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TREASURER GENERAL'S REPORT: 2001 - 2004

1. INTRODUCTION

This report comes at a time when we are all marking the milestone, of our ten years of freedom and democracy in South Africa. It comes at a time when there is serious transformation in the economic landscape of our country. The past ten years more than ever has seen a remarkable number of youth joining the mainstream economy and exercising their influence in shaping the face of our country to better the lives of our people.

Despite all the achievements in this regard, the figures are not satisfactory yet. The challenge is to ensure that more youth are integrated into mainstream economy.

When we took office in 2001 the financial viability of the organisation was in a critical stage, given the conservative nature of mainstream economy. The environment was very hostile to the ANC Youth League, as we could not secure funding from private sector.

The foreign funding agencies that had historically funded the organisation had since 1994 shifted their funding towards RDP projects, capacity building for the government and NGOs. This has seen the ANC Youth League being mainly dependant on the ANC as its main source of funding. The financial constrains faced by the ANC had a direct impact on the Youth League, given our dependency on the ANC. This trend had weakening the capacity of the organisation to carry out its programmes effectively, in particular at provincial level.

We appreciate the creativity shown by youth league structures to manage successfully, the implementation of the organisational programmes despite all the financial difficulties. We commend the role-played by the NEC for having the foresight to lead the organisation through this difficult period. Resolutions adopted by the 21st congress assisted in shaping the financial viability strategy, for us to take the movement to another level.

The YL has had to face the same question that all organisations face at one stage or another to either Adapt or Die. We chose to take the long-term view of sustainable income for the organisation through forming partnerships. We established the South African Youth Development Trust as an YL investment-holding vehicle and subsequently Lembede Investment Holding, to support organisational programmes.

Having not succeeded in previous business ventures, through trial and error, we have out performed even the worst sceptics by entrenching our selves as an economic player. The barrier has been broken and

now we speak with confidence that, it is indeed an act of wisdom to invest and engage in sustainable ventures.

The immediate benefit has been that the organisation is increasingly becoming self-sustainable, with this national conference's core budget being funded from our investments. The ability to finance our ideas and programmes makes it possible for us not only claim but indeed to confirm our organisational autonomy. It restores confidence and integrity to the organisation enabling it to run its affairs without influence from any sources of income therefore prevent us from falling prey to untoward agendas.

Other remarkable achievements have been brought by our overall Finance and Administration Policy development. Amongst these are policies that have been responding to the challenges mainly posed by lack of resources to enable us to carry the mandate of the Organisation. The implementation of a new membership system has seen us realising income since 2003.

This proved that with more capacity to strengthen other aspects of the system, the youth league is in the right path. With the first phase of the realignment process having been concluded, branches are now in a position to open bank accounts. The creation of such accounts will see the Youth League being in a position to disseminate 1/3rds where they are due.

To further capacitate our provincial offices, computers were delivered in all our provinces for purposes of capturing of membership. With challenges of synergising and improving on our capturing system, we know that we are on course.

With our changing political landscape, our ongoing progress continually meets setbacks in various levels and structures of our Organisation; as a result we need to invest funds to improve our communication systems.

For self-sustainability, the ANC Youth League should through its fundraising committee continue to advise and assess the environment within which we mobilise resources. This will ensure that proper strategies are in place to drive forward the programme of self-sustainability. The following are key areas in realising the above:

- ❑ Strong Management Capacity / Ability to take decisive decisions to avoid publicity to a large extent.
- ❑ Political Support and Monitoring
- ❑ Risk Taking as ANC Youth League
- ❑ Commitment from Cadres and Staff
- ❑ Accountability and clear systems of cost saving with good quality.

For these to be achieved recommendations would be that

- We should draw achievable fundraising program
- Have target and goal setting
- Create Committees that will meet and evaluate progress
- Resources availed on short term for long term achievements
- Support and capacity building for TGO

There have been remarkable achievements despite all the setbacks that we encountered within the financial landscape of the Organisation, but rest assured that with proper planning, all the challenges facing the Organisation will be tackled.

Since the last congress, our audit reports reveal that our state of books has improved. A situational analysis was made in relation to the expenditure patterns of the Youth League across all its levels. The audit report reveal to us that we are on course with our spending patterns, compared to other organisations of our nature.

Of the total funds receivable, at least 62% of funds is spent on programmes, 38% is spent on administration in general. The decisions of the 21st congress have been implemented successfully except for one on the appointment of a full-time fundraiser.

This is a clear demonstration that, levels of accountability are better than yester years.

