High Level Norms and Standards for Grant Funding
National Lotteries Board
South Africa

DRAFT
PRIVATE & CONFIDENTIAL

(This Document is aligned with the NLB Funding Policy and includes extracts and tools from the Funding Policy)

MAY 2014
INSPIRED AND DRIVEN BY:
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The National Lotteries Board management and staff

PREPARED BY:
Institute for Corporate Social Development (SA) in partnership with:
Bench Marks Centre for CSR, North-West University

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INTERNAL REFERENCES AND ACKNOWLEDGEMENTS

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Words of appreciation are extended to all NLB beneficiaries for their true passion for the development of South Africa and valuable inputs and feedback regarding this document.
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EXECUTIVE SUMMARY

The National Lotteries Board is pleased to present to its partners and stakeholders the first draft of the **High Level Norms and Standards for Grant Funding**. This document grew out of a continued effort of the NLB as an institution to make a sustainable impact on South African society and develop common principles and standards for funding, which will assist all stakeholders to create shared vision and goals and achieve stronger alignment with the National Development Plan and international best practices.

This document was intended to provide a window and insight into the NLB’s mandate, internal structure, policy and processes, as well as open a new perspective for the NLB and its beneficiaries into the global developmental agenda and important role they play.

In addition, draft **High Level Norms and Standards for Grant Funding** were prepared in response to the 2012 first ever **Indaba** hosted by the NLB, which saw a record number of beneficiaries – more than 2 800 representatives of all the sectors of NGOs attended a two-day Indaba – and some critical areas were identified and key outcomes that needed to be addressed resulted in the initiative by the NLB to explore the possibilities of developing High Level Norms and Standards for Grant Funding strongly aligned with national priorities.

The **High Level Norms and Standard for Grant Funding** were framed around the NLB’s vision to be a catalyst for **social upliftment** and should serve as a guide for beneficiaries, NLB stakeholders and international community to better understand the nature of NLB, its funding practices, national context, which is very unique, as well as put it into the international civil society and funding perspective.

NLB’s approach was driven by the main objective to develop a set of norms and standards for grant funding that will inform all facets of the funding structure and process and there were a number of **sub-objectives** of vital importance, namely:

- Clear mandate in terms of beneficiaries and priorities
- Continuous alignment with the Government Outcomes and National Development Plan
- Accountability and transparency
- Compliance with statutory content
- Effective grant funding process
- Communication with all stakeholders
- Strategic partnerships and stakeholders’ engagement
- Capacity building and empowerment of beneficiaries
- Impact assessment
- Alignment with global best practices
- Sustainable development
Nation building and transformation

For more details on the objectives, please see Matrix 1.

In December 2013, the New Lotteries Amendment Act was passed and in anticipation of the changes, the NLB executive team wanted to ensure smooth transition and cooperation with all stakeholders. Throughout the document, we are still using the term provided in the Lotteries Act of 1997 ‘National Lotteries Board’, which will be restructured into the ‘National Lotteries Commission’ according to the new Lotteries Amendment Act of 2013.

The NLB is committed to ensure effective communication of the High Level Norms and Standards for Grant Funding with beneficiaries at all organisational development levels, from well-established to the smallest rural and emerging NGOs.

To make this document more inclusive and give it a holistic approach, High Level Norms and Standards for Grant Funding were aligned with the NLB Funding Policy Framework and include some extracts and tools from the Funding Policy to ensure smooth integration of these two strategic documents of the NLB. Norms and Standards also highlight the best practices the NLB aspires to follow to be a catalyst for social upliftment and not to increase the reporting burden on the beneficiaries or distract from their work.

The document is prepared for comments and review by all stakeholders as defined by the NLB. We thank you for your interest and invite and welcome any feedback.

Sincerely yours,

NLB Executive Team

Prof Alfred Nevhutanda: Chairperson of the National Lotteries Board
(From key note address at first Indaba in 2012)

“Our rationale resonates from the fact that National Lottery Board should be seen as a development agency. Its current and future practice should align itself to the democratic project whereby its task is essentially about giving an effective voice to those many groups and interests whose voices are rarely heard in our country due to vast disparities of power, income or wealth. It is this notion which we believe that the Act should be amended to enable us to operate as a distinguishable development agency, which changes the lives of the poor. This vision, if adopted and implemented, will enable citizens to engage in the setting and implementation of goals that they will themselves carry forward to fruition for the betterment of their livelihoods.”
ACRONYMS, ABBREVIATIONS & TERMS

Act: The Lotteries Act No. 57 of 1997, as amended

Beneficiaries: Recipients of grants from the NLDTF

DA: Distributing Agencies appointed in terms of Section 27, 28, 29 or 30 of the Act

DTI: Department of Trade and Industry

HDSA: Historically Disadvantaged South Africans, including Blacks, Coloureds, South Africans of Indian origin, disabled people, and currently women

Minister: The Minister of Trade and Industry

NDP: The National Development Plan of the South African Government

NGO: Non-governmental Organisation

NLB: National Lotteries Board, established in terms of Section 2 of the Act

NLC: National Lotteries Commission, established in terms of Section 2(1) of the Amendment Bill

NLDTF: National Lottery Distribution Trust Fund

NPO: Non-profit Organisation

SLA: Service Level Agreement
1. INTRODUCTION AND BRIEF STRUCTURAL OVERVIEW OF THE DOCUMENT

This document interprets and addresses the need for the development of high level Norms and Standards for Funding by the National Lotteries Board and makes recommendations regarding the approach and processes to be followed to achieve the goals, as set out in the Lotteries Act, 57 of 1997.

The purpose of the document and the target audience are discussed in Section 2 of the document. The determination of the exact purpose of the document and the identification of the target audience is imperative to design the structure of the document, to inform the depth and nature of research and to subsequently make relevant recommendations.

Section 3 refines the purpose into a set of objectives, which, in the first instance, is necessary to define the mandate for this exercise and to explore the full spectrum of universal best practices, social principles of equity, accessibility, transparency and the alignment of goals with relevant governmental priorities.

The research was conducted in line with the needs as described in the objectives and included two basic procedures, namely the literature procedure and stakeholder engagement procedure. Data collection in the case of the stakeholder procedure was limited to qualitative data collection through interviews and consultations with the relevant stakeholders. The stakeholders were selected to include functionaries as well as beneficiaries. However, the vastness of the stakeholder spectrum in terms of the purpose of application for funding, as well as the huge differentiation in beneficiaries in terms of record holding and geographical distribution, necessitated the use of representative samples of beneficiaries.

Section 5 focuses on the National Lotteries Board. A discussion on the functions performed by the NLB in the distribution of funds for good causes, generated by the national lottery through the National Lotteries Distribution Trust Fund and the alignment of this distribution to the prescribed categories is contained in this Section. It also lists the principles they strive to employ in the equitable and transparent distribution of funds.

The legislative framework in which the process of social funding takes place, is found in Section 6. The amendments to the Lotteries Act, as approved in December 2013, are outlined in this Section. Amendments include a name change and a shift in certain relationships of the Lotteries Board and the Minister. It also highlights the context of the Distributing Agencies with regard to their appointment, roles and interaction with the NLB in the funding process.
The Republic of South Africa, as a relatively new democracy and having effected certain changes and exposing certain neglected needs in society, has embarked on the implementation of a national lottery to augment funding to institutions in society to address societal needs. The aim, however, is to ensure that the funding mentioned here, is done according to universal principles and in a global context, which is discussed in Section 7. A variety of publications have been scrutinised and analysed in the production of this document to capture these principles. Among these principles and goals for funding is the Millennium Development Goals, which the NLB, through the national government, subscribe to.

In Section 8 the National Development Plan of the South African Government is outlined, and Section 9 examines the alignment of the funding done by the NLB with the national goals as contained in the National Development Plan. Funding takes place according to certain guidelines as found in the act. In Section 10 the profiles of the categories for funding is found. Priorities for funding within the broader categories are highlighted.

Section 11 contains a detailed discussion of the process of funding and forms the heart of this document. The Norms and Standards for funding are outlined in the context of the act and universal principles and goals as discussed earlier in the document. It describes the process from the call for applications, receipt and screening of applications, assessment and recommendations being sent to the Distributing Agencies for adjudication and approval. Through the Toolkit used in the process and monitoring, evaluation and reporting procedures, good governance of the process is ensured.

Guidelines for successful applications (see Section 12) that could be beneficial to potential applicants, as well as a list and short profile of potential funding sources (see Section 13) are provided to NGOs involved in the upliftment of the South African society. The document concludes with the findings and recommendations in Section 14.

2. PURPOSE OF THE DOCUMENT AND TARGET AUDIENCE

Over the last year or two, a serious need has arisen from the side of the National Lotteries Board (NLB) to develop some Norms and Standards to guide the whole funding process. An Impact Study in 2013, conducted by McIntosh, Xaba and Associates, already revealed some challenging areas in this regard. As already indicated, two Lotto Indabas were held (2011 & 2013), and the need for norms and standards was also expressed at these events.

A perception amongst potential beneficiaries and laymen exists that the NLB has a very broad focus and can support ‘everything and everyone’; furthermore, the ‘semi-governmental’ nature of the NLB might be also confusing to some stakeholders. Against
this background, the NLB wants to have a clear mandate in terms of beneficiaries and priorities (also see Objectives). In order to clarify the mandate, generic principles and core guiding values will be the backbone to the NLB approach; in this regard aspects like sustainability, empowerment, social responsibility and strategic intent, will be key to the whole process (also see Objectives).

It is also imperative for the NLB to also know that their processes and structures are aligned with global funding principles and international best practices (also see Objectives).

In terms of the target audience of the document, it would be fair to say that it was developed for the benefits of all stakeholders, internal and external, among which are the following: civil society organisations, associations and institutions, existing and prospective beneficiaries of the NLB, government departments and parastatals, private and public companies, national and international funding institutions interested in developing partnerships in South Africa, the NLB staff, associates and supplies, and the general public of course, which is supporting good causes through the purchase of Lotto tickets. More detailed overview of various stakeholders, their roles in the development and implementation of the Norms and Standards is provided at the end of the document in the annexes.

Table 1: Overview of Stakeholders and Target Audience for Communication

<table>
<thead>
<tr>
<th>TARGET AUDIENCE</th>
<th>MESSAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>All stakeholders</td>
<td>The benefits of the developing National Norms and Standards for Grant Funding</td>
</tr>
<tr>
<td>National Lotteries Board</td>
<td>The benefits of an inclusive approach to the development of Norms and Standards for Grant Funding and importance of implementation</td>
</tr>
<tr>
<td>National Lottery Exco</td>
<td>The benefits of the development of National Norms and Standards to management, employees and their roles and contribution to the process</td>
</tr>
<tr>
<td>Department of Trade and Industry</td>
<td>The value to the non-profit sector in support of the National Development Plan and sustainability of NGOs</td>
</tr>
<tr>
<td>Distributing Agencies</td>
<td>The impact and value for the beneficiaries and society of the Norms and Standards in grant funding adjudication process</td>
</tr>
<tr>
<td>National Gambling Board</td>
<td>The value of corporate governance through the development and implementation of Norms and Standards within the funding sector</td>
</tr>
<tr>
<td>Government</td>
<td>The need to support the initiative to develop National Norms and Standards, adding value to the National Development Plan and assisting Government in addressing poverty, skills development and inequality</td>
</tr>
<tr>
<td>International Funding Trusts</td>
<td>The value of transparent and effective collaboration and partnership to achieve common goals and support good causes</td>
</tr>
<tr>
<td>Local Funding Trusts and Bodies</td>
<td>The value of transparent and effective collaboration and partnership to achieve common goals and support good causes</td>
</tr>
<tr>
<td><strong>NGOs</strong></td>
<td>Focus, sustainability, good corporate governance, effective and transparent funding process, opportunities to grow, form partnerships and make a bigger difference</td>
</tr>
<tr>
<td><strong>Civil Society</strong></td>
<td>The power of functioning as a sector with the guidance of Norms and Standards to become more effective in the work undertaken and move towards a self-regulation / self-governance in the non-profit community</td>
</tr>
<tr>
<td><strong>Corporate sponsors and partners</strong></td>
<td>The value of partnering and engaging with the NLB and civil society in support and implementation of various developmental projects with the clear mandate and Norms and Standards for funding</td>
</tr>
<tr>
<td><strong>Communities in which projects are undertaken</strong></td>
<td>Funding is implemented and monitored through the Norms and Standards to ensure sustainability, good corporate governance, focused funding that has impact and creates opportunities for the people</td>
</tr>
<tr>
<td><strong>Communities identified for future projects</strong></td>
<td>As Above</td>
</tr>
<tr>
<td><strong>‘Norms and Standards’ Project Team</strong></td>
<td>Initiate, develop, monitor, report, evaluate, implement and improve ‘Norms and Standards’ through engagement with all stakeholders</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>STAKEHOLDERS</strong></th>
<th><strong>ROLE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All stakeholders</strong></td>
<td>Standard definition/understanding of the Norms and Standards for Grant Funding</td>
</tr>
<tr>
<td><strong>National Lottery Board</strong></td>
<td>Custodian of the Norms and Standards, responsible for implementation. Impact on civil society</td>
</tr>
<tr>
<td><strong>National Lottery Exco</strong></td>
<td>Identify stakeholders for the development and implementation process; appoint representative team to drive the process</td>
</tr>
<tr>
<td><strong>Distributing Agencies</strong></td>
<td>Participate in the development process</td>
</tr>
<tr>
<td><strong>Department of Trade and Industry</strong></td>
<td>Support for buy-in from the Government and civil society</td>
</tr>
<tr>
<td><strong>National Gambling Board</strong></td>
<td>Support of the ‘Norms and Standards’</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td>Form partnership</td>
</tr>
<tr>
<td><strong>International Funding Trust</strong></td>
<td>Participate in Stakeholder Engagement Sessions on developmental basis (international trends) and form partnerships for future projects</td>
</tr>
<tr>
<td><strong>Local Funding Trusts and Bodies</strong></td>
<td>Participate in Stakeholder Engagement Sessions and form partnerships as above</td>
</tr>
<tr>
<td><strong>NGOs</strong></td>
<td>Participate in development, implement and lead the process within communities</td>
</tr>
<tr>
<td><strong>Civil Society</strong></td>
<td>Collaborate and form part of the developmental opportunities</td>
</tr>
<tr>
<td><strong>Corporate sponsors and partners</strong></td>
<td>Stronger ties with the NLB, civil society and the non-profit sector. Participate in Stakeholder Engagement Workshops. Channel funding to make greater impact</td>
</tr>
<tr>
<td><strong>Communities in which projects are undertaken</strong></td>
<td>Participate in community workshops; share opportunities; Implement projects within the communities, which lead to sustainability, growth and self-development</td>
</tr>
</tbody>
</table>
Communities identified for future projects

As above

Project Team
Monitor, drive, report, evaluate and update the Document in consultations with all stakeholders

It should be also said that **High Level Norms and Standards for Grant Funding** will be a living document, inviting constant inputs from various stakeholders and it will be improved and developed further to reflect the growth and changes of the NLB as an organisation. This document should be used to gain insight into the NLB as a funding institution and how it operates and is intended for a broad audience.

The **Objectives** for the ‘Norms and Standards’ are presented in the next Section.

3. **OBJECTIVES FOR THE DEVELOPMENT OF NORMS AND STANDARDS**

<table>
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<th>Overarching / umbrella objective: to develop a set of norms and standards for the NLB that will inform all facets of the funding structure and process</th>
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<tbody>
<tr>
<td>Specifically, <strong>Sub-objectives</strong> will ‘pave the way’ for the overarching of norms and standards, namely:</td>
</tr>
<tr>
<td>1. To establish a <strong>clear mandate</strong> for the NLB in terms of beneficiaries and priorities</td>
</tr>
<tr>
<td>2. To <strong>ensure continuous alignment</strong> with the Government Outcomes and National Development Plan</td>
</tr>
<tr>
<td>3. To reflect a high level of <strong>transparency</strong> and <strong>accountability</strong> in terms of all structures and processes</td>
</tr>
<tr>
<td>4. To <strong>ensure compliance</strong> with statutory content</td>
</tr>
<tr>
<td>5. To maintain and implement an <strong>effective grant funding processes</strong></td>
</tr>
<tr>
<td>6. To <strong>improve communication</strong> between NLB and beneficiaries, <strong>strengthen a relationship</strong> with them, and in so-doing make <strong>NLB funds more accessible</strong></td>
</tr>
<tr>
<td>7. To encourage the forming of <strong>strategic partnerships</strong> and stakeholders’ engagement</td>
</tr>
<tr>
<td>8. To provide a platform for <strong>capacity building and empowerment of beneficiaries</strong></td>
</tr>
<tr>
<td>9. To create ‘instruments’ for <strong>impact assessment</strong></td>
</tr>
<tr>
<td>10. To align the NLB’s funding approach with <strong>global funding principles</strong> and <strong>international best practices</strong></td>
</tr>
<tr>
<td>11. To support sustainable development in South Africa</td>
</tr>
<tr>
<td>12. To contribute to Nation Building and Transformation</td>
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A more detailed description of the objectives, tasks and outcomes are provided in **Matrix 1**.
### Matrix 1: Objectives for the development of High Level Norms and Standards for Grant Funding – National Lotteries Board

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>TASKS AND STRATEGIES</th>
<th>BENEFITS AND OUTCOMES</th>
<th>KEY DOCUMENTS AND REFERENCES</th>
</tr>
</thead>
</table>
| 1. Clear mandate in terms of beneficiaries and priorities                | 1.1. Comply with the DTI regulation  
1.2. Communicate the mandate and priorities of the NLB to all stakeholders  
1.3. Align all processes and procedures with the vision, mission and values of the NLB  
1.4. Maintain its position as a distinguished developmental agency changing the lives of South Africans  
1.5. Maintain focus within the funding sectors of the NLB  
1.6. Develop regulation, strategy and guidelines for research and criteria for the proactive funding model, as per the Lotteries Amendment Act | ❖ Being compliant  
❖ Stronger focus and direction of the NLB as the key funding development agency in South Africa  
❖ Positive impact on branding and positioning of the NLB  
❖ Higher visibility of the NLB as a catalyst for social upliftment  
❖ Increased sales of Lotto tickets  
❖ Opportunities for partnerships and improved intergovernmental relationships  
❖ Added value and development through more focused sector funding, resulting in a broader impact on the beneficiaries and communities | ❖ National Development Plan  
❖ Lotteries Act  
❖ Lotteries Amendment Bill  
❖ National Gambling Act  
❖ Strategic documents of the government related to three sectors supported by the NLB  
❖ The NLB Strategic Business Plan  
❖ Funding Policy Framework  
❖ NLB Integrated Sustainability Framework and Strategy  
❖ Annual Report |
| 2. Continuous alignment with the Government Outcomes and National Development Plan | 2.1. Provide ongoing funding to the projects which address the objectives of the NDP within the mandate of the NLB  
2.2. Establish the level of funding and priorities that are supported beyond the scope of the NDP and the Government Outcomes (proactive funding)  
2.3. Create an awareness among the key stakeholders of the NDP objectives supported by the NLB | ❖ Contribute to the overall development of the country  
❖ Stronger focus and direction for funding and monitoring the impact  
❖ Long-term strategy and vision  
❖ Putting the NLB’s vision into practice | ❖ National Development Plan  
❖ The NLB Strategic Business Plan  
❖ NLB Integrated Sustainability Framework and Strategy  
❖ Funding Policy Framework |
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| 3. Accountability and Transparency | 3.1. Ensure transparency of the grant funding process through good practice and communication of the grant funding process  
3.2. Streamline monitoring and evaluation processes to meet with the developmental norms  
3.3. Implement an integrated infrastructure/IT system that would allow for more accountability and transparency of all stakeholders, internal and external | ❖ Good governance  
❖ Increased sales of Lotto tickets, resulting in more funding for the good causes  
❖ More strategic partnerships  
❖ Higher credibility  
❖ Positioning of the NLB as an employer of choice in the funding arena  
❖ Consolidate database, incorporating all stakeholders, processes and procedures related to the NLB  
❖ Seamless and integrated business processes | ❖ Lotteries Act  
❖ Lotteries Amendment Bill  
❖ Public Finance Management Act  
❖ King III Report  
❖ Funding Policy Framework Audited Reports |
| 4. Compliance with statutory content | 4.1. Promote good corporate governance in line with the regulation, acts, policies and best standards  
4.2. Create a platform within which beneficiaries and other stakeholders could better understand the value and benefits of compliance  
4.3. Implementation of compliance should not be approached from a “policing” perspective, but rather as a tool that would lead to self-regulation of the NGO industry and sustainability in general | ❖ Reflection of the values of the NLB  
❖ Good governance  
❖ Transparency and accountability  
❖ Better stakeholder relationships  
❖ High Credibility  
❖ Attractiveness to more funding and partnerships  
❖ Prevention of fraud and corruption | ❖ Lotteries Act  
❖ Lotteries Amendment Bill  
❖ Public Finance Management Act  
❖ King III Report  
❖ Annual Reports of the NLB |
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| 5. Effective grant funding process | 5.1. Ensure implementation, monitoring and evaluation of effective grant funding processes, policies and guidelines | ❖ Increased equality and accessibility of funds  
❖ More favourable environment for sustainability of the NGO sector  
❖ Higher Impact on social issues  
❖ Better delivery on the NLB’s mandate  
❖ Enhanced capacity building and empowerment  
❖ Good corporate governance  
❖ Good public image  
❖ Increased motivation to support lottery ticket sales  
❖ Develops opportunities for partnership | ❖ Lotteries Act  
❖ Lotteries Amendment Bill  
❖ NLB Integrated Sustainability Framework and Strategy  
❖ Funding Policy Framework  
❖ Funding Guidelines for beneficiaries |
|                                | 5.2. Comply with existing norms and standards for grant funding process                                    |                                                                                       |                                                                   |
|                                | 5.3. Explore the opportunities to enhance current grant funding practice through technology and improved business processes |                                                                                       |                                                                   |
|                                | 5.4. Increase transparency and effectiveness of the grant funding process through the application of an accredited quality management system |                                                                                       |                                                                   |
| 6. Communication with stakeholders | 6.1. Implementation of focused communication strategies for Norms and Standards for Grant funding            | ❖ Transparency  
❖ Brand building  
❖ Informed Stakeholders  
❖ Strengthened relationships with all stakeholders | ❖ The NLB Strategic Business Plan  
❖ NLB Integrated Sustainability Framework and Strategy  
❖ NLB Marketing and Communication Strategy |
<p>|                                | 6.2. Identification of all stakeholders/ understand environment and demographics                           |                                                                                       |                                                                   |
|                                | 6.3. Utilise existing infrastructures, partnerships, associations and stakeholders more effectively in communication strategy |                                                                                       |                                                                   |
|                                | 6.4. Centralise all communication above and below the line at high level /Corporate Affairs                 |                                                                                       |                                                                   |</p>
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<td>6.5.</td>
<td>Encourage and invite feedback from Stakeholders through user friendly communication channels and vehicles</td>
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</table>
| 7. Strategic partnerships and stakeholder engagement | 7.1. Identify strategic partnerships in line with the developmental Norms, that will address the objectives of the NDP | Higher impact  
More effective and sustainable funding  
Larger funding pool  
Commitment and buy-in from stakeholder  
Growth of the NGO sector  
Capacity building | NLB Funding Policy Framework  
NLB Marketing and Communication Strategy  
NLB Partnership Policy  
NLB Consultative Indabas |
|  | 7.2. Form strategic partnerships for the benefits of long-term sustainability and capacity building within the projects supported by the NLB |  |  |
|  | 7.3. Engage with key stakeholders to form a task force/ committee to develop a proposal on a Corporate Social Responsibility Strategy for South Africa for presentation to the government |  |  |
|  | 7.4. Refine the partnership model for beneficiaries to encourage development and growth of smaller NGOs |  |  |
| 8. Capacity building and empowerment | 8.1. Identify capacity building projects and programs and communicate them to the NGO sector to encourage participation and utilisation of such developments | Community development and growth  
Capacity building, empowerment and sustainability of the NGOs  
Stronger civil society  
Shared vision and goals  
New partnerships | NLB Funding Policy Framework  
NLB Capacity Building Program |
<p>|  | 8.2. Partner with strategic groups (like the House of Traditional Leaders, Black Lawyers’ Association etc.), communities, municipalities, provincial government to |  |  |</p>
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<td></td>
<td>promote capacity building and empowerment</td>
<td>❖ Measurable and targeted funding linked to the NLB objectives</td>
<td>❖ NLB Annual Reports</td>
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<td>8.3.</td>
<td>Utilise existing platforms and networks to enhance and support the NLB’s capacity building initiatives</td>
<td>❖ Assessment tool on delivery on the NLB mandate</td>
<td>❖ NLDTF Impact Study: consolidated report, synthesis and findings</td>
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<td>8.4.</td>
<td>Make provision in the grant funding policy to absorb certain capacity building costs into the budget of the grants allocated to beneficiaries</td>
<td>❖ Contributes to alleviation of fraud and corruption</td>
<td>❖ Monitoring and Evaluation as per Funding Policy Framework</td>
</tr>
<tr>
<td>8.5.</td>
<td>Assist in capacity building, empowerment and financial sustainability of NGOs through providing them opportunities to act as service providers to NLB and/or its stakeholders</td>
<td>❖ Provides a benchmark for future measurement</td>
<td>❖ NLB Integrated Sustainability Framework and Strategy</td>
</tr>
<tr>
<td>9.1.</td>
<td>Explore, identify and introduce effective systems and methodologies for impact assessment of the NLB grant funding</td>
<td>❖ Gives a voice to all stakeholders</td>
<td></td>
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<td>9.2.</td>
<td>Document and communicate best practices, models and impact achieved with the NLB funding</td>
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<td>9.3.</td>
<td>The Impact assessment should be linked to key priorities of each sector supported by the NLB</td>
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<td>9.4.</td>
<td>Monitor and evaluate all projects in accordance with the funding criteria linked to the relevant policy and</td>
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| 10. Alignment with global best practices | **10.1.** Lead through innovative grant funding programs and processes  
**10.2.** Share the unique nature of the NLB grant funding environment with global best practices, participate and educate stakeholders  
**10.3.** Utilise best global models and practices, apply and integrate the United Nations Millennium Development Goals into the overall funding strategy  
**10.4.** Set the Standards for Africa on best practices on Norms and Standards for grant funding  
**10.5.** Recognise international best practices through forming alignments and/or partnerships with associations, institutions and business | ❖ Leadership in innovation, grant funding, capacity building, empowerment and sustainability  
❖ Innovative and proactive organisation and funding  
❖ Creates an attractive climate for international funding investment to South Africa  
❖ Restore vote of confidence in funding South African NGOs | ❖ UN Millennium Development Goals (MDGs)  
❖ Report on the role of South African Parliament and the provincial legislatures in the achievement of the MDGs  
❖ World Lottery Association  
❖ International Lotteries  
❖ Umbrella bodies for civil society and associations of non-profit organisations  
❖ Global Reporting Initiative (GRI) |

**9.5.** Encourage the public, communities and individuals who are the recipients of the services of the NLB beneficiaries, to participate in the impact assessment on a regular basis.
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| **11. Sustainable development** | **11.1.** Adopt a longer-term approach to funding | ❖ Long-term impact and development of the communities  
❖ Strategic tool for decision making  
❖ Strengthened relationships and good will amongst stakeholders  
❖ Recognition as a leader in the development and upliftment of civil society  
❖ Good Corporate Governance  
❖ Acknowledgement and positioning of the NLB in the national and global developmental arena | ❖ National Development Plan  
❖ UN Millennium Development Goals  
❖ NLB Integrated Sustainability Framework and Strategy  
❖ King III Report |
| | **11.2.** Assist beneficiaries with skills and knowledge on understanding sustainability | | |
| | **11.3.** Identify the categories where projects are not sustainable and apply a holistic funding approach that will sustain the projects from a funding perspective through partnerships and/or joint funders | | |
| | | ❖ Brings national unity and transformation  
❖ Positioning of the NLB as truly South African Developmental Agency and catalyst for social change | ❖ National Development Plan  
❖ Strategic documents of the government related to three sectors supported by the NLB  
❖ NLB Integrated Sustainability Framework and Strategy |
<p>| <strong>12. Nation building and transformation</strong> | <strong>12.1.</strong> Support and encourage nation building initiatives, recognising that all beneficiaries supported by the NLB are contributing to social cohesion and transformation of South Africa | | |
| | <strong>12.2.</strong> Lead through the grant funding policy norms and standards addressing the disparities of the past | | |
| | <strong>12.3.</strong> Explore possibilities for funding of entities that contribute to nation building and transformation but don’t necessarily fall into the framework of standard practice (indigenous healers, artists, writers, care givers, child minders, private nurses, | | |</p>
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<td>community leaders, leaders in sports etc.)</td>
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<tr>
<td>12.4.</td>
<td>Encourage self-regulation and governance of civil society</td>
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<td>12.5.</td>
<td>Acknowledge beneficiaries’ projects through all communication channels</td>
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<td>12.6.</td>
<td>Take a lead in inspiring the nation to restore a sense of pride in South Africa’s</td>
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<td>culture, tradition and heritage, celebrating the diversity of our communities</td>
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The following Section describes the methodology used in the development of the document.
4. RESEARCH METHODOLOGY

Research procedure
The research entailed two research procedures, namely the literature procedure and the stakeholder engagement procedure:

Literature procedure
In the literature review the focus was on published universal principles and procedures, best practices, previous research that has been done on funding by NGOs, applicable legislation and other related literature in the field of funding and sustainable development.

The following sources were, inter alia, consulted:
- National and international funding guidelines for funding institutions
- National legislation and statutory documents
- Journal articles
- Research studies
- NLDTF Impact Study: Consolidated Report
- NLB Capacity Bullying Program
- NLB Grant Funding Policy
- NLB Integrated Sustainability Framework and Strategy
- Other relevant literature and documents

The literature study was used to provide the conceptual framework of the study. Guidelines, norms, principles, standards, benchmarks and best practices were deduced (deductive approach) from the ‘general’ theory.

Stakeholder engagement procedure
A holistic and inclusive approach was taken to the stakeholder engagement procedure, which included collecting data from the NLB Board, all levels of executive, management and support staff and members of the Distributing Agencies (DA’s) of the NLB, namely DA for Sports and Recreation; Arts, Culture and National Heritage; and Charities.

Due to the level of differentiation between the different beneficiaries and the sophistication of their respective institutions with regard to administrative knowledge, qualitative data collection will be used to a large extent at the Stakeholders’ Indaba engagements and follow-up sessions on the implementation of ‘High Level Norms and Standards for Grant Funding’. As mentioned earlier, the NLB views Inputs from the beneficiaries as an integral part of the document and critical step for successful implementation of the ‘Norms and Standards’.
Through applying such a methodology, the National Lotteries Board would like to emphasise on the importance of **consultative processes and procedures** which will engage with all relevant stakeholders in order to get a functional final document/product after the 2014 Indaba.

**Data analysis**
Analysis of empirical data was done according to **thematic pattern-building**, in other words, the qualitative data (interviews and stakeholder engagement sessions) were in an inductive way re-contextualised (‘fitted’) within the existing theoretical framework.

**Ethical considerations**
The following ethical considerations were kept in mind while conducting the empirical research:
- **Voluntary participation** (no participant was forced to take part in the research and participants were free to withdraw from the research at any moment)
- **No harm to participants** (the researcher ensured that no physical or psychological harm was done to the participants as a result of the study)
- **Anonymity and confidentiality** (all information gathered during the study was handled confidentially and permission from the participants will be obtained for all information to be shared publicly)
- **Not deceiving the subjects** (participants were informed about the aim, the purpose and the procedures of the study and were not deceived in any way)

Consequently, in the next Section, background on the National Lotteries Board will be provided to create a platform for understanding of the context where the NLB operates and Norms and Standards were developed.

5. **BACKGROUND ON THE NATIONAL LOTTERIES BOARD**

The **National Lotteries Board (NLB)** is one of the many institutions that the government put in place to play a key role in social upliftment, directly through the projects that are funded by lottery revenue, as well as indirectly by aligning stakeholders with national priorities as outlined in the National Development Plan (*speech by DTI Minister, Rob Davies, NLB Stakeholder’s Indaba, April 19, 2013*).

