

Statement from Professor Alfred Nevhutanda, chairman of the National Lotteries Board (NLB)

NATIONAL LOTTERIES BOARD CONSULTATIVE INDABA

Midrand, 21 June 2011: The National Lotteries Board (NLB) today concluded a successful two-day national consultative indaba which brought together over 1500 delegates representing South Africa's non-profit sector.

The indaba afforded opportunity for delegate to review the current funding practices and priorities for funding – and to make suggestions on how the future of the NLDTF could be shaped to better serve the development needs of the community and our country.

The NLB appreciated the manner in which matters were raised and discussed in the individual breakaway commissions and the constructive inputs received.

Recommendations from the NLB national indaba, 21 June 2011

Background

The National Lotteries Board (NLB) held a two-day national indaba on 20 and 21 June to meet with stakeholders from the non-profit sector and review priority areas for funding as well as the current funding model in order to achieve maximum impact.

Priority areas for funding

Delegates suggested a range of categories in addition to those being funded currently.

Job creation, alignment of funding with government priorities and the funding of projects with income-generating potential were specific themes which emerged during discussions.

South Africa's development needs have to be seriously considered when adjudicating applications and allocating funding.

Priority should also be given to emerging organisations especially in areas which historically did not have access to funding, for example the far rural corners of our country and to branches of large established NGOs so that the communities working with grassroots organisations are afforded maximum benefit.

Capacity should be enhanced within smaller organisations that experience difficulty with accessing lotto funding.

The delegates suggested that the NLB considers funding SMMEs and co-operatives who are currently excluded because of their profit-making status.

Whereas it was accepted that sometimes the NLDTF cannot approve funding for the entire requested amount and instead allocates only a portion of the requested amount, it was suggested that whatever funding was made available be done in a manner that allows for crucial operations and enables the beneficiary to further fundraise.

Policy

The members of the Distributing Agencies should be appointed on a full-time basis for a period of three to five years in order to streamline and speed-up the adjudication process.

Decentralisation of the application process with interventions such as localised help desks might provide the means to improve the level of applications by screening and short-listing of applications to ensure compliance with requirements.

The work of the Distributing Agencies must be done in accordance with clear reporting lines since the DAs work with the NLB but report to the Minister of Trade & Industry.

While it was recognised that the time between approval of application and payment has been significantly reduced, the same should be done from application to adjudication. Therefore clear timelines for the adjudication process should be determined and communicated in a transparent manner to applicants. This will assist the organisations in their planning. These steps should be coupled with more regular feedback to applicants to alleviate some of the frustrations that might be experienced. An electronic application tracking service is in the process of being implemented. Within each sector, two application calls should be made annually.

Separate application requirements should apply to smaller applicants as current processes are cumbersome and restrictive.

Larger organisations with an established funding track record at the NLDTF should be allowed to access multiple year funding in order to reduce having to resubmit a whole application pack with each call. This will also help maintain project continuity.

Delegates felt that the NLB may not fit too well within the mandate of the DTI and that an alternative “home” for the NLB within government should be identified.

Interaction with government departments and other funders should be instituted to identify crossovers between NLDTF and other funders to prevent “double-dipping” (when organisations access funding for the same project from more than one funder).

Operations

Delegates felt that the NLB should increase the budget allowed for administration purposes (currently 2.4%) in order to capacitate the staff to serve the applicants’ needs better. Interventions such as staff training and assigning dedicated project officers to applicants were recommended.

The national structure of the NLB is answerable for overall operations. However, greater capacity should be allowed for in the provincial structures to contribute to the work and decision-making within the NLB – thereby reducing the volume of non-compliant applications.

There should be a clear identification of the appeal process that applies to declined applications.

Governance and risk

The opportunity to defraud the system was identified as a great risk to the NLDTF.

A number of measures were recommended to manage these risks:

- Stronger monitoring and evaluation of funded projects. This may entail decentralisation of monitoring function to provincial or local teams, so that monitoring and evaluation can happen on an ongoing basis.
- Reporting methods should be simplified and streamlined, including a financial template, so that beneficiaries can comply with the requirement easier.
- Monitoring interest earned while grant is in beneficiaries’ bank accounts. Currently, interest has to be returned to the NLDTF.

It would be beneficial to close the gaps between the NLB and recipient organisations through the establishment of engagement forums.

The applicants need to align themselves with the requirements of the PMFA.

Risks experienced by beneficiaries include that their board members sometimes double-up as staff members, or that board or staff members act as service providers to their organisation.

Fundraisers were identified as a means of reducing the amount that goes to actual projects since fundraisers solicit applications in the guise of approved NLDTF agents and charge high amounts for submitting applications.

Accountability of the Distributing Agencies to the NLB should be ensured through the deployment of an oversight committee for the distribution of funds. This will address issues of the conflict of interest of Distributing Agencies.

The delegates welcomed the NLB's initiatives to introduce a fraud hotline, which is being finalised.

Resolutions:

1. Redefine the function of the Distributing Agencies, NLDTF and the NLB – roles, focus areas and accountability
2. The re-examination and broadening of categories in terms of numbers and distribution
3. Differentiation: match complexity of the process and the ask to the complexity and the process
inter alia: smaller asks – a simpler process
4. Capacity building and mentoring of smaller organisations, or form partnerships to access NLDTF funding
5. Reinforce integrity through internal controls. Minister of Trade and Industry: development and formulation of Code of Conduct (to handle these types of conflict – may include Ombudsman)
6. Further investigation on the matter of natural persons
7. Implement quick fixes (those that do not need legislation)

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