2. CORE FUNCTIONS AS OUTLINED IN THE CONSTITUTION

2.1. POLICY DEVELOPMENT

With the assistance of PriceWaterHouseCoopers we have managed to develop Finance and Administration policy. The Finance and Administration policy incorporates the following aspects: Structure, Procurement and Disbursements, Fundraising, Membership and subscriptions, Fixed Assets, Human Resource and Salaries and Policy on Allowances.

There are other aspects that are still outstanding which the incoming NEC will have to develop, such as Disposal of Assets and other important pieces of policies to complement work of the organisation. Priority should be the conclusion of a car policy of the Youth League. This however, may take some time since it is a function directly involving resources, which we do not have at this point in time. The NEC Lekgotla held in 2003, however adopted a framework policy as a basis towards the development of a sound Car Policy of the ANC Youth League.

Provincial Treasurers are not full time in office; the challenge comes when there's change of political office bearers, which result in documentation not being available in office at times. In most instances there is absolutely no hand-over process.

Congress is thus challenged with finding sound record keeping systems to this regard. The monitoring and implementation of such policies is also vital.

2.2 FINANCE COMMITTEES

The National Finance Committee was established as prescribed at the last congress. Its formation is as follows: the TG (chair), SG, President, Provincial Treasurers and all finance sub committee members. The NFC serves to advise the NEC and monitor the implementation of all matters related to finances of the organisation.

The National Finance Committee met constantly in the first 2 years of this term of office. Their valuable information has been able to guide the NEC on financial matters. However lack of resources made it difficult for members to converge and respond to its mandate.

PriceWaterHouseCoopers played an important role in providing its infrastructure and expertise to assist the YL with training and facilitating its policy development.

A Fundraising Committee has been established, chaired by the Treasurer General. Its mandate is largely to engage with event driven strategies for cash flow projections for our administration. This Committee consists of TG Nikiwe Num, SG Fikile Mbalula, Songezo Mjongile, Andile Nkuhlu and invitees from time to time.

A number of fundraising activities have since been pursued including Presidential Golf day, banquets etc, which saw some cash flows into the Youth League.

NEC adopted guidelines to the establishment of Provincial Finance Committees. Provinces could not implement the establishment of such committees due to realignment process. A challenge is posed to the incoming NEC to ensure that, these committees are established in all provinces, and are capacitated enough to carry out their mandates.

2.3 PARTNERSHIPS FOR CAPACITY BUILDING

PriceWaterHouseCoopers offered its services to train and provide advice where possible in all aspects relating to finances of the Youth

League. As such a workshop on Finance and Management Systems where all Provincial Treasurers attended was carried out.

Such a programme could not be sustained to do lack of funds to coordinate our treasurers from the part of the Youth League. The challenge for the incoming NEC will be to sustain these relations, as they will go a long way to addressing capacity challenges in the YL.

2.4 ASSET MANAGEMENT

Asset policy is already in place. A survey has been taken to look into the type of assets that the Youth League has. As congress may note, 90% of assets utilised by the Youth League are registered assets of the ANC.

The ANC has assets in all the provinces and have concluded the tagging of such assets as directed by auditors. We have in our inventory old asserts without any significant value. We therefore request that an asset register be upgraded with possible disposal of assets with no value. A policy guide has to be developed in caring out this task.

The NEC had developed a car policy, which stipulates that co-owned cars will be handed over to the user once paid off.

2.5 AUDIT STATUS

HEAD QUARTERS

The YL has had to adjust its financial Year-end from December to September, in order to create synergy with the ANC.

At the 21st congress auditing of books 1998 to 2000 were still outstanding. As per mandate, we have been able to conclude auditing for that period, and have since been adopted by the NEC.

Audit reports for 2001 and 2002 have been concluded 2003 financial year is still outstanding. We should indicate to congress that auditing of the said financial year is ready and should be affected immediately. The incoming NEC will have to conclude that report as it could not be concluded before this Congress.

Remarks from auditors to management emphasised the need to capacitate the office of the Treasurer General as prescribed by accounting standards. Adherence to policy and procedures needed to be tightened for best audit results. Auditors are ready to resume their work as will be directed by the incoming treasurer general.

PROVINCES:

Auditors once more reaffirmed the need to have financial systems at a provincial level. The NEC has agreed to the installation of Pastel Systems in all provinces for better accountability and management. This decision could not be carried out due to lack of funds. However discussion with the ANC to integrate our systems for maximum output has been sought.