The NLB was set up to regulate the lottery industry in South Africa, advise the Minister of Trade and Industry on lottery issues and oversee the **National Lottery Distribution Trust Fund (NLDTF)**, which is responsible for distribution of funds to good causes. The NLB is appointed by the Minister of Trade and Industry and is widely known for being a catalyst for social upliftment and empowerment in South Africa.
The activities of the NLB and NLDTF are prescribed in the **Lotteries Act** (No. 57 of 1997), as amended.

According to regulations, the **NLDTF receives 34% of National Lottery ticket sales** every week and allocates these funds to good causes in different sectors, playing an important role in the development of civil society and non-profit organisations in South Africa. At present, the NLDTF allocates funds to the following sectors:

- **Charities Sector** – 45%
- **Arts, Culture and National Heritage Sector** – 28%
- **Sport and Recreation Sector** – 22%
- **Miscellaneous Purposes Sector** – may receive up to 5% of the funds, which can be used by the NLB to support and respond to the needs in society that fall outside the scope of the main three sectors

NLB members are also trustees of the NLDTF and it is part of their mandate to safeguard funds aimed at good causes and ensure their allocation in the most effective way. The NLB is also responsible for reporting annually to Parliament on the management of the NLDTF.

The Minister of Trade and Industry, together with his relevant Cabinet colleagues, appoints the members of the **Distributing Agencies (DA's)**, who are responsible for the adjudication of the applications submitted to their sector. The members of the distributing agencies are industry experts in their respective sector and they receive administrative support from the grant funding division of the NLB. If there is a conflict of interest in respect of an application to a sector, this application would be considered by another DA in order to ensure transparency and integrity of the process.

In order to improve on the delivery of its mandate and to achieve maximum impact, the NLB engaged with stakeholders and discussed the challenges experienced on both sides at its 2011 and 2013 National Indaba (June 20 – 21, 2011 and April 18-19, 2013). The challenges experienced were categorised into two areas:

- **“Quick-fixes”**, which could be effected by the NLB immediately
- **“Fixes”** that required legislative amendments in order to be put into effect

The “quick fix” programme was initiated and implemented by the NLB with great success and for regulatory changes, the DTI has initiated the process of legislative changes and as a result, the Lotteries Amendment Bill was passed in December 2013 (*also see Section on Statutory Content*).

The NLB is committed to continuing allocating funds raised through the National Lottery towards supporting good causes and be a catalyst for social upliftment, but a key focus
for future grants will be the beneficiaries’ alignment with broader national interests, the National Development Plan in particular. The emphasis on national priorities will not result in dramatic changes in the NLB funding policy, but rather will assist NLB partners and beneficiaries to align their activities with the National Development Plan, contributing towards job creation and transformation of the country in collaboration with all stakeholders.

In light of the objectives for the development of ‘High Level Norms and Standards for Grant Funding’, which were mentioned earlier, it is important to note that the NLB in principle subscribed to the following core values.

The NLB is committed to achieve sustainable growth through the practice of good corporate governance, provision of excellent service and sound regulatory practice. In fulfilling the Mission, the NLB practices:

- **Integrity:** To be honest, open, accessible and fair in all our dealings, decisions and actions
- **Performance Excellence:** To take ownership of our responsibilities, to work effectively, efficiently, with professionalism and consistency and ensuring a positive and lasting impact on the communities we serve
- **Service Excellence:** To provide a level of service that is of a high quality, target based and meets the expectations of our priority target beneficiaries and stakeholders
- **Respect:** To treat applicants, partners, communities and beneficiaries with respect and dignity, acknowledging their innate capacities, and potential for growth; and to embrace all forms of diversity within the community
- **Commitment to a developmental and participatory approach to grant making:** To equip communities to manage and control their own development processes, resulting in an active and empowered citizenry capable of taking forward their own interests beyond the period of engagement with the NLB
- **Social Consciousness:** To interact closely with our target communities, striving to understand their perspectives and the challenges they are facing in order to maximise our responsiveness to these challenges
- **Partnership Building:** To strive to build respectful partnerships with beneficiaries, government and private institutions and service providers based on the developmental needs of communities

Taking into account that in December 2013 new Lotteries Amendment Act was passed by the Parliament and as a result, the National Lotteries Board will be going through some organisational and operational changes, we thought it might be useful for various stakeholders to give a short overview of the new Act, which is provided in the next Section.
6. STATUTORY CONTENT: OVERVIEW OF THE NEW LOTTERIES AMENDMENT ACT

As mentioned earlier, the National Lotteries Board is regulated by the **Lotteries Act, 1997** (Act 57 of 1997) as amended. The Act spells out certain conditions, aspects and terms in relation to the funding process, for example the composition of the Lotteries Board, role of the Distributing Agencies (DA’s), categories for funding, etc. Some of these aspects will consequently be put under the magnifying lens.

**Context of the NLB**
The establishment, composition and functions of the National Lotteries Board are prescribed by the Act. It provides for the appointment of a Chairperson and a maximum of 5 board members, of which at least one must be a legal practitioner and one a Chartered Accountant. In addition, the Minister appoints a ministerial representative. **The Amendments to the Act as approved in December 2013 increase the decision-making powers of the Board and it effects a name change to the National Lotteries Commission.**

The Act also provides for the establishment of Distributing Agencies to adjudicate applications for funding. **The Amendments to the Act provide for the appointment of these agencies on a permanent basis to facilitate more effective adjudication and reduce the turn-around time from application to payment of the grant.**

**Policy issues**
A number of issues related to priority areas of funding, policy, operations, governance and risk were raised by the NLB stakeholders who participated in the consultative Indaba in 2011 *(for more details, please see Recommendations from the NLB national Indaba 2011).*

Lotteries Amendment Act of 2013 has addressed a lot of issues raised at the Indaba and introduced some governance changes into the structure of the NLB. It also provided legal mechanisms for higher accountability of Distributing Agencies, allowed for more effective process of grant allocation, addressed matters like conflict of interest, disbursement of the funds, internal roles of the Minister and the NLB, as well as eliminated overlapping of functions between the Minister and the Board.

**Main objectives of the new Lotteries Amendment Act:**
- To amend certain definitions
- To provide for the establishment of a National Lotteries Commission
- To provide for the extension of the powers of the board
- To provide for the licensing of Organ of State to conduct National Lottery
- To provide clear accountability process for distributing agency
- To provide for the professionalism of the distributing agency
To eliminate overlapping of functions of the Minister and the board
To provide for the removal of the reconstruction and development programme as a category entitled to be allocated money of the fund

**Establishment of National Lotteries Commission:**
- The Act uses the word “board” interchangeably referring to both the National Lotteries Board and the “board” that has an oversight role
- Principal Act is amended to establish a Commission to be known as the National Lotteries Commission - Section 2(1)
- The board, in consultation with the Minister must appoint a person with suitable qualifications and experience as Commissioner of the Commission - Section 2B(1)

**Main functions of Commission are the following:**
- To ensure the National Lotteries and sport pools are conducted with all due propriety and strictly in accordance with the Constitution, the Act, all other applicable law and the licence for the National Lottery, together with any agreement pertaining to that licence - Section 2A(2)(a)
- To ensure the interests of every participants in the National Lottery are adequately protected - Section 2A(2)(b)
- The Commission may, upon request by the Minister, board or on its own initiative in consultation with the board, invite applications for grants from worthy good causes in the prescribed manner - Section 2A(4)
- Educate the public by explaining the process, requirements and qualifications relating to the application for grant in terms of the Act - Section 2A(5)(a)(ii)
- Exercise other functions as delegated or directed by the Minister or the board - Section 2A(5)(c)

**Accountability process for Distributing Agencies:**
- The distributing agency shall be appointed by the Minister and accountable to the board - Section 26(A)

**Main functions and conditions of service of Distributing Agencies:**
- Considering, evaluating and adjudicating applications for grants or recommendations of funding worthy good cause received from the Commission - Section 26B(1)(a)
- Preparing reports on awarded grants and on the performance of its functions to the board on a quarterly basis or as and when requested by the board - Section 26B(1)(b)
- The number of distributing agency members in each category shall be determined by the Minister after consultations with the board in line with the
size of the funds in such category, provided that such number shall not exceed nine in each category - Section 26B(2)

❖ Members of the distributing agency shall be appointed for a period of five years, which may be renewed only once, to serve on a full-time basis as members of distributing agency and staff members of the Commission - Section 26B(3)

Clear criterion on:
❖ **Disqualifications for distributing agency membership** were set in Section 26C
❖ Matters related **conflict of interest** are specified in Section 26D of the Act

**Control and management of affairs of Distributing Agency - Section 26F**
The distribution agency is accountable to the board and the board may:
❖ Determine the operational policy for the performance of all financial, administrative and clerical functions of the distributing agency
❖ Determine or direct or order the performance of any other matter of research intended to enhance the optimum functioning of the board and the distribution of grants
❖ Ensure that the distributing agency performs its function independently and without fear, favour or prejudice
❖ Ensure that the distributing agency adheres to any policy, directive or code of ethics approved by the board and applicable within the public sector

**Applications for grants:**
❖ The distributing agency shall consider, evaluate and adjudicate applications for grants or recommendations of funding received from the Commission - Section 26G(1)
❖ The distributing agency shall consider, evaluate and adjudicate recommendations of funding of worthy good causes from the Commission following research conducted in terms of the Act - Section 26G(2)
❖ No applications for grants by a juristic person acting as an agent, representative or conduit of any potential beneficiary shall be considered, unless good cause is shown as to why such potential beneficiary is unable to make an application on its own - Section 26G(3)

**Review of the decisions taken by Distributing Agencies:**
❖ A decision of the distributing agency concerning an application for a grant is subject to review by the board only - Section 26H(1)
❖ If the board overrules the decision of the distributing agency the board may either:
   (a) order the distributing agency to revaluate the application taking into consideration matters raised by the board - Section 26H(2)(a)
(b) set aside the decision of the distributing agency and substitute it with an order the board deems appropriate - Section 26H(2)(b)

**Power of the Minister to prohibit, withdraw or reduce certain grant**

The Minister shall at any time receiving a recommendation from the board or information from any other person that the grant awarded by the distributing agency:

- Is utilised or is likely to be utilised in an unauthorised manner that does not comply with the purpose or conditions stipulated in the grant
- Is utilised or likely to be utilised for an unlawful purpose
- Was applied for in a misleading or fraudulent manner, prohibit, withdraw or reduce any such grant and many impose such conditions as the Minister consider appropriate - Section 31

**The Minister may, after consultation with the board, make regulations regarding:**

- The procedures for review against the decision of the distributing agency - Section 32(b)(viiA)
- The limits on the amounts of the grant to be awarded to an applicant in a twelve month period - Section 32(b)(viiB)
- The period within which an application for a grant or recommendations of funding shall be finalised - Section 32(d)(c)
- Any other process that facilitates the efficient and effective application for grants and the distribution of funds - Section 32(d)(d)

**Emphasis on the importance of alignment with the NDP:**

In determining matters to be taken into account in determining the persons to whom, purpose to whom, the purpose for which, and the conditions subject to which the distributing agency is to allocate any amounts, the board in consultation with the Minister, must take into account general development in the Republic and government priorities at the relevant time - Section 30(g).

**The role of the Distributing Agencies (DA’s):**

The mandate of the DA’s is discussed – amongst other places - in the *Impact Study*¹. The Act specifies that these DA’s be created as the mechanism through which the NLDTF adjudicates grant applications, and that the NLB will provide administrative support to these agencies.

Regulations published in July 2010 list priority activities which should collectively receive at least 50% of available funding. It seems, however, that certain perceived problems

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regarding the mandate of the DA’s have been encountered, which led to recommendations from the Consultative Indabas. These recommendations called for Service Level Agreements (SLA’s) to be drawn up and Detailed Distribution Agency Adjudication and Distribution Policy Guidelines and Assessment Criteria to be developed. The revised role and responsibilities of the DA’s as described in the Amendments (to the Act) still have to be determined.

**Portion of lottery income transferred to the NLDTF**

As already mentioned under Background, one of the functions of the NLB as published in Government Notice 3267 of 2003 is to administer the National Lotteries Distribution Trust Fund (NLDTF) and hold it in trust. A percentage of the lottery income is paid over to the NLDTF on a weekly basis for distribution to good causes as contemplated in Section 26(3) of the Act. This percentage is determined by the Minister of Trade and Industry and is fixed in the licence agreement with the lotteries operator, and it currently stands at 34%.

7. **UNIVERSAL PRINCIPLES AND GLOBAL CONTEXT**

7.1. **Short introduction**

In developing ‘Norms and Standards’, universal principles, best national and international practices and statutory content was scrutinised. Various documents and publications dealing with international funding, civil society development and sustainability, as well as other benchmarking in this regard have been studied. The most important and relevant funding agencies/codes will now be mentioned, as well as a summary of the key funding guidelines of the agencies and the current practice of the World Lottery Association and its members.

It should also be noted that the National Lotteries Board, while constantly striving for excellence and implementation of best international practices that have been proven in the global context, also acknowledges that South Africa as a country has a very unique history and environment, which stimulated development of its own national best practices, which are relevant to the South African people and diverse communities.

Therefore, this Section will provide an overview of key relevant international documents, as well as the national ones, which were developed in South Africa and form a part of our own heritage of best practices. It will also give a brief overview of the World Lottery Association as an organisation supporting responsible gambling and best practices in social responsibilities globally.
## International CSR Standards and Norms

**Table 2: International CSR Standards and Norms**

Prepared by: Council for Better Corporate Citizenship (CBCC)
May 21, 2002 (revised January 14, 2003)

<table>
<thead>
<tr>
<th>Type of document</th>
<th>Preliminary proposals to stimulate discussion</th>
<th>European Commission</th>
<th>Communication from the Commission (Issued by government entity)</th>
<th>OECD Guidelines for Multinational Enterprises (Issued by government entity)</th>
<th>GRI (Issued by private sector entity)</th>
<th>Standards</th>
<th>Social Accountability 8000 (Issued by private sector entity)</th>
<th>Accountability 1000 (Issued by private sector entity)</th>
<th>Standards</th>
<th>Ethics Compliance Standard 2000 (Issued by public sector entity)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuing entity</strong></td>
<td></td>
<td><strong>European Commission</strong></td>
<td><strong>European Commission</strong></td>
<td><strong>The United Nations</strong></td>
<td><strong>International Standards</strong></td>
<td><strong>Standards</strong></td>
<td><strong>Standards</strong></td>
<td><strong>Standards</strong></td>
<td><strong>Standards</strong></td>
<td><strong>Standards</strong></td>
</tr>
<tr>
<td><strong>Salient features</strong></td>
<td>- Issued by the European Commission. Intended to promote CSR practices in Europe and elsewhere.</td>
<td>- Specifies CSR target areas for corporations (both internal and external dimensions), and proposes a holistic approach to CSR.</td>
<td>- Considers various stakeholder opinions on the EU Green Paper 366.</td>
<td>- States the need to deepen understanding of CSR and good practices at the EU level while calling for greater convergence and transparency in corporate codes of conduct and among others.</td>
<td>- Proposes to set up an EU Multi-Stakeholder Forum on CSR, to be composed of employers, consumers, and European business leaders.</td>
<td>- The principles are based on understanding that, to obtain the trust of society and play a constructive role while resolving trade friction problems, the most basic requirement is that companies act responsibly.</td>
<td>- The first set of principles drawn up through collaboration among Japanese, American, and European business leaders.</td>
<td>- The guidelines are based on the understanding that, to establish a practical approach to CSR, it is necessary to develop a common understanding of the principles and norms for companies.</td>
<td>- The Global Reporting Initiative (GRI) is a non-profit organization established by the European Commission (formerly known as CEFA), in order to develop and promote globally applicable guidelines for reports on sustainability issues.</td>
<td>- The Social Accountability 8000 standard is the first international standard on human rights and ethical behavior drawn up to eliminate unfair and unethical practices (such as child labor and forced labor), primarily in developing countries.</td>
</tr>
<tr>
<td>Auditing process, verification mechanisms, etc.</td>
<td>Intended to indicate criteria for standards. Not binding.</td>
<td>Indicates strategies needed to promote CSR practices. Not binding.</td>
<td>Development</td>
<td></td>
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</tr>
</tbody>
</table>
| • Adoption is voluntary.  
• The Care Round Table does not monitor compliance. | Participating corporations are expected to:  
(1) Have their chief executive officers submit a letter supporting the Compact and its principles;  
(2) Make the Compact part of corporate strategy and day-to-day operations;  
(3) Submit an annual report to the Global Compact website, specifying actions taken in implementing the Principles’ goals. | • Corporations are expected to adopt the Guidelines voluntarily.  
• The OECD does not monitor compliance.  
• Adhering governments establish National Contact Points in their own countries to promote acceptance of the Guidelines, answer questions on them, and conduct discussions with relevant parties. | • GRI does not audit compliance levels itself, or verify reasons why indicators are not used.  
• GRI recommends the assurance of sustainability reports by an independent organization, and the development of assurance process standards and guidelines for the assurance organization. |
| • Accreditation is done by a third party.  
• Corporations are expected to develop their own CSR management system.  
• AA100 helps an organization understand stakeholders aspirations and needs.  
• Emphasis is placed on results obtained by establishing management systems for specific areas.  
• Corporations are expected to select improvement processes that stakeholders can be engaged in.  
• Guides and checklists are compiled to monitor establishment of autonomous internal ethical management systems.  
• Matters to be compiled with and ethical issues are determined independently by each organization. These decisions are made public. |

**Outline**

| CSR definition and scope of CSR practices (when clearly specified) | Defined as integrating social and environmental concerns in business operations and in interaction with stakeholders on a voluntary basis. Socially responsible companies tend to achieve sustainable success levels. (See 2.) | Defined as integrating social and environmental concerns in business operations and in interaction with stakeholders on a voluntary basis. Socially responsible companies tend to achieve sustainable success levels. (See 3.) |  
|---|---|---|---|
| The value of a business to society is mainly the employment it creates and the products and services it provides at a reasonable price. To create such value, a business must maintain its own economic health and viability. (See Section 2, Principle 1) | • Corporations are expected to adopt the Guidelines voluntarily.  
• The OECD does not monitor compliance.  
• Adhering governments establish National Contact Points in their own countries to promote acceptance of the Guidelines, answer questions on them, and conduct discussions with relevant parties. | The reporting organization is to submit a statement of its vision and strategy regarding its contribution to sustainable development, presenting an overall vision of the reporting organization for its future, particularly with regard to managing the challenges associated with economic, environmental, and social performance. (See 1.) |  
| Planning phase:  
• Formulation by Executive Management of ethical-legal compliance policy  
• Development of a Code of Ethics and development of an implementation plan.  
• Data gathered on laws, regulations and other rules governing company operations.  
• Development of International Regulations for the implementation of the  
Planning:  
Process 1: Commits itself to the process of social and ethical accounting, auditing and reporting, and to the role of stakeholders within this process.  
Process 2: Identifies its stakeholders and characterizes its relationship with each group of them.  
Process 3: Defines or reviews its current mission and values. |  
Process:  
• Formulation of a Code of Ethics and development of an implementation plan.  
| Framework |
| **Community involvement** | CSR also implies company integration in the local setting. Recommends community involvement, which has the added benefit of stimulating human resource training. (See 2.2.1.) | Stresses the societal benefits of innovation and technology transfers to local communities and developing countries. (See 4.1.) | Companies have a responsibility to: • Promote collaboration with community forces trying to raise levels of health, education, workplace safety and economic well-being; • Promote the support of peace, security, diversity and social integration in local communities; • Become good corporate citizens. (See Section 2, sub-section 5 Communities) | n/a | Enterprises should encourage local capacity building through close co-operation with the local community, including business interests, and develop the enterprise's activities in domestic and foreign markets, consistent with the need for sound commercial practice. (See II.3.) | Reporting organizations describe policies to manage impacts on communities in areas affected by activities, and describe procedures/programs to address those impacts (including monitoring systems and results of monitoring). (See S10.) | n/a | Accounting: Process 4: Identifies issues regarding its activities and social and ethical performance. Process 5: Determines the scope of the current process, including the improvement process. Process 6: Identifies social and ethical indicators. Process 7: Collects information about its performance in respect of the identified indicators. Process 8: Analyzes collected information, sets targets and develops improvement plan. Auditing and reporting: Process 9: Prepares report(s). Process 10: Arranges and supports the external audit of the process. Process 11: Communicates information on the process and the social and ethical performance of the organization to all stakeholder groups, and seeks feedback from stakeholder groups. Embedding Process 12: Establishes ethical-legal compliance policy. Initiation and operation phase: • Establishment of offices to ensure ethical-legal compliance, and clarification of the need and authority of personnel staffing those offices. • Implementation of mechanisms for reporting to internal and external authorities with regard to ethical-legal compliance, and establishment of mechanisms offering guidance. • Control of documents on ethical-legal compliance management. • Report on non-compliance and deal with queries regarding compliance issues (operations management). • Prepare for and deal with emergencies. |}

| **Corporate governance** | CSR issues should be an integral part of strategic planning and routine operations. Managers and employees are required to make business decisions based also on CSR-related criteria. (See 3.1.) | n/a | Companies have a responsibility to: • Disclose relevant information to owners/investors; • Respect owners/investors' requests, suggestions, complaints, and formal resolutions. (See Section 3, sub-section 3 Owners/Investors) | n/a | Enterprises should support and uphold good corporate governance principles and develop and apply good corporate governance practices. (See II.6.) | Reports are to describe the governance structure of the organization, including major committees and directors that are responsible for setting strategy and overseeing the organization. (See 3.1) | Top management shall define the company’s policy for social accountability and labor conditions. (See 9.) |}

<p>| <strong>Environment</strong> | • Management of environmental impacts and natural resources (See 2.1.4) • Companies should be environmentally responsible internationally as well as in Europe. (See 5.2.4.) | • Companies are invited to adopt environmental principles as part of their CSR strategies. (See 7.3) • The Eco-Management and Audit Scheme is an important tool. (See 7.3) | A business should protect and, where possible, improve the environment, promote sustainable development, and prevent the wasteful use of natural resources. (See Section 2, Principle 6) | n/a | Businesses should: • Support a precautionary approach to environmental challenges. (See Principle 7) • Undertake initiatives to promote greater environmental responsibility. (See Principle 5) • Encourage the development and diffusion of environmentally friendly technologies. (See Principle 9) | Enterprises should: • Establish and maintain a system of environmental management appropriate to the enterprise. (See V.1.1) • Assess their environmental impact. (See V.3.) • Apply preventative measures. (See V.4.) | Reports are to give indicators on: • Total materials used, by type and amount (other than water); (See EN1, and EN2) • Total water used; (See EN5, EN20, - 22) • Total discharges, emissions and waste (greenhouse gas emissions, total waste, etc.); (See EN8, - 13, and EN30, - 32) • Other environmental indicators | n/a |</p>
<table>
<thead>
<tr>
<th>Human rights</th>
<th>CSR has a strong human rights dimension, particularly in relation to international operations and global supply chains. Companies should fairly disclose information to local communities as well. (See 2.13.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Businesses should contribute to human rights, education, welfare, and the realization of the countries in which they operate. (See Section 2, Principle 2)</td>
</tr>
<tr>
<td></td>
<td>Companies have a responsibility to respect human rights and democratic institutions, and promote them wherever practicable. (See Section 3, sub-section 6 [Communications])</td>
</tr>
<tr>
<td></td>
<td>Companies have a responsibility to avoid discriminatory practices in areas such as gender, age, and race. (See Section 3, sub-section 2 [Employees]).</td>
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<tr>
<td></td>
<td>Businesses should: Support and respect the protection of internationally proclaimed human rights within their sphere of influence. (Principle 1)</td>
</tr>
<tr>
<td></td>
<td>Ensure that they are not complicit in human rights abuses. (Principle 2)</td>
</tr>
<tr>
<td></td>
<td>Enterprises should: Respect the human rights of those affected by their activities, consistent with the host government’s international obligations and commitments. (See IL2.)</td>
</tr>
<tr>
<td></td>
<td>Reports are to: Describe policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations. (See HR1.)</td>
</tr>
<tr>
<td></td>
<td>Give evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers and contractors. (See HR2.)</td>
</tr>
<tr>
<td></td>
<td>The company shall not engage in or support the use of corporal punishment, mental or physical coercion, or verbal abuse. (See 5.1)</td>
</tr>
<tr>
<td></td>
<td>and embed systems to support the process. and implement preventative measures. Establish procedures for the performance of ethical-legal compliance management system audits.</td>
</tr>
<tr>
<td></td>
<td>Revision and corrective action phase: Rethink the ethical-legal compliance policy, code of ethics and internal regulations.</td>
</tr>
<tr>
<td></td>
<td>Initiate major reforms based on results of internal audits and surveys.</td>
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<tr>
<td></td>
<td>Restructure management systems.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Labor</th>
<th>There is a need to promote understanding of the importance of resolving labor issues, such as child labor. (See 2.23.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Companies have a responsibility to engage in good faith negotiations when conflict arises. (See Section 3, sub-section 2 [Employees]).</td>
</tr>
<tr>
<td></td>
<td>Businesses should uphold: Freedom of association and the effective recognition of the right to collective bargaining. (Principle 2)</td>
</tr>
<tr>
<td></td>
<td>The abolition of all forms of forced and compulsory labor. (Principle 4)</td>
</tr>
<tr>
<td></td>
<td>The effective abolition of child labor; (Principle 5)</td>
</tr>
<tr>
<td></td>
<td>The elimination of discrimination in respect of employment and occupation. (Principle 6)</td>
</tr>
<tr>
<td></td>
<td>Enterprises should: Contribute to the effective abolition of child labor; (See IV.1.)</td>
</tr>
<tr>
<td></td>
<td>Contribute to the abolition of all forms of forced or compulsory labor; (See IV.1.)</td>
</tr>
<tr>
<td></td>
<td>Respect the right of their employees to be represented by trade unions, and engage in constructive negotiations; (See IV.1.)</td>
</tr>
<tr>
<td></td>
<td>Not discriminate against their employees with respect to employment or occupation on such grounds as race, color, sex or religion; (See IV.1.)</td>
</tr>
<tr>
<td></td>
<td>Observe standards of employment and industrial relations not less favorable than those observed by comparable employers in the host country. (See IV.4.)</td>
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<td>Report are to give indicators on: Total payroll and benefits; (See IV.1.)</td>
</tr>
<tr>
<td></td>
<td>A breakdown of the workforce; (See LA1, LA12.)</td>
</tr>
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<td></td>
<td>Training programs; (See LA6, LA16, LA17.)</td>
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<tr>
<td></td>
<td>The company shall not engage in or support the use of child labor. (See 1.1 - 1.4)</td>
</tr>
<tr>
<td></td>
<td>The company shall not engage in or support the use of forced labor. (See 2.1)</td>
</tr>
<tr>
<td></td>
<td>The company shall respect the right to form and join trade unions and bargain collectively. (See 4.1 - 4.3)</td>
</tr>
<tr>
<td></td>
<td>The company shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement, nor interfere with the exercise of the rights of personnel to observe tenants or practices. (See 5.1 - 5.3)</td>
</tr>
<tr>
<td></td>
<td>The normal workweek shall not, on a regular basis, exceed 48 hours, with at least one day off in every 7-day period. (See 7.1 - 7.2)</td>
</tr>
</tbody>
</table>
| Work environment/employee relations | Restructuring should be CSR-oriented. (See 7.1.) | Companies have a responsibility to: | Enterprises should encourage human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees. (See III.4.) | n/a | n/a

| Consumer relations | Companies should provide consumers with products and services they need and want, in an ethical, environmentally aware manner. (See 2.2.2.) | Consumers have an important role in the evolution of CSR. Strong lines of communication between enterprises and consumers are needed. (See 7.4.) | Companies have a responsibility to: | Enterprises should: | n/a | n/a

| Corruption | Serious cases of corruption, including bribery leading to such corruption, impede joint efforts to uphold labor relations, environmental protection and human rights. (See 2.2.3.) | Through CSR practices, companies can prevent and combat corruption. (See 4.1.) | A business should not participate in or condone bribery or other corrupt practices. (See Section 2, Principle 7.) | Enterprises should: | n/a | n/a

* Each box contains the most typical statement for that item, when similar but multiple statements are made in the document. “(See ___)” refers to the document source of the standard or auditing procedure.
7.2. About the World Lottery Association (WLA)

World Lottery Association (WLA) is the professional member-based association of the worldwide government-controlled lottery and sports-betting sector with headquarters in Basel, Switzerland. It supports global standards for lottery management, security and social responsibility, and provides educational and other services to gaming operators and suppliers. WLA seeks to improve the public’s understanding of responsible gaming issues and the role of lotteries in securing funds for good causes.

It works with the regional lottery associations to represent the collective interests of its members and foster constructive relationships with worldwide sports federations and other international organisations. WLA currently represents more than 140 government-controlled lottery and sports-betting operators from over 90 countries with combined sales in excess of US$180 billion. More than 60 gaming suppliers are associate members of the WLA.

Member Lotteries Profile in South Africa:
Gidani (Pty) Limited
Private Bag X130, Halfway House, 1685
Midrand, Gauteng

The WLA values are based on a commitment to the highest standards of corporate responsibility and it is committed to sharing knowledge and experience amongst its members, and to improving their business in the interest of stakeholders as determined by the authorities in the respective jurisdictions. The WLA key objectives are:

- To collect and disseminate information about the lottery business and other areas of relevance
- To establish standards of best practice
- To establish ethical standards
- To provide educational and professional development services (conferences, seminars), information and reference services to the members
- To provide a united voice together with the regional associations so that our members may have a respected reference point and consistent messages and information to provide to those in authority

The WLA has certified member organisations that have been granted accreditation by the World Lottery Association for the WLA Responsible Gaming Framework. Each organisation has received certification for the framework level as per the recommendation of the Responsible Gaming Independent Assessment Panel, or as in the case of some European lotteries certified to the WLA RGF Level 4, has been granted
accreditation by the World Lottery Association in accordance with its agreement with the European State Lottery and Toto Association².

7.3. United Nations Millennium Development Goals and South Africa

“In September 2000, the world’s leaders met in New York to set out a new global vision to strengthen efforts for peace, human rights, democracy, strong governance, environmental sustainability and poverty eradication. South Africa, together with 188 other United Nations (UN) member countries, adopted the resulting Millennium Declaration, which committed signatories to ambitious targets with clearly defined deadlines.”³

The Millennium Development Goals is seen as a global anti-poverty UN initiative and comprises of eight goals namely to:

- Eradicate extreme poverty and hunger: The target of this goal includes halving the proportion of people whose income is less than $1 a day (from 1990 to 2015), as well as halving the proportion of people who suffer from hunger (from 1990 to 2015). This goal also aims to achieve full and productive employment and decent work for all, including women and the youth.

- Achieve universal primary education: This goal aims to ensure that all children everywhere will be able to complete a full course of primary schooling by 2015.

- Promote gender equality and empower women: Through this goal, gender disparity in primary and secondary education should be eliminated, preferably by 2005, and in all levels of education by 2015.

- Reduce child mortality: The aim of this goal is to reduce the under-five mortality rate by two thirds, between 1990 and 2015.

- Improve maternal health: This goal aims to reduce the maternal mortality ratio by three quarters between 1990 and 2015, as well as achieving universal access to reproductive health by 2015.

- Combat HIV/AIDS, malaria and other diseases: The objective of this goal is to stop the spread of HIV/AIDS by 2015, as well as reverse the spread of HIV/AIDS. The aim is also to achieve universal access to treatment for HIV/AIDS for all who need it by 2010. Furthermore, the goal aims to stop the incidence of malaria and other major diseases and reverse it by 2015.

- Ensure environmental sustainability: The target of this goal includes the integration of the principles of sustainable development into country policies and programmes and to reverse the loss of environmental resources. This goal also aims at reducing biodiversity loss and achieving a significant reduction in the

rate of loss by 2010. Furthermore it intends to halve the proportion of the population without sustainable access to safe drinking water and basic sanitation by 2015, as well as to achieve a significant improvement in the lives of at least 100 million slum dwellers by 2020.

