself as a fully fledged innovation arm of government’s poverty eradication and sustainable development delivery system. Such a system will require flexible, responsive structures geared for innovation and the creation and documentation of replicable models. As opposed to the current dominance of social infrastructure in its portfolio, social infrastructure delivery will be one of the methodologies or services for entering impoverished communities and not the primary core business area.

7.4. SHORT-TERM OR 5-YEARS

Currently 95% of the organisation’s budget and 85% of its effort is dedicated to social infrastructure delivery. The organisation will fundamentally shift its service delivery models and will no longer subsidise public-mandate social infrastructure delivery. This service will be undertaken at full cost recovery. The organisation will thus become more selective about the programme management agreements it enters into, giving preference to those which have potential for building innovative community-based models and for building the capacity of civil society organisations and community-based structures to influence, participate and sustain development investments.

10 Anti Poverty Strategy, Policy Coordination and Advisory Services, The Presidency. May 2008. Page 4

11 African National Congress 2009 Manifesto Policy Framework. January 2009. Page 8

7.5. IMMEDIATE FUTURE: 2011/13

2011/13 is viewed as the short-term period of the 2010/30 Strategic Vision. This period is a mission critical time during which the organisation will execute a turnaround strategy. The strategies, strategic objectives and targets in the 2011/13 Corporate Plan are thus directed at achieving such a turnaround.

The following are the initiatives the IDT will be pursuing to achieve its strategic objectives in the next three years.

- Business growth: Implementation of the IDT's priority programme in line with key strategic priorities of government.
- Long-term financial sustainability of the IDT: Finalise the business case for approval by the Shareholder and intensify the branding and promotion of the organisation.
- Leadership and human capital: Develop a human resource strategy to prepare the organisation for its new role as a premier development agency.
- Anti-feminisation of poverty: Address the feminisation of poverty in our country as one of the vehicles of arresting the negative impacts of intergenerational poverty.
- Delivery of basic services: Develop intervention strategies to address the huge infrastructure backlogs and the insufficient delivery of basic services in the rural, urban and peri-urban areas by leveraging opportunities to enter the sphere of local government.
- Premier development agency: Fast track Project Tsoseletso to position the IDT as a premier development agency that would support government international aid and development programmes.

7.6. STRATEGIC OBJECTIVES

To achieve the goals of 2010/30 Strategic Vision, the IDT has adopted three strategic objectives, namely:

- To attain sustainable livelihoods through people centred development interventions.
- To pioneer innovative development solutions.
- To ensure excellence in service delivery.

7.7. STRATEGIC SHIFTS: PROGRAMMATIC FOCUS AREAS

As a public entity the mandate of the IDT is directly aligned to government's social policy objectives. Hence its mission statement, adopted in 1997/98, is: The IDT, together with strategic partners, will enable poor communities to access resources, recognise and unlock their potential to continuously improve the quality of their lives.

The national development priorities have shifted. As a flexible and innovative development agency and in its quest to remain relevant, the IDT's has shifted its strategic and programmatic focus.

Table 2: 2010/30 Strategic Effort Shift In Context

Function	Effort vs. Budget	Current Level in IDT	2010 Target	2012 Target	2014 Target	2016 Target	2018 Target
Public Mandated Effort	Effort	90%	85%	65%	30%	30%	30%
	Budget	85%	80%	60%	40%	20%	0%
Community-based Poverty Eradication Programmes	Effort	3%	5%	20%	40%	40%	40%
	Budget	5%	10%	25%	40%	55%	65%
Institutional Delivery Capacity Building	Effort	7%	10%	15%	30%	30%	30%
	Budget	10%	10%	15%	20%	25%	35%
N.B.: 5 years to achieve strategic effort shift 9 years to achieve the 0% funding of public mandated							

Advocacy function and a set of intervention programmes comprise two key components of the strategic shift.

7.7.1. Advocacy

The IDT’s advocacy function is grounded in its development knowledge and construction programme management experience. The organisation’s advocacy concentrates on promoting the anti-poverty agenda in four key areas:

- The development of a national anti-poverty strategy;
- The development of provincial anti-poverty strategies and plans;
- The development of municipal anti-poverty plans and commitment to targets; and,
- Programme specific interventions, i.e. advocacy in response to an identified need.

7.7.2. Programmes

- **Public-mandated Social Infrastructure:** This comprises social infrastructure delivered, with additional social outcomes, for line departments at the behest of the Executive Authority. Such infrastructure would be paid for by the respective line-departments and the organisation would operate on a full-cost recovery basis.
- **Community-mandated Social Infrastructure and Development:** Social infrastructure delivered with additional social outcomes and social development initiatives, where the client is the community/CBOs with partners. The funding for such infrastructure would be sourced from a variety of places and could include a direct contribution by the organisation.
- **Community-based Investment mobilisation:** This programme would involve the mobilisation of funding for investment in community infrastructure and social development programmes, e.g., by accessing CSI or donor funds etc. The organisation would need to provide funding for the mobilisation efforts.
- **Catalytic Programme Management Support:** This would involve programme coordination/management of programme funds generated from different sources, including government, private sector and donors.
- **International Technical Support & Exchange Programme:** This programme involves engagement with other countries/regions to both learn and share knowledge in respect of poverty eradication.
- **Strategic Interventions:** These are programmes that the organisation undertakes in response to

- national or social policy priorities, or community-based, -driven or -mandated development initiatives.
- **Shareholder Directed Programmes:** In this instance Shareholder is defined as the President, Executive Authority or Cabinet. It is envisaged that programmatic responses in response to national or social policy priorities will be identified during the course of a financial year or MTEF cycle.

Table 3: Medium to Long-Term Plan for Strategic Focus Areas

	Level of Effort (Time and People)	Funds (Trust Funds budget spent pa)	Time-frame for Programme (Utilisation of Trust Funds)
1) Public-mandate Social Infrastructure	30%	0% *	Medium 10 years
2) Community-mandated Social Infrastructure	20%	15%	Short-term 5 years
3) Community-based Investment Mobilisation	20%	50%	Short-term 5 years
4) Catalytic Programme Management Support	20%	5%	Long-Term 30 years
5) International Technical Support & Exchange Programme	5%	10%	Long-Term 30 years
6) Strategic Interventions	5%	10%	Short-term 5 years
Advocacy Work	Cross cutting	Cross cutting	
Admin Overhead	Cross cutting	Cross cutting	
Contingency		10%	

*The intention is that public-mandate social infrastructure is to be delivered on a full cost-recovery basis. However given the need for a transition phase there could be a cost over-run / under-recovery in which case these costs will be funded from the Contingency.

The shift towards the classification of strategic focus areas as depicted in Table 3 above will be achieved over the medium to long term.

7.8. STRATEGIC NICHE

The IDT is a provider of development programme services in two major fronts: social infrastructure development and social development. Its strategic niche is in construction project management, in the arena of social infrastructure delivery.

This organisation’s strategic niche will be advanced through the following roles:

- IDT as a knowledge based social infrastructure delivery agency.
- Use of social infrastructure as a vehicle for eradication of intergenerational poverty.
- Branding: building communities through social infrastructure

8. KEY PERFORMANCE MEASURES AND INDICATORS

The 2011/13 Corporate Business Plan is attached as Appendix 1 while Key Result Areas, Key Performance Areas and the Key Performance Indicators (KPIs), derived from the implementation phase of the IDT’s 2010/30 Strategic Vision, are contained in Table 4 below. These KPIs are the measures by which the organisation’s success in achieving its objectives will be measured. In addition several key assumptions are included as footnotes to provide clarity on the parameters of the KPIs.



Table 4: Key Performance Indicators

1. STRATEGIC OBJECTIVE 1	TO ATTAIN SUSTAINABLE LIVELIHOODS THROUGH PEOPLE CENTRED DEVELOPMENT INTERVENTIONS
1.1. PURPOSE	1.1.1. The implementation of targeted, people centred sustainable development in marginalised and impoverished communities
1.2. MEASURABLE OBJECTIVE	1.2.1. The establishment and implementation of integrated sustainable rural development project and models
1.3. KEY PRIORITY AREA¹²	1.3.1. Rural Development 1.3.2. Poverty eradication 1.3.3. Responsive Local Government 1.3.4. Building cohesive and sustainable communities community 1.3.5. Building assets for improved health and education ¹³
1.4. EXPECTED OUTCOME	1.4.1. Reduction of vulnerability of poor communities 1.4.2. Increasing of community assets 1.4.3. Increasing access to resources

2. STRATEGIC OBJECTIVE 2	TO PIONEER INNOVATIVE DEVELOPMENT SOLUTIONS
2.1. PURPOSE	2.1.1. The creation of knowledge based models of people centred sustainable development grounded in the practical delivery of programmes
2.2. MEASURABLE OBJECTIVE	2.2.1. Effective delivery of social infrastructure which simultaneously achieves development outcomes ¹⁴
2.3. KEY PRIORITY AREA	2.3.1. Rural Development 2.3.2. Creation of Decent Work 2.3.3. A developmental state including an improvement in public services
2.4. EXPECTED OUTCOMES	2.4.1. Tested replicable models of sustainable rural development documented and disseminated 2.4.2. Contributing new knowledge to the body of development practice 2.4.3. Innovative delivery of transformative development programmes impacting on people's lives 2.4.4. Effective and integrated public sector delivery support

3. STRATEGIC OBJECTIVE 3:	TO ENSURE EXCELLENCE IN SERVICE DELIVERY
3.1. PURPOSE	3.1.1. To ensure the relevance and sustainability of the IDT
3.2. MEASURABLE OBJECTIVE	3.2.1. The financial sustainability is the IDT is secured 3.2.2. The IDT is efficient and effective 3.2.3. Risk Management and Compliance
3.3. KEY PRIORITY AREA	3.3.1. Effective governance 3.3.2. Sound performance management 3.3.3. Efficient service delivery
3.4. EXPECTED OUTCOMES	3.4.1. The IDT is relevant, sustainable and efficient in delivering its mandate

¹² Key priority areas refers to the priorities of the Medium Term Strategic Frameworks and Government Programme of Action

¹³ Social cohesion refers to the extent to which a society is coherent, united and functional, providing an environment within which citizens can flourish and address inherent socio-economic challenges. (Department of Arts and Culture October 2004, *Social Cohesion and Social Justice in South Africa*)

¹⁴ Development Outcomes which will be measured are: black economic empowerment; the development and economic empowerment of women contractors; quality of life enhancement through training and the creation of short term job opportunities for women and youth

9. GOVERNANCE STRUCTURES

9.1. SHAREHOLDER

On an annual basis the IDT reviews and agrees on its Shareholders Compact with its Executive Authority, the Minister of Public Works. The Shareholder's Compact documents the mandated key procedures for quarterly reporting to the Executive Authority in order to facilitate effective performance monitoring, evaluation and corrective action. The Shareholder's Compact represents an agreement between the Executive Authority, as the majority shareholder, and the Accounting Authority of the entity, with respect to performance expectations and parameters. The Shareholders Compact is attached as Appendix 2.

9.2. BOARD OF TRUSTEES

The Board of Trustees serve a 4-year term. The current Board assumed office on 1 October 2007 and will end on 30 September 2011. The Board comprises 12 members, ten who, following a public nomination process, are appointed by the Minister and two (2) nominated and appointed by the Minister.

The effectiveness of the Board is assured by the work of five duly constituted Board Committees which have the following responsibilities:

9.2.1. Strategic Planning and Programmes Committee

This Committee reviews the strategic positioning of the IDT and helps improve the Board's understanding of activities undertaken by the organisation.

9.2.2. Audit Committee

This Committee assists the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. The Audit Committee provides a forum for discussing business risks and control issues for developing relevant recommendations for consideration by the board and approval or final decision.