In responding to the audit remarks by the auditors, all provincial offices were visited and basic financial systems introduced in accordance with the newly approved finance policy. Administrators were trained and some treasurers were taken on board on the procedures for improved accountability.

The NEC endorsed a recommendation by the auditors that Provinces be internally audited until such time that a proper financial systems is in place. Provinces have, as a result been internally audited and as such the commission level will look at the Provincial Internal Audit Report of each of the provinces.

The NEC decided that 1996-2001 audit for the Eastern Cape must be closed due to lack of supporting documents. The PEC elected post 2001 had to begin its books on a clean slate. This was influenced by lack of corporation from the previous leadership to avail itself to account.

In Mpumalanga, a decision was arrived at that audit must be started only from year 2002, due to audit books having been confiscated during the legal case of to the previous secretary.

2.6. STATE OF FINANCE

2.6.1 National

The three years of our term of office has been a difficult one with the Youth League having to quickly learn to stand on its own financially. The situation was further impounded by the financial situation of the ANC., which was not in a position to transfer monthly grants to the Youth League for programme implementation. The ANC has continued to support us with salaries, offices and other emergencies that we

faced from time to time. We are great full of this continued support from the mother body.

The above situation lead to a decline in elements of our political programmes, i.e. gender workshops, political schools and /or sub committee meetings. This also resulted into poor administration both at National and in Provinces. The NEC has though, responding to recommendations at the previous congress, discussed and agreed to fund on an equitable share basis. Factors considered were geographic settings and economic viability of each province. Provinces were then grouped according to clusters for easy reference.

2.6.2. Provinces

State of provincial finances was largely affected by the general state of finances in the Youth League. PEC's continued to vigorously engage in fundraising activities toward funding of the Youth League in the respective provinces.

The decision by the NEC in 2002 to increase the provincial allocation was never implemented due to lack of resources.

The NEC acknowledges the splendid work done by Provinces in fundraising for their programmes. A number of fundraising programmes were undertaken by different provinces, which supported operations and programmes of the Youth League without fail. We still need to strengthen capacity and accountability at all levels.

2.6.3. Regions

As per congress mandate, the NEC has agreed that Regions must be funded certain amount of money on a monthly basis, to assist the ANCYL in the regions to realise the implementation of their programs. This could not be realised due to lack of funds. We acknowledge all the support and guidance provided by PEC's to all regions in relation to their fundraising programmes.

3. REALIGNMENT PROCESS

In line with Congress decision, the NEC as part of its own priorities set aside funds towards the realisation of this magnificent programme. We have been able to allocate funds in a form of allowances to our employed regional organisers for a specified period.

We have also funded regional and provincial activities in relation to the realignment process including Regional and Provincial Conferences.

4. MEMBERSHIP

In the three years, the NEC has been able to upgrade and introduce a membership system, within which we can realise and implement our constitutional mandate.

The realignment process coincided with the introduction of the new membership system, which saw our newly established ward, based branches having recruiter numbers.

Despite the fact that the membership system costs more than the actual receivables, we have been able to receive substantial amounts out of this system. The challenges though, are lack of human resources capacity to be able to respond to the needs of the system on an ongoing basis.

5. INVESTMENTS

The on going work of building capacity for self-sustainability had begun in earnest; we have received ongoing support from our investment. However we must always remember that investment by its nature is not short-term process but when fruits are ripe we will harvest

Lembede Investment Holding has built a diverse investment portfolio with focus in financial services, property development, mining and other strategic investments.

It has been a trying period because we had to change the tyre whilst the car is in motion, meaning there was no point at which we could stop running the organisation to focus on investments. Rather we have had to engage with the se process in a simultaneous way.

The political management of Lembede remains with officials due to the sensitive nature of the commercial environment by decision of the NEC. However it had engaged and endorsed the establishment of this institution and all persons participating both at the level of the Trust, Board and the CEO.

6. AREAS TO BE LOOKED INTO BY CONGRESS:

- ❑ Strengthening of the Treasurer General's Office
- ❑ Capacity building programmes for all treasurers
- ❑ Building of institutional memory (record keeping) in relation to issues of finance and fundraising in particular at Provincial, Regional and branch level
- ❑ Strengthening of communication within office
- ❑ Clear programme to synergies the finance aspect of the system of membership with capturing of members for audit purposes.

In conclusion

At the centre of any planning or decision making process, the question of finance remains central. It is more critical to all our members to start now placing in all agenda items, an item to engage seriously with issues of finance and fundraising in the organisation, at all levels. Society will judge us on our capacity to handle our finances, the question of accountability and improvement of records management is as important.

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