- **Develop a global partnership for development:** The last goal intends to further develop an open, rule-based, predictable, non-discriminatory trading and financial system, as well as address the special needs of the least developed countries, landlocked developing countries and small island developing States. The goal further aims to deal comprehensively with developing countries’ debt and in cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

Since 2000, South Africa put a lot of efforts to contribute to the implementation of the MDGs by passing legislation, developing policies, facilitating public participation, and participating in international forums on matters related to the MDGs.

“It is important to reiterate that South Africa was always a willing signatory to the MDGs because it aligned itself seamlessly with a vision expressed and supported by millions of South Africans when they assembled in Kliptown in 1955, which they called the Freedom Charter which became an important base document to South Africa’s supreme law, the Constitution. It is therefore, true to say that the goals were an integral part of the on-going work and challenges taken on by the post-apartheid government. It is also instructive to note that this commitment is the bedrock of Vision 2030 as it is espoused in the National Development Plan.”

“By 2030, we seek to eliminate poverty and reduce inequality. We seek a country wherein all citizens have the capabilities to grasp the ever-broadening opportunities available. Our plan is to change the life chances of millions of our people, especially the youth; life chances that remain stunted by our apartheid history.”

### 7.4 National Development Plan of South Africa

The National Planning Commission (NPC) has done an outstanding work in developing what may be called a South Africa’s most strategic document since its first democratic elections. South Africa’s National Development Plan (NDP) has been recognised by the world as a great example of strategic policy document, which can pave the way forward for South Africa towards a progressive thriving economy, which will include all citizens. The NDP is about building the nation in a very holistic way and address inequalities of the past, involving all players of the economy and the communities.

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“South Africa has the potential and capacity to eliminate poverty and reduce inequality over the next two decades. This requires a new approach – one that moves from a passive citizenry receiving services from the state to one that systematically includes the socially and economically excluded, where people are active champions of their own development, and where government works effectively to develop people’s capabilities to lead the lives they desire.”

The NDP will be further explored and analysed in the next Sections, as well as alignment of the National Lotteries Board with the objectives of the NDP. In this chapter, National Development Plan was mentioned for the purpose of emphasising on the importance of acknowledging and celebrating our national best practices.

7.5. National Funds to Support Civil Society Organisations: The International Centre for Not-for-Profit Law (ICNL) (July 2010)

This document is based on the study of funds from thirteen countries and has identified the following principles:

- Consult future beneficiaries in development of grant programmes
- Articulate the exact purpose of the grant
- Reliable funding sources contribute to long-term success for beneficiary
- Establish good internal governance, responsible management and good oversight
- Expertise of functionaries ensures professionalism and accountability
- Clear criteria for adjudication
- An unbiased system for evaluating applications
- Mechanisms for reporting and evaluation are crucial to determine progress


Fundraisers work in different countries and circumstances but they share several universal values and principles: they work to make the difference and help people in need and it is for these reasons fundraisers should strive to identify and apply best practices. The Document specifies five (5) key principles, which fundraisers should use to deliver on their mandate given by the society:

- Honesty: Fundraisers shall at all times act honestly and truthfully so that the public trust is protected and donors and beneficiaries are not misled

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Respect: Fundraisers shall at all times act with respect for the dignity of their profession and their organisation and with respect for the dignity of donors and beneficiaries

Integrity: Fundraisers will act openly and with regard to their responsibility for public trust. They shall disclose all actual or potential conflicts of interest and avoid any appearance of personal or professional misconduct

Empathy: Fundraisers will work in a way that promotes their purpose and encourage others to use the same professional standards and engagement. They shall value individual privacy, freedom of choice, and diversity in all forms

Transparency: Fundraisers stimulate clear reports about the work they do, the way donations are managed and disbursed, and costs and expenses, in an accurate and comprehensible manner


In this document the following guiding principles are highlighted:

- Responsibility, service and public-mindedness
- Co-operation
- Human rights and dignity
- Religious freedom
- Transparency and accountability
- Truthfulness and legality

The document also reiterates the importance of integrity, clear mission, good governance, capable and responsible staff and lastly, public image.

7.8. Codes of Good Practice for South African Non-profit Organisations (NPOs): Department of Social Development (October 2001)

The Department of Social Development has developed these codes in consultations with a number of non-profit organisations throughout South Africa. These codes reflect a shared vision of good practice in management of non-profit organisations of different sizes and across all sectors, with a strong emphasis on good governance, administration, fundraising and the donor community. The document is divided into three main sections: NPO Leadership and Management; NPO Fundraising and Resource Mobilisation; Roles and responsibilities of Donors and Sponsors.

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The Codes of Good Practice is also reflecting some key principles, which many NGOs of South Africa agreed to apply. For a complete list, please visit the document and we below is a short summary:

- Being faithful to the Republic of South Africa; honouring and abiding by its Constitution; promoting the unity and wellbeing of those who comprise the South African nation
- Being responsive to the needs and welfare of the people of South Africa
- Respecting the rights, culture and dignity of all people within the framework of the Bill of Rights, as enshrined in the South African Constitution; enhancing race and gender equality (adhering to the spirit of ‘ubuntu’)
- Ensuring that there is no discrimination against any member of the public on account of race, gender, ethnic or social origin, colour, sexual orientation, age, disability, religion, political persuasion, conscience, belief, culture or language
- Co-operating, collaborating and networking with other organisations around issues of mutual concern
- Applying people-centred development
- Ensuring the organisation remains true to its mission and objectives; ensuring that the organisation is approachable, helpful and accessible in its relationships with beneficiaries, who are expecting high standards of service
- Ensuring that the organisation has honest and open relationship with its supporters; ensuring that the members serve the organisation in an unbiased and impartial manner, setting aside personal interests and upholding its good name, in order to create confidence in the organisation and the non-profit sector as a whole

7.9. The Independent Code of Governance for Non-Profit Organisations in South Africa

This code, although not ‘international’, stresses two critical prerequisites, namely **adherence to basic values**, and **good leadership**.

**Adherence to the following eight basic values is advocated:**

- Fidelity to purpose
- Altruism and benevolence
- Integrity
- Optimising resources
- Conflicts of interest and self-dealing
- Equality and non-discrimination
- Democracy and empowerment

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8 South Africa. 2001. Codes of Good Practice for South African Non-profit Organisations (NPOs). Department of Social Development.
Independence and impartiality

**Ensuring good leadership in six key areas:**
- Vision, purpose and values
- Accountability and transparency
- Fundraising, sustainability and risk management
- Collaboration and synergy
- The Board and other governance structures
- Procedural governance


This document concentrates on stressing the importance of focusing the grants to achieve **pre-determined (governmental priority) goals**. The importance of a well-structured policy for the donor organisation is thus accentuated.


Seven key principles for funding are clearly identified in the document⁹:
- Robust planning and design
- Well-structured grant guidelines involving beneficiaries
- Collaboration and partnerships
- Proportionality (differentiation)
- Outcomes orientation (alignment with governmental goals)
- Achieving value with public money (strong focus on purpose of the grant and benefits to the community at large)
- Governance and accountability (define roles and responsibilities of all stakeholders)
- Probitly (integrity) and transparency

7.12. **Conclusion / Resume**

After having studying the above-mentioned (and other related) documents, the following **core principles** can be deducted from the documents, and aligned with the **Sub-objectives** for the development of ‘High Level Norms and Standards for Grant Funding’:

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1. Collaborative planning
2. Focus on specific goals
3. Reliable funding to ensure sustainability
4. Defined oversight, measurement and evaluation guidelines
5. Clear criteria for adjudication
6. Equitable access and distribution of funding
7. Accountability and transparency in administrating the process
8. Inclusive approach and non-discrimination

8. KEY PRIORITIES FOR SOUTH AFRICA: NATIONAL DEVELOPMENT PLAN

Development in different forms is a top priority for the South African Government. Numerous developmental initiatives (basic education, human settlement, health care, etc.) are provided for within the national budget, and specific developmental programmes/projects are vested within certain state departments, e.g. the Department of Social Development.

Needless to say, the NLB cannot fulfil the developmental task and function of Government; however, some national priorities may indicate ‘preferred direction’ to the NLB. In this regard, the National Development Plan (NDP) is of course key to the discussion.

As mentioned earlier, President Jacob Zuma appointed the National Planning Commission in May 2010 to draft a vision and National Development Plan. The National Development Plan (Vision for 2030), published by the National Planning Commission (Office of the President) has a vision statement envisaging elimination of poverty and reduction of inequality by 2030. Particular emphasis is on changing life chances of the youth. The two intertwined themes threading throughout the National Development Plan (NDP) are capabilities and opportunities. The following challenges were identified, and objectives and actions were compiled10:

- Economy and Employment - The objectives of this challenge include that:
  - The unemployment rate should decrease to 14% by 2020 and to 6% by 2030. This requires an additional 11 million jobs. Total employment should rise from 13 million to 24 million
  - The labour force participation rate should rise from 54% to 65%
  - Gross Domestic Product (GDP) average annual growth of 5.4%
  - The proportion of national income earned by the bottom 40% should rise from about 6% today to 10% in 2030

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• Broaden ownership of assets to historically disadvantaged groups

- **Economic Infrastructure** - The **objectives** of this challenge include that:
  • The proportion of people with access to the electricity grid should rise to at least 90% by 2030, with non-grid options available for the rest
  • The country would need an additional 29 000MW of electricity by 2030
  • Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry, recognising the trade-offs in the use of water
  • Reduce water demand in urban areas to 15% below the business-as-usual scenario by 2030
  • The proportion of people who use public transport for regular commutes will expand significantly. By 2030, public transport will be user-friendly, less environmentally damaging, cheaper and integrated or seamless
  • Durban port capacity should increase from 3 million containers a year to 20 million by 2040
  • Competitively priced and widely available broadband

- **Environmental Sustainability and Resilience** - The **objectives** of this challenge include:
  • A set of indicators for natural resources, accompanied by publication of annual reports on the health of identified resources to inform policy
  • A target for the amount of land and oceans under protection
  • Achieve the peak, plateau and decline trajectory for greenhouse gas emissions, with the peak being reached around 2025
  • By 2030, an economy-wide carbon price should be entrenched
  • Zero emission building standards by 2030
  • Absolute reductions in the total volume of waste disposed to landfill each year
  • At least 20 000MW of renewable energy should be contracted by 2030
  • Improved disaster preparedness for extreme climate events
  • Increased investment in new agricultural technologies, research and the development of adaptation strategies for the protection of rural livelihoods and expansion of commercial agriculture

- **Inclusive Rural Economy** - The **objectives** of this challenge include:
  • An additional 643 000 direct jobs and 326 000 indirect jobs in the agriculture, agro-processing and related sectors by 2030
  • Maintain a positive trade balance for primary and processed agricultural products

- **South Africa in the Region and the World** - The **objectives** of this challenge include:
  • Intra-regional trade in Southern Africa should increase from 7% of trade to 25% of trade by 2030
South Africa's trade with regional neighbours should increase from 15% of our trade to 30%.

Transforming Human Settlements - The objectives of this challenge include:
- Strong and efficient spatial planning system, well integrated across the spheres of government
- Upgrade all informal settlements on suitable, well located land by 2030
- More people living closer to their places of work
- Better quality public transport
- More jobs in or close to dense, urban townships

Improving Education, Training and Innovation - The objectives of this challenge include:
- Making early childhood development a top priority among the measures to improve the quality of education and long-term prospects of future generations
- All children should have at least 2 years of pre-school education
- About 90% of learners in grades 3, 6 and 9 must achieve 50% or more in the annual national assessments in literacy, maths and science
- Between 80-90% of learners should complete 12 years of schooling and or vocational education with at least 80% successfully passing the exit exams
- Eradicating infrastructure backlogs and ensure that all schools meet the minimum standards by 2016
- Providing 1 million learning opportunities through Community Education and Training Centres
- Improving the throughput rate to 80% by 2030
- Producing 30 000 artisans per year
- Increasing enrolment at universities by at least 70% by 2030
- Increasing the number of students eligible to study towards maths and science based degrees to 450 000 by 2030
- Increasing the percentage of PhD qualified staff in the higher education sector from the current 34% to over 75% by 2030
- Produce more than 100 doctoral graduates per million per year by 2030
- Expand science, technology and innovation outputs by increasing research and development spending by government and through encouraging industry to do so

Health Care for All - The objectives of this challenge include:
- Increasing average male and female life expectancy at birth to 70 years
- Progressively improving TB prevention and cure
- Reducing maternal, infant and child mortality
- Significantly reducing prevalence of non-communicable chronic diseases
- Deploying primary healthcare teams provide care to families and communities
Everyone must have access to an equal standard of care, regardless of their income

Filling posts with skilled, committed and competent individuals

**Social Protection** - The objectives of this challenge include:

- Ensuring progressively and through multiple avenues that no one lives below a defined minimum social floor
- All children should enjoy services and benefits aimed at facilitating access to nutrition, health care, education, social care and safety
- Addressing problems such as hunger, malnutrition and micronutrient deficiencies that affect physical growth and cognitive development, especially among children
- Addressing the skills deficit in the social welfare sector
- Providing income support to the unemployed through various active labour market initiatives such as public works programmes, training and skills development, and other labour market related incentives
- All working individuals should make adequate provision for retirement through mandated savings. The state should provide measures to make pensions safe and sustainable
- Creating an effective social welfare system that delivers better results for vulnerable groups, with the state playing a larger role compared to now. Civil society should complement government initiatives

**Building Safer Communities** - The objectives of this challenge include:

- In 2030 people living in South Africa feel safe and have no fear of crime. They feel safe at home, at school and at work, and they enjoy an active community life free of fear. Women can walk freely in the street and the children can play safely outside. The police service is a well-resourced professional institution staffed by highly skilled officers who value their works, serve the community, safeguard lives and property without discrimination, protect the peaceful against violence, and respect the rights of all to equality and justice

**Building a Capable and Developmental State** - The objectives of this challenge include:

- A state that is capable of playing a developmental and transformative role
- A public service immersed in the development agenda but insulated from undue political interference
- Staff at all levels have the authority, experience, competence and support they need to do their jobs
- Relations between national, provincial and local government are improved through a more proactive approach to managing the intergovernmental system
Clear governance structures and stable leadership enable state-owned enterprises (SOEs) to achieve their developmental potential

- **Fighting Corruption** - The objectives of this challenge include:
  - A corruption-free society, a high adherence to ethics throughout society and a government that is accountable to its people

- **Nation Building and Social Cohesion** - The objectives of this challenge include:
  - Our vision is a society where opportunity is not determined by race or birth right; where citizens accept that they have both rights and responsibilities. Most critically, we seek a united, prosperous, non-racial, non-sexist and democratic South Africa

In an interview with Prof. Albert Nevhutanda (Chairman of the NLB), published in the Corporate Social Review (2013), he confirmed that the NLB aligns their own priorities with the NDP. Prof Nevhutanda further states that this does not mean that the NLB is aligned with Government or serve Government, in fact, the NLB serves civil society. Because the NLB is not funded by Government, but by the public, the NLB wants to serve public interest.

9. **STRATEGIC ALIGNMENT OF THE NATIONAL LOTTERIES BOARD WITH THE NATIONAL DEVELOPMENT PLAN**

From among the thirteen (13) NDP goals, the following nine (9) intervention areas may be deemed to be at least indirectly supported by the NLB:

- **Economy and employment** - The NLB contributes towards the following targets:
  - The proportion of adults working should increase from 41% to 61%
  - The proportion of adults in rural areas working should rise from 29% to 40%
  - Labour force participation rate should rise from 54% to 65%
  - The proportion of income earned by the bottom 40% should rise from 6% (2011) to 10% in 2030

- **Transition to a low carbon economy** - The NLB contributes towards the following target:
  - The installation of 5 million solar water heaters by 2030

- **Inclusive rural economy** - The NLB contributes towards the following target:
  - An additional 643 000 direct jobs and 326 000 indirect jobs in the agriculture, agro-processing and related sectors by 2030

- **Human Settlements** - The NLB contributes towards the following targets:
  - More people living closer to their work places
  - More jobs in or close to dense, urban townships

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Improving education, innovation and training - The NLB contributes towards the following targets:
✓ Eradicate micronutrient deficiencies in children under 18 months
✓ All children should have at least two years of pre-school education. This implies about 2 million places

Promoting health - The NLB contributes towards the following targets:
✓ The under 20 years should largely be an HIV-free generation
✓ Maternal mortality should decline from 500 to 100 per 100 000 live births
✓ All HIV-positive people should be on treatment
✓ Everyone has access to an equal standard of basic health, irrespective of their income

Social protection - The NLB contributes towards the following targets:
✓ Ensure progressively and through multiple avenues that no one lives below a social floor
✓ Increase number of social service professionals to 1 million in 2015 and then to 2 million in 2030
✓ Establishment of a national register of grant beneficiaries and introduction of community-based social audits to monitor progress

Promoting accountability and fighting corruption - The NLB contributes towards the following target:
✓ A corruption-free society, a high adherence to ethics throughout society and a government that is accountable to its people

Transforming society and uniting the country - The NLB contributes towards the following target:
✓ Society where opportunity is not determined by race or birth right, where citizens accept that they have both rights and responsibilities. Most critically, a united, prosperous, non-racial, non-sexist and democratic South Africa (verbatim)

10. PROFILE OF THE SECTORS FUNDED BY THE NATIONAL LOTTERIES BOARD

The Lotteries Act, 57 of 1997 provides for the distribution of funds from the National Lotteries Distribution Trust Fund (NLDTF) to the four categories, as defined in Section 26(3)(b) of the Act, that will be discussed below.\(^\text{12}\)

The contention would be to define these categories in such a way that the funds, channelled to these categories, serve to address some of the governmental goals. It would therefore be prudent to try and establish the link of the specific sector to these goals by referring to the government objectives contained in the National Development

\(^{12}\text{South Africa. 1997. Lotteries Act, 57 of 1997.}\)
Plan, but keeping in mind that such funding is done to support the development of the sector without taking over governmental functions.

10.1. Charities – Section 26(3)(b)

“There is no exercise better for the heart than reaching down and lifting people up.”

John Holmes

The Act prescribes that “not less than the prescribed percentage shall be allocated to charitable expenditure”. The funds available for distribution to good causes in this category currently stand at 45% of the total available funds. The definition of charitable expenditure is described by the Act in the Regulations determining the requirements for the allocation of grants in respect of charities. These regulations describe applicants for grants to be “an organisation or institution established for charitable, benevolent or philanthropic purposes, including friendly societies, welfare organisations and conduit organisations or trusts”.

In order to better understand the meaning and intention of the above definition, it is necessary to analyse the aims for the application of funding. It has to be established that it:

❖ Aims to “improve the quality of life for the disadvantaged community as a whole”
❖ “Will assist those at greatest disadvantage or excluded from the community, especially projects pertaining to elderly people, the disabled and children”
❖ “Provides facilities for the under-privileged”

It is interesting to note that the Regulations also require these projects to “produce significant improvements or new developments which would not otherwise have taken place”. This would imply that the intention of charitable funding should not primarily be focused just on increasing the reach of social development as contemplated by the governmental priorities, but to focus more on enhancing the quality of life beyond just maintaining the status quo.

In a Presentation to the Portfolio Committee on Trade and Industry (Challenges on National Lotteries Distribution Fund) on 3 February 2010 to address unsatisfactory practises, criteria were set to channel 50% of available funds to specific needs. This prioritised funding focuses on the following fields:

❖ “Expanding home-based care services through training and developing infrastructure for the care of old people and vulnerable groups, including orphaned children”
“Providing educational facilities for early childhood education and adult literacy, and undertaking vocational training and mentoring for skills development through programmes that include people with disabilities”

It must be noted that the National Development Agency (NDA) is a governmental institution using national funding as a mandate to grant funds to civil society organisations in order to enhance their capacity and promote development dialogue, while also meeting the developmental needs of poor communities. (Strategic Plan 2010 – 2015; Department: Social Development). The NDA operates within the similar boundaries as the NLDTF and in order to avoid duplication of facilities and funding, the National Lotteries Board is formulating the call for applications in such a way that the specific goals could be addressed.

While it would be essential for the NLB to align funding with the objectives of the National Development Plan (NDP), it would not mean that the functions of government in implementing the NDP should be taken over by NLB funding. It should, however, contribute and link to the objectives of the NDP in an indirect manner. Funding of charitable institutions would definitely contribute towards improving education, innovation and training. It would greatly augment the effect of social grants through the establishment of home-based care for the aged and disabled. Unemployment could be countered by improved training, adult education and general skills development initiatives.

10.2. Sports and Recreation – Section 26(3)(C)

“Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else can. Sport can awaken hope where there was previously only despair.”

According to the Act “not less than the prescribed percentage shall be allocated for expenditure on or connected with the development of sport and recreation”. The prescribed percentage is currently 22% of the available funds.

The focus for grants in this category is defined in the Regulations for applications in terms of Section 29 of the Act as:

- “Projects which enable people to get involved in activities which contribute to the development of sport and recreation”
- “Projects which assist disadvantaged communities to become involved in sporting and recreational activities”
“Projects that provide sporting or recreational facilities which are accessible to communities, including children and the disabled”

The definition of focus areas for funding is clarified to a larger extent by the description of the prioritised funding areas as published in July 2010, for funding to be directed to organisations that:

- “Develop sport and recreational facilities in order to nurture talent in rural areas”
- “Increase accessibility to sport and recreation facilities for all, including people with disabilities”

The Transformation Charter for South African Sport published in 2011 by SASCOC highlights the approach towards achieving equity in South African Sports in terms of access, development and representation at different levels and for all South Africans, including women, persons with disabilities, youth, children and the elderly.

SASCOC has identified six indicators for which scorecards will be used in future to measure transformation progress and to recommend suitable steps to sports bodies and administrators to ensure transformation. These indicators are:

- Access
- Skill and Capability Development
- Demographic Profile
- Performance
- Contribution to Government Priorities
- Good Governance

In a document Sport and Recreation South Africa; Strategic Plan for the Fiscal Years 2012 – 2016 (Department: Sport and Recreation, March 2012), the above indicators are expressed as goals and it is concluded that the following factors should take preference in funding namely:

- Creation of sufficient facilities in all communities
- Unlimited access to sporting opportunities for all citizens
- Early detection of talent across all geographical areas and demographic boundaries
- Pursuit of excellence in terms of performance, coaching and administration

Funding by the NLB in this category, and especially with regard to the mentioned priority areas, may ensure alignment with the governmental priorities. It would also make a contribution towards achieving some of the goals of the NDP. Sport is contributing to the economy and employment through the development of sports coaches and administrators, providing income to participants in terms of professional sports and
development of sports related businesses through preferential procurement guidelines for sporting bodies.

10.3. Arts, Culture and National Heritage – Section 26(3)(D)

"Art is much less important than life, but what a poor life without it."
Robert Motherwell

Currently, 28% of the available funding is earmarked for Arts, Culture and National Heritage. The definition for this sub-section is “expenditure on or connected with the arts, culture and the national historical, natural, cultural and architectural heritage”. This definition is further enhanced by the Regulations pertaining to Section 30 of the Act and highlights the very wide scope of this category that can be detrimental to the effective distribution of funding. The aims as expressed in the Regulations are to:

- “Enable people throughout the Republic to enjoy a range of art activities both as audiences and participants”
- “Make the arts accessible to more people”
- “Help remove barriers to enjoyment of the arts, which may be caused by inadequate facilities in particular art forms or areas”

The above aims imply that certain actions are required to facilitate the implementation of the aims and that the nature of funded projects should be to:

- “Address the under-provision of facilities outside the principal centres of population”
- “Improve or refurbish existing venues”
- “Address art forms that are inadequately provided for”
- “Extend access to the arts”
- “Promote consciousness and aim to preserve culture or the national historical, natural, cultural or architectural heritage”

Regulations published in July 2010 require the Arts, Culture and National Heritage Distributing Agency to allocate at least 50% of available funds to the following priority activities:

- “Protecting and promoting traditional knowledge and cultural expressions”
- “Promoting arts and crafts produced by groups of women and people with disabilities”
- “Developing and preserving cultural heritage sites as a way to generate revenue and develop communities”
- “Providing training and support for women farmers”
The **Strategic Plan 2011 – 2016 (Department: Arts and Culture)** lists a number of programmes to be embarked upon, ranging from empowering and upgrading the department, to involvement in promoting and expanding the importance of certain aspects relating to arts and culture in South Africa. These programmes are, amongst others:

- **Programme 2**: Promote performing arts
- **Programme 3**: Promote the official languages of South Africa and enhance the linguistic diversity of the country
- **Programme 4**: Promote and develop South African arts and culture nationally and internationally
- **Programme 5**: Policy, legislation and strategic direction for identifying, conserving and promoting cultural heritage

The NLB plays an important role in aligning the requirements of the Lotteries Act and governmental aims and priorities, as expressed in the NDP and Strategic Plan. Calls for the funding of projects would entail innovative, clear guidelines to applicants to ensure the reduction of irrelevant applications and would ensure focus-directed applications. The NLB also strives to ensure the equitable distribution of funding among the various aspects that are covered in the definition of this category.

Funding of projects in this category are contributing to the **aims of the NDP**, specifically in the field of the economy and employment, through the creation of employment for performing artists, technicians and suppliers of art-related resources. Understanding and promotion of cultural heritage will also lead to transforming society and uniting the country.

**10.4. Miscellaneous – Section 26(3)(E)**

The Act provides for miscellaneous funding, defined as “*Not more than the prescribed percentage shall be allocated for expenditure in respect of any other matter and approved by the Minister for that purpose*”. The current allocation for funding in this category is only 5%.

This category, although small in terms of the funds available, lends itself to specific foci on the NDP goals. In this sector, the task is to ensure sound motivation and research, transparency in the selection of beneficiaries and allocation of the funding and open consultation between the Board and the Minister.
11. NLB NORMS AND STANDARDS FOR GRANT FUNDING

Section 11 of this Document is dedicated to grant funding process of the National Lotteries Board and was developed on the basis of the NLB Grant Funding Policy Manual. References to the tools made in this Section are linked to the Toolkit in the NLB Funding Policy Manual. For convenience purposes, the project team has designed a summarised table of the ‘NLB Norms and Standards for Grant Funding’, which is provided in the annexes and can take a reader through a complete funding cycle at the NLB (see Annexure A).

Also, in formulating the current ‘Norms and Standards for Grant Funding’ and having a long-term vision in mind, the National Lotteries Board applied some guidelines and principles based on best practices for grant funding. Please see the Table 3.

The following are Guidelines and Principles on Best Practice for Grant Funding processes and can be used to promote awareness throughout the NLB that grants normally come with significant requirements. Such processes should ensure that this awareness exists throughout the life of the grant and should address the following areas and include the following elements.

The possibility of selecting a task team representing key NLB stakeholders to map the current processes, documents’ flow, control processes, strategies, reports and identify areas that need to be addressed could assist in keeping ‘Norms and Standards’ constantly up-to-date and reflect changes and improvements in the grant funding process.

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Table 3: Guiding Principles on Best Practice for Grant Funding

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<th>GUIDING PRINCIPLES FOR GRANT FUNDING</th>
<th>BEST PRACTICE</th>
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| To ensure the efficient administration and operation of grant programs the NLB should: | Maintain a process to monitor for changes in grant terms and conditions that occur after the acceptance of a grant  
Establish a project plan with timelines and parties responsible for implementing the steps of the plan  
Provide initial training for new and unfamiliar programs and continuing training, in general, for the NLB (both for other departments, such as finance, and department/program staff that directly administer the grants) and others involved with the grant program (e.g. Beneficiaries)  
Maintain a process to address specific personnel issues related to grants (e.g., whether salaries and/or benefits are eligible expenditures and if so, what are the related time-keeping requirements) |
| To ensure the efficient financial management of grants the NLB should: | Develop appropriate cash management procedures for receipt of funds as well as disbursement of funds  
Develop procedures to reconcile internal records with reports for Department of Trade and Industry  
Maintain a process to ensure that costs charged to grants are allowable, necessary and reasonable, and properly allocable and that these determinations are consistently applied  
Determine whether indirect costs will be allocated to grant programs and if so maintain an appropriate process to make the allocation  
Maintain a process to track information about local matching funds including identification of the continuing source of such funds  
Integrate grants in the annual budget process  
Develop a contingency plan for funding services that will be continued even if the grant funds terminate |
| National Lotteries Board should maintain proper systems to support grants that: | Ensure that systems will provide information to all involved parties to allow them to comply with grant requirements  
Identify and segregate costs as necessary for the grant (e.g., separate allowable and unallowable costs, separate direct costs from indirect costs, and separate administrative costs)  
Develop systems and methods to account for and track capital items  
Include the capability to track information for non-cash grants  
Develop a methodology to store and provide information electronically so that it is available to multiple users |
| Maintain proper internal controls that: | Document grant procedures  
Maintain internal controls over accounting, financial reporting, and program administration  
Maintain internal controls to identify and adhere to Act and Policy compliance requirements, such as those relating to contracting |
| **Maintain processes for beneficiary monitoring that:** | - Consider the level of program risk (e.g., high, medium, low) when establishing internal controls  
- Establish internal control procedures to ensure the reliability of information obtained from third parties |
| **Establish continuous communication that:** | - Provide for programmatic monitoring including requirements for beneficiaries to submit progress reports  
- Provide for administrative monitoring including timely reporting and adherence to compliance requirements  
- Provide for financial monitoring including understanding of and adherence to cost principles  
- Establish periodic monitoring meetings  
- Provide for the receipt, review, and appropriate follow-up of single audit reports, when applicable |
| **Processes to meet various specialised reporting requirements that:** | - Develop a communication process with the sponsor/provider  
- Develop a communication process with those that have oversight responsibility including, when applicable  
- Develop a communication process with external auditors  
- Develop a communication process with auditors engaged for single audit purposes  
- Develops an interdisciplinary implementation task force within the NLB that meets regularly to discuss changes and how they should be implemented |
| **Ensure the completion of auditing requirements for grants that:** | - Maintain a comprehensive list of reporting requirements and a reminder system for meeting the reporting deadlines  
- Develops the methodology for the preparation of specialised reports  
- Develops an approval process for certifying specialised reporting  
- Develops a process to aggregate all of the information needed for the schedule of expenditures of NGO awards |
| | - Develops an understanding of audit requirements unique to the grant including those in Generally Accepted Government Auditing Standards  
- Develops an understanding of audit requirements that may be necessary for grant closing  
- Ensures the completion of audit procedures relating to the information to be included in the annual report |
11.1. The Funding Process and Funding Models

In their Performance Standards relating to the activities of the National Lottery Distribution Trust Fund (NLDTF), the National Lotteries Board (NLB) state that its objectives are to\(^\text{14}\):

- Ensure **compliance** with the applicable regulatory framework by the NLB and Distributing Agencies
- Ensure that both parties are **committed** to the facilitation of a distribution system characterised by the highest levels of efficiency, integrity and transparency to ensure that NLDTF grants reach the intended beneficiaries
- Apply the NLB **value system** in facilitating service delivery

Regarding the identification of priorities, the Distributing Agencies should set the priority focus areas for applications in line with the policy guidelines and national imperatives by the end of June for the following financial year. In this regard the NLB should provide support with the provision of relevant data to facilitate the identification of priorities.

The NLB uses two modes of funding:

- **Call-driven Strategy**
- **Proactive Funding**

Both these funding modes are based on meticulous processes of strategic planning and research prior to funding allocation. Furthermore, both modes involve thorough monitoring and impact evaluation as a basis for learning lessons and demonstrating successes.

**Call-Driven Model**

This funding mode accounts for 95% of all funds in the NLDTF and covers funding from all three NLB Sectors. The impact of these allocations is informed by a finely tuned, strategically formulated Call for Proposals. This Call then constitutes the key point of reference against which applications are assessed and then later monitored and reviewed for success and impact. The Sector can decide to put out a single annual Call or, wherever possible, make a number of targeted Calls per year, each focusing on a different set of strategic issues.