9.2.3. Finance Committee

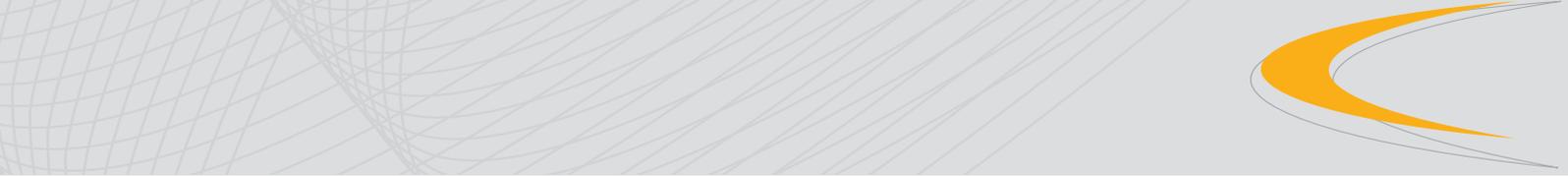
The fundamental purpose of this committee is to assist the Board of Trustees by examining all financial matters referred to it by EXCO or the Board.

9.2.4. Human Resources and Corporate Services Committee

The Committee considers human resource and labour related matters in respect of personnel and corporate services issues including communication, administration, information technology, legal and marketing.

9.2.5. Remuneration Committee

The primary responsibility of the Committee is to recommend the remuneration of the Chief Executive, members of the Board, and various members of senior management, and to include the non-executive board members', and non-executive members' fees and/or honoraria.



The Board and its Committees meet quarterly and hold special meetings as and when required. The business units present their business plans and quarterly performance reports to Board Committees, and the Corporate Performance reports are presented to the Board on a quarterly basis.

In terms of the Board's oversight function, the Board Chairperson and the Chief Executive Officer hold bilaterals at least once per month.

9.3. EXECUTIVE MANAGEMENT

The IDT is a national organisation with provincial reach, i.e., it has offices in all of the provinces. Its operational model provides for a hybrid of centralised business process and decentralised operations which encourage innovation and flexibility in order to enhance efficiency.

As per the organogram below, the organisation has five (5) Business Units each headed by an Executive Head reporting to the Chief Executive Officer, who is the Accounting Officer. Each of the Business Units has distinct functions:

- **Development Programme Services** is the largest Unit is responsible for generating, planning, managing and monitoring the delivery of the core business including client management.
- **Corporate Services** integrates all of the support services such as human resources which manages recruitment, staff development and polices and processes to advance a conducive working environments for staff across the country; employee relations and employee wellness; Stakeholder Management and Communication; Information Management, Information Technology, Legal Services and Administration and Facilities Management.
- **Financial Management Services** is responsible for the financial planning, management, controls and variance reporting; supply chain management of both the overhead budget and programme budgets; monitoring the performance of the investment of the main fund; and for coordinating the Audit processes as to ensure that set quality standards and criteria are met.
- **Office of the Chief Executive** supports the CEO with oversight and leadership and is responsible for strategy and policy development and mainstreaming; compliance and performance monitoring and reporting; governance and secretariat; international relations; and, championing transformation and change management
- **Integrated Development Services** is responsible for innovation, incubation and piloting strategic imperatives to eradicate poverty by strengthening community development; optimising infrastructure delivery; mobilising resources and developing strategic partnerships; developing economic capacity and skills; and enhancing organisational effectiveness and transformation efforts.

A high-level organogram is attached as Appendix 3.

10. FINANCIAL PLAN

10.1. OVERVIEW

The 2010/30 Strategic Vision clearly highlights the IDT's intent to deliver its vision of being the leading knowledge-based development agency in South Africa. In order to achieve this, the organisation will deepen the impact of its investments in development interventions and service of the poorest of the poor. The IDT's financial capacity, both current and in the future, is critical to allowing it to succeed in its endeavours. The overall financial strategy is therefore to optimise its working capital requirements by curtailing overhead expenditure where possible and to accelerate revenue generation mainly through cost recoveries from social infrastructure programmes managed on behalf of government.

As the IDT's business portfolio has grown and its resource base has been increased to meet operational challenges, the IDT has accelerated the use of its capital to fund these activities. In the recent past the effect on the capital base has been exacerbated by lower interest rates which have deprived the organisation of its previous levels of investment income whilst it has also had to contend with material industry inflation that has had a bloating effect on the cost of its operations.

The IDT model, experience and track record in delivering social infrastructure on behalf of government provides it with a competitive advantage to launch developmental interventions. The organisation intends to retain and strengthen this advantage by developing new prototypes for schools and health centres and by creating models of infrastructure delivery planning at municipal level. This will be underpinned by a medium-term target (2014/15) at which time it is expected to deliver all government mandated social infrastructure at full cost recovery.

The IDT is however at a crossroads now – its capital fund has reached the point where it cannot sustain its operations for more than the next two years but the need for its services continues to grow. It is therefore imperative that the IDT obtains financial support in the form of recapitalisation or annual grants in order for it to continue with its work in advancing poverty eradication.

Furthermore the corporate strategy requires the IDT to invest its own funds in meeting its mandate through community-mandated sustainable development and poverty eradication programmes. Corporate targets also necessitate this intervention area to grow over the MTEF period. Given the depth of chronic poverty and evidence of the costs associated with community-driven and based development, this strategic focus area will require a material and sustainable source of additional funding.

10.2. BUDGETING PROCESS

As a schedule 2 Public Entity, the authority to approve revenue, expenditure and capital budgets for the organisation is vested in the Accounting Authority. This together with the sound financial management of the organisation has played a significant role in ensuring the initial funding of R 2 billion being appropriately utilised in line with its mandate over the IDT's twenty years of existence.

Previous multi year projections for the IDT clearly revealed that the organisation would already be confronted with an unfunded deficit in the 2011/12 financial year. In response, the IDT submitted inputs to the National Treasury through the Department of Public Works for the previous Medium Term Economic Framework cycle to register its urgent funding requirements. Multiple meetings followed with these parties to ensure that this new need was appropriately understood and motivated. The role that the IDT plays in development in South Africa was extensively explained and supported by relevant documentation.



Notwithstanding the above efforts, the IDT received confirmation during December 2009, that no funding had been made available to the organisation in any year of the three year MTEF cycle. This not only created uncertainty on the financial future of the organisation but also significantly impacted on the organisation's ability to deliver and support government on important initiatives identified in the MTSP. Urgent steps also had to be taken in order to reflect sound and appropriate accountability responses.

Consequently a comprehensive review of the cost efficiency of the organisation was urgently undertaken and cost reduction initiatives implemented. This facilitated the capping of the expenditure side of the budget which was accepted by the Board in principle. The anticipated outcomes of these interventions were also factored into the budgeting processes affecting available resources for the next three financial years.

Accordingly, recognising the fact that the IDT is an organisation in transition and that appropriate responses were required from an accountability perspective, the budget process for the 2010/2011 financial year was reviewed and all units were limited to capped budgets based on predetermined prioritisation criteria. The purpose of this was primarily to set tight limits on the growth of expenditure in order to protect the liquidity of the organisation in the short term. It was also accepted that this is a temporary arrangement until a final decision has been taken on the future funding of the organisation.

When the said decision is in place, appropriate responses need to be factored into the business plans and the budget (i.e. organisational transformation / maintaining current operational levels / winding up). The result of this intervention was that the previous projected funding deficit for the 2011/12 financial year was converted into a small surplus. It should however be stressed that this arrangement undoubtedly impacts negatively on the ability of the organisation to deliver in line with existing expansionary multi year corporate targets and does not provide funding in support of the organisational transformation required nor the achievement of all mentioned corporate targets.

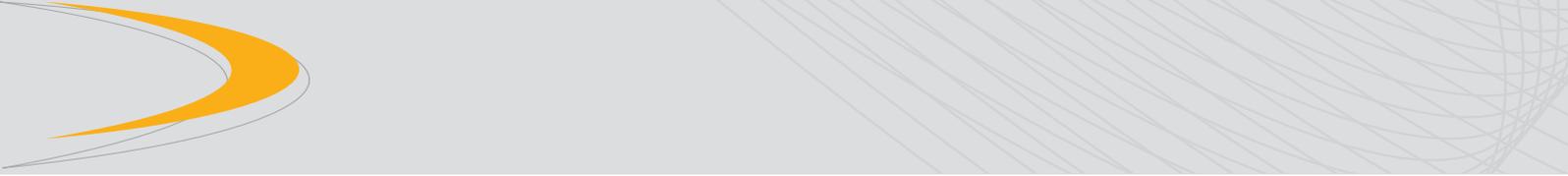
Furthermore, the IDT has the declared intention to achieve full cost recovery on government mandated social infrastructure programmes as soon as possible. It is however impossible for the IDT to implement full cost recovery within the next two years given the nature and extent of prevailing contracts. Partial recovery is possible and is being pursued in line with aggressively growing targets over the MTEF period covered by this report. However, this intervention on its own cannot provide a solution to the funding deficit in the current MTEF period. In order to avoid liquidity challenges from the 2011 / 12 financial year onwards, external financial support from National Treasury is therefore unavoidable.

10.3. FUNDING MODEL

Uncertainty regarding future funding of the IDT over the MTEF period will impact on the ability of the organisation to respond to developmental and poverty challenges of government as contained in the MTSP.

During 2005 a deliberate decision was taken by the Board of Trustees for the IDT to invest its resources in the execution of its mandate. This decision was supported by the fact that it was never the intention that the Trust should be financially self sustainable in terms of its Deed of Trust. In fact, there is an expectation created that government will provide future funding needs in the said Deed as it clearly states that ".....the Donor (S A government) has given the assurance that it will augment the resources of the Trust from time to time.....". This has not happened in the last twenty years of the Trust's existence.

The decision to apply its capital towards poverty eradication interventions has had a direct and growing impact on capital available for investment purposes. Furthermore, because of the liquidity needs of the organisation which underpins its investment strategy, its portfolio is largely confined to money market instruments that are that are highly interest rate sensitive.



In order to respond to these challenges the Investment Committee has broadened the mandates given to Fund Managers to include bank-issued corporate bonds in order to enhance returns from the instruments in which they may invest without compromising the low risk tolerance of the IDT. This has had no material impact on the revenue challenges of the organisation.

When the IDT's declining investment income was reviewed a number of years ago, a deliberate decision was taken to institute management fees for services rendered relating to project management of social infrastructure development undertaken on behalf of government departments. This was met with mixed success. The Programme Implementation Agency (PIA) Agreements signed with the relevant departments contain management fee clauses, but these tend to be at relatively low percentages due to the resistance received from these departments. It must also be recognised that the programmes and PIA Agreements cover multiple years and cannot be amended unilaterally to address internal challenges of the IDT. Furthermore departments are increasingly facing financial constraints themselves. This does not only impact on the ability of the IDT to increase its management fees but also on the ability to secure sufficient and timely cash flow advances from departments to service contractual needs.

The cumulative impact of the aforementioned is that the extent of capital reserves that had to be applied annually, increased exponentially – diminishing the revenue generating capacity of the organisation further. From the financial statements in the following tables it is clear that the IDT has reached a position in terms of which it will have completely depleted its funds in the 2012 financial year. This can raise serious questions about the organisation as a going concern as government has to date not made any financial commitment with regard to prospective future funding of the IDT. This in essence also has a direct impact on the ability of the IDT to raise funding from third parties.

10.4. CAPITAL EXPENDITURE PLAN

IDT's budgeted capital expenditure averages approximately R 4 million a year (or 1% of operating costs) for the MTEF period. From the table it is clear that the provisions are in essence to fund the replacement of ageing and impaired assets.

Management has however also identified the need to set approximately R4 million aside for urgent maintenance and renovation of the IDT National office in the medium term. This can however only be committed when there is certainty on the future of the organisation.

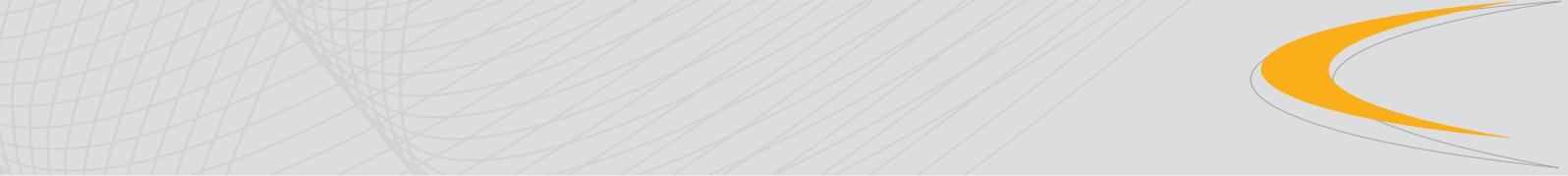
A capital commitment for the approved expenditure on the Mud School Eradication Programme is approved separately to that of acquisition of equipment and is reflected as a separate item in the Income Statement.