\(^{14}\) National Lotteries Board. Performance Standards relating to the activities of the National Lottery Distribution Trust Fund (NLDTF).
Proactive Funding Model
Proactive funding is a valuable grant making mechanism that helps to achieve the funder’s strategic objectives more directly than does a ‘Call for Proposals’ mechanism. With the former funding mode, the broad project idea originates with and is developed strategically and proactively by the funder in collaboration with relevant external stakeholders, who are also determined by the funder itself. During this process, the funder and their partners are able to tailor the project design in accordance with their understanding of the needs and problems associated with a particular situation. Assuming that the project is based on an accurate understanding of the issues at hand, as well as appropriate intervention processes, proactive projects can provide a basis for more meaningful and substantial interventions that are able to achieve greater impact.
Proactive Funding is drawn from the NLDTF Miscellaneous Fund, which is allocated 5% of the annual funding pool. The upper and lower grant size limits per annum for Proactive interventions are R5 million – R20 million respectively. The sectoral focus for this funding generally excludes the three existing NLB sectors, which are covered by Call-Driven support. Given their generally larger scale and complexity, proactive initiatives are more likely to need a longer time frame than the Call-driven projects.

The full Proactive Funding Cycle is managed by a dedicated NLB Proactive Funding Team. The Team, having had input from other NLB role players, identifies a particular set of social challenges, in alignment with the NDP, around which to develop a Proactive project or programme. The Proactive Funding Issue Identification Template (Tool 16) is used as a tool to assist in formulating the initiative. The NLB Research Unit prepares background information on the problem and existing and possible approaches to addressing the problem. It also identifies relevant role players active in the field who can potentially participate in the project or programme.

Once the Team has sufficiently developed its high level ideas for the initiative and has the approval of the relevant NLB structure to take the concept forward, it begins a process...
of engagement with carefully selected implementation partners. The outcome of this process is a fully formulated project or programme, the buy-in for which has been established on the part of all stakeholders, including selected implementation agencies. The write up for the final proposal makes use of the Proactive Funding Full Proposal Template (Tool 17). This documentation, together with a motivation and recommendation attached is submitted to the NLB Board for approval.

Proactive projects are rigorously monitored. The Full Proposal Template includes an impact assessment plan to be activated at agreed upon intervals. All implementing partners are required to submit regular reports on the required Proactive Reporting Format (Tool 18). In the case of large and complex projects, the Team may decide to set up a Project Management Unit (PMU) or Project Steering Committee that includes representation from all implementation partners in addition to the NLB. A Team member attends the regular PMU meetings and is able to monitor progress through this vehicle, as well as undertaking the occasional project site visit. The Grant Officer writes up his/her report and conclusions on the Proactive Funding monitoring Checklist and Report (Tool 19) following engagement with the project/planning activities/site visit.

When successfully implemented, proactive projects provide a meaningful basis for NLB external communications highlighting the contribution of the funder to addressing key social challenges. Proactive initiatives may achieve the status of a ‘flagship’ or ‘path breaking” initiative within the NLB should they be sufficiently innovative and carry the potential of offering in a particular field of work new practical and replicable solutions to the country. This is prime material for external communication purposes.

The Miscellaneous Funding pool is also available for emergency support following natural or other disasters. Although these allocations are often made on a more urgent basis, some of the same processes and tools specific to the Proactive Funding cycle can be used, when appropriate.

11.2. Categories for Funding

The Act currently provides for four categories for the distribution of funds (Arts, Culture & National Heritage; Sport and Recreation; Charities; and Miscellaneous). The contention would be to define these categories in such a way that the funds, channelled to these categories, serve to address some of the governmental goals and to make life in communities easier through the empowerment of community structures that are non-profitmaking and non-governmental. It would, however, also open up the opportunity for organisations with ‘less than noble’ goals, to access money, unless the focus areas for funding are very specifically defined.
Section 26(3)(b) of the Act provides for distribution of funds in the NLDTF to the following categories:

- Section 26(3)(b)(1) – not less than 10% for expenditure on or connected to reconstruction and development projects and other programmes referred to in the Reconstruction and Development Programme Fund Act, 1994 (Act 7 of 1994). This fell away when the government abolished the RDP Fund and decided to channel resources for reconstruction and development through individual government departments.
- Section 26(3)(b)(2) – not less than 10% for charitable expenditure.
- Section 26(3)(b)(3) – not less than 10% for expenditure on or connected to the development of sport and recreation.
- Section 26(3)(b)(4) – not less than 10% for expenditure on or connected with the arts, culture and national heritage.
- Section 26(3)(b)(5) – not more than 10% for expenditure in respect of any other matter approved by the Minister for that purpose.

11.3. Distribution of Available Funds to the Categories and Provinces

The annual contribution of the National Lottery to the NLDTF is detailed below:

- 2006/7 R 1,3 billion
- 2007/8 R 0,7 billion
- 2008/9 R 1,5 billion
- 2009/10 R 1,6 billion
- 2010/11 R 1,6 billion
- 2011/12 R 1,7 billion

Section 10 of the Act specifies that the NLB shall fulfil, among others, the function, in a manner that is open and transparent, and advise the Minister on percentages of money to be allocated in terms of Section 26(3) (see above).

The allocation of National Lottery Distribution Trust Fund (NLDTF) monies to good causes is also governed by regulations which determine how the pool of money is shared between different sectors and which organisations are eligible to apply for funding. These regulations also define interventions that should be prioritised for funding (also see Prioritised Funding below). The regulations also serve (in theory) as a firm guide for the distributing agencies in their adjudication of applications for funding.

The current distribution of money in terms of Section 26(3) of the Act to the categories is as follows, as per Government Notice issued by the Minister:

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The fact that ‘Charities’ get the largest portion can be ascribed to the fact that unemployment is constantly on the increase, and all efforts by NGOs to alleviate poverty and suffering, are welcomed. Support for this approach may also be derived from information under Prioritised Funding (for Charities) below (home-based care services & childhood education, adult literacy, vocational training, mentorship and skills development).

Table 3 below reflects the allocation of grants per province in 2011/12. The table indeed highlights the need to revisit the funding pattern in the provinces to maybe provide for a more equitable spread.

Table 4: Allocation of grants per province

<table>
<thead>
<tr>
<th>Province</th>
<th>Arts, Culture &amp; Nat. Heritage</th>
<th>Charities</th>
<th>Sport &amp; Recreation</th>
<th>Miscellaneous</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>8.27%</td>
<td>7.64%</td>
<td>3.59%</td>
<td>6.67%</td>
<td>6.67%</td>
</tr>
<tr>
<td>Free State</td>
<td>1.08%</td>
<td>6.01%</td>
<td>3.85%</td>
<td>40.42%</td>
<td>5.13%</td>
</tr>
<tr>
<td>Gauteng</td>
<td>38.38%</td>
<td>29.82%</td>
<td>41.13%</td>
<td>46.80%</td>
<td>34.67%</td>
</tr>
<tr>
<td>KZN</td>
<td>24.40%</td>
<td>12.65%</td>
<td>7.71%</td>
<td>2.12%</td>
<td>14.41%</td>
</tr>
<tr>
<td>Limpopo</td>
<td>8.06%</td>
<td>13.28%</td>
<td>13.36%</td>
<td></td>
<td>11.51%</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>2.39%</td>
<td>7.01%</td>
<td>3.85%</td>
<td></td>
<td>4.84%</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>0.65%</td>
<td>2.74%</td>
<td>1.79%</td>
<td></td>
<td>1.89%</td>
</tr>
<tr>
<td>North West</td>
<td>2.39%</td>
<td>6.26%</td>
<td>4.11%</td>
<td></td>
<td>5.54%</td>
</tr>
<tr>
<td>Western Cape</td>
<td>16.33%</td>
<td>14.54%</td>
<td>20.56%</td>
<td>10.63%</td>
<td>16.30%</td>
</tr>
<tr>
<td>TOTAL GRANTS</td>
<td>459</td>
<td>798</td>
<td>389</td>
<td>47</td>
<td>1693</td>
</tr>
</tbody>
</table>

Lastly regarding distributing of funds amongst provinces, regulations relating to Distributing Agencies as published by the Minister, under Allocation of Grants, read as follows:

“An agency shall for purposes of Section 32(1)(b) of the Act in considering grant applications ensure that not less than five percent of the total amount at the disposal of the agency for grants, shall in any financial year of the Board be allocated for distribution in respect of every province of the Republic.”
Table 2 shows the NLDTF allocations per sector according to the Annual Report 2012/13.

Table 5: NDLTF Allocations per sector – Annual Report 2012/13

<table>
<thead>
<tr>
<th>Category</th>
<th>Applications received</th>
<th>Amount available for distribution</th>
<th>No. of approved beneficiaries</th>
<th>Amount allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts, Culture and Nat. Heritage</td>
<td>1461</td>
<td>R 496 m</td>
<td>257</td>
<td>R 459 m 92.54%</td>
</tr>
<tr>
<td>Charities</td>
<td>8485</td>
<td>R 796 m</td>
<td>1562</td>
<td>R 798 m 100.25%</td>
</tr>
<tr>
<td>Sport and Recreation</td>
<td>3294</td>
<td>R 389 m</td>
<td>836</td>
<td>R 389 m 100%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td>R 89 m</td>
<td>12</td>
<td>R 47 m 52.8%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>13 240</strong></td>
<td><strong>R1 770 m</strong></td>
<td><strong>2667</strong></td>
<td><strong>R1 693 m 95.6%</strong></td>
</tr>
</tbody>
</table>

A very clear focus from the NLB, and probably a short-listing system, will guide the distribution under discussion, and prevent questionable distribution of funding.

The NLB is also well aware of the uneven distribution of funds between the Charities and Sport & Recreation categories on the one hand, and Arts, Culture & National Heritage on the other hand.

11.4. Prioritised Funding within the Categories

Regulations published in July 2010 direct the Charities Distributing Agency to allocate at least 50% of the money available for distribution to this sector to organisations involved in:

- Expanding home-based care services through training and developing infrastructure for the care of old people, sick people and vulnerable groups, including orphaned children
- Providing educational facilities for early childhood education and adult literacy, and undertaking vocational training and mentoring for skills development through programmes that include people with disabilities

In July 2010, regulations were published that require 50% of funding available for Sport and Recreation to be directed to organisations that:

- Develop sport and recreational facilities in order to nurture talent in rural areas
- Increase accessibility to sport and recreation facilities for all, including people with disabilities
Regulations published in July 2010 require the **Arts, Culture and National Heritage Distributing Agency** to allocate at least 50% of available funds to organisations involved in the following priority activities:

- Protecting and promoting traditional knowledge and cultural expressions
- Promoting arts and crafts produced by groups of women and people with disabilities
- Developing and preserving cultural heritage sites as a way to generate revenue and develop communities
- Providing training and support for women farmers

### 11.5 Call for Funding Application

**Formulating the call** is an extended process that should begin at least 3-4 months prior to the expected date of advertisement. The Call Background Checklist Tool (**Tool 1**) is used for this process, which involves some or all of the following steps:

- Internal discussions on the focus of the Call within the NLB and the DAs respectively, as well as between these two structures
- NLB and DAs ensure sufficient familiarisation with the relevant department’s thinking in respect of the challenges to be overcome in the particular sector/sub-sector
- Engagement with the DTI and, if appropriate, the relevant government departments and other agencies
- Input from specialists in the field, if required
- Rigorous formulation by the NLB of Call around a particular problem statement or set of statements
- Stakeholder approval of Call, as required

Regarding the call for funding applications, it is stated in the Performance Standards document of the NLB that the **NLB** will develop and implement an appropriate **communication strategy** that ensures that the public is educated on how to access funds from the NLDTF. The NLB will also ensure that the call for applications is widely publicised for a minimum period of 2 months and that information in relation to the templates and guidelines are accessible to prospective applicants.

Regarding the call for funding applications, the **Distributing Agencies** should:

- Determine the scope and criteria for a call of applications (before the call is made)
- Determine and put in place guidelines and templates for applications (before the call is made)

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Decide in consultation with the NLB when to send out the call for applications

Decide on submission date(s) or the circulation period that will vary between 2-3 months

It should be borne in mind that the Call’s alignment to government strategy exists at a high level and that the NLB has a mandate to find its own particular niche or focus within this broader framework.

The Call is drafted using the Call Template (Tool 2). This, together with the Call Guidelines (Tool 3) is made available to applicants, who must ensure their submission – the formal application (FORM 2010/1) and accompanying documents (Tools 3, 4, 5, 6, 7, 8) - reaches the NLB prior to or on the given deadline.

11.6. Receipt and Screening of Applications

Regarding the analysis and profiling of applications received, the Distributing Agencies should provide guidance to the scoping or framework for analysis to be done on all applications received before a call for applications is published. In return, the NLB will complete an analysis of applications received within 1 month of the closing date of call for applications. The NLB will also categorise all applications into compliant and non-compliant categories and process the non-compliant category in terms of the agreed framework with the Distributing Agencies.

Prior to the screening process, Grant staff meet to discuss the nature and parameters of the Call Framework. As a consequence of this workshop, staff have a clear understanding as to what is and is not included within the Call Framework. The workshop makes use of the Call Checklist (Tool 1) as a point of reference. On receiving applications in response to the Call, the NLB’s first point of screening revolves around the specific relevance of the proposal in regard to the Problem Statement/s set out in the Call. This is measured in the relevant section of the Business Plan format (Tools 4 & 5). If the proposal is found to be outside of the Call framework, it is immediately declined. This aspect of the screening process is undertaken by grant personnel. The second step in the screening involves a technical compliance check. This screening function is performed by administrative personnel, who need to check various documents, such as registration of the applicant and annual financial statements. Again, non-compliance leads to the declining of defaulting applications.

The DA Checklist and Recommendation Tool (Tool 9), which is attached to each applicant’s file, is used during both steps in the Screening Process. The tool includes sections on both policy related criteria and technical compliance criteria.
In the receipt of applications the **NLB** undertakes to ensure that the necessary infrastructure, capacity and support systems are available for the receipt of applications, and also to accurately record all applications received and acknowledge receipt of all applications within 1 month of close of applications. The NLB will also return late applications within 1 month of closing date advising applicants that the application was received after the deadline, and submit the list to the Distributing Agencies and Board for information.

11.7. **Pre-Adjudication Processing and Assessment of Applications**

During the pre-adjudication application process the **NLB** will:

- Capture and scrutinise applications as specified in the Procedure Manual. In particular the Central Applications Office (CAO) shall check applications for:
  - Compliance with the mandatory requirements of the Regulations; and
  - Completeness against information and documentation called for and the criteria set out in the call for papers

- The CAO will verify the existence of the applicant and the authenticity of the documentation provided

- If the application is not compliant with the mandatory requirements of the Regulations, the CAO will mark the application as declined and inform the applicant accordingly. The CAO will then provide the Distributing Agencies with a list of applications that were declined by the CAO staff

- The CAO shall request any outstanding information from the applicants (where applicable), in line with the provisions of the Regulations

Whereas the Screening Process deals respectively with the relevance of the application to the Call and the compliance of the applicant in terms of given eligibility criteria, the Assessment Process focuses on the viability of the proposal and the sustainability of the applicant. It is important that the Assessment Process be managed rigorously, as it is easier to screen out inappropriate applicants prior to adjudication, than it is to fix intractable problems after funds have already been disbursed.

Again the DA Checklist and Recommendation Tool, which includes a Strategy section, is used to record assessment results. The Checklist asks the Grant Officer to complete key questions concerning the workability and sustainability of the proposal. In some cases, the documents received might point strongly to a ‘yes’ or a ‘no’ answer. Here, it should be relatively simple to complete the Recommendation and satisfy the adjudicators that sufficient quality information has been provided to facilitate decision-making.

However, it is inevitable that in many cases uncertainty will prevail, as questions abound regarding the ‘reality beneath the words on paper’. Here, it is most desirable that a site
visit be arranged, as in the end, the Grant Officer’s ‘eyes and ears’ are the most effective and qualitative means of assessment. The Project Team discusses this issue and the Team Co-ordinator approves the visit. If this is not logistically possible, it is important to, at least, follow up telephonically with donor partners and/or referees specified by the applicant. These role players may be in a position to provide critical information if handled appropriately. The Assessment Checklist (Tool 10) is designed to assist in this regard. Following the site visit, the findings that come out of this process must be used to update the DA Checklist and Recommendation Format to give the adjudicators the best and most in-depth information and analysis.

11.8. Adjudication Process

As per legislation, decisions regarding the funding of applicants must be made by formally constituted Distribution Agencies. The DA meets in accordance with an existing schedule that allows the Adjudicators to apply their minds to the strategic nature and purpose of a particular Call. The NLB aims to provide the information pack to the DA members prior to the relevant meeting. Each application will include the DA Checklist and Recommendation Tool as its covering document. The Tool makes provision for comment, value judgements and recommendations by the assessment team, however the DA is in no way obliged to uphold any recommendations made by the grant staff or grant intermediary, as it must satisfy itself that the correct decision is being made.

During the adjudication process, the Distributing Agencies have the following responsibilities:

- Members must declare any (including perceived or potential) conflict of interest with every adjudication session as per the provisions of the Procedure Manual
- The Chairperson of the meeting must ensure that the members present constitute a quorum
- Members need to ensure that all relevant information provided is taken into account during adjudication and documented during the final decision, for example the findings reflected in accounting offices and audit reports and the capacity of applicants to utilise the grant requested
- Members need to ensure the completion of adjudication of all applications presented as per the agreed targets per session
- The fair and impartial consideration of each application in accordance with the approved set criteria with a high degree of consistency in compliance with the Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
- Clear indications of which applications have been approved with special conditions and the nature of such
- Ensuring all adjudication sheets and motivations are signed by the end of an adjudication session
During the adjudication process, the NLB have the following responsibilities:

- The NLB must maintain a register for declaration of conflict of interest
- The CAO will summarise compliant applications in a manner and form agreed to by the Distributing Agencies and ensure that sufficient and relevant information is presented to the Distributing Agencies for their assessment. The CAO will prepare an adjudication pack as per the sector agreed targets per session, for example Charities: 100, Arts: 60 and Sports: 100
- The CAO will at the frequency determined by the Chairperson of the relevant Distributing Agency provide the status of all applications, payments, rejections, progress reports, grant agreements, remaining allocation budget and any other information in respect of the distribution that is requested by the Distributing Agency
- The NLB will implement within the agreed time frames the decisions of the Distributing Agencies in relation to conditional allocations, suspended applications, deferred applications, and site visits
- The NLB will ensure that there are sufficient capacity and other resources (including functional equipment) for the Distributing Agencies to perform their duties
- The NLB will ensure that all decisions are captured accurately and all adjudication sheets and motivations are signed by the end of an adjudication session

11.9. Post-Adjudication Process and Payment of Grant

Following adjudication decisions regarding both Call-Driven and Proactive Programmes, the NLB enters into a Grant Agreement (GA) with its grantee partners. According to the NLB Grant Funding Policy Manual, the GA outlines the various requirements and conditions for the receipt of NLDTF funding. Should the grantee wish to deviate from the Grant Agreement in the event of unforeseen circumstances, they must write to the NLB to explain their context and to request permission for the deviation. It should be noted that where disputes between applicants/grantees and the NLB arise, the former are encouraged to exhaust internal problem resolution mechanisms before following an expensive legal route.

Regarding the post adjudication process, the Performance Standards document of the NLB indicates that the Distributing Agencies should:

- Ensure to adjudicate on appeals, deviations and 'grant cancellations' as and when presented by the NLB
- Adjudicate on the presentation of the post adjudication requests as and when presented by the NLB
- Review the information presented on the progress reports as and when presented by the NLB
 Sign-off on the payment list or files within 3 days of receipt

Regarding the post adjudication process, the NLB should:

 Advise or inform the applicants of the outcome of the adjudication process within 30 days of the date of adjudication
 Prepare and summarise all requests for deviations, appeals and 'grant cancellations' for presentation to the Distributing Agencies. The turnaround time should be 30 days after receipt of the request. In the case of appeals it will be as of date of decision after presentation to the Appeals Advisory Committee
 Process requests for additional information, site-visits, request for a legal opinion or any other request from the Distributing Agencies within 30 days
 Assess and present progress reports (by the CAO) where concerns and risks (including potential risks) have been identified to the Distributing Agencies for a decision within agreed time frames
 Ensure the first payment against approved allocation will be effected within 30 days from receipt of a duly signed grant agreement
 Ensure that tranche payments will be made within 60 days from receipt of a complaint progress report

The following methods of payment are available for funding:

**Annual / Multiyear funding**
All three sectors have the leeway to fund projects over multiple years depending on the time required for completion of the project. Here, the DA will have the option of making an indicative approval for project funding over a number of years. This in turn means that each year the project needs to demonstrate that it is able to deliver the planned outcomes and results; they will then automatically receive support for the following year. Multiyear support may mean the difference between success or failure, particularly in the Arts and Culture Sector where a start-stop effect could easily spell disaster for an initiative. Under such circumstances, it is helpful for the NLB to phase out support carefully and in a transparent manner.

**Tranches**
The NLB Grant Division analyses the projected needs of the beneficiary organisation and, on this basis, makes tranche payment recommendations to the Programme Sector Manager. Tranche payment dates together with reporting requirement dates (set in advance of tranche payment dates) are reflected in the Grant Agreement to be signed by both parties. Tranches can only be released once reporting requirements have been met and signed off on the GMS.
**Lump sum payments**

Single tranche, lump sum payments are an exception and only applied where there is a clear indication that the full allocation will be used immediately and that the project cannot move forward without a lump sum payment.

The NLB adheres to the international benchmark of a six to nine-month turn- around time from application submission to delivery of first tranche payments.

In addition to the requirements outlined above, all applicants are required to disclose the following:

- Funding received from other sources for the same projects for which they are seeking NLB support, as well as other funding received for activities and projects outside of NLB-funded initiatives
- The names and contact details of other donors and benefactors

11.10.  **Monitoring, Evaluation and Reporting**

According to the NLB Grant Funding Policy Manual, ideally all Call applicants should receive both assessment and monitoring *site visits*. However, given the number of NLDTF applicants and beneficiaries, this is not possible. The NLB therefore strives to undertake assessment visits where there is uncertainty regarding key factors pertaining to the proposal and/or the applicant (as per Assessment and Monitoring Checklists). Similarly, monitoring visits are prioritised for those beneficiaries whose written report indicates the need for follow up. The Grant Officer completes a Monitoring Site Visit Report, *(Tool 14)* which is inputted into the GMS and becomes available to the NLB and Adjudicators for future reference, including follow up monitoring activities. As the provincial decentralisation system comes into effect, proximity to applicants and beneficiaries will make site visits easier. Proactive projects and programmes should be regularly visited and monitored through regular report/planning meetings and site visits where necessary.

The key points of reference for *monitoring, evaluation and reporting* are a) the problem/s outlined in the Call and b) implementation of solutions to deal with these challenges, as proposed in the application. There are various levels at which assessment is applied:

- Did the intervention take place as planned? What variances?
- Were allocated resources spent as planned in the budget? What variances?
- Did the intervention offer solutions to the outlined problems as anticipated? What worked effectively? What did not?
- Are the benefits sustainable in the long term?
- Why did some things work and others not?
How were beneficiaries’ assets sufficiently enriched through the intervention to enable them to break out of their existing poverty cycle?

Written reports and site monitoring visits deal mainly with the first two or three questions posed. Deeper insight and underlying analysis, however, require in-depth evaluation, which itself requires the application of far more time and greater resources. Since the NLB is seeking both alignment with and impact regarding the GRI (Global Reporting Initiative) and national priorities outlined in the NDP, it will be necessary for the NLB to engage in strategically selected in-depth studies to measure impact.

Project reports are an integral requirement specified in the Grant Agreement. (Tool 11 & 12) The NLB is also at liberty to request additional documentation, such as specific workshop/event reports or proof of purchase. These documents are reviewed by the Grant Officer, who notes the problems experienced by the project as well as the information gaps. Here, the Grant Officer makes use of the Monitoring Checklist (Tool 13).

The results of the monitoring and evaluation process in general give us important feedback on the nature of the organisational and social problems confronted in South Africa. The NLB highly values the information and insights emerging from the monitoring and evaluation process and integrates these learnings into its work going forward (through new Calls for Proposals, elevated adjudication standards, etc.). The material generated by M&E is also harnessed by the Communications Division for ongoing information provision internally and externally.

Where possible, monitoring is undertaken by the same Grant Officer who undertook the initial assessment of the beneficiary organisation. This Grant Officer then takes responsibility for reviewing submitted project reports, identification of information gaps, monitoring site visits and the filing of reports arising out of these visits. Reports should be made available on the GMS to other relevant NLB staff, particularly members of Grant and Communication Divisions, as well as DA members. Where problems point to technical compliance issues, a special visit by a member of the Compliance Division should be requested. Evaluations and Impact Assessments could be undertaken by an NLB Evaluation Division (should such be established) or outsourced to independent evaluation specialists.

In the NLB Grant Funding Policy Manual it is stated that non-submission of reports by beneficiary organisations is picked up by the GMS. The system automatically generates a reminder letter to the organisation concerned, requesting an explanation for the situation and stating that continued default will result in future tranches being delayed and/or suspended. Here, a time period for remedying the situation should be provided.
Should the organisation not respond to this letter a further warning letter should be sent out announcing that the grantee is in breach and appropriate action will be taken.

11.11. Differentiation in Terms of Small, Medium and Large Organisations (NGOs)

It is important to make a distinction between the vast range of organisational types that apply to the Lottery – from large, well established and smoothly functioning institutions on the one end of the spectrum, to start up community based organisations without governance structures on the other end, and everything in between.

The NLB has therefore identified three categories of organisations for application purposes:

- **Small** applicants, with proven annual expenditure of up to R300 000
- **Medium** applicants, with proven annual expenditure of between R300 000 and R5 million
- **Large** applicants with proven annual expenditure above R5 million

The grant maximums for each of these categories are set with a view to limiting the grant size in accordance with the respective needs of applicants and avoid “over-funding” organisations with negative consequences. The grant maximums are as follows:

**Charities**

- **Small**: up to R150 000
- **Medium**: up to R2,5 million
- **Large**: up to R5 million

**Arts & Culture and Sports and Recreation**

- **Small**: up to R250 000
- **Medium**: up to R4 million
- **Large**: up to R10 million

All the above figures are revised from time to time in accordance with shifting economic needs and other factors.


Partnership building is a key principle of the NLB. Through partnerships it is possible to build on the strengths and capacities brought by various role players in order to achieve a common goal. There are four different categories of partnerships into which the NLB enters:
Partnership Applications (Calls)
The Partnership funding mechanism is a creative means of reaching small community based organisations that are not directly eligible for NLDTF funding by virtue of not having two consecutive annual audited statements. In terms of the partnership scheme, an ‘Established Organisation’ that meets the NLB funding requirements and has a track record of good governance, partners a less developed ‘Assisted Organisation’ that does not meet these requirements with a view to:

- Providing a legal channel for NLB funds to the Assisted Organisation
- Supporting the development of the Assisted Organisation through capacity building and mentoring activities

In order to ensure that the basis for such partnership is developmentally oriented and sound, the NLB has established certain requirements that need to be met:

- The parties must have an existing relationship or must have worked together prior to applying for NLDTF funding
- The parties must be able to demonstrate shared involvement in the planning of proposals submitted to the NLB and a shared understanding of respective roles in order to avoid a top-down relationship between the Established and Assisted Organisations
- Both parties must provide an agreed-upon plan for mentoring and skills transfer to the Assisted Organisation
- The Established Organisation must be able to account for its capacity building activities with the Assisted Organisation and must be able to demonstrate effective transfer of skills in this regard
- The Assisted Organisation must be empowered to become ‘audit ready’ and be in a position to apply to the NLB independently within a two-year period from the beginning of the partnership
- The parties must function in the same / similar activity sector or sub-sector (unless otherwise specified in the Call Guidelines)
- The parties must be based in the same geographical region or district (unless otherwise specified in the Call Guidelines)
- The Established Organisation may not be involved in more than two partnership agreements in a single calendar year
- Both organisations must complete and sign Partnership Application Annex B1 (for new partnerships) or Partnership Application Annex B2 (for existing partnerships)
- The parties must jointly sign a Memorandum of Agreement in the format provided by the NLB


Additional Requirements

Except for required prerequisites mentioned above under NLB Partnerships (5.3.7), the established Organisation must:

❖ Monitor the project
❖ Be responsible for submitting all project reports
❖ Be accountable for all amounts allocated and spent
❖ Be responsible for all queries, site visits and developments around NLDTF-funded project activities throughout the project life-cycle

The Assisted Organisation must:

❖ Be registered as a Non-Profit Organisation, Non-Profit Company or Public Benefit Trust
❖ Have the capacity and human resources to implement the project that has been applied for
❖ Apply for no more than amount specified in the Call
❖ Have a current/cheque account with a recognised bank or open a new account
❖ Keep financial records and be able to produce an Income and expenditure statement

In the event of the application being successful:

❖ A Grant Agreement must be signed by the Established Organisation and witnessed by the main contact person of the Assisted Organisation
❖ Funds allocated to the project of the Assisted Organisation will be deposited into the bank account of the Established Organisation
❖ The two parties will negotiate how and when funds will be transferred. This must be reflected in the signed Memorandum of Understanding

Government Partnerships

These include information sharing activities of benefit to both parties and, where appropriate, specific initiatives within the Proactive Funding Mode where NLB and other parties co-operate with government departments or parastatal agencies to achieve common project objectives. For example, the NLB may work with a particular SETA with a view to developing or extending a learnership scheme with NLB grantees. However, it should be noted that the relationship with government does not extend to influencing the acceptance or approval of NPO applications outside of the existing formal NLB channels or procedures.

Non-Government / Institutional Partnerships

Such partnerships take place as part of Proactive Funding or in the context of NLB’s institutional development. For example, the NLB may bring in certain civil society
groupings or university institutions to participate in a Proactive Partnership, or to develop a training programme for grant officers.

**Service Provider Partnerships**
The NLB may require to outsource certain functions or to contract external organisations to provide specified services. Regarding the NLB’s grant making activities:

- NLB engages grant making intermediaries to undertake assessment and monitoring functions on its behalf in respect of specified applicants/grantees. Such intermediaries may additionally be contracted to ‘incubate’ NLB Grant Officer trainees under their auspices, as part of efforts to capacitate the NLB and upgrade and expand its grant skills base. To qualify as service providers for these functions, grant making intermediaries are required to submit an application to be included in the NLB Intermediary Grant Maker Service Provider Data Base.

- As a funder, the NLB has an opportunity to assist its beneficiary organisations to further develop their organisational skills and capabilities. To this end, the NLB contracts capacity building service providers to support beneficiary organisations.

### 11.13. Umbrella Organisations

There is an important category of NLB applicants that bear some similarity to the Established Organisation in Partnership Applications, namely **Umbrella Organisations**. Umbrella bodies are those organisations that function as centrally organised ‘parent organisations’, with regionally or locally-based member bodies or affiliates. But, unlike the Established and Assisted Organisations in the Partnership Application, the regional or local member bodies make use of the same registration number as the parent body. Examples of these include sporting federations or associations, national welfare bodies or arts councils. In the past, an unfortunate pattern of NLB funding has resulted in a flow of funds to national Umbrella Organisations head offices without any significant trickle-down to the ground. In order to counter this tendency the NLB has introduced a number of new tools for Umbrella Organisations. They must now complete a separate Umbrella Organisation’s Business Plan & Budget (see Annexure B, Tool 5), as well as a section in the reporting formats (see Annexure B, Tools 11 & 12) designed specifically for their organisational context. Criteria against which Umbrella Body applications will be adjudicated include impact of project at local level.

### 11.14. Capacity Building Programme of the National Lotteries Board

In the distribution of funds, capacity building is a high priority of the NLB. The NLB’s five-year Strategic Plan (2013 – 2017) outlines the following four strategic objectives:
### Table 6: Strategic objectives

<table>
<thead>
<tr>
<th>STRATEGIC OBJECTIVE</th>
<th>OUTCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve Impact of NLDTF</td>
<td>Fair and Equitable distribution with maximum impact</td>
</tr>
<tr>
<td></td>
<td>Efficient and responsive distribution process</td>
</tr>
<tr>
<td>Review Regulatory Practice</td>
<td>Proportional Balanced and Inclusive Regulation</td>
</tr>
<tr>
<td>Sustain Organisational Capability</td>
<td>Human and Organisational capacity aligned with current and future needs of the NLB</td>
</tr>
<tr>
<td>Develop Business Sustainability</td>
<td>NLB sustainability strategy Implemented</td>
</tr>
</tbody>
</table>

This Framework will contribute to the attainment of Strategic Objectives 1 and 3 as articulated in the Grant Funding Division (GFD) Functional Strategy.