10.5. BORROWING PLAN

The IDT has no intention to borrow any funds in the open market in the near future. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at the inception of the lease. The capital element of future obligations under the leases is included as a liability in the Statement of Financial Position.

10.6. CHALLENGES

- Funding received from the relevant departments in respect of programme costs. Previously, it was common practice for the departments to transfer funds to the IDT based on cash flow projections backed up by actual cost analyses. The IDT was therefore "in funds" at all times and was able to process programme expenses without delays. Many of the departments currently require the IDT to



forward details, including copy invoices, to them before funds are transferred. This has had an adverse effect on the payment turn-around times which in turn has affected the service providers to their detriment. The practice has also placed the IDT in a difficult situation as the contractual obligations lie between the supplier and the IDT. This has transferred a high level of risk to the IDT particularly because it has been concluded that this aversive action is deemed to be as a result of departments facing financial and cash flow constraints themselves.

- The critical challenge faced by the organisation is its long term financial sustainability. The funding model is currently primarily dependent on investment income being the principal source of revenue for the IDT. For the coming financial year this source of funding will merely cover 11% of the reduced expenditure budget. As outlined above this is due to the capital fund being depleted. Whilst management fees are expected to increase by 66% from the previous financial year, this source of income covers a similar percentage of budgeted costs. Cumulatively all sources of revenue will fund less than 23% of unavoidable expenditure required to maintain operations at current levels. The implication of this funding shortfall will be that the capital base will be reduced by a further R 271 million to a projected balance of only R 288 million at 31 March 2011. This clearly leaves the organisation with only one further year of working capital. Irrespective of the future corporate form of the IDT, an urgent commitment on funding from government is required, early in the 2010/11 financial year, in order to mitigate the implications and risks associated with the projected shortfalls.

Table 5: Projected Financial Statements

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
INCOME STATEMENTS	R million						
Investment income	6.6	76.2	137.1	58.0	38.8	14.0	-
Other income	2.2	3.7	0.3	-	-	-	-
Management fees	12.2	12.1	20.0	24.0	40.0	90.0	135.0
Total revenue	111.0	92.0	157.4	82.0	78.8	104.0	135.0
Expenditure	195.2	252.4	411.0	383.3	350.0	379.7	396.7
Mud Schools	-	4.3	89.8	45.9	10.0	-	-
Deficit	84.2	164.7	343.4	347.2	281.2	275.7	261.7
Main Fund	1,324.0	1,218.8	948.2	603.9	288.4	12.5	(242.0)

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
BALANCE SHEETS	R million						
Carrying value of assets	34.7	31.9	36.3	37.1	32.3	27.5	25.3
Investments	1,324.0	1,218.8	948.2	603.9	288.4	12.5	(242.0)
Programme Recoverables	30.1	108.8	58.1	30.0	40.0	30.0	20.0
Receivables	17.4	13.3	33.4	30.0	35.0	49.1	54.1
Cash	130.6	3.4	8.9	10.0	20.0	10.0	10.0
	1,536.8	1,376.2	1,084.9	711.0	415.7	129.1	(132.6)
	1,497.3	1,327.4	993.2	646.0	364.8	89.1	(172.6)
Non-current borrowings	0.3	0.2	0.1	-	-	-	-
Trade and other payables	26.2	25.1	61.4	40.0	25.9	20.0	20.0
Provisions	12.4	23.1	30.0	25.0	25.0	20.0	20.0
Short term borrowings	0.6	0.4	0.2	-	-	-	-
	1,536.8	1,376.2	1,084.9	711.0	415.7	129.1	(132.6)



	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
CASH FLOWS	R million						
Cash flow from operating activities							
Cash utilised in operations	(126.8)	(303.6)	(393.5)	(400.1)	(349.1)	(304.7)	(256.7)
Investment income	96.6	76.2	137.1	58.0	38.8	14.0	-
Cash flows from investment activities							
Acquisition of plant and equipment net of disposals	(7.1)	(4.8)	(8.5)	(1.1)	4.8	4.8	2.2
Decrease in investments with approved financial institutions	122.9	105.2	270.5	344.3	315.5	275.9	254.5
Cash flows from financing activities							
Repayment of financial lease obligations	(0.2)	(0.2)	(0.1)	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	85.4	(127.2)	5.5	1.1	10.0	(10.0)	-
Cash and bank balances at beginning of year	45.2	130.6	3.4	8.9	10.0	20.0	10.0
Cash and bank balances at end of year	130.6	3.4	8.9	10.0	20.0	10.0	10.0
Cash utilised in operations							
Loss for the year	(84.2)	(164.7)	(343.4)	(347.2)	(281.2)	(275.7)	(261.7)
Investment income	(96.6)	(76.2)	(137.1)	(58.0)	(38.8)	(14.0)	-
Interest income	(2.2)	(3.7)	(0.3)	-	-	-	-
Changes in working capital	(56.2)	(59.0)	(87.3)	(5.1)	(29.1)	(15.0)	(5.0)
Cash utilised in operations	(126.8)	(303.6)	(393.5)	(400.1)	(349.1)	(304.7)	(256.7)

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
CAPEX	R million						
Canteen Equipment							
Furniture & Fittings	1.7	1.2	.7	4.1	0.7	0.2	0.2
Computer Equipment	1.8	1.6	3.2	3.3	2.5	.6	3.3
Office Equipment	0.8	0.9	0.5	3.6	0.6	0.3	0.8
Motor Vehicles	-	-	-	3.6	0.4	-	-
	4.3	3.7	6.4	14.6	4.2	2.1	4.3

11. RISK MANAGEMENT PLAN

11.1. OVERVIEW

The Audit Committee has the overall responsibility to ensure that the organisation has identified key risks facing the IDT and that a strategy to manage those risks is implemented.

The key components of our Risk Management Strategy are:

- The establishment of a Risk Management Framework that is derived from the Risk assessment process done annually. This process includes the identification of risks, their prioritisation and the identification of internal controls to mitigate these risks.
- The adoption of an integrated approach to development of mitigation plans for identified risks.
- The allocation of management responsibility for identified risks to risk champions within the organisation.
- The organisation has created a Compliance and Risk Office which ensures constant monitoring and reporting on progress made in managing risks within IDT.
- Compliance to legislation is tested by doing regular compliance audits in various units and the Compliance and Risk Office provides training to staff as and when required.

The risk management plan developed from the risk management framework is incorporated into the one year and rolling three year internal audit plans that are approved and monitored by the Audit Committee.

The Audit Committee receives a progress and monitoring report on the implementation of the Risk Management Strategy on a quarterly basis.

11.2. KEY CORPORATE LEVEL RISKS

The Board has identified the following key corporate levels risks captured in Table 6 The management of these risks is monitored by the Board and progress is discussed in Audit Committee meetings.

In accordance with the risk management strategy a team of risk champions has been appointed from senior management and trained in risk assessment techniques and approaches. The champions take responsibility for reviewing mitigation steps and controls in their areas of work and inform wider management of suggested changes in controls or mitigation approaches at the mid-year and year end reviews. The work of the risk champions covers both strategic level and operational level risk.

The risk management culture within the IDT is being increased through the regular exposure of staff at supervisory level to the techniques of using risk assessment to achieve more holistic planning.

Table 6: Key Corporate Level Risks

RISK	DESCRIPTION	IMPACT	PROBABILITY	MITIGATION PLAN
Loss of shareholder support	Loss of credibility Loss of relevance due to inadequate marketing to Departments. Proliferation of alternatives.	Catastrophic	Possible	Terms of mandate of IDT agreed up-front in shareholder compact. IDT strategically plans around a 3 year cycle that anticipates and responds to trends that might indicate loss of shareholder support.
Inadequate long term financing to meet demand.	Effect of current recession. Perceived duplication of development agency roles. Ineffective communication surrounding measurable outcomes and overall impact. Lack of clearly defined linkage to Medium Term Strategic focus areas of new administration.	Major	Probable	Cost cutting and savings strategy. Resource mobilisation strategy Establishment of partnerships. 2010/30 long term strategy and Business case. Revised investment strategy for trust funds. Contract employment tied to specific projects. Cost recovery of management fees. MTEF Budget input for 2011 - 2013
Failure to get client funding timely resulting in disruption of project cash flows.	Performing work on behalf of clients before the cash required is available, thus requiring "bridging" finance. Damage to the reputation of IDT due to late payments. Client reluctance to pay management fees.	Major	Probable	Controls on payment system to prevent spending where there is no budget. Closer liaison between regional GM's and clients. Portfolio management tracks likely defaulters and enables their closer management.
Failure to develop and retain internal people capacity to drive programmes.	Failure of implementation due to inadequate project management skills and capacity to perform ongoing assessment.	Major	Possible	Exit interviews to identify reason of leaving. 3% of budget applied to training in accordance with IDT skills development plan. HR Plan Succession plan Retention and Remuneration policy Internship programme. Training policy
Ineffective governance relationships.	Inadequate or ineffective relationships: Within Board Board and Shareholder Board and Management With stakeholders	Major	Possible	Board training on roles and responsibilities. Committee charters Board performance evaluation. Quarterly report and request for meeting with Minister. Presentation of Corporate plan and Annual report to Portfolio Committee. Monthly meetings of Chair and CEO. Chairperson awards.
Relationship management with other players in the development arena.	Manage negative competition with others in the development field in order to create synergy in poverty eradication efforts.	Serious	Possible	Establishment and building of key relationships with development players. Form strategic formal and informal partnerships. Use international platforms to form regional and international partnerships.
Appropriateness of the IDT's Development Agency model.	Does the development model create sustainable partnerships with stakeholders? What is the effect of growth in the business of the portfolios on the ability of current systems and processes to accommodate such growth? Is this the most appropriate delivery model for the purposes of the shareholder.	Serious	Probable	Establish business case and costing model for the IDT. Use DFI Review by Treasury to identify unique niche of IDT. Business process mapping of the organisation to identify bottle necks that dictate ultimate growth. Re-evaluate conception and delivery processes of the organisation – Gearing up and Project Tsoseletso. Review of the appropriateness of corporate structure – Review question of further decentralisation.

12. FRAUD PREVENTION PLAN

The IDT has a Fraud Prevention Plan as required by the PFMA. Fraud is treated as a major area of risk at the IDT, given the rapid increase in the volume and financial value of projects and programmes that the organisation is currently dealing with.

The Fraud Prevention Plan is reviewed annually to incorporate emerging best practice and trend analysis such as profiling, for identifying areas where fraud and corruption are most likely to occur, and taking appropriate control measures. The organisation operates an externally managed hotline for the reporting of fraud and corruption, and also makes use of internal auditors' forensic expertise for the investigation of reported fraud cases and corruption cases.

The IDT includes anti-fraud messages in the induction of new staff and also the Compliance and Risk Office conducts regional workshops to reinforce the anti-fraud culture of the organisation. The Compliance and Risk Office regularly attend some conferences on this subject in order to ensure that staff skills are upgraded.

Progress reports on the Fraud Prevention Plan are a standing item at quarterly meetings of the Executive Committee and the Audit Committee is kept informed of cases of fraud in the quarterly reports to the Committee. All cases reported on the Fraud hotline are timeously investigated and reported to management if the investigation reveals fraudulent, unethical or unacceptable behaviour has occurred.

13. MATERIALITY AND SIGNIFICANCE FRAMEWORK

For the purpose of the interpretation of and the compliance with the Public Finance Management Act, 1999 (PFMA) Treasury Regulations: Public Finance Management Act, 1999, amendment of Treasury Regulations in terms of section 76 as published in Government Gazette No. 27388 dated 15 March 2005.

For purposes of material [sections 50(1), 55(2) and 66(1) of the Act] and significant [section 54(2) of the Act], the Accounting Authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant Executive Authority in consultation with the Auditor General.