The two NLB Stakeholder Indabas that took place in 2011 and 2013 provided a platform for beneficiaries and stakeholders to express need for capacity building initiative by the NLB. These platforms indicated that a more substantive organisational discussion was required about broader and more deep-rooted organisational capacity challenges faced by grantees.

These come to light during pre-award inspections and post-grant audits, and through progress reports. Capacity challenges faced by NPOs vary across organisations and include strategy development, programme design and development, research, monitoring and evaluation, general management issues like human resources, financial planning (budgeting) and management, project planning and management, policy development and implementation, procurement and contract management, as well as fraud and corruption.

Interaction with potential and actual grantees during Indaba and normal course of NLB business reveals a dire need for an NLB capacity building initiative. The following are some of the key issues that demonstrate the lack of grantee capacity to utilise the NLB funding:

- Poor project management skills which include planning, budgeting, implementation as well as project monitoring and evaluation. This leads to inferior quality of quality of infrastructure projects as well as low completion rates
- Incorrect Procurement, Bookkeeping, Accounting, Human Resources and Governance practices which are as a result of lack of basic skills and policies in the above areas
- Poor governance/management structures in organisations
- Poor conflict and dispute resolution mechanism in organisations
Deviation from approved line items without following procedures

Limited understanding of the partnership model and poor management thereof

Although not scientifically proven, low levels of education (literacy and numeracy) can be attributed to capacity problems of NLB Grantees. The above capacity problems also lead to a poor return on investment as result of misuse of funding and fruitless and wasteful expenditure. Besides the question of poor return on investment that the above situation engenders, combined with the imperative for affirmative allocation and distribution to the neediest areas, the NLB has a fiduciary responsibility to minimise inappropriate expenditure of grant funding.

Rationale for NLB Capacity Building Initiative

Lack of Necessary NPO Capacity
As a public institution, the NLB must be accountable for public funding by ensuring that the money is properly used by all the beneficiaries of the NLTDF. This means that the NLB has to ensure that all beneficiaries achieve their fiscal, administrative and project quality outcomes. However, this task is not made easy by affirmative allocation (politics of funding). According to the affirmative allocation, the NLB, as a funder, finds itself having to fund NPOs that lack the capabilities to successfully implement projects. It is the politics of funding that increases the need for capacity building because the NLB finds itself funding NPOs that have difficulty meeting accountability and performance standards due to their lack of capacity and skill.

Capacity Building provides a means for the NLB to navigate sometimes conflicting objectives of a public institution: a focus on contract performance and accountability for public funds but also a desire to fund NPOs that assist the government in achieving other social objectives.

For the NLB, these other objectives include: dispersal of funds throughout the needy communities; satisfying the requests and wishes of important constituents; and supporting community based NPOs, which are often small and less professionalised. This created a potential rational for capacity building practices as a means to bridge the gap between current and necessary NPO capabilities. Providing capacity building could serve as a means to assist NPOs that lack necessary capacity so that they can meet NLB’s performance and accountability standards.

Interdependence between the Funder and the NPO
NPOs are dependent on the NLB’s money to achieve their development goals. However, the NLB is also dependent on their funded NPOs to achieve its mandate.
Given the concern that some NPOs lack necessary capabilities and that the NLB and NPOs are interdependent, it is in the NLB’s best interest to provide capacity building to funded NPOs as a strategy for achieving the organisational goals as well as accountability requirements.

The National Lotteries Board Capacity Building Response is based on the following two pillars:

- Pre-Funding Capacity Building
- Post-Funding Capacity Building

Pre-Funding Capacity Building Pillar
This pillar will be made up of the existing Education and Awareness Campaigns and Helpdesks. These campaigns will be used to inform the public about the NLB and NLDTF as well as how the public can access the NLDTF funding and services. This Capacity Building strategy will also be used to create awareness of the other capacity building initiatives that the NPO sector can benefit from.

The main purpose of this approach is to build the capacity of potential beneficiaries to access NLB funding. This initiative will be implemented through the following mechanisms:

- Education and Awareness Workshop / Roadshows across provinces
- Helpdesk during the Calls for Applications

These workshops and helpdesks will be ongoing in all provinces and will be driven by the Stakeholder Officer.

Post-Funding Capacity Building Pillar
The Post-Funding Capacity Building will be made up of a Structured Accredited Training Programme.

Structured Accredited Training Programme
The Structured Accredited Training Programme is a programme where beneficiaries are trained on specific South African Qualifications Authority (SAQA) accredited NLB specific unit standards / modules. These modules will focus on the following key areas:

- General Administration: Record Keeping and Filing
- Governance
- Basic Financial Management and Bookkeeping
- Reporting (Financial & Narrative)
- Legal Matters (NLB Grant Agreement Clauses)
Policy Development: Finance and Human Resources (vehicle and assets management, supply chain management, payroll, leave, payment processing, salaries)

- Monitoring and Evaluation
- Fraud & Corruption
- MEDIA skills, communication TO HELP MAKE NLB more visible

The main purpose of this programme is to build the capacity of NLB beneficiaries to utilise the funds for what it is intended for and be able to account and report.

**Key Success Factors**
The success of the above programme will be dependent on the following:

- Appointment of dedicated capacity building officials to implement and monitor the programme
- Internal Cooperation from all divisions of the NLB
- Technical Assistance from accredited training service providers and cooperation of established NPOs
- Making Capacity Building an NLB strategic objective
- Good analysis of the NLB funded NPOs based on Capacity and Skill
- Partnership and collaboration with key stakeholders

**Programme Risks**
The capacity building programme will be exposed to the following risks:

- **Broad Scope of the NLB** - Many organisations can access NLB funding as a result the capacity needs of these organisations can put a strain on the NLB financial resources. In future, and based on the needs assessments, the NLB must develop criteria to identify NPOs that are in need of capacity building and the type of capacity that is required

- **Factors that affect Capacity Building** - Capacity building depends on many other factors like literacy, numeracy, lack of financial resources, language, etc., that can render the NLB Capacity Building initiative ineffective

**11.15. Prevention of Fraud and Corruption**

The NLB acknowledges that fraud is an ever-increasing global problem which affects all institutions and companies. The Board is not immune to this epidemic and has therefore introduced a policy that fosters a culture of zero tolerance to fraud in all its manifestations. This policy has resulted in an internal Fraud Prevention Plan in line with the requirements of the PFMA. Equally, the problem of fraud, corruption and financial
mismanagement has been found to be prevalent at beneficiary level as well, with the following kinds of manifestations:

- ‘Double Funding’ - where the same budget lines/work are funded by two different sources, allowing for unaccountable use of funds;
- Companies linked to an NPO are set up by NPO personnel following NLDTF funding in order to supply goods/services to the NPO. Often these goods or services are undersupplied, or not supplied at all, but are paid for following receipt of invoice;
- Direct embezzlement, where NLDTF money goes directly into personal bank accounts;
- Fabrication of financial reports, post funding, involving falsification of financial statements, often by using letterheads stolen from auditors or where individual auditors are complicit in a scam;
- Syndicates or groupings offering NPO’s assistance to access NLDTF funding on the basis of a (usually large) percentage for administration services; and
- Establishment of bogus NPO’s, with ‘directors’ registering a series of bogus NPO’s that have no activity on the ground.

The NLB is committed to a policy of ‘no tolerance’ regarding fraudulent activities both internally and externally. To this end, the NLB has established a Corruption Hot Line (0800 012 013) where all incidents may be reported. It has also established processes for dealing with such incidents.

11.16. Instrumental Tools

As mentioned in the Introduction to Section 11, The NLB Grant Funding Policy Manual has a ‘Toolkit’ comprising of 19 valuable tools listed below (See Annexure B):

Tool 1: Call Background Checklist
Tool 2: Call Template
Tool 3: Call Guidelines
Tool 4: Business Plan (Generic)
Tool 5: Business Plan (Umbrella Bodies)
Tool 6: Partnership Annex B1
Tool 7: Partnership Annex B2
Tool 8: Partnership MoU
Tool 9: DA Checklist and Recommendation
Tool 10: Assessment Checklist
Tool 11: Interim Progress Report Format
Tool 12: Final Progress Report Format
Tool 13: Monitoring Checklist
Tool 14: Monitoring Report
Tool 15: Grant Agreement
Tool 16: Proactive Funding: Issue Identification Template
Tool 17: Proactive Funding: Full Proposal Template
Tool 18: Proactive Funding: Report to NLB

12. **GUIDELINES FOR SUCCESSFUL APPLICATIONS**

According to the Donor Directory for Development, it is important to register an organisation as a legal entity. Most funders require that each organisation they fund is officially registered with the government as a non-profit organisation. A non-profit organisation is defined as a trust, company or other association of persons, established for a public purpose, where the income and property of the organisation are not distributable to its members or office bearers, except as reasonable compensation for services rendered.

When trying to obtain assistance from donors, the Donor Directory for Development state that there are three basic rules an organisation should consider namely to:

- **Familiarise** themselves with current trends in the donor environment
- **Understand** whether their organisation match the objectives and meet the criteria of the prospective donor/s
- **Formulate** a strategy on how to approach funders

According to the Donor Directory for Development, various sources are available to fund seekers, both locally and internationally. These include government, philanthropic entities, faith-based organisations, development agencies, educational institutions, as well as corporate entities.

The Donor Directory for Development introduced the following **fundraising fundamentals**:

- Look and act professional
- **Speak with enthusiasm, excitement and conviction for your cause.** If you seem disinterested, the donor will be disinterested
- **Do not ask for a gift,** offer them an investment opportunity. Convince them why they need to support the cause, rather than beg them for money
- **Networking.** Attend events, speak to everybody, make friends and connections. Fundraising often starts with who you know

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See everyone as a donor. Donors are not only big companies with lots of money. Identify people who can contribute to your cause by volunteering and providing sponsorship.

Develop a strategy. Identify possible donors and prepare your approach.

Diversify. Do not put all your eggs in one basket. Approach many donors for different donations like materials and/or equipment, not only cash donations.

Pay attention to calls for funding in the newspapers and other media.

Look for donors and listen to their needs and concerns.

Stay educated on the development sector by accessing information from established organisations, reading relevant publications and gaining access to free government documents.

According to the Donor Directory for Development, an **effective proposal** for funding should comprise of the following components:

- It is **focused** and articulate.
- It is clearly written and **structured**.
- It is **well researched** and concise.
- It is **complete**, with all the necessary documentation and attachments.
- The **problem** or need to be addressed is **clearly defined**.
- The project **goals** and objectives are **clearly outlined**.
- It meets the **donor guidelines** and specifications.
- The organisation has the **capacity** to carry out the desired project.
- The **budget** is cost-effective and **realistic**.
- The **timetable** for the execution of the project is **feasible**.
- The project is **sustainable**.
- There is a clear plan for **accountability**, including reporting.

There are various reasons for **unsuccessful proposals**, including the following:

- Proposals show little evidence of research, or knowledge of the donor; they are mass-mailed and are not tailored to the donor’s specifications.
- Project goals and aims are not clear.
- The proposal does not follow donor guidelines.
- The proposed projects are based on insufficient evidence.
- The proposal does not convince the funder of the need for such a project, or proposal.
- The overall design and layout of the proposal is not clear.
- The project is not carefully thought through.
- The people involved are not suitably qualified to carry out the project.
- There is not enough evidence of partnerships, or reference to relevant people.
- The project outlined in the proposal appears to be impractical and difficult to carry out.
The proposal is incomplete, or does not stick to the format required by the funder.

The Donor Directory for Development recommends that the proposal goals should include:

- The goal the organisation wishes to achieve and, why the organisation is best suited to achieve it
- Mention any partnerships and collaborations that will take place to help achieve these goals
- The intended impacts of the project and details of the beneficiaries
- The potential benefits to the funder
- Objectives are measurable and should consist of an implementation plan, within a given time frame
- A detailed outline of the activities to take place to reach the objectives
- Time frames and dates of the work to be carried out
- Who will manage and co-ordinate the activities
- How these activities will ensure that the objectives are reached

13. **FUNDING ASSOCIATIONS AND USEFUL LINKS**

Below is a short list of some useful funding associations and network in South Africa and overseas that NGOs could benefit from. The list will be constantly updated and expanded.

**South African Grantmakers’ Association (SAGA)**
SAGA is a membership association providing professional support to the corporate social investment (CSI) and donor community. SAGA members are corporates with social responsibility programmes, international donor organisations, local private foundations, grant making non-governmental organisations, community foundations and government funding agencies. SAGA plays a public leadership and advocacy role on the funding of sustainable development programmes. SAGA provides a range of services to its members, including policy and strategy formulation, research and information, networking opportunities, and customised professional development programmes.

**The South African NGO Coalition (SANGOCO)**
SANGOCO is a membership-based organisation that was established in 1995 as a response to creating a platform for social policy dialog. SANGOCO’s mission is to strengthen civil society to influence government policies in an effort to ensure the development of pro poor policies. SANGOCO has an annual budget of R5 million and is funded by the Africa Capacity Building Foundation, Diakonia Sweden, The National
Lotteries Fund, the National Development Agency and the United Nations Development Programme. For more information, visit [http://www.sangoco.org.za/](http://www.sangoco.org.za/)

The Southern Africa Institute of Fundraising (SAIF)
SAIF is a professional association of individuals who are responsible for generating resources that will advance sustainability of good causes and various non-profit organisations. The Institute aims to promote and encourage high standards of ethics, practice and public service and has encouraged growth and professionalism of individual fundraisers and social entrepreneurs for more than 25 years. SAIF is the body upholding fundraising ethics and codes of best practice in Southern Africa. For more information, visit [http://www.saifundraising.org.za/](http://www.saifundraising.org.za/)

The Southern African NGO Network (SANGONeT)
SANGONeT was founded in 1987 and over the past 26 years SANGONeT has developed into a dynamic civil society organisation with a history closely linked to the social and political changes experienced by South Africa during its transition to democracy. SANGONeT is still one of very few NGOs in Africa involved in the field of information communication technologies (ICTs) and continues to serve civil society with a wide range of ICT products and services. SANGONeT's vision is to be a strategic leadership organisation influencing social transformation through ICTs. For more information, visit [http://www.ngopulse.org/](http://www.ngopulse.org/)

The South African Civil Society Information Centre
A non-profit news agency promoting social justice and seeking answers to the question: how to make democracy work for the poor. The website provides articles and discussion forums on the subjects of: economic justice, land and housing, democracy and governance, public services, environment, human rights, media and technology, Africa and the world. For more information, please visit [http://www.sacsis.org.za](http://www.sacsis.org.za)

African Grantmakers Network
African Grantmakers Network (AGN) is a continent-wide network of African grantmaking organisations that facilitates networking and experience-sharing among established and emerging African philanthropic institutions. AGN aims at consolidating the voice for African philanthropy to address social injustice and development issues on the continent. For more information, visit [http://www.africangrantmakersnetwork.org](http://www.africangrantmakersnetwork.org)

Inyathelo South African Institute of Advancement (Inyathelo)
Inyathelo works to build a vibrant democracy in South Africa by strengthening civil society organisations and higher education institutions, and developing a strong philanthropic movement, rooted in the African cultural heritage of sharing. Inyathelo offers free one-to-one advice, mentorship and support on advancement and the
mobilisation of resources, workshops, peer-to-peer learning, symposia and other knowledge building and sharing events. It has an extensive and up-to-date online database of donors that support South African civil society organisations and institutions and provides access to resources with news and information, tips and tools, research, reports, podcasts and videos. For more information, visit http://www.inyathelo.org.za/

**The Southern African Community Grantmakers Leadership Forum (SACGLF)**
SACGLF is a unique, dynamic partnership that harnesses the collective capacity of 23 independent development trusts and community grantmakers. The Forum was launched in 2005 to advance, build and strengthen sustainable community-based development in Southern Africa. With a growing membership of 35 grantmaker leaders, the Forum is a leadership and learning network committed to social justice grantmaking as a powerful vehicle for change. For more information, visit http://www.sacglf.org/

**Trialogue**
Trialogue is a leading consultancy and publisher, driving the development and management of knowledge within the sustainability and corporate social investment (CSI) arenas. They do this through conferences, forums and training, publications, annual industry reports, client reports and consulting services. Trialogue publishes the annual CSI Handbook, which is the industry standard for insights, researched trends and best practice in the CSI arena. For more information, visit http://www.trialogue.co.za/

**National Development Agency (NDA): Department of Social Development**
The National development agency is a public entity listed under schedule 3A of the Public Finance Management Act (PFMA), it reports to the Parliament of the Republic of South Africa through the Minister for Social Development and is mandated to carry out the following tasks: to contribute towards the eradication of poverty and its causes by granting funds to civil society organisations for the purposes of: implementing development projects of poor communities; and strengthening the institutional capacity of other civil society organisations that provide services to poor communities; to promote consultation, dialogue and sharing of development experience between civil society organisations and relevant organs of state, debate development policy; and to undertake research and publications aimed at providing the basis for development policy. For more information, visit http://www.nda.org.za/

**Grant managers network (GMN)**
GMN is a thriving US-based association with a mission to improve grantmaking by advancing the knowledge, skills and abilities of grants management professionals and leading grantmakers to adopt and incorporate effective practices that benefit the philanthropic community. GMN has more than 2,400 members from 1,200 grantmaking organisations who represent the breadth of the philanthropic community including small
family foundations, prominent national foundations, grantmaking public charities, and socially responsible corporations. For more information, visit http://www.gmnetwork.org/

14. CONCLUSION

The findings, recommendations and procedures contained in this document have been done with the constant awareness of the dire need of a large portion of the South African society and the pressing need to alleviate their hardships and poverty. At the same time it also cautioned the compilers to take note of the critical scrutiny of a vast number of past and potential beneficiaries, critics in the media and the political ranks and the general public, who contribute in the form of buying lottery tickets. It was difficult to develop a procedure that caters for the intricate interaction between governmental priorities, universal principles, functionaries in different sectors of the process and a host of other stakeholders.

The compilers are aware of potential critics, yet are also confident that the document produced addresses the mandate. While all efforts have been made to develop a set of norms and standards that are clear and easily understandable, the possibility still exists that different interpretations of certain issues can occur. It will be of the utmost importance to identify and interpret the needs in communities correctly and objectively to ensure alleviation in the areas where the greatest need exist.

The allocation of funding to the different funding categories can be debated, especially with regard to the distribution variation in the urban and rural areas. The definition of the categories, referring here specifically to Arts, Culture and National Heritage, can possibly be changed, as it covers a wide field and tends to cause a thin spread of available funds to the full spectrum covered by the definition.

It must also be understood that, despite the guidelines in the act and the principle of the NLB to align the funding with governmental priorities, the NLB funding can never replace the responsibility of the government of service delivery by trained, experienced professionals in the various state departments. NGOs and community organisations should only strive to create circumstances that contribute to poverty alleviation through awareness, community involvement and the creation of an attitude of sustained self-improvement.

The principles outlined in the objectives are key to the success of the implementation of these norms and principles. A number of these principles are not easily quantified, but can lead to negative perceptions by observers and stakeholders. Functionaries,
therefore, have to be constantly objective and on the lookout for possible pitfalls that can be detrimental to the achievement of the set goals.

Transparency, accountability and equity in the allocation of funding will go a long way towards achieving the mandate as described in the act, with the ultimate goals being sustainable development in South Africa, contributing to transformation and nation building.
LIST OF REFERENCES


National Lotteries Board. Performance Standards relating to the activities of the National Lottery Distribution Trust Fund (NLDTF).


National Lotteries Board. 2013. Integrated Sustainability Framework and Strategy: Ensuring the Continued Relevance and Effectiveness of the NLB / NLDTF.


## ANNEXURE A: MATRIX 2 - HIGH LEVEL NORMS AND STANDARDS FOR GRANT FUNDING

<table>
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<tr>
<th>NORM</th>
<th>STANDARD</th>
<th>RESPONSIBLE STAKEHOLDER</th>
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| **1. The Funding Process**                                          | • Ensure compliance with regulatory framework  
• Facilitate an efficient high level distribution system that has integrity and is transparent  
• Ensure funds reach beneficiaries                                                                                                                                                | NLB & DAs                |
| **2. Identification of Priorities for Grant Funding**              | • Priority focus areas and guidelines must be set by June for the following financial year  
• Provide support in the form of date to facilitate identification of priorities                                                                                                        | NLB & DAs                |
| **3. Funding Models**                                              | • Two funding models are available:                                                                                                                                                                          | NLB                      |
| 3.1 Call-Driven Funding Strategy                                  | • Constitute 95% of all funds and cover all three NLB sectors  
• The impact of the allocation is informed by finely tuned strategically formulated calls for proposals  
• The call constitutes the key point of reference against which applications are assessed and monitored for success and impact  
• The Sector can put out a single annual call or a number of targeted calls per year each focused of different strategic issues                                                                 | DAs                      |
| 3.2 Proactive Funding Strategy                                    | • Proactive grant achieve funder's strategic objectives more directly  
• Funders and partners can tailor the project design to the needs and problems associated with a situation  
• Proactive projects can provide a basis for more meaningful and substantial interventions that can achieve greater impact  
• Proactive Funding is drawn from NLDTF Miscellaneous Fund  
• Allocation is 5% Grant sizes; Lower R5 million, Upper R20 million  
• The sectorial focus of this funding normally excludes the other three sectors                                                                                     | NLB                      |
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| 4. Proactive funding Process | • Proactive Funding cycle is managed by NLB Proactive Funding Team  
• Develop a Proactive project or program which addresses social challenges in alignment with the NDP  
• Use Identification Template (Tool 16) in formulating the initiative  
• On approval of the relevant structure, a process of engagement with selected implementation partners takes place  
• On buy-in from all stakeholders the write up of a final funding full proposal utilising (Tool 17) with a motivation and recommendations attached is submitted to the NLB Board for approval  
• An impact assessment plan included in the full proposal is activated at agreed intervals  
• Regular reporting from all implementing partners is required (Tools 18)  
• Project Management or Project Steering Committee can be set up on larger projects representing implementation partners and NLB  
• Tool 19 is used by the Grant Officer to write up the report and the conclusion monitoring checklist following the site visit its with planning/projects activities  
• Innovation of proactive funding projects/flagship projects are strategic platforms through which the NLB can be transparent and communicate its Vision of social upliftment | NLB |
| 5. The Miscellaneous Funding Pool | • Available for emergency support following natural or other disasters – processes and tools specific to the Proactive funding cycle can be used when appropriate | NLB |
6. Categories for Funding

- The Act provides for four categories for the distribution of funds:
  - Arts, Culture and Heritage
  - Sport and Recreation
  - Charities
  - Miscellaneous
- Section 26(3)(b) of the Act provides for the distribution of the NLDTF
- Section 10 of the Act specifies that the NLB shall fulfill the function in a transparent and open manner and advises the Minister of the percentages of money to be allocated in terms of Section 26(3) annual contribution of NL to NLDTF
- Allocation of the NLDTF monies to good causes is governed by regulation which determine the percentage between different sectors and which organisations are eligible for funding
- Regulation also serves as a firm guide to the distribution agencies in their adjudication of application for funding

7. Current Distribution of Monies

- Charities - 45%
- Arts, Culture and National Heritage - 28%
- Sport and Recreation - 22%
- Miscellaneous – 5%
- A very clear focus from the NLB and probably a short-listing system will guide distribution and prevent questionable distribution of funding

8. Prioritised funding within the categories

- Regulations direct Charities Distributing Agency to allocate at least 50% of money to organisations involved in:
  - Expanding home-based care services for the care of old people, sick people and vulnerable groups, including orphaned children
  - Providing educational facilities for early childhood education and adult literacy
- Regulations require 50% of funding for Sport and Recreation to be directed to organisations that:
  - Develop sport and recreational facilities in order to nurture talent in rural areas
  - Increase accessibility to sport and recreation facilities for all, including people with

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- Miscellaneous – 5%  
- A very clear focus from the NLB and probably a short-listing system will guide distribution and prevent questionable distribution of funding | NLB & DAs |
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  - Expanding home-based care services for the care of old people, sick people and vulnerable groups, including orphaned children  
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| 9. Call for Funding Applications | - Extended process that should begin at least 3-4 months prior to the date of advertisement. Call Background Checklist Tool (Tool 1) is used and involves the following steps:  
  - Internal discussions on focus of the Call within the NLB and the DAs  
  - NLB and DAs ensure sufficient familiarisation with the relevant department’s thinking  
  - Engagement with DTI and relevant government departments and other agencies  
  - Input from specialists in the field, if required  
  - Rigorous formulation by the NLB of Call around a particular problem statement  
  - Stakeholder approval of Call, as required  
  - NLB will develop and implement appropriate communication strategy  
  - The NLB will ensure that the call for applications is widely publicised for a minimum period of 2 months  
  - Distributing Agencies should:  
    - Determine scope and criteria for call of applications  
    - Determine and put in place guidelines and templates for applications  
    - Decide in consultation with the NLB when to send out the call for applications  
    - Decide on submission date(s) or the circulation period varying between 2-3 months  
  - Call is drafted using Call Template (Tool 2) together with Call Guidelines (Tool 3) is made available to applicants, formal application (FORM 2010/1) and accompanying documents (Tools 3,4,5,6,7,8) | NLB & DAs                |
|      | Regulations require Arts, Culture and National Heritage Distributing Agency to allocate at least 50% of funds to organisations involved in:  
  - Protecting and promoting traditional knowledge and cultural expressions  
  - Promoting arts and crafts produced by women and people with disabilities  
  - Developing and preserving cultural heritage sites  
  - Providing training and support for women farmers |                         |
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| 10. Receipt, Screening and Pre-evaluation of Applications | • Distributing Agencies should provide guidance to the framework for analysis  
• NLB will complete analysis of applications received within 1 month of the closing date of call for applications and categorise applications into compliant and non-compliant categories  
• Grant staff discuss the nature and parameters of the Call Framework. Meeting uses the Call Checklist (Tool 1) as point of reference.  
• NLB’s first point of screening revolves around the specific relevance of the proposal in regard to the Problem Statement/s set out in the Call (Tools 4 & 5)  
• Technical compliance check is a screening function performed by administrative personnel, who need to check various documents  
• DA Checklist and Recommendation Tool (Tool 9), which is attached to each applicant’s file, is used during both steps in the Screening Process. The Tool includes sections on policy related criteria and technical compliance criteria  
• NLB undertakes to ensure that necessary infrastructure, capacity and support systems are available for the receipt of applications, and also to accurately record all applications received and acknowledge receipt of all applications within 1 month of close of applications  
• NLB will return late applications within 1 month of closing date advising applicants that the application was received after the deadline | NLB & DAs |
### 11. Processing and Assessment of Applications

- During Processing and Assessment of Applications the NLB will:
  - Capture and scrutinise applications as specified in the Procedure Manual
  - Central Applications Office (CAO) shall check applications for:
    - Compliance with mandatory requirements of the Regulations
    - Completeness against information and documentation called for and the criteria set out in the call for papers
    - The CAO will verify the existence of the applicant and the authenticity of the documentation provided
    - If the application is not compliant with mandatory requirements, the CAO will mark the application as declined and inform the applicant
    - The CAO shall request any outstanding information from the applicants, in line with the provisions of the Regulations
  - Assessment focuses on viability of the proposal and sustainability of the applicant. It is easier to screen out inappropriate applicants prior to adjudication, than to fix intractable problems
  - DA Checklist and Recommendation Tool include a Strategy section, used to record assessment results. The Checklist asks the Grant Officer to complete key questions concerning the workability and sustainability of the proposal
  - Assessment Checklist (Tool 10) is designed to assist in site visits. Findings from the site visit must be used to update the DA Checklist and Recommendation Format to give adjudicators the best information and analysis

### 12. Adjudication Process

- Decisions regarding funding of applicants must be made by formally constituted Distribution Agencies
- DAAs meet in accordance with an existing schedule that allows Adjudicators to apply their minds to the strategic nature and purpose of a Call

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|      | • NLB aims to provide the information pack to DAs prior to the relevant meeting. Each application will include the DA Checklist and Recommendation Tool as its covering document  
• The Tool makes provision for comment, value judgements and recommendations by the assessment team  
• Distributing Agencies have the following responsibilities:  
  ❖ Members must declare conflict of interest with every adjudication session  
  ❖ Ensure that the members present constitute a quorum  
  ❖ Ensure that relevant information provided is taken into account during the final decision  
  ❖ Ensure completion of adjudication of all applications presented  
  ❖ Fair and impartial consideration of each application in accordance with the approved set criteria with a high degree of consistency  
  ❖ Clear indications of which applications have been approved with special conditions  
  ❖ Ensuring all adjudication sheets and motivations are signed by the end of a session  
• During adjudication process, NLB have the following responsibilities:  
  ❖ The NLB must maintain a register for declaration of conflict of interest  
  ❖ The CAO will summarise compliant applications and ensure that sufficient and relevant information is presented to the Distributing Agencies for their assessment  
  ❖ The CAO will provide the status of all applications, payments, rejections, progress reports, grant agreements, remaining allocation budget and any other information  
  ❖ NLB will implement within the agreed time frames the decisions of the Distributing Agencies  
  ❖ NLB will ensure that there are sufficient capacity and other resources for Distributing Agencies to perform their duties |  |

13. Post-adjudication Process

• Following adjudication decisions NLB enters into a Grant Agreement (GA) with its grantee partners  
• Distributing Agencies should:  
  ❖ Ensure to adjudicate on appeals, deviations and 'grant cancellations' presented by the NLB | NLB & DAs |
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|      | ❖ Adjudicate on the presentation of the post adjudication requests presented by the NLB  
❖ Review information presented on the progress reports presented by the NLB  
❖ Sign-off on the payment list or files within 3 days of receipt  
❖ NLB should:  
❖ Advise or inform the applicants of the outcome of the adjudication process within 30 days of the date of adjudication  
❖ Prepare and summarise all requests for deviations, appeals and 'grant cancellations' for presentation to Distributing Agencies. Turnaround time should be 30 days after receipt of the request  
❖ Process requests for additional information, site-visits, request for a legal opinion or any other request from the Distributing Agencies within 30 days  
❖ Assess and present progress reports (by the CAO) where concerns and risks (including potential risks) have been identified to the Distributing Agencies for a decision within agreed time frames  
❖ Ensure first payment against approved allocation will be effected within 30 days from receipt of a duly signed grant agreement  
❖ Ensure that tranche payments will be made within 60 days from receipt of a complaint progress report | | |
| 14. Payment of Grant | ❖ The following methods of payment are available for funding:  
❖ Annual / Multiyear funding  
❖ Tranches  
❖ Lump sum payments  
❖ NLB adheres to the international benchmark of a six to nine-month turn-around time from application submission to delivery of first tranche payments  
❖ All applicants are required to disclose the following:  
❖ Funding received from other sources for the same projects for which they are seeking NLB support, as well as for activities and projects outside of NLB-funded initiatives  
❖ Names and contact details of other donors and benefactors | NLB |
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| 15. Monitoring Evaluation and Reporting | - Call applicants should receive both assessment and monitoring site visits, this is not possible. NLB strives to undertake assessment visits where there is uncertainty regarding key factors pertaining to the proposal and/or the applicant (as per Assessment and Monitoring Checklists)
- Monitoring visits are prioritised for beneficiaries whose written report indicates the need for follow up. The Grant Officer completes a Monitoring Site Visit Report, (Tool 14) which is inputted into the GMS and becomes available to the NLB and Adjudicators for future reference, including follow up monitoring activities
- Key points of reference for monitoring, evaluation and reporting are a) the problem/s outlined in the Call and b) implementation of solutions to deal with these challenges, as proposed in the application
- Project reports are an integral requirement specified in the Grant Agreement (Tool 11 & 12). NLB is at liberty to request additional documentation, such as specific workshop/event reports or proof of purchase. Documents are reviewed by the Grant Officer, who notes the problems experienced by the project as well as the information gaps. Grant Officers make use of the Monitoring Checklist (Tool 13)
- Results of monitoring and evaluation give important feedback on the nature of the organisational and social problems confronted in South Africa. NLB highly values information emerging from monitoring and evaluation and integrates these learnings into its work going forward (through new Calls for Proposals, elevated adjudication standards, etc.)
- Where possible, monitoring is undertaken by the same Grant Officer who undertook the initial assessment of the beneficiary organisation. This Grant Officer then takes responsibility for reviewing submitted project reports, identification of information gaps, monitoring site visits and the filing of reports arising out of these visits

- Reports should be available on the GMS to other relevant NLB staff, particularly members of Grant and Communication Divisions, as well as DA members. Evaluations and Impact
- |

| RESPONSIBLE STAKEHOLDER | NLB |
Assessments could be undertaken by an NLB Evaluation Division (should such be established) or outsourced to independent evaluation specialists.

- Non-submission of reports by beneficiary organisations is picked up by the GMS. The system automatically generates a reminder letter to the organisation concerned, requesting an explanation for the situation and stating that continued default will result in future tranches being delayed and/or suspended.
- Should the organisation not respond to this letter a further warning letter should be sent out announcing that the grantee is in breach and appropriate action will be taken.

16. Differentiation in terms of the sizes of NGOs

- NLB has identified three categories of organisations for application purposes:
  - Small applicants, with proven annual expenditure of up to R300 000
  - Medium applicants, with proven annual expenditure of between R300 000 and R5 million
  - Large applicants with proven annual expenditure above R5 million
- Grant maximums for each category are set with a view to limiting grant size in accordance with the respective needs of applicants and avoid “over-funding” organisations with negative consequences. All figures are revised from time to time in accordance with shifting economic needs and other factors.
- Grant maximums are as follows:
  - Charities
    - Small: up to R150 000
    - Medium: up to R2,5 million
    - Large: up to R5 million
  - Arts & Culture and Sports and Recreation
    - Small: up to R250 000
    - Medium: up to R4 million
    - Large: up to R10 million
17. Partnerships

There are four different categories of partnerships into which the NLB enters:

- Partnership Applications (Calls)
  - Parties must have existing relationships or worked together before
  - Parties must demonstrate shared involvement in planning of proposals
  - Both parties must provide an agreed-upon plan for mentoring and skills transfer
  - Established Organisation must be able to account for its capacity building activities
  - Assisted Organisation must be empowered to become ‘audit ready’
  - Parties must function in a similar activity sector or sub-sector
  - The parties must be based in the same geographical region or district
  - Established Organisation may not be involved in more than two partnership agreements in a single calendar year
  - Both organisations must complete and sign Partnership Application Annex B1 or Partnership Application Annex B2
  - Parties must jointly sign a Memorandum of Agreement in the format provided by NLB

- Government Partnerships
- Non-Government / Institutional Partnerships
- Service Provider Partnerships

18. Capacity Building

- Capacity building is a high priority of the NLB. The NLB’s five-year Strategic Plan (2013 – 2017) outlines the following strategic objectives:
  - Improve Impact of NLDTF
  - Review Regulatory Practice
  - Sustain Organisational Capability
  - Develop Business Sustainability Strategy
- NLB Stakeholder Indabas took place in 2011 and 2013
- Capacity challenges faced by NPOs vary across organisations
- Key issues that demonstrate the lack of grantee capacity to utilise the NLB funding:
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|      | ❖ Poor project management skills, leads to inferior quality of infrastructure projects  
|      | ❖ Incorrect Procurement, Bookkeeping, Accounting, Human Resources and Governance practices  
|      | ❖ Poor governance/management structures  
|      | ❖ Poor conflict and dispute resolution mechanisms  
|      | ❖ Deviation from approved line items without following procedures  
|      | ❖ Limited understanding of the partnership model and poor management  
|      | ❖ Low levels of education can be attributed to capacity problems of NLB Grantees  
|      | ❖ NLB have to fund NPOs that lack the capabilities to successfully implement projects. It is the politics of funding that increases the need for capacity building.  
|      | ❖ Providing capacity building could serve as a means to assist NPOs that lack necessary capacity so that they can meet NLB’s performance and accountability standards  
|      | ❖ NPOs are dependent on the NLB’s money to achieve their development goals. NLB is also dependent on their funded NPOs to achieve its mandate  
|      | ❖ NLB Capacity Building Initiative is based on the following two pillars:  
|      | ❖ Pre-Funding Capacity Building - Existing Education and Awareness Campaigns and Helpdesks  
|      | ❖ Post-Funding Capacity Building - made up of a Structured Accredited Training Programme  
|      | ❖ The capacity building programme will be exposed to the following risks:  
|      | ❖ Many organisations can access NLB funding and can put a strain on the NLB financial resources  
|      | ❖ Capacity building depends on many factors like literacy, numeracy, lack of financial resources, language  

19. Prevention of Fraud and Corruption

|      | ❖ Fraud is an ever-increasing global problem NLB has zero tolerance to fraud in all its manifestations  
|      | ❖ Fraud Prevention Plan in line with the requirements of the PFMA. Fraud has the following kinds of manifestations:  
|      | ❖ Double Funding - funded by two different sources  

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ANNEXURE B: NLB TOOLKIT

Tool 1: Call Background Checklist

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<th>Background Checklist when planning Call for Applications – (3 Sectors)</th>
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<tr>
<td>Sector: ____________________________________________________________________</td>
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<td>Planned Call: ____________________________________________________________________</td>
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<td>Deadline for Applications: ____________________________________________________________________</td>
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<td>Description of Problem areas to be addressed through Call, including target groups and geographical focus:</td>
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<td>Motivation for the Selection of above problem focus point/s as priorities:</td>
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<td>Examples of how the beneficiaries may use these NLB funds to create opportunities for marginalised communities to eradicate conditions of poverty:</td>
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<td>1. Eg</td>
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<td>2. Eg</td>
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<td>3. Eg</td>
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<td>4. Eg</td>
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<td>Process informing selection of Call priorities:</td>
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<td>1. Synergy with the Strategic Priorities of the Sector DA (See Manual Ch1, 3.3)</td>
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<td>Y</td>
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<td>2. Synergy with NDP</td>
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<td>3. Familiarisation with government policy (dept)</td>
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18 NLB Grant Funding Policy Manual
Tool 2: Call Template

NATIONAL LOTTERY DISTRIBUTION TRUST FUND (NLDTF)
__________SECTOR 20__ CALL FOR APPLICATIONS

The Distributing Agency for________, established in terms of the Lotteries Act (No. 57 of 1997), is once again in the position to consider applications for funding from the proceeds of the National Lottery.

In adjudicating the applications the__________ Distributing Agency will take into account applications that contribute to the NLB Objective:

* to use our assets to create opportunities for marginalised communities to eradicate conditions of poverty in order to realise their full potential*

In so-doing, the Distributing Agency will only consider applications that seek to find solutions and address the following problem/s:

Clear problem statement, preferably in bullet point form

The statement should identify
* the nature of the problem the NLB has decided to address,
* the target group (eg. children with disabilities / women athletes / etc)
* specific target communities (eg. rural towns & villages / informal settlements)
* any other specific factors involved
* A number of problem areas could be listed

PLEASE NOTE THE FOLLOWING IMPORTANT POINTS:

1. Applications which do not address the stated problems above will not be considered

2. Three categories of organisations may apply as follows: Small applicants, with proven annual expenditure of up to R 300,000; Medium applicants, with proven annual expenditure of between R 300,000 and R5m; Large applicants with proven annual expenditure above R5m

3. Grant maximums are as follows: (Charities: Small, up to R 150,000; Medium, up to

R2.5m; Large, up to R5m Arts & Culture and Sports and Recreation; Small, up to R 250,000; Medium, up to R4m; Large, up to R10m)

4. Applications will only be considered from (eg. registered Non Profit Organisations, Public Benefit Trusts and Section 21 Companies) that submit all the required documents and information as outlined in the 2014(?) Guidelines.

5. Applications from (eg. FET Colleges / Schools etc) will not be considered in this Call.

6. Only one application per organisation will be accepted. Applications must be limited to a SINGLE (1) project or programme.

7. Umbrella Organisations (such as national council, federations or other agencies with provincial affiliates / members) may only apply for a SINGLE (1) project or programme with (any number of) implementation sites at local level.

8. Emerging registered organisations that do not have the required 2 years’ annual financial statements may apply in partnership with an established organisation and meet all the funding and reporting requirements.

9. Established organisations are allowed to partner with a maximum of 2 registered emerging organisations, each requesting a maximum grant of R290 000.

10. All applicants MUST comply in all respects with the prescribed application form (FORM 2010/1) and the (sector) Guidelines by submitting all the required documents in the prescribed format and by the advertised deadline. Applications not on the prescribed form will not be considered.

11. DEADLINE: In order to be considered for funding within the scope described above, duly completed and signed applications together with all required supporting information, must reach the NLDTF no later than ___________.

12. Applicants are urged to submit their fully completed applications as early as possible.

13. For previously funded organisations the Income Statement in your annual financial statements must reflect the amount received from the NLDTF as a separate line item. (Remember: This is a condition of the Grant Agreement)

THE FOLLOWING APPLICATIONS WILL NOT BE CONSIDERED FOR FUNDING:

1. Applications which do not address the stated problem’s above
2. Late applications
3. Incomplete applications where ALL mandatory documents are not submitted
4. Applications not on the prescribed FORM 2010/1
5. Faxed or E-mailed applications
6. Applications on Compact Disc (CD)
7. Applications from applicants that have not submitted all the required Progress Reports, on previous NLDTF funding,
8. Applicants who have already been awarded a grant in a single calendar year will not be considered for additional allocations during that calendar year

The prescribed application form (FORM 2010/1) and the Guidelines are available from: NATIONAL LOTTERY DISTRIBUTION TRUST FUND

POSTAL ADDRESS: Central Applications Office Private Bag X101 Brooklyn Square 0075
PHYSICAL ADDRESS: Hatfield Gardens, Block B Corner Hilda & Arcadia Streets Hatfield, Pretoria
EAST LONDON OFFICE Short Mill House, Quarry Office Park Selborne
East London Tel: 043 711 5000
POLOKWANE OFFICE No 5 Landross Mare Street Polokwane
Tel: 015 299 4660
Tel: 08600 65353

Website: [www.nlbo.org.za/charities.html](http://www.nlbo.org.za/charities.html) In order to be considered for funding, applications should reach the Central Applications Office as soon as possible but by no later than ________

*The Distributing Agency reserves the right not to make grants or decide on the amount to be allocated.*
Tool 3: Call Guidelines

The following GUIDELINES are intended to help Applicants meet the requirements set out by the NLDTF.

PLEASE NOTE THE FOLLOWING:

- Three categories of organisations may apply as follows: Small applicants, with proven annual expenditure of up to R 300,000; Medium applicants, with proven annual expenditure of between R 300,000 and R5m; Large applicants with proven annual expenditure above R5m.

- Grant maximums are as follows: (choose relevant sector) Charities: Small: up to R 150,000; Medium: up to R2.5m; Large: up to R5m | Arts & Culture and Sports and Recreation: Small: up to R 250,000; Medium: up to R4m; Large: up to R10m

- Applicants are advised to keep copies of all information submitted. Applicants may not contact the NLB for copies of their applications.

- Applicants are requested to refer to the enclosed checklist to ensure that the information submitted is in line with the NLDTF funding requirements.

- It is important that organisations provide a name for the projects/proposal that they are applying for (different from the name of the organisation). This assists in the administrative process to working faster in identifying the nature of the project.

- It is compulsory for applicants to provide names of existing and past funders of their organisation or of the project for which they are applying.

THE FOLLOWING APPLICATIONS WILL NOT BE CONSIDERED FOR FUNDING:

9. Applications proposing projects that do not address the stated problems above

10. Late applications (received after the closing date) Requests for the extension of deadlines will not be considered. Please submit your application as soon as possible to assist us to process your paperwork speedily.

11. Incomplete applications where ALL mandatory documents are not submitted.

12. Applications not on the prescribed FORM 2010/1

13. Faxed or E-mailed applications or applications on Compact Disc (CD)

14. Applications from applicants that have not submitted all the required Progress Reports (both narrative and financial), on previous NLDTF funding.

15. Applicants who have already been awarded a grant in a single calendar year will not be considered for additional allocations during that calendar year.
16. Co-operatives, Closed Corporations (CC) or (Pty) Ltd organisations do not qualify for funding from the NLDTF and will automatically be rejected. Partnerships between Non-Profit Organisations and Co-operatives or Closed Corporations or (Pty) Ltd. will not be considered.

A  INDIVIDUAL APPLICATIONS

1. All applications must be completed on the prescribed application form (FORM 2010/1).

   Clearly identify the SECTOR to which you are applying in the list provided at the top of the application form. Only applications to the ______ sector will be considered with this call.

   All 5 pages of FORM 2010/1 must be fully completed and the Declaration on the last page must have the full name of the person submitting the application on behalf of the applicant organisation, the name of the applicant organisation and must be signed and dated. Applications that fail to comply with this requirement will be regarded as non-compliant. The application form must be signed by one of the two main contact persons (identified in A11 and A12 of FORM 2010/1), who holds a valid South African identity document.

2. Please do not change/re-type the format of FORM 2010/1 as it is a legal document that has been gazetted.

3. Applicants must complete a BUSINESS PLAN format in accordance with the size of their organisation (Large, Medium, Small)

4. Business Plans that do not address the stated problem below will not be considered

   Statement of Problem(s) to be addressed by the project or programme (which must have a direct bearing on the NLD objective: to use our assets to create opportunities for marginalised communities to eradicate conditions of poverty in order to realise their full potential)

5. An organisation may only apply for one project / programme through this current call. Applicants who have already been awarded a grant in a single calendar year will not be considered for additional allocations during that calendar year.

6. A national / umbrella organisation that is registered as an Non Profit Company (NPC), Non Profit Organisation (NPO), Section-21 Company or a Public Benefit Trust (PBT) may submit only one application form for a single project / programme in which its local offices / member associations, which use the same registration certificate, participate.

7. An organisation that is registered as an NPC, NPO, Section 21 Company, a Public Benefit Trust and has its own financial statements that have been signed by a registered Auditor or Accountant for the two years preceding this call must submit its own application and not apply as a project programme/office/partner of another organisation.

8. Your application should have the SAME NAME of the organisation on all documents submitted. This means that the name on all the documents in point 6 below must be exactly the same.

   PLEASE NOTE: If the names on any of the following mandatory documents differ, it could have a negative impact on the adjudication of your application. Where there has been a change of name, the documents detailing the name change must be
submitted. This could be in the form of a signed copy of the Special Resolution, amended constitution or Minutes of the Meeting or a Change of Name certificate.

In addition, FCM 2010/1 must be signed only by a person who is one of the contact persons (A10 and A11 of FCM 2010/1) and who holds a valid South African identity document.

0. The following MANDATORY and required documents must be submitted by all applicants, together with the fully completed application form (FCM 2010/1):

9.1 PROOF OF REGISTRATION of the applicant organisation as an NPC, NPO, Section-21 Company, or Public Benefit Trust

9.2 Complete signed and dated Constitution, Articles and Memorandum of Association, Memorandum of Incorporation, Trust Deed or any other relevant legal founding document if you have not been previously funded by the National Lottery Distribution Trust Fund (NLDTF) or if the objectives of your organisation have changed.

9.3 Bank account details (C1 of FCM 2010/1), together with the most recent 3 months bank statements from this account with an original stamp from the bank’s branch. Please note that the names and positions of no less than 3 bank signatories, who are office bearers or officials who must not be related, must be given in the prescribed form (Section C2 of FCM 2010/1).

9.4 ANNUAL FINANCIAL STATEMENTS must be submitted as follows:

a) Organisations that have received funding from the NLDTF must attach one complete set of the most recent year’s ANNUAL FINANCIAL STATEMENTS, with comparatives.

b) Organisations that have never been funded by the NLDTF must attach complete sets of the two most recent consecutive years’ ANNUAL FINANCIAL STATEMENTS (e.g., 2009/2010 and 2010/2011). This will depend on the end of the financial year of your organisation. Two sets of consecutive annual financial statements means separate sets of annual financial statements for two financial years following each other successively and without interruption. Furthermore, the Annual Financial Statements must be signed and dated by a registered, independent Accounting Officer or Auditor in line with his/her professional qualifications.

c) Financial Statements must be complete. This means that they MUST have the following:

• a detailed income and expenditure statement;
• a balance sheet;
• notes to the financial statements;
• an opinion of the accounting officer/auditor; and,
• a signed and dated report from the accounting officer/auditor on a letterhead.

Incomplete annual financial statements will render your application non-compliant and therefore not eligible for consideration. Annual Financial statements compiled by a student accounting officer will not be accepted.

d) The Accounting Officer/Auditor must be registered and in good standing with one of the recognised Accounting or Auditing Bodies listed below. Organisations must request proof of such registration with these bodies from their Accounting Officers/Auditors before they appoint them to prepare their annual financial statements.

Recognised Professional Bodies:
• Institute of Administration and Commerce of Southern Africa
• Independent Regulatory Body for Auditors
• Chartered Institute of Management Accountants
• Southern African Institute of Chartered Secretaries and Administrators
• Association of Chartered Certified Accountants
• South African Institute of Chartered Accountants
• South African Institute for Business Accountants
• South African Institute of Professional Accountants.

Attached is a list of Account Officers and Auditors describing their duties in line with their respective professional qualifications.

The following are not accepted because they would not have been approved and adopted. Draft documents will render your application non-compliant:

• Draft annual financial statements
• Unsigned and undated Annual Financial Statements
• Draft Constitutions, draft Memorandums and Articles of Association or draft Trust Deeds that have not been approved by the Master

9.5 A fully completed PROJECT BUSINESS PLAN. Please use the relevant format in the attached template (Annexure A). Do not submit a project business plan in any another format because it will delay the adjudication of your application.

9.6 A detailed BUDGET FOR SPECIFIED PROJECT / PROGRAMME indicating the actual amount requested, as well as a clear MOTIVATION for the amount requested as per the NLDTF template (Annexure C). Applicants must list budget items as unit price costs, quantity and total amount per item. Budget headings must be broken down to show details of requested items (refer to example below).

The total amount requested in the budget must be the same as the amount reflected on B2 of the prescribed application form (FCM 2010/1).

9.7 Referees to be provided in Section D of FCM 2012/1 must be independent of the organisation. Examples of a referee include a church minister, school principal, social worker, development practitioner, municipal councillor, a traditional leader, etc.

Referees must not be any of the following:
• Employees of the organisation
• Members of the Board and management committee or their family members, relatives or friends
WHERE APPLICABLE, applicants are required to submit the following:

10.1 **PROOF OF REGISTRATION** as a Place of Care, Children’s Home or Home for Aged, Early Childhood Development Centre (ECD), or any other service that requires such registration in terms of any law.

10.2 Organisations that last received funding from the NLDTF before ____ must submit the set of financial statements that reflect the receipt and expenditure of the last NLDTF grant received.

10.3 Applications that include the cost of good or services must include **QUOTATIONS** from at least two credible suppliers.

10.4 Applications for a new building, extensions or renovations to existing buildings must include the following:
   a) **PROOF OF OWNERSHIP** of land and/or buildings e.g., a permit to operate (PTO). This will not be accepted if transferred to the name of members of management and/or board.
   b) **BUILDING PLANS**
   c) **QUOTATIONS** from at least two credible local suppliers, preferably with separate amounts for labour and material.
   d) **PROOF OF REGISTRATION** of the builder with the relevant body

10.5 Applications that include requests for a vehicle or other capital equipment must include at least two **QUOTATIONS** from credible local suppliers. Please note that the NLDTF does not fund the purchase second-hand vehicles. Brochures are not accepted as quotations.

11. Do not include any other documents that are not requested in the prescribed application form and these Guidelines. Adjudication is based only on the information contained in the required documents.

### EXAMPLE OF A DETAILED BUDGET BREAKDOWN

<table>
<thead>
<tr>
<th>OFFICE EQUIPMENT</th>
<th>QUANTITY</th>
<th>UNIT</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desk</td>
<td>1</td>
<td>780</td>
<td>R780</td>
</tr>
<tr>
<td>Photocopy Machine</td>
<td>1</td>
<td>10,000</td>
<td>R10,000</td>
</tr>
<tr>
<td>Chairs</td>
<td>8</td>
<td>500</td>
<td>R4,000</td>
</tr>
<tr>
<td>Aircon</td>
<td>2</td>
<td>2,000</td>
<td>R4,000</td>
</tr>
<tr>
<td>Filing Cabinets</td>
<td>4</td>
<td>500</td>
<td>R2,000</td>
</tr>
<tr>
<td>Shelves</td>
<td>4</td>
<td>250</td>
<td>R1,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AUDIO-VISUAL EQUIPMENT ITEM</th>
<th>QUANTITY</th>
<th>UNIT</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projector</td>
<td>1</td>
<td>15,000</td>
<td>R15,000</td>
</tr>
<tr>
<td>Projector Screen</td>
<td>1</td>
<td>10,000</td>
<td>R10,000</td>
</tr>
<tr>
<td>Theatre Audio Equipment</td>
<td>1 set</td>
<td>1,000</td>
<td>R1,000</td>
</tr>
<tr>
<td>Cables</td>
<td>4</td>
<td>100</td>
<td>R400</td>
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</table>

<table>
<thead>
<tr>
<th>PERSONNEL COSTS ITEM</th>
<th>QUANTITY</th>
<th>UNIT</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Manager</td>
<td>3 months</td>
<td>8,000</td>
<td>R24,000</td>
</tr>
<tr>
<td>Office Administrator</td>
<td>3 months</td>
<td>3,000</td>
<td>R9,000</td>
</tr>
<tr>
<td>Part-time Co-ordinator</td>
<td>2 months</td>
<td>5,000</td>
<td>R10,000</td>
</tr>
<tr>
<td>Project Director</td>
<td>3 months</td>
<td>12,000</td>
<td>R36,000</td>
</tr>
<tr>
<td>2x Part-time Field Officers</td>
<td>3 months</td>
<td>4,000</td>
<td>R12,000</td>
</tr>
<tr>
<td>6x Student Researchers</td>
<td>3 months</td>
<td>1,000</td>
<td>R18,000</td>
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</table>

<table>
<thead>
<tr>
<th>OFFICE ADMINISTRATION ITEM</th>
<th>QUANTITY</th>
<th>UNIT</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Rental and Utilities</td>
<td>3 months</td>
<td>3,000</td>
<td>R9,000</td>
</tr>
<tr>
<td>Telephone</td>
<td>3 months</td>
<td>2,000</td>
<td>R6,000</td>
</tr>
<tr>
<td>Communication Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Web Design</td>
<td>Once-off</td>
<td>5,500</td>
<td>R5,500</td>
</tr>
<tr>
<td>Website Hosting</td>
<td>3 months</td>
<td>1,000</td>
<td>R3,000</td>
</tr>
<tr>
<td>Website Maintenance</td>
<td>3 months</td>
<td>500</td>
<td>R1,500</td>
</tr>
<tr>
<td>Internet</td>
<td>3 months</td>
<td>1,000</td>
<td>R3,000</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>3 months</td>
<td>350</td>
<td>R1,050</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>CAPACITY BUILDING ITEM</th>
<th>QUANTITY</th>
<th>UNIT</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report writing course-3 days</td>
<td>3 staff</td>
<td>5,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Monitoring by Local Agency</td>
<td>8 months</td>
<td>3,000</td>
<td>19,000</td>
</tr>
<tr>
<td>ABCD Training course-1 week</td>
<td>8 Staff</td>
<td>4,000</td>
<td>32,000</td>
</tr>
<tr>
<td>Technical training in motor mechanics over 6 months</td>
<td>1</td>
<td>20,000</td>
<td>20,000</td>
</tr>
</tbody>
</table>
B. ORGANISATIONS APPLYING IN PARTNERSHIP WITH OTHERS

1. Emerging organisations may be assisted in the application for a grant by an Established Organisation that meets the National Lottery Distribution Trust Fund (NLDTF) requirements for funding. The established organisation must have the knowledge, competence and skill to assist the emerging organisation. Skills transfer, mentoring and capacity building are the basis on which partnerships are considered for a grant allocation.

1.1 Organisations that are Established and meet all the requirements may assist organisations that are registered and/or do not have the required annual financial statements. A maximum of two organisations may be assisted by each Established Organisation.

1.2 Both organisations should be in the same geographical area and the same or similar sector/field of activities (provincial exclusions?)

1.3 Both the Established and the Assisted Organisation may apply for funding.

1.4 Only organisations that can demonstrate an existing relationship (i.e. have worked together previously) will be considered.

1.5 The Established organisations may charge a programme management fee not exceeding 10% of the allocation to the emerging organisation. The NLDTF reserves the right to determine the amount of the programme management fee. What about additional fees?

1.6 Both organisations must provide a detailed programme plan for mentoring and skills transfer for the Assisted Organisation with the application detailing the cost for mentoring/skills transfer. Both organisations must provide a joint progress report on the skills transfer plan.

1.7 Both organisations must complete and sign Partnership Programme Annex B1 (for new partnerships) or Partnership Programme Annex B2 (for existing partnerships).

2. REQUIREMENTS FOR PARTNERSHIPS TO WORK

2.2 THE ESTABLISHED ORGANISATION WILL:

- Operate within the same area of focus as the Assisted Organisation
- Have a track record of good governance, e.g. board meetings, management policies, audited financial statements, etc.
- Be able to assist with an initial assessment of the Assisted Organisation
- Have the capacity to monitor the Assisted Organisation

2.4 THE ESTABLISHED ORGANISATION MUST SUBMIT THE FOLLOWING:

- The prescribed Application Form (FORM 10/1) in its own name (if it too is applying for its own grant funding from NLDTF)
- ID copy (certified) of main contact person
- Registration certificate. If the Established Organisation was previously funded by NLDTF, they do not need to submit a registration certificate
- The two most recent consecutive annual financial statements if the Established Organisation is a new applicant. One most recent annual financial statement if the Established Organisation was funded during the previous financial year
- Constitution or founding document. If the organisation was previously funded by NLDTF, they do not need to submit their constitution or founding documents, unless there has been a change in the name and/or objectives of the organisation.

2.5 THE ASSISTED ORGANISATION SHOULD:

- Be registered as a Non-Profit Organisation, Non-Profit Company or Public Benefit Trust
- Have the capacity and human resources to provide the service or run the programme for a minimum of one (1) year
- Apply for no more than R 200,000 from NLDTF
- Have a current/cheque account with a recognised bank or open a new account
- Keep financial records and be able to produce an Income and Expenditure statement

2.6 THE ASSISTED ORGANISATION MUST SUBMIT THE FOLLOWING:

- The prescribed Application Form (FORM 10/1) in its own name (with Established Organisation’s name in brackets)
- ID copy (certified) of main contact person
- Business Plan
- Detailed budget breakdown, as per above format (See A.18)
- Registration certificate
- Constitution or founding document
- Any form of financial records if there are any available

3. ALLOCATION OF FUNDS

In the event of the applications being successful:

- A Grant Agreement will be signed by the Established Organisation and witnessed by the main contact person of the Assisted Organisation
- Funds allocated to the project of the Assisted Organisation will be deposited into the bank account of the Established Organisation
- The two parties will negotiate how and when funds will be transferred. This should be reflected in the signed Memorandum of Understanding.

4. ACCOUNTING
• It is the responsibility of the Established Organisation to account for funds as stated in the Grant Agreement.
• Progress Reports must be submitted in accordance with the Grant Agreement by both Established and Assisted Organisations.
• No further disbursements will be made unless a satisfactory Progress Report is received.

5. MEMORANDUM OF UNDERSTANDING (MoU):
   The Established Organisation and the Assisted Organisation should jointly complete a Memorandum of Understanding Agreement (MoU) in the format provided by NLDTF.

PLEASE NOTE: All the documents that relate to your own application and your partnership must be submitted together in ONE ENVELOPE.

Should you need any further clarification on the application form and related documents please contact the Information Call Centre on 08600 65393.

C. UMBRELLA BODIES

Umbrella bodies are those organisations that function as centrally organised ‘parent organisations’, with regionally or locally based member bodies or affiliates that make use of the same registration number as the parent body. Examples of these include sporting Federations or associations, national welfare bodies or arts councils. Umbrella bodies must complete a separate Umbrella Bodies Business Plan and Budget designed specifically for their organisational context.

Criteria against which Umbrella Body applications will be adjudicated include impact of project at local level.

DOCUMENTS CHECKLIST

ORGANISATIONS NOT PREVIOUSLY FUNDED BY NLDTF

<table>
<thead>
<tr>
<th>FORM 2010/1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proof of Registration as NPO, NPC, Section 21 Company, Public Benefit Trust.</td>
</tr>
<tr>
<td>Founding documents (Constitution, Trust Deed, Memorandum &amp; Articles of Association)</td>
</tr>
<tr>
<td>Complete and signed sets of the two most recent consecutive years’ Annual Financial Statements</td>
</tr>
<tr>
<td>Business &amp; Implementation Plan [Annexure A]</td>
</tr>
<tr>
<td>Budget &amp; Motivation [Annexure C]</td>
</tr>
<tr>
<td>Certified copies of the IDs of the 2 Contact persons and the Members of the Management Committee listed on page 2 of application FORM 2010/1</td>
</tr>
<tr>
<td>3 months recent bank statements with original bank stamp</td>
</tr>
</tbody>
</table>

Where applicable

- Proof of registration as Place of Care, Children’s Home or Home for the Aged, etc.
- Proof of ownership of property
- Offer to purchase property
- Building plans
- Proof of builder’s current registration with the relevant body
- Quotations for all capital items [buildings, vehicle, furniture, equipment etc]

ORGANISATIONS PREVIOUSLY FUNDED BY NLDTF

<table>
<thead>
<tr>
<th>FORM 2010/1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proof of Registration as NPC, NPO, NPC, Section 21 Company, Trust.</td>
</tr>
<tr>
<td>One complete and signed set of the most recent years’ Annual Financial Statements</td>
</tr>
<tr>
<td>The relevant annual financial statements that reflect the receipt and expenditure of the last NLDTF grant</td>
</tr>
<tr>
<td>Business Plan [Annexure A]</td>
</tr>
<tr>
<td>Budget &amp; Motivation [Annexure C]</td>
</tr>
<tr>
<td>Certified copies of the IDs of the 2 Contact persons and the Members of the Management Committee listed on page 2 of application FORM 2010/1</td>
</tr>
<tr>
<td>3 months recent bank statements with original bank stamp</td>
</tr>
</tbody>
</table>

Where applicable

- Proof of registration as Place of Care, Children’s Home or Home for the Aged
- Proof of ownership of property
- Offer to purchase property
- Building plans
- Proof of builder’s current registration with the relevant body
- Quotations for capital items [buildings, vehicle, furniture, equipment etc]

FOR PARTNERSHIPS:

- The above mentioned documents (if applicable)
- Partnership Application Form for new partnerships: Annexure B1 or
- Partnership Application for existing partnerships: Annexure B2
- Plan for the Mentorship/Capacity Building/Skills Transfer (Costed)
- Partnership Agreement (MoU) to be developed and signed by both emerging and
<table>
<thead>
<tr>
<th>FOR UMBRELLA ORGANISATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>The above mentioned documents (if applicable)</td>
</tr>
<tr>
<td>Business Plan and Budget for Umbrella Bodies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FOR CULTURAL FESTIVALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>A letter of support from the relevant Municipality or tribal authority, for cultural festivals</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FOR HERITAGE PROJECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proof that the National or Provincial Heritage Authority has declared the site a Heritage Site</td>
</tr>
</tbody>
</table>
Tool 4: Business Plan (Generic)

**NATIONAL LOTTERY DISTRIBUTION TRUST FUND (NLDTF)**

_ SECTOR __

**PROJECT BUSINESS PLAN**

1. **IDENTIFYING PARTICULARS**
   a) Name of organisation:
   b) Physical Address of organisation:
   c) Nature of the organisation: (National/Provincial/Local)
   d) Where will the project / programme / services you are applying for be implemented
      Rural area ____ Township ____ Urban ____________
      Semi-urban ____ Semi-rural ____ Informal settlement ____
   e) In which District Municipality /ies will the proposed project / programme you are applying for be implemented?