Table 7: Framework of Acceptable Levels of Significance and Materiality

PFMA Section	Quantitative [Amount]	Qualitative [Nature]
PFMA Section 50: Fiduciary duties of Accounting Authorities:		
1) The Accounting Authority for a Public Entity must		
c) on request, disclose to the Executive Authority responsible for that Public Entity or the legislature to which the Public Entity is accountable, all material facts , including those reasonably discoverable, which in any way may influence the decisions or actions of the Executive Authority or that legislature;		Report to the Executive Authority: 1. Any item or event of which specific disclosure is required by law. 2. Any fact discovered of which its omission or misstatement, in the entity's opinion, could influence the decisions or actions of the Executive Authority.
Transactional value exposure	<p>1. Overhead expenses: Qualifying transactions of an operational nature (being within the normal business or regulatory scope of the IDT in terms of mandates, delegation of authority, approved risk limits, and corporate plan: - 0.0625% of operational budget (R350 Million) = R2,187,500</p> <p>2. Programme expenditure: Qualifying transactions of an operational nature (being within the normal business or regulatory scope of the IDT in terms of mandates, delegation of authority, approved risk limits and corporate plan: - 0.0625% of the value of programmes undertaken by the organisation (R1,55 Billion) = R9,687,500</p>	Report to the Executive Authority; Any fact discovered of which the amount exceeds the stated materiality figure.
PFMA section 54: Information to be submitted by accounting authorities:		
2) Before a Public Entity concludes any of the following transactions, the Accounting Authority for the Public Entity must promptly and in writing inform the relevant Treasury of the transaction and submit relevant particulars of the transaction to its Executive Authority for approval of the transaction:		
(a) establishment of a company	Any proposed establishment of a legal entity.	Full particulars to be disclosed to the Executive Authority for approval after which it is to be presented to Treasury.
(b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;	Qualifying transactions of a strategic nature (being outside the normal business or scope of the IDT) based on 5% of the Main Fund (R603 Million) = R30,150,000.	Full particulars to be disclosed to the Executive Authority for approval after which it is to be presented to Treasury.
(c) acquisition or disposal of a significant shareholding in a company;	Unlisted company greater than 50% shareholding, Listed company greater than 10% shareholding	Full particulars to be disclosed to the Executive Authority for approval after which it is to be presented to Treasury.
(d) acquisition or disposal of a significant asset;	Qualifying transactions of an operational nature (being within the normal business or scope of the IDT) based on 10% of fixed assets (R37 Million) = R3,700,000	Any asset that would increase or decrease the overall operational functions of the entity, outside of the approved strategic plan and budget
(e) commencement or cessation of a significant business activity	Any activity not covered by the mandate of the organisation	Full particulars to be disclosed to the Executive Authority for approval after which it is to be presented to Treasury.

PFMA Section	Quantitative [Amount]	Qualitative [Nature]
PFMA Section 55: Annual report and financial statements		
(2) The annual report and financial statements referred to in subsection (1) (d) must-		
a) fairly present the state of affairs of the Public Entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned;		
(b) include particulars of—	Losses through criminal conduct <ul style="list-style-type: none"> any loss identified (including losses through unauthorised irregular / fruitless / wasteful expenditure) 	Any losses due to criminal conduct are considered material by their nature, irrespective of the quantum thereof.
(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year:		<ul style="list-style-type: none"> Report quarterly to the Minister of Public Works. Report annually in the Annual Financial Statements
(ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;		<ul style="list-style-type: none"> Report quarterly to the Minister of Public Works. Report annually in the Annual Financial Statements
(iii) any losses recovered or written off;		<ul style="list-style-type: none"> Report quarterly to the Minister of Public Works. Report annually in the Annual Financial Statements
(iv) any financial assistance received from the state and commitments made by the state on its behalf; and	R50 Million	<ul style="list-style-type: none"> Report quarterly to the Minister of Public Works. Report annually in the Annual Financial Statements
(v) any other matters that may be prescribed;		<ul style="list-style-type: none"> Report quarterly to the Minister of Public Works. Report annually in the Annual Financial Statements
PFMA Section 66: Restrictions on borrowing, guarantees and other commitments:		
(1) An institution to which this Act applies may not borrow money		
(2) or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or Revenue Fund to any future financial commitment, unless such borrowing , guarantee, indemnity, security or other transaction -		
(a) is authorised by this Act	Not applicable	Not authorised
(b) in the case of Public Entities is also authorised by other legislation not in conflict with this Act: and	Not applicable	Not authorised
(c) in the case of loans by a province or a provincial government business enterprise under the ownership and control of a provincial executive, is within the limits as set in terms of the Borrowing Powers of Provincial Governments Act, 1996 (Act no 48 of 1996).	Not applicable	Not applicable

14. OTHER SUPPORTING PLANS

14.1. HUMAN RESOURCES PLAN

The key objective of the Human Resources Plan (HR Plan) is to support the achievement of the organisation's strategic goals and objectives by ensuring that the organisation has the requisite number of employees, with adequate competencies, as and when they are required. Thus, the HR Plan aims at ensuring that the IDT has the required capacity to carry out its mandate(s).

The HR Plan, therefore, aims at achieving the following objectives:

- To provide the quality and the quantity of staff required over a set period to achieve set objectives
- To enable the IDT to anticipate and manage redundancies and shortages of staff.
- To develop a multi-skilled, representative and flexible workforce.
- To identify emerging trends and their strategic human resource implications.
- To stimulate professional growth and life-long learning of employees.

The human resource functions are a means to achieve corporate ends, and need to be tied to, and be driven by the corporate vision, mission and strategic goals and objectives. Human resource planning needs to reference the detail of the overall strategic or corporate plan of the IDT. In effect, the human resource plan serves to ensure the achievement of the strategic plan.

14.1.1. Current Human Resource Challenges

Hereunder, is a summary of HR challenges currently facing the organisation:

- Attracting and retaining high calibre talent to carry out the mandate of the organisation.
- A shortage of relevantly qualified personnel as the organisation competes for a limited pool of critical and scarce skills in the market.
- The performance management system is not fully institutionalised and its strategic nature being fully appreciated and rigorously implemented.
- The business processes, structure and establishment need to be aligned to the 2010/30 strategy.
- A critical number of employees have challenges in their personal lives which lead to stressful conditions which have an impact on their productivity at work. Other employees are stressed and depressed due to a lack of work-life balance and other personal circumstances they have to endure.
- Strengthen the management of labour related matters, the application of discipline and training of disciplinary officers.
- Mobilisation of the whole IDT community around embracing the transformation efforts.
- Operationalisation of talent management and succession planning framework which will enable the organisation to develop a pipeline of skills to assume higher responsibilities.
- Leadership training and development strategy which will respond to the current change and transformation challenges.

14.1.2. Strategic Human Resource Interventions

The strategic interventions outlined hereunder, seek to address all human resource challenges and deficiencies, current and forecasted, to support the core business in carrying out their mandates:

Table 8: Human Resource Interventions

HR CHALLENGES	PLANNED INTERVENTIONS
1. Talent Acquisition and Retention	<ul style="list-style-type: none"> • Develop and implement a talent acquisition plan, with reduced turn-around times • Develop and implement a talent retention strategy • Exit interviews will be made compulsory for all exiting employees to establish the causes and effects of attrition • Develop and implement succession and replacement plan • Conduct job evaluation to determine relative worth of jobs and promote the concept of equal work for work of equal value • Review and implement a new compensation management strategy to, inter alia, cater for a special salary dispensation/regime for scarce and critical skills
2. Talent Development	<ul style="list-style-type: none"> • Develop job and competency profiles • Conduct skills audit and identify skills gaps using various methodologies • Develop a WSP in line with skills requirements of the organisation, conduct training and determine its impact • Establish relations and enter into MoU's with tertiary institutions • Recruit and award bursaries in identified skills areas in support of the National Skills Development strategy. • Develop and implement mentorship and coaching programmes • The internship programme needs to support the needs for scarce and critical skills
3. Performance Management	<ul style="list-style-type: none"> • Conduct training on the conceptual and implementation framework to ensure common understanding of the theory and practice • Enhance the institutional and governance framework for performance management • Conduct quality assurance of performance contracts • Quarterly monitoring of the implementation of the performance management processes and appraisals shall be compulsory • Enforce the implementation of the PMS policy and strategy
4. Organisational Design and Staff Establishment	<ul style="list-style-type: none"> • Review organisational processes, structure and establishment and align with corporate strategy • Institutionalise HR business processes • Identify vacancies, prioritise critical vacant posts for filling • Create needed positions and abolish unutilised but budgeted positions
5. Employee Wellness	<ul style="list-style-type: none"> • Conduct training on life-skills for middle and junior level staff • Conduct health-awareness programmes • Conduct stress management programmes • Provide trauma counseling and support to employees and their immediate families • Provide management information on trends and the requisite interventions
6. Management of employee discipline	<ul style="list-style-type: none"> • Conduct training for both employees and management in labour relations awareness and the chairing of disciplinary hearings, respectively • Analyse labour cases, identify trends and initiate the necessary intervention measures
7. Organisational transformational change	<ul style="list-style-type: none"> • Develop a comprehensive change management strategy. • Streamlining and synergising of all transformation initiatives to ensure the achievement of the ultimate goal of a premier development agency • Re-defining of a new and ideal culture of the IDT

14.1.3. Employment Equity Plan

In terms of the organisation's commitment to employing a diverse workforce and in compliance with Employment Equity legislation, the organisation developed equity targets and strategies to achieve the targets that would enable the organisation to achieve its goal. The total post establishment is split into permanent employees, fixed term contract employees, programme funded employees and interns and at 31 December 2009 total staff was 568 and the number of staff in the respective categories 328, 105, 97 and 37 respectively. There are six employees living with disabilities in the organisation.

The Workforce Profile as at 31 December 2009 is depicted in Table 9 below.

Table 9: Current EE Profile

Occupational Levels	MALE				FEMALE				GENDER		DISABLED	
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	female	Male	Female
Top Management (PG 01-03)	42.86%	0.00%	0.00%	14.29%	28.57%	14.29%	0.00%	0.00%	57.14%	42.86%	0.18%	0.18%
Senior Management (PG 04-05)	39.53%	2.33%	2.33%	6.98%	44.19%	0.00%	4.65%	0.00%	51.16%	48.84%	0.18%	0.00%
Professionally qualified and exp spec and mid-management (PG 06-08)	36.64%	3.05%	1.53%	11.45%	35.88%	1.53%	2.29%	7.63%	52.67%	47.33%	0.18%	0.18%
Skilled technically & academically qualified workers, junior management, supervisors, foremen and superintendents (PG 09)	61.11%	2.78%	0.00%	1.85%	34.26%	0.00%	0.00%	0.00%	65.74%	34.26%	0.00%	0.00%
Semi-skilled and discretionary decision making (PG 10-14)	27.34%	0.37%	0.37%	0.00%	67.79%	0.75%	1.12%	2.25%	28.09%	71.91%	0.00%	0.18%
Unskilled and defined decision making (PG 18)	8.33%	0.00%	0.00%	0.00%	91.67%	0.00%	0.00%	0.00%	8.33%	91.67%	0.00%	0.00%
Grand Total	36.62%	1.58%	0.70%	3.70%	52.29%	0.88%	1.41%	2.82%	42.61%	57.39%	0.53%	0.53%

From the information above, it is clear that

- 43% of staff is male and 57% are female.
- Vacancies account for 04% of all positions on the approved staff establishment.
- 88.91% of all positions are currently filled by African employees, 6.51% by white employees, 2.46% by coloured employees, and 2.11% by Indian employees.
- The organisation has a diverse and representative workforce.
- Overall figures point to an over representation of female employees; however, a closer look at the statistics reveal that females are over-represented in the clerical categories and semi-skilled and discretionary decision making levels.
- The organisation's overall employment profile is not sufficiently racially representative as per Census 2006 population figures.

14.1.4. Employment Equity Targets

The organisational EE Plan has set numerical goals for the next five years, ending in April 2013. It is believed that this time frame is adequate for the organisation to meet its targets. In setting its goals, the organisation was guided by the 2006 CENSUS data provided by STATISTICS SA in determining numerical goals and leveling both the racial and gender categories. Table 8 below provides the detailed numeric annual goals in percentages in each occupational level per gender. The race and disability targets per Business Units are disaggregated in the Employment Equity Plan which was submitted to the Department of Labour.

Table 10: EE Targets 2008 – 2013 (Numerical Goals In Percentage Per Year)

Occupational Levels	2010/11		2011/12		2012/13	
	Male	Female	Male	Female	Male	Female
Top Management	50%	50%	50%	50%	50%	50%
Senior Management	55%	45%	53%	47%	50%	50%
Professionally qualified and experienced specialists and mid-management	50%	50%	50%	50%	50%	50%
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	55%	45%	53%	47%	51%	49%
Semi-skilled and discretionary decision making	57%	43%	57%	43%	53%	47%
Unskilled and defined decision making	50%	50%	50%	50%	48%	52%
Totals	53%	47%	52%	48%	50%	50%

14.1.5. Implementation Plans and Strategies

The implementation of the employment equity plan, which is intended to improve diversity management by reflecting the demographics of our country throughout the organisation, will be supported by several following strategies such as Recruitment & Selection; Remuneration and Benefits; Performance Management; Career Management; Talent Management; Training and Development; and the Employee Wellness Strategy.

The main areas of concern are the gender representation at senior management level and technical categories, as well as the overall representation of people living with disabilities. Existing vacancies would therefore be utilised to address representation in these categories.

14.2. ENVIRONMENTAL PLAN

14.2.1. IDT's Approach

Environmental management is a cross-cutting issue. The IDT views the environment from two perspectives; an internal and external one. The internal perspective is concerned with the extent to which the corporate behaves in an environmentally friendly manner, e.g. light bulbs used, sorting of waste, paper recycling, energy savings, etc. (ling etc). The external aspect is concerned with projects under implementation and the extent to which they are environmentally friendly. This component includes building processes, practices and materials used in the construction as well promoting environmental awareness in the communities in which we operate.

14.2.2. Environmental management in the IDT

Currently the IDT has an Environmental Plan that focuses on efficient use of energy: the Energy Efficiency Strategy. This strategy is focused on the management of the IDT carbon footprint, with clear indicators and targets to be met over a five year period.

14.2.2.1. Implementation plan (5 years)

Environmental management on projects

The IDT plans to develop Environmental Plans for various project stages, particularly Programme Planning, Development and Implementation. This plan will include IDT's position statement on environmentally sensitive and sustainable practises in the planning, development and implementation of development programmes. There would thus also need to be a corporate-level indicator, going forward, addressing the development and mainstreaming of such a plan. From this level, business unit indicators will be appropriately developed, as is



the case with other indicators. There are currently no indicators in the Corporate Plan 2010/12 that address environmental management in the designing and implementation of development programmes. Training programmes to sensitise programme staff will be put in place in Year 1- 2010/11. The existence of environmental indicators will enable the monitoring and evaluation of this aspect of development. With indicators, it would then be possible to monitor and evaluate the environmental practices of programme planners and implementers during development programme work. Various stakeholders can play a role in this, for e.g.

Policy instruments

The IDT will develop its policy position on the environment in 2010/11. The policy will guide the internal and external aspects of how to deal with environmental related aspects of development in so far as projects are concerned and the organisation's footprint internally.

Advocacy and training programme

Environmental management is a sensitive area that involves multiple stakeholders. There is therefore a need to involve communities in which construction projects are taking place as well as other general projects. Dialogue and workshops addressing this aspect will be held alongside training that takes place in programmes.

Knowledge management

From year two onwards (2011/2012), the organisation will be in a position to share good practice with other development agencies on how to deal with the environmental issues as well as learn from similar institutions. The organisation will build networks that can support information-sourcing on environmental management. Internal capacity of staff will be increased through instruction and training in relevant course.

14.2.3. Monitoring and evaluation

Environmental sustainability indicators for projects and programmes are in the process of being developed for implementation following approval.

14.2.4. Performance management

The extent to which programmes and projects subscribe to set environmental norms and standards are to be incorporated into performance contracts of those responsible for project implementation. However, this needs to be preceded by building internal capacity to ensure adherence to the environmental plan.

14.3. COMMUNICATIONS PLAN

The IDT has comprehensive Communication and Stakeholder Management Strategies that are derived from the broader environmental transformation within which the IDT operates.

The strategies derive their communication priorities from the IDT's corporate strategy. In developing the strategies, consideration of strategic shift of the IDT was taken into account as it will guide messages that will be disseminated to relevant stakeholders in order to reposition the institution and create awareness to the general public about the mandate of the IDT.

The objectives of the strategies are primarily but not limited to the following:

- To position the IDT, as a major contributor towards social development.
- To highlight best practice and successes in poverty eradication and social development programmes.

- To heighten stakeholder engagement programmes in order to empower them with information about the work of the IDT.
- To enhance the IDT corporate brand, internally and externally.
- To build a culture of participative internal communication with all employees

The strategies highlight a broad communication programme which will be driven by the communication theme: *“together eradicating intergenerational poverty for a better future”*. The programme amongst others include:

14.3.1. Marketing and Branding

Marketing and branding will mainly focus on repositioning the IDT and its brand to internal clients, strategic partners, stakeholders and the general public at large. The IDT has identified a need to develop a comprehensive integrated marketing plan which will assist in positioning the IDT as a leading premier development agency by outlining its competitive advantage, profiling successful development work, and position the brand and corporate identity.

14.3.2. Community liaison and development communication

Engagements with communities serviced by the IDT could best be done through a development communication approach. This may include: initiating dialogues and get feedback for areas to enhance and improve on projects that the IDT is implementing; partnering with other relevant programmes. The IDT, on a regular basis, embarks on a one-on-one interaction and institutions and stakeholders to ensure integrated development approach; Facilitate and partner in public participation activities initiated by partners. Engage in focused communication to vulnerable groups such as women and youth; document stories of the IDT projects and share with stakeholders and partners. Development and distribution of information products in community preferred languages using clear distribution plan.

14.3.3. Media relations

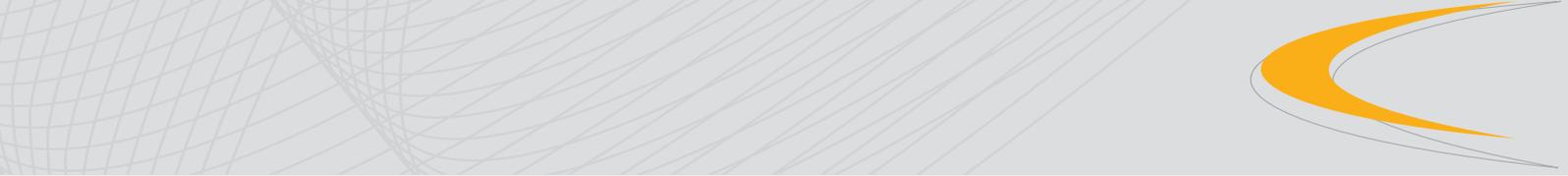
Media relations are amongst the main focus areas in the IDT communications due to the nature of projects that the IDT is implementing. Multi media approach for information dissemination will be used to ensure that messages reach the intended target stakeholders. In order to do such, a media policy and strategy will be developed. To widen the audience, community and regional media will be prioritised in order to reach targeted communities and groups.

14.3.4. Corporate communications

Corporate communication will amongst others focus on promotional corporate information products to ensure that internal and external stakeholders are kept informed about the IDT activities. This will also include corporate activities and events that are aimed at promoting the corporate image of the organisation

14.3.5. Stakeholder engagement

Stakeholder Engagement has been identified as a critical tool that has a great potential to ensure that it delivers its objectives and national mandate. The IDT is consistently identifying new and reviewing existing strategic partners and stakeholders based on their relevance at a particular time and as informed by its strategic thrust. Some of its strategic partners and stakeholders include; government at all levels (including parliament and legislatures), business, communities, national and international donor and development agencies, research and development institutions. The strategy entails programmes and projects that are aimed at positioning and re-positioning the IDT as a premier development agency.



These include mobilising strategic stakeholders to support and participate in the IDT convened development dialogues, identifying private and public sector initiated fora to position and profile IDT, strategic partners to leveraging resources to support the IDT programmes, conducting stakeholder perception survey as component of annual corporate accounting. The IDT is also providing stakeholder and resource mobilisation to support strategic government programmes like ISRDP and EPWP engagement with the identified strategic partners to mobilise new business for sustainability.

14.3.6. Monitoring and evaluation

The implementation of the strategies will be reviewed annually in line with the priorities of the government Programme of Action that emanates from the State of the National Address, as well as the IDT strategic outlook. An annual communication plan will be developed which will in turn be reviewed on a quarterly basis to provide room for adjustments informed by the internal and external environment.

15. CONCLUSION

It is clear from both the outcomes of the global, the national and the provincial scans that the IDT has a bigger role to play in supporting the development agenda of government. In the context of globalisation and the ever changing geo-political landscape, South Africa continues to face serious socio-economic and development challenges, unprecedented escalation of poverty and inequality, unfinished agenda of addressing health issues particularly many infectious but preventable diseases, huge backlogs in the provision of basic infrastructure services, and lack of critical human resources, management and technical skills. The government needs a premier development agency to support its international aid and development programmes

16. Appendices:

- Appendix 1: 2011-13 Corporate Business plan
- Appendix 2: High- Level Organogram
- Appendix 3: Shareholder Compact

APPENDIX 1: 2011-13 CORPORATE BUSINESS PLAN

TO ATTAIN SUSTAINABLE LIVELIHOODS THROUGH PEOPLE CENTRED DEVELOPMENT INTERVENTIONS		KEY PERFORMANCE INDICATOR: ANNUAL OUTPUT MEASURES				
1. STRATEGIC OBJECTIVE 1		OUTPUT	PERFORMANCE INDICATOR	TARGET 2010/2011	TARGET 2011/2012	TARGET 2012/2013
1.1. PURPOSE	1.1.1. The implementation of targeted, people centred sustainable development in marginalised and impoverished communities					
1.2. MEASURABLE OBJECTIVE	1.2.1. The establishment and implementation of integrated sustainable rural development project and models					
1.3. KEY PRIORITY AREA ¹⁵	1.3.1. Rural Development 1.3.2. Poverty eradication 1.3.3. Responsive Local Government 1.3.4. Building cohesive and sustainable communities 1.3.5. Building assets for improved health and education ¹⁶					
1.4. EXPECTED OUTCOME	1.4.1. Reduction of vulnerability of poor communities 1.4.2. Increasing of community assets 1.4.3. Increasing access to resources					
KEY PERFORMANCE INDICATOR: 3 YEAR OUTCOME MEASURE (2011/13)		KEY PERFORMANCE INDICATOR: ANNUAL OUTPUT MEASURES				
Community Empowerment and Participation. (CF: 1.4.1)		Community based & driven development plans (LAP/CBPs) ¹⁷ Community development projects the IDT initiated. ¹⁹ Representative participation of designated groups as per demographics of targeted communities.	No of Local Area Plans (LAPs)/CBPs concluded in priority municipalities ¹⁶ . No of sustainable development projects initiated ¹⁹ Representative participation of vulnerable groups maintained (PWD): 2%	13 13 Women: 50% Youth: 15% People with disabilities (PWD): 2%	15 15 Women: 50 Youth: 16% PWD: 2%	18 18 Women: 50% Youth: 17% PWD: 2%
Responsive network of services and resources (CF: 1.4.2)		Municipal support programmes providing location specific focussed Institutional capacity building interventions Diverse strategic and functional partnerships	No of municipal support programme ²⁰ implemented in priority areas No of functional partnership agreements supporting the eradication of intergenerational poverty	10 16	11 18	11 20

¹⁵ Key priority areas refers to the priorities of the Medium Term Strategic Frameworks and Programme of Action

¹⁶ Social cohesion refers to the extent to which a society is coherent, united and functional, providing an environment within which citizens can flourish and address inherent socio-economic challenges. (Department of Arts and Culture October 2004, *Social Cohesion and Social Justice in South Africa*)

¹⁷ **Assumption:** Local Area Planning (LAP) is a methodology for community-based planning which the organisation has developed and implemented over a number of years. However, the LAP methodology will be revised to embrace the strategic shift to the sustainable livelihoods approach to address intergenerational poverty.