2. **ABOUT YOUR ORGANISATION**
   a) Describe THREE of your most important existing assets (These can be physical assets, human resource assets or skills, natural resources and/or social assets such as outreach capacity, networks, community credibility etc. etc.)
   b) Provide us with the names and contact details of 2 recent/existing donors and/or individuals in the community who have donated money or goods to your organisation

<table>
<thead>
<tr>
<th>Donor organisation</th>
<th>Nature of donation</th>
<th>Name of contact person</th>
<th>Phone numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual contributor:</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

c) Give us ONE example of a recent success story achieved by your organisation

d) How did you go about celebrating this success

e) Tell us about the track record (previous projects / experience) of your organisation

3. **NLDTF FUNDING**
   a) Describe how your organisation goes about / intends to address the specific problem/s set out in the NLDTF Call

b) Should your project / programme be granted NLDTF funding, what (new) resulting opportunities will be created for the beneficiaries to actively realise their potential as individuals or as community?

c) IDENTIFY YOUR PRIORITISED ACTIVITIES, TIME FRAMES AND OUTCOMES FOR THIS PROJECT / PROGRAMME / SERVICE ACTIVITY

<table>
<thead>
<tr>
<th>Activity</th>
<th>Timeframe</th>
<th>Outcome for beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

d) Community. Give a very brief description of the community/communities in which the project / programme / service will be implemented.
4. BENEFICIARIES
Indicate the nature of the service (service area) and the number of beneficiaries per target group.
(Please do not count the same beneficiaries more than once, e.g. disabled women must be counted under disability.)

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Target Group</th>
<th>Women</th>
<th>Children</th>
<th>Men</th>
<th>People with disabilities</th>
<th>Youth</th>
<th>Older persons</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Arts</td>
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<td>Environment and heritage</td>
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<td>Early Childhood</td>
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<tr>
<td>Domestic Violence</td>
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<tr>
<td>Chronic Illnesses</td>
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<td></td>
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<tr>
<td>Job Creation / Skill Development</td>
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<tr>
<td>Youth programming</td>
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<tr>
<td>Other specify</td>
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</tr>
</tbody>
</table>

5. Internal Capacity Building
Support Required: Is there any area of weakness in your organisation where you may require additional assistance or support to help you succeed in implementing the project? Describe your plans to address this capacity building gap and add to budget under capacity building and skills development.

6. INFRASTRUCTURE DEVELOPMENT (Only if your request to NLDTF includes an infrastructure development aspect should you answer the following question)

a) Explain if there are any risks involved in your infrastructure projects and how you will manage such risks. (e.g. poor workmanship, non-delivery by contractor e.t.c)

7. ORGANISATIONAL SUSTAINABILITY:

a) Do you have a sustainability plan? YES/NO

b) Tell us how your organisation plans to ensure that your programme / project / service will be able to continue financially beyond the possibility of one-year funding from the NLDTF.

c) Does your organisation re-cycle waste? Explain how.

8. BUDGET FOR SPECIFIED PROJECT / PROGRAMME (as per Guidelines example)

<table>
<thead>
<tr>
<th>ITEM (category)</th>
<th>QUANTITY</th>
<th>UNIT</th>
<th>TOTAL COST</th>
<th>MOTIVATION FOR ITEM</th>
</tr>
</thead>
</table>

106
<table>
<thead>
<tr>
<th>ITEM (category)</th>
<th>QUANTITY</th>
<th>UNIT COST</th>
<th>TOTAL COST</th>
<th>MOTIVATION FOR ITEM</th>
</tr>
</thead>
</table>

Form completed by:
Full Name: __________________________ Signature: ______________
Designation: ________________________
Tool 5: Business Plan (Umbrella Bodies)

NATIONAL LOTTERY DISTRIBUTION TRUST FUND (NLDTF)

__________ SECTOR

PROJECT BUSINESS PLAN: UMBRELLA BODIES ONLY

NOTE: This Business Plan is to be completed only by those applicants that can be described as an umbrella body, i.e. a parent body with affiliates, regional offices or membership branches that operate with the same registration number.

1. IDENTIFYING PARTICULARS
   a) Name of organisation: __________________________
   b) Physical Address of Organisation: __________________________
   c) Nature of the organisation: (National/Provincial)
   d) Where will the project / programme / services you are applying for be implemented
      Rural area ___ Township ___ Urban ___ Semi-urban ___ Semi-rural ___ Informal settlement ___
   e) In which District Municipality does the proposed project / programme you are applying for be implemented?

2. ABOUT YOUR ORGANISATION
   a) Describe THREE of your most important existing assets (These can be physical assets, human resource assets or skills, natural resources and/or social assets such as outreach capacity, networks, community credibility etc. etc.)

   b) Provide us with the names and contact details of 2 recent/existing donors and/or individuals in the community who have donated money or goods to your organisation

<table>
<thead>
<tr>
<th>Donor organisation</th>
<th>Nature of donation or contribution</th>
<th>Name of contact person</th>
<th>Phone numbers</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td>Individual contributor:</td>
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</tbody>
</table>

3. NLDTF FUNDING (PLEASE NOTE that your application will not be considered if any NLDTF reports are still outstanding)
   a) Describe how your organisation goes about / intends to address the specific problem/s set out in the NLDTF Call

   b) How many local sites will be involved in the implementation of this project / programme. List the affiliates, branches or member bodies to be involved, together with contact details for each

   c) What is the role of the listed member bodies in the project / programme

   d) What is the role of the mother body in the project / programme

   e) What capacity does the mother body bring to manage, oversee and monitor the implementation of the project / programme at the listed sites? What mechanisms will be put in place to do this?
f) How were the idea and implementation plans for the current project developed? Who was involved in this process? (Kindly submit records reflecting discussions, planning sessions, if these exist)


g) Should your project / programme be granted NLDTF funding, what (new) resulting opportunities will be created for the beneficiaries to actively realise their potential as individuals or as community?


i) Community: Give a very brief description of the community/communities in which the project / programme / service will be implemented.


j) What is the (ONE) most important change you want to see in the communities / beneficiary groupings?


4. BENEFICIARIES
Indicate the nature of the service (service area) and the number of beneficiaries per target group. (Please do not count the same beneficiaries more than once, e.g. disabled women must be counted under disability)

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Women</th>
<th>Children</th>
<th>Men</th>
<th>People with disabilities</th>
<th>Youth</th>
<th>Older persons</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts</td>
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<td>Domestic</td>
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<td>Violence</td>
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<td>Chronic illnesses</td>
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</table>

5. Internal Capacity Building
Support Required: Is there any area of weakness in your organisation where you may require additional assistance or support to help you succeed in implementing the project? Describe your
plans to address this capacity building gap and add to budget under capacity building and skills development.

6. ORGANISATIONAL SUSTAINABILITY:

a) Do you have a sustainability plan? YES/NO

b) Tell us how your organisation plans to ensure that your programme/project/service will be able to continue financially beyond the possibility of one-year funding from the NLDTF.

7. BUDGET FOR SPECIFIED PROJECT / PROGRAMME (as per Guidelines example)

Umbrella Bodies should separate budgets for parent body and member bodies respectively. Where budgets for member bodies differ, these specifics must be indicated.

<table>
<thead>
<tr>
<th>ITEM (category)</th>
<th>QUANTITY</th>
<th>UNIT</th>
<th>TOTAL COST</th>
<th>MOTIVATION FOR ITEM</th>
</tr>
</thead>
</table>

Form completed by:

Full Name: __________________________ Signature: __________________________

Designation: __________________________
Tool 6: Partnership Annex B1

APPLICATIONS IN PARTNERSHIP

This annexure is to be completed only for APPLICATIONS IN PARTNERSHIP for the first time by both the established and the assisted organisations.

Use an additional sheet of paper, if necessary

1. Established Organisation
   Name: __________________________________________
   Physical Address: __________________________________________

2. Assisted Organisation
   Name: __________________________________________
   Physical Address: __________________________________________

3. Is the Established Organisation presently engaged in any other NLDTF Partnerships. List
   __________________________________________

4. How long have the two organisations known each other? Describe the working relationship between the two organisations (in what areas has there been previous collaboration between the two?)
   __________________________________________

5. How were the idea and implementation plans for the proposed project developed? Who was involved in this process? (Kindly submit records reflecting discussions, planning sessions, if these exist)
   __________________________________________

6(a) What kind of assistance is needed by the Assisted Organisation? What kind of skills, support and/or experience does this include?
   __________________________________________

6(b) What qualifies the established organisation to help the Assisted Organisation:
   __________________________________________

7. Specify how the Established Organisation will go about working with the Assisted Organisation to ensure that the necessary capacity is built in the Assisted Organisation. Include plan to help Assisted Organisation achieve ‘annual audit status’ as one outcome.

<table>
<thead>
<tr>
<th>Specify nature of Support Activity (details required)</th>
<th>Frequency of activities</th>
<th>Period of support to be provided</th>
<th>Outcomes to be achieved</th>
</tr>
</thead>
<tbody>
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</table>

8. Give details of how the progress and implementation the project will be monitored. Is there agreement on this question between the two parties?
   __________________________________________

9. Is the Established Organisation charging a fee for the skills transfer and capacity building? If yes, please specify the amount and the items charged for.
   __________________________________________
10. Estimate when will the Assisted Organisation be in the position to apply independently to the NLDTF?

Name of Representative of Established organisation

Name of Representative of Assisted Organisation

Signature:

Signature:

Identity Number

Identity Number

Date: _____________

Date: _____________
Tool 7: Partnership Annex B2

APPLICATIONS IN PARTNERSHIP (B2)

This annexure is to be completed by applicants who have been previously funded in Partnership by both the Established and the Assisted organisations.

Use an additional sheet of paper, if necessary.

1. Established Organisation
   Name: ________________________
   Physical Address: ________________________

2. Assisted Organisation
   Name: ________________________
   Physical Address: ________________________

3. Is the Established Organisation presently engaged in any other NLDTP Partnerships? List _______

4. How were the idea and implementation plans for the current project developed? Who was involved in this process? (Kindly submit records reflecting discussions, planning sessions, if these exist)
   ________________________

5(a) How long have the two organisations known each other? Describe the working relationship between the two organisations (in what areas has there been previous collaboration between the two?)
   ________________________

(b) How long has this NLDTP partnership been in existence?
   ________________________

(c) Describe the areas of capacity building supported by the original NLDTP partnership programme
   ________________________

(d) What capacity building targets (outcomes) have been achieved so far by the Assisted Organisation?
   ________________________

(e) Specify how the Established Organisation will continue to work with the Assisted Organisation to ensure that the outstanding capacity needs are built in the Assisted Organisation. Include plan to help Assisted Organisation achieve ‘annual audit status’ as one outcome.

<table>
<thead>
<tr>
<th>Specify nature of Support Activity (details required)</th>
<th>Frequency of activities</th>
<th>Period of support to be provided</th>
<th>Outcomes to be achieved</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

6. Give details of how progress and implementation of the project will be monitored.
   ________________________
7. Is the Established Organisation charging a fee for the skills transfer and capacity building? If yes, please specify the amount and the items charged for.

8. Please note that if the Assisted Organisation has achieved financial audit status, both the Assisted and the Established Organisations need to submit audited financial statements. Please ensure that this is enclosed with your application.

11. Estimate when will the Assisted Organisation be in the position to apply independently to the NLDTF?

Name of Representative of Assisted Organisation  Name of Representative of Established Organisation
Signature:_________________________________ Signature:______________________________

Identity Number:_________________________ Identity Number:_________________________
Date:____________________ Date:____________________
MEMORANDUM OF UNDERSTANDING
entered into between

(name of the Established Organisation)


(physical address of the Established Organisation)

(name of trustee/director of the Established Organisation)

(registration number of Established Organisation)

AND

(name of the Assisted Organisation)


(physical address of the Assisted Organisation)

(name of trustee/director of the Assisted Organisation)

(registration number of the Assisted Organisation)

1. The Established Organisation will assist the Assisted Organisation in its application for funding to the National Lottery Distribution Trust Fund (NLDTF) from (start date) to (end date).

2. The Established Organisation will support the project activities and oversee the financial management of the project as per the Grant Agreement.

3. The Established Organisation agrees to submit the application of the Assisted Organisation under its auspices on the following terms and conditions:

   TERMS AND CONDITIONS

4. The application of the Assisted Organisation to NLDTF will not in any way jeopardise the Established Organisation’s own application to NLDTF.

5. Should the Assisted Organisation be allocated funding by NLDTF, the Established Organisation will sign the Grant Agreement.

6. The allocated funds will be deposited into the bank account of the Established Organisation:

   Banking Institution: ________________
   Account Name: ________________
   Cheque Account Number: ________________
   Branch Name: ________________
   Branch Code: ________________

7. After funds have been deposited into the Established Organisation’s bank account by NLDTF, the Established Organisation will then transfer these funds to the Assisted Organisation within 14 days:

   Banking Institution: ________________
   Account Name: ________________
   Cheque Account Number: ________________
   Branch Name: ________________
   Branch Code: ________________

8. Objectives of the Partnership

8.1 A priority objective of the Grant Agreement is for the Established Organisation to assist the Assisted Organisation with the required financial statements in order for the Assisted Organisation to access NLDTF funding for the project it intends to implement.

8.2 As soon as the notice of grant is received, the Established Organisation shall work towards ensuring that the financial systems of the Assisted Organisation are in place.

8.3 The Established Organisation shall assist the Assisted Organisation in accordance with mutually agreed upon capacity building targets

9. Management
Responsibility for the execution of the project resides with the Assisted Organisation in consultation with the main assisting organisation.

10. Exclusivity and Confidentiality
   Any information forwarded by one party to any other party shall be considered as confidential and shall not be used without consent of either party for any other purpose other than the performance of this Agreement.

11. Actual Cost of Assistance
   The Established Organisation shall receive up to a maximum of 10% of the total budget as administration fee, as approved by the NLDTF.

12. The Established Organisation has the responsibility of ensuring that NLDTF funds are expensed as per planned project activities and budget as outlined in the signed Grant Agreement.

13. The Assisted Organisation is required to provide the Established Organisation with an accurate account of how the NLDTF funds were expensed.

14. The progress reports on the project submitted to the NLDTF must be signed by both the Established Organisation and the Assisted Organisation.

15. The Established Organisation will assist the Assisted Organisation with building the necessary capacity for project and administrative management, and financial administration, including the production of annual audited statements.

16. The Established Organisation shall be responsible for all queries, site visits and developments around NLDTF-funded project activities throughout the project life-cycle.

17. Resolution of Disputes
   17.1 Where a dispute arises, it is recommended that the first step should be for the two parties to communicate with the NLDTF in order to attempt to resolve the matter amicably.

   17.2 Both Parties shall exhaust all other remedies contained in this Memorandum of Understanding before approaching a court to resolve a dispute arising out of this agreement.

   17.3 Without detracting from either Party’s right to institute action or motion proceedings in the High Court of South Africa or other courts of competent jurisdiction in respect of any dispute that may arise out of this agreement, the Parties may, by mutual consent, follow mediation and/or arbitration procedures.

18. Amendments to the Memorandum of Understanding may only be incorporated with the mutual consent from both organisations subject to the consent of the NLDTF.

19. The Memorandum of Understanding may be terminated by the duly authorised representatives of the parties subject to the consent of the NLDTF.

For ______________________ For ______________________
(Established Organisation) (Assisted Organisation)
Tool 9: DA Checklist and Recommendation

### Adjudication Checklist & Recommendations

<table>
<thead>
<tr>
<th>Strategic Focus of proposal</th>
<th>Y</th>
<th>N</th>
<th>Comment / Follow up</th>
<th>Require visit to clarify issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the Proposal respond directly to the problems laid out in the Call? (Screening I)</td>
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<tr>
<td>Does the proposal present a contribution to addressing the Call problems?</td>
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<td>Is the proposed initiative realistic / workable?</td>
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<td>Is there evidence that the community has an appetite for this project?</td>
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<tr>
<td>Is the beneficiary group actively involved in creating their own solutions to conditions of poverty</td>
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<tr>
<td>Are all other conditions in place to support the initiative and enable it to work? Eg., criteria for sports initiatives (see p.0-11 Grant Funding Policy Manual, criteria (a-e))</td>
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<tr>
<td>Does the applicant re-cycle its waste?</td>
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<tr>
<td><strong>GOVERNANCE</strong></td>
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<tr>
<td>Is there evidence that there are formal governance structures that a) exist, b) meet regularly, c) are able to intervene positively where there are challenges?</td>
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<tr>
<td>Is there evidence that day to day authority in the organisation is separate from signatures (expenditure approval)</td>
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<tr>
<td><strong>FINANCES &amp; BUDGET</strong></td>
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<tr>
<td>Indication that the Project / Programme has other existing or potential sources of funding in the future and is/will not be wholly dependent on NLDTF (financial sustainability)</td>
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<td>Budget and motivation included</td>
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<td>Is it clear from the budget how the requested money will be spent?</td>
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<td>Are budgeted items reasonably costed?</td>
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<tr>
<td>Are all budgeted items essential to the project?</td>
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### Additional Criteria

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<thead>
<tr>
<th>UMBRELLA BODIES (additional criteria needed)</th>
<th>Y</th>
<th>N</th>
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</thead>
<tbody>
<tr>
<td>Correct Business Plan and Budget submitted</td>
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<tr>
<td>Impact at local level spelt out</td>
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<tr>
<td>Evidence that all parties have participated in planning initiative</td>
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<tr>
<td>Evidence that the mother body is capable of overseeing initiative at local levels</td>
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<tr>
<td><strong>PARTNERSHIP PROGRAMME (additional criteria needed)</strong></td>
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<td>?</td>
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<tr>
<td>Both parties in same sector and geographical area</td>
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<tr>
<td>Evidence that both parties have participated in planning initiative</td>
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<tr>
<td>The parties have a real existing relationship</td>
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<tr>
<td>The Established Organisation offers viable capacity building support</td>
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<tr>
<td>Partnership Programme Annex B1 or B2 is signed by both parties</td>
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<td>MOU signed by both parties</td>
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<td><strong>Technical Compliance Criteria (Screening II)</strong></td>
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<tr>
<td>Previous grant conditions met</td>
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<tr>
<td>Applicant has outstanding reports to NLB (in other grants made)</td>
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<tr>
<td>Deadline met</td>
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<tr>
<td>Proof of constitution as a qualifying organisation</td>
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<tr>
<td>Financial Audits in good standing are included (including no qualifications and no major liabilities)</td>
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<tr>
<td>2010/11 Form fully completed &amp; signed, included</td>
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<tr>
<td>Namas &amp; contact details of past donors / contributors included</td>
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<tr>
<td>3 months bank statements with original stamp of bank branch</td>
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<tr>
<td>Single Project / Programme in application</td>
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<tr>
<td>Applicant has received another NLDTF grant this year</td>
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<tr>
<td>Where applicable, proof of registration for specialist agency</td>
<td></td>
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<tr>
<td>Where applicable, building related documentation &amp; ownership proof</td>
<td></td>
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<tr>
<td>Where applicable, quotations included</td>
<td></td>
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<tr>
<td>Certified ID/s</td>
<td></td>
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<tr>
<td>There is consistency in the name provided for the applicant, its registration, its founding documents, its bank details.</td>
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<tr>
<td>Activity is consistent with / aligned to objectives in founding document</td>
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<tr>
<td>Overall recommendation &amp; motivation?</td>
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<tr>
<td>+ve recommendation: tranche size and intervals proposal</td>
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### Tool 10: Assessment Checklist

<table>
<thead>
<tr>
<th>Key Questions / Issues</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the project a good idea? (ie. does it really address the problem/s stated in the Call?)</td>
<td></td>
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<tr>
<td>Is the project/organisation capable of doing what they claim to be able to do in addressing the Call problem/s? Do they have the necessary skills? Management? Buy-in from institutional stakeholders?</td>
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<tr>
<td>What evidence that the beneficiary group has actively bought in to the initiative and will be actively involved? Is there enthusiasm for this project amongst those who would benefit from it?</td>
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<tr>
<td>Are all other conditions in place to support the initiative and enable it to work? E.g., criteria for sports initiatives (See p10-11 Grant Funding Policy Manual, criteria (a-e))</td>
<td></td>
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<tr>
<td>Is there concrete evidence that the applicant re-cycle their waste? How sincere is their intent in this regard?</td>
<td></td>
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<tr>
<td>FINANCIAL SUSTAINABILITY</td>
<td></td>
</tr>
<tr>
<td>Is there concrete evidence that the Project / Programme has other existing or potential sources of funding in the future and is/will not be wholly dependent on NLDTF (financial sustainability)</td>
<td></td>
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<tr>
<td>GOVERNANCE</td>
<td></td>
</tr>
<tr>
<td>Is there evidence of a working governance structure? Members of committee present? The structure a) exists, b) meets regularly, c) is able to intervene positively where there are challenges? Minutes of meetings? Etc.</td>
<td></td>
</tr>
<tr>
<td>Separation of control of budget from control of organisation on daily basis</td>
<td></td>
</tr>
<tr>
<td>MIDDEN ASSETS</td>
<td></td>
</tr>
<tr>
<td>Does the organisation have an understanding of potential &amp; actual</td>
<td></td>
</tr>
<tr>
<td>social, physical, infrastructural and other assets available to themselves and the community?</td>
<td></td>
</tr>
<tr>
<td>BUDGET</td>
<td></td>
</tr>
<tr>
<td>Is the requested budget appropriate -- in size? in content? Is it clear how money will be spent? All budget items essential?</td>
<td></td>
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<tr>
<td>List other issues for follow up arising out of first screening:</td>
<td></td>
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<tr>
<td></td>
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<tr>
<td>UMBRELLA BODIES (in addition to above issues) Include visit to at least one local site selected by NLB</td>
<td></td>
</tr>
<tr>
<td>Is there evidence that local sites understand the nature of the project and that their particular needs are reflected in the substance of the proposal and in the budget?</td>
<td></td>
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<tr>
<td>Is there evidence that local sites are fully on board and will actively participate in and benefit from this initiative?</td>
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<tr>
<td>Evidence that the mother body is capable of overseeing initiative at local levels</td>
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<tr>
<td>Other issues noted from written proposal:</td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>PARTNERSHIP PROGRAMME</td>
<td></td>
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<tr>
<td>(in addition to above issues pg1)</td>
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<tr>
<td>What is the relationship / interaction between the Established and Assisted Organisations like? Mutual respect / resentful / patronising / workable etc.</td>
<td></td>
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<tr>
<td>Is it clear from discussion that the Assisted Organisation both understands and is committed to the initiative?</td>
<td></td>
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<tr>
<td>The training, capacity building support offered by the Established Organisation is appropriate for the</td>
<td></td>
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</table>

119
<table>
<thead>
<tr>
<th>Assisted Organisation</th>
<th>Other issues noted from written proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>
Tool 11: Interim Progress Report Format

**INTERIM PROGRESS REPORT: NLB Call Partners**

**REPORTING REQUIREMENTS**

The purpose of this Progress Report is to provide the NLB with a picture of how the grant has been used during the last reporting period and what benefits have begun to emerge.

This report must be submitted in accordance with the mutually agreed-upon dates specified in your Grant Agreement:

Please complete the required information below. All sections must be completed in full and must provide an accurate reflection of funds spent to date. Incomplete and inaccurate reports will not be considered and may have an effect on reporting timeframes, the release of next tranche payments and future funding applications.

The NLB will compare the information provided in this report including supporting documents (as referred to in point 8) with the Grant Agreement that you signed. Please ensure that you have a copy of the Grant Agreement on hand in preparing this report.

Should you wish to apply for a deviation/redirection of funds please do not utilise this report for that purpose. Kindly send a separate letter seeking the prior approval of the NLB before effecting the deviation/redirection.

The report contains the following sections:

**SECTION A:** General Report: to be completed by all organisations

**SECTION B:** To be completed by Partnership participants only

**SECTION C:** To be completed by Umbrella bodies only

**INTERIM PROGRESS REPORT: GENERAL INFORMATION**

<table>
<thead>
<tr>
<th>PROJECT NUMBER:</th>
<th>SECTOR: CHARITIES</th>
<th>SPORTS</th>
<th>ARTS</th>
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<table>
<thead>
<tr>
<th>NAME OF ORGANISATION:</th>
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<th>POSTAL ADDRESS:</th>
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<tr>
<th>NAME OF MAIN CONTACT PERSON:</th>
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<tr>
<th>CONTACT PERSONS DETAILS: (Tel): (Fax):</th>
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<th>REPORTING PERIOD: From: To:</th>
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<tr>
<th>THIS REPORT IS FOR TRANCHE NO:</th>
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<th>TRANCHE AMOUNT:</th>
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<tr>
<th>BALANCE FROM THE PREVIOUS TRANCHE OF THIS GRANT (IF ANY):</th>
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<tr>
<th>DATE OF SUBMISSION OF THIS REPORT:</th>
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</table>
SECTION A: ALL ORGANISATIONS TO COMPLETE

1. Please provide a description of the project / programme’s activities carried out during this reporting period (since receiving the 1st NLB Tranche OR since the last report)

2. How did you go about addressing the problem set out in the original Call and were there any changes to your original plan in this regard?

3. Tell us about key results or outcomes achieved during this period

4. Tell us how the targeted beneficiaries and the community have directly benefited from the initiative supported by NLB. What new opportunities for dealing with poverty have been created for beneficiaries?

5. What factors have helped the project make good progress?

6. What has hindered or prevented the project from making good progress? (Please describe any shortcomings, problems or challenges encountered)

7. What have you done to address these problems?

8. If you have had any capacity building support during the reporting period, tell us about this and whether this has helped your organisation

9. Have you managed to improve your financial sustainability during the reporting period? What new donor commitments or income flow has come into your organisation recently?

10. What are your priorities for the next six month period?

11. If your organisation has agreed in the Grant Agreement to acknowledge and publicise the NLDTF, please report on how this has been done during the reporting period?

12. Have you established a separate bank account for the NLDTF funding? Yes  No
SECTION B: PARTNERSHIP APPLICATIONS ONLY

If you received funds through a Partnership Application, both the Established and Assisted Organisation must jointly complete this section.

13. Describe the active role of the Established Organisation in building capacity and other areas with regard to the Assisted Organisation during the reporting period and how effective has such intervention’s been?

14. What are the remaining capacity gaps that need to be covered before the Assisted Organisation is in a position to apply for funding independently to the NLB?

15. Describe the agreed-upon capacity building priorities for the next reporting period.

16. Tell us about the general relationship between the Established and Assisted Organisations. Has this relationship developed smoothly? Have there been challenges? What has or has not worked?

SECTION C: UMBRELLA ORGANISATIONS ONLY

17. How many local sites been involved in the implementation of this project / programme. List the affiliates, branches or member bodies involved. Please provide a separate

account of what has been done at each local site and ensure that the funds disbursed to local site affiliates / bodies are reflected in the Expenditure Report below.

18. Describe joint activities between the mother body and participating affiliates or member bodies to monitor progress and/or plan ahead.

19. Describe the role of the mother body during the implementation of the project / programme.

SECTION D: INFRASTRUCTURE DEVELOPMENT ONLY

20. Please outline the key activities that have taken place to date relating to infrastructure and explain the progress in terms of such activities.

21. Have there been any delays or any other problems regarding the proposed implementation plan and what are the causes?

22. Is there anything that can be done to address these issues?

NB: Please send photographs of any work being currently carried out.
SECTION E: Financial Progress Report

23. SUMMARY
   a) Total value of grant (as per grant agreement)
   b) Total amount received during period of report (including the balance from the previous tranche of this grant, if any)
   c) Total amount spent during period
   d) Balance from amount received (b – c)

24. EXPENDITURE REPORT
   This section should provide details of expenditure against the approved budget. You are required to reflect the budget line items exactly as approved in the Grant Agreement (Annexure A). We will request additional information from you if we need to.

<table>
<thead>
<tr>
<th>BUDGET LINE ITEM (In line with Annexure A)</th>
<th>Amount approved</th>
<th>Amount spent on this item</th>
<th>Amount remaining</th>
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TOTAL

NB: Please make a copy of this page if there are additional Budget Line Items you need to report on.

Period of Report: ______________________ to ________________

Date of Report: ______________________

Compiled by:
Name: ______________________

Designation: ______________________

Signature: ______________________

NB: By signing this report you are confirming that the information contained in the Narrative and Financial report is accurate and true and can be independently verified. The NLE may request supporting evidence with regards to this report, or it may request or conduct an independent inspection of the information contained in the report.

25. ANNEXURES
   a) For every expenditure in line with the grant, you are required to attach supporting evidence to this report. Such supporting evidence include among others, the Bank Statement for the separate bank account (for the relevant period), invoices, proof of payments, purchase slips, photographs of equipment, facilities and events, attendance registers for workshops, proof relating to exhibitions, festivals, concerts and operas, camps, copies of materials produced, publications.

   b) For achievements, please submit photographs, media articles, approved press releases, testimonials, user satisfaction surveys, research reports and any other means of objectively verifying the outcomes. For sports events you are required to submit photographs as well as a list of athletes or participants in both local and international competitions.

   c) A note about publicity: Please provide evidence of the NLDFT logo being used on buildings, vehicles etc. Attach copies of any media reports, website links regarding any positive publicity associated with your NLDFT-supported project. (PLEASE REFER TO THE NLDFT PUBLICITY REQUIREMENT POLICY).

Please do not send originals of your Annexures. Only photographs must be originals.
REPORT APPROVED BY:
Name of Chairperson____________________
Signature____________________
Date____________________
Tool 12: Final Progress Report Format

REPORTING REQUIREMENTS

The purpose of this Final Progress Report is to provide the NLB with both an account of the work undertaken during the final six month period and an assessment of the overall impact of the grant over the full project period.

This report must be submitted in accordance with the mutually agreed upon dates specified in your Grant Agreement.

Please complete the required information below. All sections must be completed in full and must provide an accurate reflection of funds spent to date. Incomplete and inaccurate reports will not be considered and may have an effect on future funding applications.

The NLB will compare the information provided in this report including supporting documents with the Grant Agreement that you signed. Please ensure that you have a copy of the Grant Agreement on hand in preparing this report.

Should you wish to apply for a deviation/redirection of funds please do not utilise this report for that purpose. Kindly send a separate letter seeking the prior approval of the NLB before effecting the deviation/redirection.

The report contains the following sections:

SECTION A: General Report: to be completed by all organisations

SECTION B: To be completed by Partnership participants only

SECTION C: To be completed by Umbrella bodies only

SECTION D: To be completed by beneficiaries receiving funds for infrastructure development, such as sports facilities, refurbishment of existing facilities, building of ECD centres, irrigation systems, art and cultural centres etc.

SECTION E: Financial Report: to be completed by all organisations

FINAL PROGRESS REPORT: GENERAL INFORMATION

PROJECT NUMBER: ____________________________
SECTOR: CHARITIES _____
SPORSTS _____
ARTS _______

NAME OF ORGANISATION: ____________________________

POSTAL ADDRESS: ____________________________

______________________________________________

NAME OF MAIN CONTACT PERSON: ____________________________

CONTACT PERSONS DETAILS: (Tel) ________________________ (Fax) ____________________________

FINAL REPORTING PERIOD: ____________________________ to ____________________________

FULL PROJECT IMPLEMENTATION PERIOD: ____________________________ to ____________________________

THIS REPORT IS FOR TRANCHE NO: ____________________________

TRANACHE AMOUNT: $ ____________________________

BALANCE FROM THE PREVIOUS TRANCHE OF THIS GRANT (IF ANY): $ ____________________________

DATE OF SUBMISSION OF THIS REPORT: ____________________________
SECTION A: ALL ORGANISATIONS TO COMPLETE

1. Please provide a description of the project/programme’s activities carried out during this reporting period (since the last report)

2. Looking back, how far do you think your project went in addressing the problem(s) set out in the original Call, as you had planned?

3. Tell us about key results or outcomes achieved during this last reporting period

4. Tell us how the targeted beneficiaries and the community have directly benefited from the initiative supported by NLB. What new opportunities for dealing with poverty have been created for beneficiaries?