¹⁸ Selection of Priority municipalities will be informed by State of Local Government in South Africa Report and the definition of priority municipalities as stipulated in the Local Government Turnaround Strategy and Implementation Plan.

¹⁹ Community Development Project will be initiated if: there is a community based governance structure; and agreement has been entered into with the structure

²⁰ **Assumption:** Indicators and targets for Municipal Support Programmes will be aligned to the objectives and locality specific challenges defined in the Local Government Turnaround Strategy and Implementation Plan

KEY PERFORMANCE INDICATOR: 3 YEAR OUTCOME MEASURE (2011/13)	KEY PERFORMANCE INDICATOR: ANNUAL OUTPUT MEASURES			
	OUTPUT	PERFORMANCE INDICATOR	TARGET 2010/2011	TARGET 2011/2012
Building Community Assets (CF:1. 4.3)	Value from partnership expressed as total monetary value of resource leveraged (5% of portfolio programme. of (R2bn)	Value generated from partnership	R100m	R116m
	Community assets delivered ²¹	<ul style="list-style-type: none"> Minimum number of classroom Minimum number of health facilities: Minimum number of community facilities: Minimum number of co-operatives supported²². 	<ul style="list-style-type: none"> No. of classrooms: 847 No. of health facilities: 8 No. of community facilities: 14 No. of co-operatives: 147 	As per agreements concluded by 31-Dec-10
2. STRATEGIC OBJECTIVE 2	TO PIONEER INNOVATIVE DEVELOPMENT SOLUTIONS			
2.1. PURPOSE	2.1.1. The creation of knowledge based models of people centred sustainable development grounded in the practical delivery of programmes			
2.2. MEASURABLE OBJECTIVE	2.2.1. Effective delivery of social infrastructure which simultaneously achieves development outcomes ²³			
2.3. KEY PRIORITY AREA	2.3.1. Rural Development			
	2.3.2. Creation of Decent Work			
	2.3.3. A developmental state including an improvement in public services			
2.4. EXPECTED OUTCOMES	2.4.1. Tested replicable models of sustainable rural development documented and disseminated			
	2.4.2. Contributing new knowledge to the body of development practice			
	2.4.3. Innovative delivery of transformative development programmes impacting on people's lives			
	2.4.4. Effective and integrated public sector delivery support			

KEY PERFORMANCE INDICATOR: 3 YEAR OUTCOME MEASURE (2011/13)	KEY PERFORMANCE INDICATOR: ANNUAL OUTPUT MEASURES			
	OUTPUT	PERFORMANCE INDICATOR	TARGET 2010/2011	TARGET 2011/2012
Knowledge generation (CF: 2.4.1. and 2.4.2)	Approved research agenda	Review and update strategic research agenda	Concluded by (31-Mar-11)	Concluded by (31-Mar-12)
	Models for community driven development formulated and piloted.	No. of community-driven development models documented and approved	2	3
				Concluded by (30-Sep-13)
				4

²¹ **Assumption:** These targets are based on Programme Implementation Agreements (PIAs) wherein clients departments committed a specific budget to deliver the said outputs. Thus the targets assume that the client departments will honour the PIAs by transfer the funds timeously and according to the terms of the PIA to enable delivery.

²² **Assumption:** Year 1 Output Performance Indicator: Support Number of cooperatives which have active and signed agreements with the IDT. Medium term outcome indicator: It is assumed that indicators will be customised and this the medium term indicators will be informed by targets outlined in agreements

²³ Development Outcomes which will be measured are: black economic empowerment; the development and economic empowerment of women contractors; quality of life enhancement through training and the creation of short term job opportunities for women and youth

KEY PERFORMANCE INDICATOR: 3 YEAR OUT-COME MEASURE (2011/13)	KEY PERFORMANCE INDICATOR: ANNUAL OUTPUT MEASURES				
	OUTPUT	PERFORMANCE INDICATOR	TARGET 2010/2011	TARGET 2011/2012	TARGET 2012/2013
Advocacy in poverty eradication (CF: 2.4.3)	The IDT participates in strategic policy and or knowledge sharing platforms	Membership of National and Provincial strategic fora	13	13	12
	Learning from and contributing to the international development discourse Leverage global partnerships	No. and significance of international relationships/ representation	Establish and strengthen international networks	Establish and strengthen international networks	Establish and strengthen international networks
Development Solutions (CF: 2.4.2)	Knowledge driven intervention and outputs	No. of Development Dialogues convened	7	8	9
		No. of papers/presentations developed and presented	12	15	20
Balanced portfolio of programme (CF: 2.4.3)	Portfolio of public mandated programmes	Value of public mandated programmes portfolio	R2,0bn	R2,3bn	R2,7bn
	Value of total public mandated programme spend	Value of public mandated programme spend	R1,6bn	R1,7bn	R2,1bn
	IDT Spend in Community Development	Total value of the IDT spend in Community Development ²⁴	R47,2m	R47,7m	R48,3m
	BEE spend	% of programme spend on BEE	60%	60%	60%
	Economic empowerment of women contractors and service providers	% of programme spend on women empowerment	25%	30%	35%
	Youth Spend	% of programme spend on youth empowerment	15%	15%	15%
	Labour spend	% of programme spend on labour	24%	24%	24%
	Job opportunities: created through the IDT business portfolio	No of the IDT jobs opportunities through IDT portfolio	35,000	40,000	45,000
	Person days of work created	No of person days: IDT ²⁵	2,310,000	2,640,000	29,700,000
	No jobs opportunities EPWP 2NSS ¹⁸	No. of job opportunities: EPWP-NSS	24,000	48,000	88,000
Community driven development (CF: 2.4.4)	No of women contractors developed	No. of women contractor participating in the contractor development programme	65	70	80
	Training numbers (total in all programmes)	No of persons trained	14 725	21 270	25 150
	Improved food security in schools	No. of food gardens established in the IDT constructed schools w.e.f 1-Apr-10	50% of number of schools handed-over	50% of number of schools handed-over	50% of number of schools handed-over

²⁴ Refers to value of the IDT budget spent on community development including community-based institutional capacity building
²⁵ Definition of target: Number of person days: A minimum of 3 months of work per person (22 days x 3 months= 66 days)

3. STRATEGIC OBJECTIVE 3: TO ENSURE EXCELLENCE IN SERVICE DELIVERY		KEY PERFORMANCE INDICATOR: ANNUAL OUTPUT MEASURE			
3.1. PURPOSE	3.1.1. To ensure the relevance and sustainability of the IDT	PERFORMANCE INDICATOR	TARGET 2010/2011	TARGET 2011/2012	TARGET 2012/2013
3.2. MEASURABLE OBJECTIVE	3.2.1. The financial sustainability is the IDT is secured 3.2.2. The IDT is efficient and effective 3.2.3. Risk Management and Compliance	• Business Case approved • Budget allocation by National Treasury	• Business Case finalised and submitted to JET by 30-Apr • Conclusion of 2011 Budget bid as per Treasury timelines Efficiency Ratio: 15%	Comply with the provisions of the approved Business Model	Comply with the provisions of the approved Business Model
3.3. KEY PRIORITY AREA	3.3.1. Effective governance 3.3.2. Sound performance management 3.3.3. Efficient service delivery	Improved efficiency ratios ²⁶	Efficiency Ratio: 12%	Efficiency Ratio: 10%	Efficiency Ratio: 10%
3.4. EXPECTED OUTCOMES	3.4.1. The IDT is relevant, sustainable and efficient in delivering its mandate	Acceptable variance between budget and actuals % of overhead budget funded by public mandated programmes Auditor General's opinion	Budget variance within 5%	Budget variance within 5%	Budget variance within 5%
KEY PERFORMANCE INDICATOR: 3 YEAR OUTCOME MEASURE (2011/13)		KPI OUTPUT MEASURE	KEY PERFORMANCE INDICATOR: ANNUAL OUTPUT MEASURE		
The IDT is sustainable as per the 2010/30 corporate strategy objective (CF: 3.4.1)	Long-Term Sustainability of the IDT secured	• Business Case approved • Budget allocation by National Treasury	• Business Case finalised and submitted to JET by 30-Apr • Conclusion of 2011 Budget bid as per Treasury timelines Efficiency Ratio: 15%	Comply with the provisions of the approved Business Model	Comply with the provisions of the approved Business Model
The IDT is an effective, efficient, and innovative public entity	Effective and efficient planning and budgeting	Improved efficiency ratios ²⁶	Efficiency Ratio: 12%	Efficiency Ratio: 10%	Efficiency Ratio: 10%
	Effective and efficient operations to support delivery	Acceptable variance between budget and actuals % of overhead budget funded by public mandated programmes Auditor General's opinion	Budget variance within 5%	Budget variance within 5%	Budget variance within 5%
Organisational culture conducive to high-performance	Organisational structure, policies and culture supports delivery	Standard for payment turnaround-times maintained	20%	30%	50%
Talent management	Optimum staffing levels	Improved organisational culture	Unqualified audit report	Unqualified audit report	Unqualified audit report
Alignment to Corporate Governance codes	Enterprise- Wide Risk Management	Competent and performance drive workforce Updated Integrated Risk Management Plan ²⁷ in place	Turnaround time: Payments: 14 working days from receipt of invoice ²⁷ Finalise Change Management Strategy by 30-Jun-10 ²⁸	Turnaround time: Payments: 14 working days from receipt of invoice Deliver Change Management Strategy as planned	Turnaround time: Payments: 14 working days from receipt of invoice Review and deliver Change Management Strategy as planned
	Compliance	Full compliance with PFMA and relevant legislation	Attraction and retention strategy approved by 30-Sep-10. Implement corporate risk management plan as planned	Implement attraction and retention strategy as planned Monitor and review corporate risk management planned	Review and implement Strategy as planned Monitor and review corporate risk management planned
	Governance	Compliance with standards of good corporate governance (AG's opinion)	Ensure IDT complies with the legislative and policy requirements	Monitoring and evaluation of compliance	Monitoring and evaluation of compliance

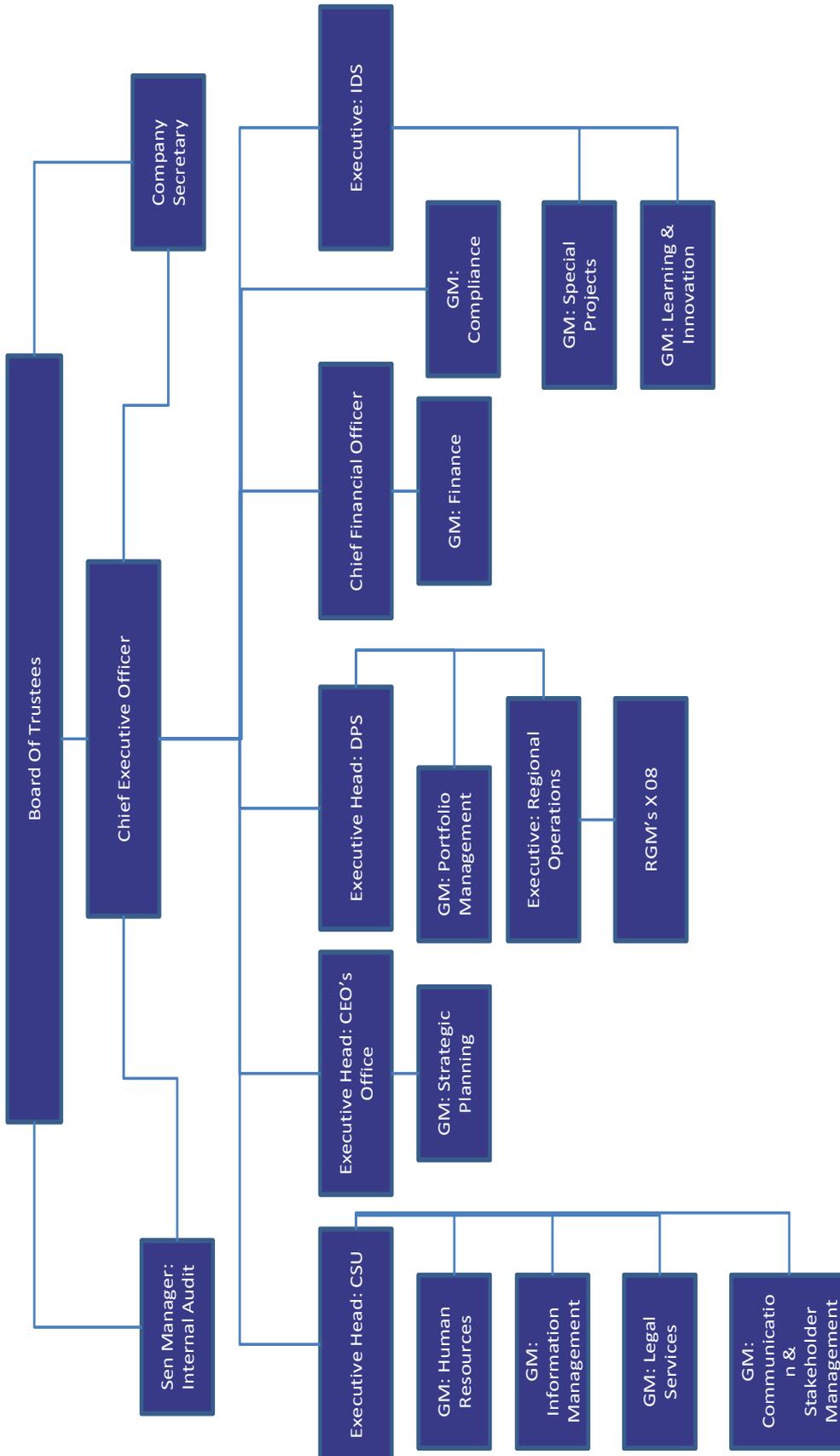
26 Definition: Efficiency ratio refers to the relationship between overhead costs and business portfolio, expressed as a percentage.

27 Assumption: That client departments transfers funds per programme implementation agreements and timeously

28 Definition: an organisational management survey was concluded in Dec-09. The Change Management Strategy is being finalised and will be approved by 30-Jun-10. The Strategy will set specific targets which will be monitored by a Steering Committee, chaired by the CEO and Exco.

29 Evidence of performance: Quarterly reports on risk responses to the Audit Committee

Appendix 2: High- Level Organogram





SHAREHOLDER COMPACT

for the period

1st April 2010 to 31 March 2011

Entered into by and between the

INDEPENDENT DEVELOPMENT TRUST

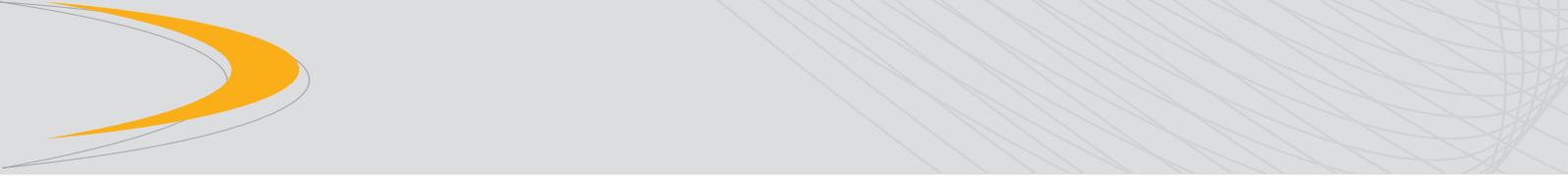
and

THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA

Represented by the

MINISTER OF PUBLIC WORKS





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SHAREHOLDERS COMPACT

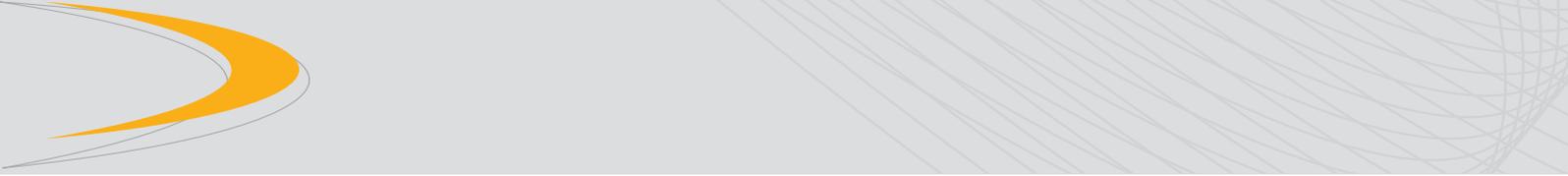
1. INTERPRETATION

The headings of the clauses in this agreement are for the purpose of reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this agreement nor any clause hereof. In this Agreement, unless otherwise indicated or contrary to the context, the words and phrases set out below shall have the meanings ascribed to them herein.

- 1.1. **“Accounting Authority”** means the Board of Trustees, appointed from time to time, of the Independent Development Trust.
- 1.2. **“Chairperson”** means the Chairperson appointed from time to time, of the Accounting Authority.
- 1.3. **“Chief Executive Officer”** means the Chief Executive Officer, appointed as the Accounting Officer, from time to time, of the Independent Development Trust.
- 1.4. **“Corporate Plans”** means the Business Plan, Strategic Plan or a combination of these, to be developed and submitted to the Shareholder in terms of clause 8 hereof.
- 1.5. **“Executive Authority”** means the Minister of Public Works or any other member of Cabinet who is designated by the Cabinet as the Independent Development Trust’s Executive Authority.
- 1.6. **“IDT”** means the Independent Development Trust; Registration Number 669/91; a Schedule 2 Public Entity in terms of the Public Finance Management Act 1 of 1999; as amended.
- 1.7. **“King Report”** means the King Reports on Corporate Governance.
- 1.8. **“Minister”** means the Honourable Minister of Public Works in his/her capacity as the Executive Authority of the Independent Development Trust or any Minister of State who may be a successor in title.
- 1.9. **“PFMA”** means the Public Finance Management Act 1 of 1999.
- 1.10. **“Parties”** means both the Shareholder and the Independent Development Trust.
- 1.11. **“Protocol”** means the Protocol on Corporate Governance in the Public Sector (1977) as amended.
- 1.12. **“Shareholder Compact”** means this performance agreement together with all annexures hereto.
- 1.13. **“Shareholder”** means the Government of the Republic of South Africa, represented by the Minister.

2. INTRODUCTION

- 2.1. There is a general thrust towards improving corporate governance in South Africa, and Government has highlighted the issue of Corporate Governance as a focus area in the public sector.
- 2.2. The Shareholder and the Independent Development Trust subscribe to good governance and wish to improve transparency, accountability and sound management. Both parties view good corporate governance practices as integral to good performance.

- 
- 2.3. Government has approved a “Protocol on Corporate Governance in the Public Sector”, to be read in conjunction with the King Report, applicable to all Public Entities listed in Schedule 2, 3B and D of the PFMA. The protocol is intended to provide guidance to Public Entities, which includes the achievement of the socio-politico-economic objectives of Government, good governance in the public sector, freedom of management and effective accountability by Public Entities on both financial and non-financial matters.
 - 2.4. The purpose of the King Report is to promote the highest standards of corporate governance in South Africa.
 - 2.5. The Shareholder Compact is also in keeping with the provisions of the PFMA, and the Regulations promulgated in terms thereof.
 - 2.6. It is also recognised that in order for the Shareholder Compact to be an effective performance agreement, it is imperative that it represents what Government, as Shareholder requires as its mandate from the Independent Development Trust. Hence Shareholder Compact represents a single integrated performance agreement with the Independent Development Trust. The Shareholder, represented by the Minister of Public Works will ensure that such integration takes place.
 - 2.7. The parties subscribe to the principles set out above and in endeavouring to enhance effective business performance and to maintain good corporate governance within the Independent Development Trust, hereby agree on the terms and conditions set out below.

3. PERIOD

The parties acknowledge that the Shareholder Compact is effective from the 1st of April 2010 until the 31st of March 2011. Thereafter the Shareholder Compact will be reviewed and amended where applicable, and the period will then be made consistent with the regulations promulgated in terms of the PFMA.

4. INDEPENDENT DEVELOPMENT TRUST’S MANDATE AND ITS RELATIONSHIP WITH THE EXECUTIVE AUTHORITY

- 4.1. It is acknowledged by the parties that the IDT is mandated by the Shareholder to influence, support and add value to the national development agenda. It will do so by deploying its resources in the initiation and delivery of innovative and sustainable development programmes, which make a measurable difference in the levels of poverty and underdevelopment.
- 4.2. The Accounting Authority of the Independent Development Trust shall be independent on all operational matters in executing the mandate of the Independent Development Trust and in this regard:
 - 4.2.1. shall have full operational independence in the drawing up of Corporate Business Plans, including the Budget, for the Independent Development Trust;
 - 4.2.2. shall ensure that such Corporate Business Plans, including the Budget, are fully aligned with the stated overall objectives and policies of the Executive Authority;
 - 4.2.3. shall ensure that the Corporate Business Plans, including the Budget of the Independent Development Trust are referred to the Executive Authority for noting before they are implemented.
- 4.3. The Accounting Authority of the Independent Development Trust shall have the authority to appoint its Chief Executive Officer as the Accounting Officer who shall be accountable to it on terms and conditions as stipulated in the PFMA.

- 
- 4.4. The Chief Executive Officer shall have full authority to appoint and be in charge of the employees of the Independent Development Trust, except for all executive employees who shall be appointed by the Chief Executive Officer after consultation with the Board.
 - 4.5. The Accounting Authority acting through its Chairperson shall schedule and hold regular quarterly meetings with the Executive Authority with the purpose of nurturing relations and maintaining regular contact to ensure that the Executive Authority is fully informed on the Independent Development Trust's activities at all relevant stages.
 - 4.6. The parties shall at all times conduct their relationship in a manner calculated towards promoting the broad objectives and mandate of the Independent Development Trust and in keeping with the policies of the Executive Authority where it relates to the Independent Development Trust.

5. UNDERTAKINGS BY THE ACCOUNTING AUTHORITY OF THE INDEPENDENT DEVELOPMENT TRUST

Whereas the Accounting Authority acknowledges the primary goal of the Independent Development Trust as fully set out in its Deed of Trust, the Accounting Authority undertakes also to act in accordance with the approved strategic, corporate, and business plans. Where it believes it cannot do so, it will seek approval from the Shareholder prior to making decisions or taking such action.

- 5.1. Recognising that the Independent Development Trust is in transition, the Accounting Authority undertakes to:
 - 5.1.1. Conclude a Business Case on a proposed sustainability model of the IDT, in line with relevant legislation and National Treasury Guidelines. This will include a revised business model, governance arrangements and organisational structure.
 - 5.1.2. Provide the Shareholder with the relevant information at an agreed to time, in order to facilitate decision making.
- 5.2. Further to the above, the Accounting Authority undertakes not to:
 - 5.2.3. enter into any transactions other than in the ordinary, regular and normal course of business;
 - 5.2.4. purchase or dispose of any asset other than in the ordinary, regular and normal course of business;
 - 5.2.5. be liable, whether contingently or otherwise and whether as surety, co-principal debtor, guarantor, for the liabilities of any third party other than in the ordinary, regular and normal course of business;
 - 5.2.6. make decisions falling outside the ambit of its Deed of Trust and the scope of the mandate and authority granted in terms of this Shareholder Compact without the approval of the Shareholder.

6. UNDERTAKINGS BY THE SHAREHOLDER

The Shareholder undertakes for the duration of this agreement to seek regular contact and consultation opportunities with the Accounting Authority and further:

- 6.1. Undertakes to provide strategic leadership to the Accounting Authority which includes
 - 6.1.1. informing the Accounting Authority of relevant decisions by the Shareholder pertaining to the strategic and operating environment of public entities and state owned enterprises, and,
 - 6.1.2. particularly the Review of Development Funding Institutions and any amendments to applicable legislation.

6.2. Commits to

- 6.2.3. confirm or review the mandate of the Independent Development Trust, and in terms of Clause 2.2 of the Deed of Trust Deed of Trust as amended and duly approved by the Shareholder in 1998, that *“... the Donor [the SA government] has given the assurance that he will augment the resources of the Trust from time to time in terms of an Act of Parliament as needs arise and State Funds permit;”* and;
- 6.2.4. to take responsibility for providing the Independent Development Trust with the resources to deliver on its mandate.

6.3. Furthermore, the Shareholder undertakes

- 6.3.5. Not to introduce new or additional requirements during the validity of this compact other than through a process of consultation with the Independent Development Trust. Reasonable notice and the resources shall be provided before the introduction of any new requirements. The Independent Development Trust shall in such event be entitled to renegotiate the key Performance indicators and targets, failing which no new requirements or targets will be introduced;
- 6.3.6. not to impede or in any way restrict the discretion of the Board regarding matters falling within its authority;
- 6.3.7. not to cause undue delays in the proper constitution of the Board including any undue delays in appointing members to any vacancies in the Board of the Independent Development Trust;
- 6.3.8. not to cause the Independent Development Trust or its Chief Executive Officer and Management to act in contravention of its Deed of Trust or this compact, to contravene any law or to breach any of its duties and obligations.

7. GOVERNANCE

To include board pre-appointment systems, probity, fiduciary responsibilities, decision-making procedures at Board level and the Shareholder's role in decision-making.

- 7.1. The Independent Development Trust regards good corporate governance as integral to good performance. The IDT will fulfil its mandate in a manner that is consistent with best practices and with regard to accountability, transparency, fairness and responsibility. For this reason, IDT undertakes to subscribe to the principles of good governance on an ongoing basis as laid down by the King Report. The Independent Development Trust undertakes to maintain effective governance and the highest standard of ethics.
- 7.2. The Independent Development Trust will ensure that there is full compliance with all the provisions of the PFMA applicable to Schedule 2 entities. IDT will regularly review its systems and processes to ensure that compliance is monitored in this regard.
- 7.3. The Independent Development Trust will continue to keep and update a Register of Conflict of Interests, to be completed by the members of the Accounting Authority and the Executive Committee, and may be required by the Executive Authority to furnish him/her or a duly appointed official with copies thereof for purposes of inspection.
- 7.4. The Accounting Authority will continuously monitor the commitment and performance of its Chief Executive Officer and Management regarding their duties of care and skill, loyalty and attention to their duties.
- 7.5. The Independent Development Trust will ensure that it has in place and regularly updates its Risk Management Plan and Fraud Prevention Plan.



8. CORPORATE GOALS, OBJECTIVES AND KEY PERFORMANCE INDICATORS

- 8.1. The Independent Development Trust must execute its mandate in accordance with its constitutive documents and any applicable legislation and as reflected in the Corporate Plan.
- 8.2. The Board shall exercise their skill, expertise and fiduciary duties in pursuance of such objectives as set out in the corporate plan and ensure that such targets are met and to monitor the achievement of a target on a regular basis.
- 8.3. The members of the Accounting Authority shall collectively:
 - 8.3.1. Exercise their skills, expertise and fiduciary duties to pursue the goals and objectives in the Deed of Trust and Corporate Plan and ensure that such targets are met.
 - 8.3.2. Commit themselves to the achievement of the vision, mission, objective and strategic intent of the Independent Development Trust and to act in its best interests, within its powers and to avoid any conflict of interests and to make a full disclosure of any possible or actual conflicts of interest.
 - 8.3.3. Accept its responsibility to direct and guide the business in a proper manner in keeping with the PFMA subject to the definition of appropriate material levels permitted and subject to any exemptions granted in terms of the PFMA and will institute the necessary policies and monitoring procedures to give effect thereto.
 - 8.3.4. Recognise the importance of speedy decision-making and will use its best endeavours to prevent undue delays in critical decisions.
- 8.4. The Strategic Objectives, Key Performance Indicators and Targets for the 2011/13 period are captured in the Corporate Business Plan which is attached as Appendix 1.

9. REPORTING

- 9.1. Notwithstanding the provisions of legislation, regulations and other agreements between the Shareholder and the Independent Development Trust, the Accounting Authority will furnish the Executive Authority with quarterly performance reports on the major activities of the Independent Development Trust and on such other activities as the parties may agree from time to time.
- 9.2. All such reports shall be furnished to the Executive Authority or to such designated officials in the Department of Public Works as determined by the Shareholder from time to time.
- 9.3. The Shareholder and the Executive Authority shall be entitled to any further information required for the exercise of their mandates as Shareholder and Executive Authority, and may from time to time request that the Independent Development Trust furnish information regarding its:
 - 9.3.1. Corporate Plan, Long Term Sustainability Plan, Investment Plan, Risk Management Plan and Fraud Prevention Plan;
 - 9.3.2. Remuneration and other Human Resources policies;
 - 9.3.3. Strategic priorities;
 - 9.3.4. Register on conflict of interests;
 - 9.3.5. Corporate governance policies, practices and processes;
 - 9.3.6. Financial Performance; and
 - 9.3.7. Any changes or contemplated amendments to the above.

- 9.4. The quarterly performance report referred to above shall include a report on the major risk areas encountered and to be encountered by the Independent Development Trust.
- 9.5. The Shareholder may request a report on a specific topic or extraordinary reports from time to time provided that a reasonable notice has been given to the Independent Development Trust.
- 9.6. The Chairperson of the Independent Development Trust shall be the point of contact in dealing with the Shareholder and Executive Authority.

10. NOTICES

- 10.1. Any notices given in terms of this agreement shall be in writing and addressed to the other party's chosen *domicilium citandi*, and shall unless the contrary be proved:
- 10.1.1. if delivered by hand be deemed to have been duly received by the addressee on the date of delivery;
 - 10.1.2. if posted by pre-paid registered post be deemed to have been received by the addressee on the eighth day following the date of such posting;
 - 10.1.3. if transmitted by e-mail or telefax, be deemed to have been received by the addressee one day after such dispatch.
- 10.2. Notwithstanding anything to the contrary contained in this agreement, a written notice or communication actually received by a responsible official of one of the parties, including by way of e-mail, telex or facsimile transmission shall be adequate written notice or communication to such party.
- 10.3. For the purpose of this clause, it is recorded that the parties chose the following as their respective *domicilium citandi*:

SHAREHOLDER:
MINISTER OF PUBLIC WORKS
CNR. ANDRIES AND SKINNER STREETS
PRETORIA

INDEPENDENT DEVELOPMENT TRUST:
GLENWOOD OFFICE PARK
CNR. OBERON & SPRITE STREET
FAERIE GLEN
PRETORIA

11. WHOLE AGREEMENT

This Compact together with the strategic business plans constitutes the whole agreement between the parties as to the subject matter thereof and no instructions, agreements, representations or warranties between the parties other than those set out herein are binding on the parties.

12. VARIATION

No addition to or variation, consensual cancellation or novation of this agreement, and waiver of any right arising from this agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by both parties or their duly authorised representatives.

13. NON COMPLIANCE

- 13.1. In the event that any of the parties do not comply with the terms and conditions of this Shareholder Compact, the other party shall in writing request that party to comply with the terms and conditions hereof within 14 (fourteen) days of the date of receipt of the letter, (or in the event that compliance is required on an urgent basis, any shorter period that is reasonable), and in the event of that party failing to comply as requested, the other party shall be entitled to either:
- 13.1.1. Immediately apply to a Court of competent jurisdiction to get an order directing the other party to comply with the terms and conditions hereof if the matter is urgent; or
 - 13.1.2. Refer the matter to arbitration in terms of the provisions of clause 16.

14. DISPUTES

- 14.1. Should any dispute or difference arise out of or in connection with this agreement, or its interpretation, the parties will endeavour to resolve such dispute or difference in an amicable manner. In the event that the dispute or difference is not resolved, either party may at any time by written notice inform the other that such disputes remain unresolved and request that the matter be determined by arbitration, as set out below, unless otherwise agreed to by the parties.
- 14.2. The parties shall within 30 (thirty) days of the notice referred to above agree on a person or persons to act as arbitrator in the matter, in the event that the parties are unable to agree within thirty days, then in such event either party may in writing request that the President of the Arbitration Foundation of South Africa (AFSA) appoint a suitable arbitrator to act herein.
- 14.3. The decision of the President of AFSA shall be binding on both parties and not subject to appeal.
- 14.4. The proceedings shall be held at a venue within the area of Pretoria and unless otherwise agreed to by the parties, in accordance with the formalities and the procedures determined by the Arbitrator. The arbitration may be conducted in an informal and summary manner if the parties agree that it is not necessary to observe or follow the usual formalities or procedures relating to pleadings, evidence or discovery.
- 14.5. Any delay which in the opinion of the Arbitrator is without just cause and will have the effect of unduly prejudicing the other party shall not be permitted by the Arbitrator and such decision shall be final.
- 14.6. Unless the parties agree on terms of reference, and procedures for the arbitration, a meeting shall forthwith be convened by the Arbitrator in order to:
- 14.6.1. determine the terms of reference for the arbitration;
 - 14.6.2. determine the procedures for the conduct of the arbitration;
 - 14.6.3. determine any other matter necessary.
- 14.7. Unless otherwise agreed to by the Parties the rules of AFSA shall apply to the Arbitration proceedings to the extent that they are not varied by the parties.
- 14.8. In the event that the parties are unable to agree on any of the matters referred to above, the Arbitrator shall be entitled to make a final determination on any such issue.
- 14.9. The parties agree to exclude the intervention of the Courts in the settlement of the dispute before the delivery of the award by the arbitral tribunal.
- 14.10. The award of the arbitral tribunal shall be binding on both parties.

15. INCONSISTENCY WITH LEGISLATION

- 15.1. To the extent that the provisions of the Shareholder Compact are in conflict with the provisions of the PFMA, the provisions of PFMA shall apply;
- 15.2. The provisions of the Shareholder Compact are in conflict with any other applicable law or the provisions of the Trust Deed, the provisions of the applicable law or the Trust Deed as the case may be, shall apply subject to the overriding provisions of the PFMA;
- 15.3. The PFMA and any other applicable law afford protection to the Board of Trustees of the Independent Development Trust and individual members of the Board, both individually and collectively, arising out of the execution by them of their duties and functions, such protections shall be deemed to be incorporated in terms of the Shareholder Compact.

SIGNED



(CHAIRPERSON OF THE IDT)

AS WITNESS



DATED AT Pretoria ON THIS THE 08 DAY
OF March 2010

SIGNED



(MINISTER OF PUBLIC WORKS)

AS WITNESS



DATED AT Pretoria ON THIS THE 07 DAY OF March 2010

Contact details

National Office

Glenwood Office Park
Cnr. Oberon & Sprite Streets
Faerie Glen
Pretoria
Tshwane
Tel: 012 845 2000

Eastern Cape

Palm Square Business Park
Bonza Bay Road
Silverwood House
Beacon Bay
East London
Tel: 043 707 1300

Free State

Unipark Building,
82 Vodacom Lane
Brandwag
Tel: 051 411 6240

Gauteng

Cnr. 6th & New Roads
Sanlam Building
1st Floor, South Wing
Midrand
Tel: 011 357 4600

Kwa-Zulu Natal

12th Floor the Marine
22 Gardiner Street
Durban
4001
Tel: 031 361 7400

Limpopo

Eskom Building,
68 Hans van Rensburg Street.
Second Floor
Polokwane
Tel: 015 295 0000

Mpumalanga

34 Brown Street
1st Floor ABSA Building
Nelspruit
Tel: 013 756 0600

Northern Cape

66 Jones Street
Kimberly
Tel: 053 807 2660

North West

Energy Centre
Eskom Building
Cnr. Dr James Moroka & Sekame Road
Mmabatho
2735
Tel: 018 388 0700

Western Cape

Pinnacle Building
8th Floor
Cnr. Burg & Strand Streets
Cape Town
Tel: 021 480 4000

Website address: www.idt.org.za