5. Over the course of the whole project implementation period which factors helped progress, which factors hindered progress?

6. How successful have you been in addressing obstacles experienced?

7. Have there been any unintended consequences or outcomes of the initiative?

8. If you have had any capacity building support in the course of implementing the initiative, assess the effects of this on the initiative as a whole

9. Are there plans to continue with this initiative and what funds have you succeeded in raising for this purpose?

10. If your organisation has agreed in the Grant Agreement to acknowledge and publicise the NLDTF, please summarise how this was done in the course of implementing the full project

11. What are the important lessons and/or insights that emerge from having implemented this initiative?

12. Please comment on your relationship with the NLB. Could anything be improved in this regard?
SECTION B: PARTNERSHIP APPLICATIONS ONLY

If you received funds through a Partnership Application, both the Established and Assisted Organisation must jointly complete this section

13. Describe the active role of the Established Organisation with regard to the Assisted Organisation during the reporting period and how effective have such intervention/s been?

14. Is the Assisted Organisation now in a position to apply for funding independently to the NLR? If not, what remains to be done towards that end?

15. Tell us about the general relationship between the Established and Assisted Organisations. Has this relationship developed smoothly? Have there been challenges? What has or has not worked?

SECTION C: UMBRELLA ORGANISATIONS ONLY

16. How many local sites been involved in the implementation of this project / programme. List the affiliates, branches or member bodies involved. Please provide a separate account of what has been done at each local site and ensure that the funds disbursed to local site affiliates / bodies are reflected in the Expenditure Report below.

NB: Please send photographs of any work being currently carried out.

SECTION D: INFRASTRUCTURE DEVELOPMENT ONLY

17. Describe joint activities between the mother body and participating affiliates or member bodies to monitor progress and/or plan ahead during this last funding period

18. Describe the role of the mother body during the implementation of the project / programme

19. Has the planned infrastructure development been completed? Please report any delays or problems in this regard.

20. What plans have been put into place to ensure that the new infrastructure will be maintained in the future?

21. What has been the overall relevance of this infrastructure for achieving the objectives of the initiative?

SECTION E: Financial Progress Report

22. SUMMARY
23. EXPENDITURE REPORT

This section should provide details of expenditure against the approved budget. You are required to reflect the budget line items exactly as approved in the Grant Agreement (Annexure A). We will request additional information from you if we need to.

<table>
<thead>
<tr>
<th>BUDGET LINE ITEM (In line with Annexure A)</th>
<th>Amount approved</th>
<th>Amount spent on this item</th>
<th>Amount remaining</th>
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NB: Please make a copy of this page if there are additional Budget Line Items you need to report on.

Period of Report: ______________________ to ________________

Date of Report: ______________________

Compiled by: ______________________

Name: ______________________

Designation: ______________________

Signature: ______________________

24. ANNEXURES

a) For every expenditure in line with the grant, you are required to attach supporting evidence to this report. Such supporting evidence include among others, the Bank Statement for the separate bank account (for the relevant period), invoices, proof of payments, purchase slips, photographs of equipment, facilities and events, attendance registers for workshops, proof relating to exhibitions, festivals, concerts and operas, camps, copies of materials produced, publications.

b) For achievements please submit photographs, media articles, approved press releases, testimonials, user satisfaction surveys, research reports and any other means of objectively verifying the outcomes. For sports events you are required to submit photographs as well as a list of athletes or participants in both local and international competitions.

c) A note about publicity: Please provide evidence of the NLDFT logo being used on buildings, vehicles etc. Attach copies of any media reports, website links regarding any positive publicity associated with your NLDFT-supported project. (PLEASE REFER TO THE NLDTF PUBLICITY REQUIREMENT POLICY).

Please do not send originals of your Annexures. Only photographs must be originals.
NB: By signing this report you are confirming that the information contained in the Narrative and Financial report is accurate and true and can be independently verified. The NLB may request supporting evidence with regards to this report, or it may request or conduct an independent inspection of the information contained in the report.

REPORT APPROVED BY:

Name of Chairperson_____________________

Signature______________________________

Date______________________________
**Tool 13: Monitoring Checklist**

**Grant Officer – Monitoring Checklist**

**How to use the Monitoring Checklist**

The monitoring checklist is a tool that assists the NLB to decide on whether a site visit to a grantee is required. The monitoring checklist is used following the submission of a written report by the grantee. By reading through the report it is possible to pick up a lot of information, although it is important to acknowledge that there is a possible gap between the written description and the reality of the project. This is the reason that words such as 'apparent' and 'seems to' are used repeatedly in the Monitoring Checklist. We can never be 100 per cent sure of our findings. Do not hesitate to acknowledge that something is unclear or inconclusive. If there is too much uncertainty around the project’s progress, it may be time to schedule a telephone call request for further information or in fact a site visit to the project to get first hand knowledge of what is happening on the ground.

<table>
<thead>
<tr>
<th>Monitoring aspect</th>
<th>Y</th>
<th>N</th>
<th>?</th>
<th>Comment / Follow up</th>
<th>Require visit to clarify issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are you satisfied that the initiative is addressing the problem/s outlined in the relevant Call</td>
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<tr>
<td>Are the activities in the report roughly in accordance with the planned activities? If not, is there an adequate explanation</td>
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<tr>
<td>Is the beneficiary group actively involved in creating their own solutions to conditions of poverty?</td>
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<tr>
<td>Do you think the grantee is being transparent about the problems and obstacles they face?</td>
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<tr>
<td>Do you think the grantee knows how to address their weaknesses and challenges?</td>
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<tr>
<td>Is there anything that NLB should and could <em>successfully</em> do assist the grantee?</td>
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<tr>
<td>Has the grantee apparently made progress in bringing in other sources of funding?</td>
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<tr>
<td>Has the grantee established a separate account for NLDTF funding? Evidence of this?</td>
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</tbody>
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**Analyse expenditure:** does it appear that the right level of expenditure has taken place, (not too much, not too little) given the reported activities?

- Plans going forward seem to be appropriate, given where the initiative says it is at?
- Are there any obvious gaps in the report provided that need following up? List in Comment column
- UMBRELLA BODIES (additional criteria needed)
  - Are there strong indications that local branches / affiliates have been fully involved in the initiative?
  - Is there any evidence of impact at local level?
  - Is there evidence that the mother body has managed the initiative well, including financial management?
  - Is there evidence that funds have unduly remained within Head Office coffers, rather than filtering through to local offices
  - PARTNERSHIP APPLICATION
    - Is there evidence that the relationship between the Established and Assisted Organisations has been fruitful and co-operative? Eg. joint planning or reporting sessions etc
    - Is there evidence that the capacity building initiatives of the Established Organisation have had the desired results?
    - Is there evidence that the Assisted Organisation is any closer to becoming an NLB applicant in its own right?
Has there been any problems regarding the transfer of funds from Established to Assisted Organisation?

INFRASTRUCTURE PROVIDED Y N ?

Is there evidence that the infrastructure provision plans have gone smoothly?

Have there been problems regarding implementation of infrastructure (such as procurement issues, delays, wastage etc)?

Is there evidence of any positive effects of infrastructure provision on the targeted beneficiaries?

Overall conclusions
Here the GO summarises the general finding of the report and provides a motivation for next steps in the monitoring process

Does this project offer any particularly interesting content that could be followed up for NLB communication purposes?
Tool 14: Monitoring Report

Monitoring Report Format

Monitoring aspect

Is the project / organisation demonstrating that they are able to address the problem/s specified in the Call?
What is your impression regarding the project’s level of a) skill b) management capacity c) commitment (intent) necessary to make the project a success?
Is there any evidence (yet) regarding benefits reaching the grouping targeted?
Did you see evidence that the beneficiary group is actively involved in the initiative (or are beneficiaries passive recipients of the benefits)?
Review the overall project progress. What problems or weaknesses are evident?
How is the grantee managing the problems faced by the project?
Is there anything that the NLB can do to assist the grantee in tackling the problems?
Reflecting on the potential and actual assets of the grantee (social, human, physical, environmental, financial), do you think the organisation is making the best with what they have?
Why/ not?
Has the grantee made progress in bringing in other sources of funding?
To the project? To the organisation as a whole? If no, is the grantee a) committed to doing so, b) able to do so in terms of their skills / knowledge?
Did you manage to see any people from the governance structure of the organisation? Review minutes? Your impression of how functional this body is?
Regarding the project’s budget expenditure, has the grantee spent NLB funds cautiously?
Discuss their plans going forward. Do these seem to be appropriate, given where the initiative says it is at?
From your Monitoring Checklist, note the other issues that you felt need following up on site and record your findings:

UMBRELLA BODIES (in addition to the above areas of focus pg12)
Are there strong indications that local branches / affiliates have been fully involved in the initiative?
Is there any evidence of impact at local level?
Is there evidence that funds have unduly remained within Head Office coffers, rather than filtering through to local offices?

PARTNERSHIP APPLICATION (in addition to the above areas of focus)
Is there evidence that the relationship between the Established and Assisted Organisations is a good one? Any signs of tension, resentment, mutual respect, patronizing attitudes, etc?
Is there evidence that the capacity building initiatives of the Established Organisation have had the desired results?
Is there evidence that the Assisted Organisation is any closer to becoming an NLB applicant in its own
right?
Has there been any problems regarding the transfer of funds from Established to Assisted Organisation?

INFRASTRUCTURE PROVIDED (in addition to the above areas of focus on pg 1/2)
Inspect the infrastructure site and report on progress
Have there been problems regarding implementation of infrastructure (such as procurement issues, delays, wastage etc)?
Is there evidence of any positive effects of infrastructure provision on the targeted beneficiaries?

Overall conclusions
Here the GO summarises the general findings from the visit and identify any lessons for NLB regarding support for this kind of initiative
Does this project offer any particular interesting content that could be followed up for NLB communication purposes?
Tool 15: Grant Agreement

GRANT AGREEMENT

Entered into by and between:

NATIONAL LOTTERIES BOARD ("the NLB")

- and -

[•] ("the Grantee")

THIS AGREEMENT is entered into by and between:

The National Lotteries Board ("the NLB"), a public entity in terms of the Public Finance Management Act No. 1 of 1999 ("PFMA") duly established in terms of section 2 of the National Lotteries Act no. 57 of 1997 ("the Act") and acting as principal of the National Lottery Distribution Trust Fund ("NLDTF")

and

[•] (Registration or Master's reference number: [•]) whose registered office is at [•] ("the Grantee")

WHEREAS the Grantee has on its own and/or on behalf of an organisation which does not meet the legislative requirements for funding ("Sub-Grantee"), applied for funding;

AND WHEREAS such application for funding was duly considered and approved;

THEREFORE the NLB and the Grantee (hereinafter referred to as "the parties") wish to enter into an agreement relating to such funding together with matters incidental thereto, including all the Annexures attached hereto on the terms and conditions set out in this Agreement.

1. Amount Payable
   The NLB hereby agrees to provide the Grantee with funding in the amount of R[•] ("the grant"), which the Grantee accepts by signing this Agreement, subject to the terms and conditions set out in this Agreement.

2. Compliance and Conditions
   2.1 The grant is allocated to the Grantee subject to the Grantee at all times complying with the undertaking made and the information provided in the application; and
   2.2 The Grantee must:
      2.2.1 sign and return two (2) duly witnessed original Agreements and all Annexures and may only sign the Sub-Grant Agreement in Annexure "D", if applicable;
      2.2.2 submit an original cancelled cheque of the bank account contemplated in clause 3.2.1 or a confirmation note from the bank as the case may be:
2.2.3 use the grant strictly in accordance with and for the purposes set out in Annexure “A” and for no other purposes whatsoever:
2.2.4 if it wishes to amend or alter the budget, deviate or redirect funds, provide a written request for consideration. At no stage should the Grantee implement the request prior to receiving the written approval of the NLB;
2.2.5 not commit the grant or incur any expenses in relation to the grant prior to the payment of the grant into the Grantee’s bank account;
2.2.6 not pay any commission and/or management fee and/or administration fee and/or professional fee in respect of the grant, unless specifically provided for in Annexure “A” to this Agreement;
2.2.7 not postpone or suspend any project in part or full, cancel or abandon the project;
2.2.8 not cede or assign any of its rights or obligations in respect of the project; and
2.2.9 not give any other direct and/or indirect benefit for securing the grant or, after the grant has been awarded, to any person (juristic or natural) whatsoever, be it a member of the Board of the NLB, a member of any Distributing Agency, any staff member of the NLB or any intermediary, or to any person nominated by such an intermediary. A contravention of this clause will constitute a criminal offence.

2.3 The signing of this Agreement does not ensure release of follow-up payments, unless the Board is satisfied with –
2.3.1 the fulfilment of the terms and conditions of this Agreement; and/or
2.3.2 the compliance with the application; and/or
2.3.3 the annual financial statements of the Recipient; and/or
2.3.4 any findings of the site visit report; and/or
2.3.5 progress reports.

3. Bank Account
3.1 The NLB will pay the grant into the bank account as contemplated in clause 3.2.1.
3.2 The Grantee undertakes to:
3.2.1 open a separate bank account that is held in its name for the exclusive purpose of facilitating and administering all financial transactions under the grant (“Grantee’s bank account”). Public entities are exempted from this clause, but any reference to the Grantee’s bank account will hereafter also include reference to the bank account that a public entity is using for this grant;
3.2.2 keep an income and expenditure statement, detailing tranches of payment of the grant and expenditure;
3.2.3 not issue cash cheques; and
3.2.4 not to withdraw any cash amount from its bank account in excess of five thousand rand (R5,000.00) unless prior written approval has been obtained from the NLB.

4. Payments

<table>
<thead>
<tr>
<th>ORGANISATION</th>
<th>STATUS OF THE ORGANISATION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>[x]</td>
<td>Grantee</td>
<td>[x]</td>
</tr>
<tr>
<td>[x]</td>
<td>Sub-Grantee 1</td>
<td>[x]</td>
</tr>
<tr>
<td>[x]</td>
<td>Sub-Grantee 2</td>
<td>[x]</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>[x]</td>
</tr>
</tbody>
</table>

The NLB hereby undertakes to allocate a total grant to the value of R [x], as follows:

4.1 The grant shall be payable as follows:
Tranche 1: [x] on (target date) subject to conditions being met
Tranche 2: [x] on (target date) subject to conditions being met
Tranche 3: [x] on (target date) subject to conditions being met

4.2 Any payments after Tranche 1 or any other subsequent payments, where applicable, shall only be made:
4.2.1 on receipt of satisfactory progress reports (which shall be at the NLB’s discretion) and meeting the conditions set out in the Interim Progress Report template annexed hereto as Annexure “C”;
4.2.2 if the Grantee has complied with the conditions contemplated in clause 2; and
4.2.3 if the Grantee has utilised at least 76% (seventy five percent) of the previous tranche.

5. Asset
5.1 In the event that the grant is used to purchase an asset, ownership of the asset will vest in the Grantee and/or the Sub-Grantee (as the case may be), as determined in Annexure “A”.
5.2 The Grantee undertakes, in relation to any such asset owned by it, to:
5.2.1 insure, maintain and safeguard the asset;
5.2.2 account for the asset in the Grantee’s fixed asset register;
5.2.3 not write-off an asset in the year of acquisition, only after that year of acquisition may the asset be depreciated;
6. Procurement of goods and services

6.1 The Grantee undertakes to comply with the following procurement principles:

6.1.1 to consider three (3) or more suppliers before purchasing goods or procuring services;

6.1.2 to avoid conflict of interest of whatever nature;

6.1.3 to ensure that none of its members, directors or officers provide any services or goods with regard to the grant;

6.1.4 to only utilise suppliers that are credible and competent;

6.1.5 to avoid fraud and corruption at any level;

6.1.6 to ensure that all its procurement procedures are open and transparent and that bias and favouritism are eliminated;

6.1.7 to enforce value for money and re-examine supply arrangements and if the appointed supplier fails to provide an efficient and cost-effective service, appoint alternative suppliers;

6.1.8 to pay more than ten percent (10%) of any invoiced amount in advance or as deposit to any supplier, and to ensure that the balance of the invoice is only paid once the required goods or services have been provided. Only projects relating to the procurement of performing artists are exempted from this clause where upfront payments may be required;

6.1.9 to only pay for goods and services as per progression of the project, supported by proper and approved implementation phases; and

6.1.10 to conduct a proper due diligence investigation on the appointed contractor in the event of the grant being utilised to construct a building.

6.2 In the event that the Grantee is unable to comply with any of the provisions in clause 6.1, the Grantee undertakes to provide written reasons to the NLB and must obtain the prior written approval of the NLB before it may deviate from these provisions. Should the advanced reasons not be acceptable to the NLB, the Grantee shall be requested to comply failing which the Grantee shall be in breach of this Agreement.

7. Access

7.1 The Grantee hereby expressly agrees that the NLB or any of its respective employees or agents may at any reasonable time:

7.1.1 have full and unhindered immediate access to any information in connection with the grant including information of any of its agents, suppliers or service providers (subject to their constitutional rights or statutory rights to respond to any questions or statements), and also the Grantee’s bank account;

7.1.2 make copies of any such information or remove any object or information for further inspection or scrutiny; and

7.1.3 interview any of the Grantee’s employees, directors, members, agents or representatives.

8. Financial obligations of Grantee

8.1 The Grantee undertakes to:

8.1.1 reflect the NLDTP grant as a separate line item in the foot of the annual financial statements unless the grant is the Grantee’s only source of income;

8.1.2 administer the grant in terms of generally accepted financial practices and principles;

8.1.3 keep proper and up to date accounting records of all income and expenditure relating to the grant and to record such income and expenditure in its financial statements;

8.1.4 immediately inform the NLB in writing, in the event of any change in the details of the bank account, management of the Grantee (and the reasons thereof), or any information furnished in the application for funding;

8.1.5 immediately inform the NLB in writing of any occurrence or possible occurrence of theft, fraud, loss or any other criminal activity (and report such activity to the South African Police Services) in connection with the grant;

8.1.6 submit detailed progress and financial reports (in line with Annexure A) to the NLB in accordance with this Agreement;

8.1.7 submit signed and audited financial statements prepared by a registered and independent auditor or signed financial statements prepared by a registered and independent accounting officer, as the case may be, with your final report or as soon as they become available thereafter;

8.1.8 submit to the NLB proper reports on any interest accrued on the grant deposited into the Grantee’s bank account as referred to in clause 3.2.1 and how it was utilised in line with the project;
8.1.9 pay back to the NLB any portion of the grant which is no longer required or utilised within six (6) months following the date of payment of the last tranche as contemplated in clause 4.1 or at the end of the project phase; and

8.1.10 retain all financial information in its original form for a period of five (5) years from date of payment of submission of the final report.

8.2 The Grantee may not:

8.2.1 invest the funding received from the NLDTF; and

8.2.2 issue loans to third parties or the Grantee’s employees with the funds from the grant.

9. Progress Reports

The Grantee undertakes to submit narrative and financial reports in the prescribed format as per Annexure “C”. Such reports must be submitted in the following manner:

9.1 Interim Progress Reports

9.1.1 Tranche payments

Tranche payments following the first payment are subject to the submission of required six monthly reports as per NLB format and as per dates stipulated:

Report 1 (narrative & financial): on (six months following 1st tranche)
Report 2 (narrative & financial): on (12 months following 1st tranche)

Etc...

The Grantee undertakes to submit to the NLB interim financial and narrative reports on the utilisation of the grant.

The Grantee must ensure that the progress reports reflect each project’s activities as approved.

Tranche payments following the first payment will be made once seventy five percent (75%) of each tranche payment has been utilised and the Grantee submits a financial report to this effect.

9.2 Final report

9.2.1 The Grantee undertakes to submit a consolidated report on the project covering the entire funding period to the NLB nine (9) months after payment of the last tranche or the end of the project phase (as per the project plan), whichever is the latest.

9.2.2 Should the Grantee not have completed the project or spent the entire grant at the time of the final report, the Grantee may make a written request to the NLB for an extension and shall, subject to approval, only be allowed a single extension. The period of extension will be determined by the NLB at its own discretion.

10. Publicity

10.1 The Grantee must prominently acknowledge and publicise the NLDTF as the funder of the project in all dealings relating to the grant in accordance with the Publicity Requirement Policy of the NLDTF. This includes the NLDTF’s logo being placed visibly on inter alia vehicles and buildings purchased or substantially renovated with NLDTF grants.

10.2 In the event where marketing and publicity materials such as brochures, posters or leaflets for public information, or a press release are produced, the NLDTF’s logo must appear in a prominent position. Where the NLDTF is the main funder the logo of the NLDTF must be more prominent than the other funders.

10.3 In the event that there is uncertainty regarding the publicity requirements, the Grantee must check the NLB’s website or seek advice from the NLB’s Communications Department prior to publication.

10.4 The Grantee undertakes to comply with the publicity guidelines (as set out in the Publicity Requirement Policy of the NLDTF) which are posted and/or emailed together with this Agreement and are provided by the Info Centre at 0800385333, or can be obtained by emailing info@nib.org.za or by visiting the NLB’s website at www.nib.org.za.

11. Breach

11.1 If the Grantee fails to comply with its obligations in terms of this Agreement, the application or the Act, the NLB shall have the right to:

11.1.1 withhold the payment of any further amounts; and

11.1.2 notify the Grantee in writing of the nature of the non-compliance and request it to comply with its obligations within thirty (30) business days of receipt of the request.

11.2 If the information furnished in the application for funding and/or progress report is false or misleading or the Grantee fails to comply with the request from the NLB in terms of clause 11.1, the Grantee shall be in material breach of this Agreement and the NLB shall have the right to:

11.2.1 cancel this Agreement;

11.2.2 recover the amounts paid to the Grantee under the grant of any property or assets purchased from the grant; and/or

11.2.3 decline any future applications

12. Disputes

12.1 Any dispute arising out of this Agreement or the interpretation thereof, both while in force and after its termination, shall in the first instance be discussed by the parties and if possible be resolved amongst the parties themselves.

12.2 In the event that the dispute cannot be resolved as contemplated in clause 12.1 within thirty (30) business days after being declared by the parties thereto, the dispute shall be
13. Indemnity

The Granter hereby indemnifies the NLB, the Minister of Trade and Industry, the Government of the Republic of South Africa and any Distributing Agency envisaged in the Act or any other organ of the state, or any of its employees, directors, members, agents or advisers against any and all claims, damages, losses or liabilities incurred by third parties which arise out of or in connection with the execution of the project and/or the utilisation of the grant by the Grantee and/or the Sub-Grantee.

14. Claims against a third party

The Granter hereby grants the NLB an inviolable option to exercise a cession in respect of any claim which the Grantee may have against a third party in respect of the grant.

15. Liability of directors or trustees

The management committee, directors or trustees of the Grantee shall at all times act in good faith and in the best interest of the grant, and shall by completing and signing the form in Annexure “B” hereto and returning it to the NLB, jointly and severally be held liable for any claim, loss, liability or damage which may arise from or be incurred in respect of the grant.

16. Final Agreement

The Grantee by attaching the signature of its representative hereby-

16.1 agrees to be bound by the provisions of this Agreement, the application for funding and the Act and

16.2 certifies that the information provided in the application is true, accurate and not misleading, and that no relevant information has been excluded from the application.

17. Jurisdiction

Both parties agree and hereby consent to the Magistrate’s Court having jurisdiction. Notwithstanding the aforesaid, either party shall be entitled to institute all or any proceedings in connection with this Agreement in any High Court having jurisdiction.

18. Law

This Agreement shall in all respects be governed by and be construed in accordance with the laws of the Republic of South Africa, and all disputes, actions and other matters in connection therewith shall be determined in accordance with such law.

19. Power to prohibit and/or revoke the grant

Despite any term or warranty stated in this Agreement, the Minister may, in terms of section 33 of the Act, within seven (7) days after the Distributing Agency has made a grant to the Recipient prohibit the payment of such grant if the grant is likely to be utilised for any unlawful purpose or fails to comply with the conditions the Minister has imposed in terms of section 32 of the Act: Provided that the Minister shall consult with the Board and the Distributing Agency beforehand and disclose to them any information at his disposal that supports his decision.

20. Sub-Grantee Provision

20.1 Where the Grantee has assisted the Sub-Grantee in its application for funding, the Grantee undertakes to:

20.1.1 pay such portion of the grant to the Sub-Grantee as is set out in the Sub-Grant Agreement in Annexure “D”;

20.1.2 remain responsible as the main contracting party to the NLB for the proper administration, management and utilisation of the grant, including for any portion of the grant paid to the Sub-Grantee in terms hereof; and

20.1.3 comply with its obligations to the Sub-Grantee in terms of the Sub-Grant Agreement.

20.2 The relationship between the Grantee and the Sub-Grantee is set out in Annexure “D” to this Agreement and the Grantee undertakes to ensure that the Sub-Grant Agreement is duly signed by the Sub-Grantee.

21. Domicilium and notices

21.1 All notices required to be served on any of the parties in terms of this Agreement must be given in writing by prepaid registered post or delivered by hand to the following domicilium citandi et execrandi or sent to the following fax numbers or e-mail addresses:

in respect of the NLB:

Postal address
Block B, Hatfield Gardens
Cnr Hilda and Acadia Street
Hatfield, 0083

Physical address
P.O. Box 1556
Brooklyn Square
Pretoria, 0075

Fax number: 010 530 1675
E-mail address: legal@nlb.org.za
23. Commencement

This Agreement shall commence upon the signature of the last party.

THUS SIGNED at,...........................this........day of......................in the year 20......

For the Grantee: ........................................

Witness: ........................................

(Signature) ........................................ (Signature)

Name: ........................................ Name: ........................................

(Block letters) ........................................ (Block letters)

Position: ........................................

(who warrants that he or she is authorised as the Main or Second
Contact Person by the Grantee to do so)

THUS SIGNED at,...........................this........day of......................in the year 20......

For the NLB: ........................................ Witness: ........................................

........................................ ........................................
(Signature)  (Signature)

Name: .................................................  Name: .................................................
(Block letters)  (Block letters)

Position: .............................................
(who warrants that he or she is authorised by the NLB to do so)

---

**ANNEXURE “A”**

**APPROVED ITEMS**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT</th>
<th>SPECIFIC RESTRICTIONS</th>
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</tbody>
</table>

**TOTAL APPROVED BUDGET:** R [*]
ANNEXURE “B”

DRAFT DIRECTORS/ TRUSTEES DECLARATION

I, the undersigned [●] (full names and surname) with identity number [●], herewith accept to be jointly and severally liable for any claim, damage, loss, or other liability arising from or in connection with the grant, including but not limited to any breach by the Grantee of its obligations under the Grant Agreement relating to Project number [●].

______________________________
______________________________
DIRECTOR/TRUSTEE/MANAGING MEMBER DATE

[NB: this document must be completed and signed by each Director/Trustee/Managing Member of the Grantee and returned to the NLB]

SUB-GRANT AGREEMENT

Entered into by and between:

[●]
(“the Grantee”) And

[●]
(“the Sub-Grantee”)

PREAMBLE

Whereas the Sub-Grantee requires assistance to access funding from the National Lotteries Distribution Trust Fund (“NLDTF”) and do not meet the prescribed requirements for funding, and

Whereas the Grantee complies with the prescribed requirements for funding and has agreed to assist the Sub-Grantee in accessing the NLDTF funding in respect of project [●].
The parties agree as follows:

1. **Roles of the Grantee**
   1.1 To receive the grant on behalf the Sub-Grantee and ensure the accountability for the grant;
   1.2 To help the Sub-Grantee in managing and administering the grant in accordance with the Grant Agreement;
   1.3 To support and oversee the project activities that will be implemented by the Sub-Grantee during the period of the project; and
   1.4 To assume liability for all the acts and omissions of the Sub-Grantee as fully as if they were the acts and omissions of the Grantee or its employees.

2. **Obligations of the Grantee**
   The Grantee shall:
   2.1 Support the Sub-Grantee to appoint Auditors and/or Accountants if the Sub-Grantee requires to make such appointment;
   2.2 Empower the Sub-Grantee to be in a position to apply for funding independently in no more than two years’ time;
   2.3 Mentor the Sub-Grantee by transferring skills in order to build capacity for project management, administrative management and financial administration;
   2.4 Ensure that the Sub-Grantee complies with the terms of the Grant Agreement concluded between the NLB and the Grantee; and
   2.5 Ensure that the Sub-Grantee implements the project in line with Annexure “A” of the Grant Agreement.

3. **Role of Sub-Grantee**
   3.1 To implement the project in line with Annexure “A” of the Grant Agreement; and
   3.2 To cooperate with the Grantee in overseeing the project activities and all other matters related to the grant.

4. **Obligations of the Sub-Grantee**
   4.1 The Sub-Grantee shall familiarise itself with the terms of the Grant Agreement.
   4.2 The Sub-Grantee shall:
   4.2.1 use the grant strictly in accordance with and for the purposes envisaged in Annexure “A” of the Grant Agreement;
   4.2.2 provide an accurate account to the Grantee on NLDTF funds expended; and
   4.2.3 in particular, comply with the provisions of clauses (2.2), (3.2), (5.2), (8.1), (8.1) and (10) of the Grant Agreement.

5. **Transfer of funds**
   5.1 The Grantee shall within 14 days of receipt of the grant (in full or in part), make a transfer into the Sub-Grantee’s bank account;
   5.2 Such transfer shall be a tranche of the funds as per project plan or quarterly tranches not exceeding 50% of the funds;
   5.3 Where the funds are allocated towards the purchase of a motor vehicle, the full amount of the motor vehicle must be transferred in one tranche;
   5.4 The payment of the tranches to the Sub-Grantee will be subject to the submission of a satisfactory report (as predetermined by both parties) to the Grantee;
   5.5 The Grantee shall have the right to consult and obtain direction from the National Lotteries Board on the transfer of subsequent tranches to the Sub-Grantee if there is a reasonable suspicion of mismanagement of the funds by the Sub-Grantee.

6. **Accounting for funds**
   6.1 It is the responsibility of the Grantee to account for funds as stated in the Grant Agreement; and
   6.2 The Sub-Grantee shall perform all duties, provide all the necessary information and cooperate with the Grantee in ensuring proper accounting for the funds allocated.

7. **Reporting**
   7.1 The Sub-Grantee shall submit satisfactory monthly progress and financial reports to the Grantee.
   7.2 The Grantee shall be responsible for submitting progress reports to the National Lotteries Board in accordance with clause 9 and Annexure “C” to the Grant Agreement.
   7.3 The Grantee must ensure that the progress reports are properly signed prior to submission.

8. **Access**
   The Grantee shall have unhindered access to all information in connection with the grant held by the Sub-Grantee including the information relating to any of its agents, suppliers or service providers (subject to their constitutional rights or statutory rights to respond to any questions or statements)
9. Communication

9.1 All forms of communication to the National Lotteries Board including but not limited to communication in respect of clauses (2.2.4), (5.2.6), (5.2.7), (5.2), (8.1.4) and (8.1.5) of the Grant Agreement shall be made through the Grantee; and

9.2 The Grantee shall be obliged to submit such information to the National Lotteries Board irrespective of whether the information relates to a complaint against the Grantee or dealings between the Grantee and the Sub-Grantee in respect of the Grant; and

9.3 The Sub-Grantee may on suspicions of fraud or mismanagement of the grant by the Grantee, approach the National Lotteries Board directly.

10. Dispute Resolution

10.1 Any dispute arising out of this Sub-Grant Agreement or the interpretation thereof, both while in force and after its termination, shall in the first instance be discussed by the Parties and if possible be resolved amongst the Parties themselves.

10.2 In the event that the dispute cannot be resolved as contemplated in clause 10.1 within thirty (30) business days after being declared by a Party the dispute shall be referred to the National Lotteries Board as the funders to give direction.

10.3 In the event that a dispute cannot be resolved as contemplated in clause 10.2, the Parties hereby consents to the Magistrate’s Court having jurisdiction. Notwithstanding the aforesaid, either party shall be entitled to institute all or any proceedings in connection with this Sub-Grant Agreement in the High Court having jurisdiction.

10.4 The provisions of this clause shall be deemed to be severable from the remainder of this Sub-Grant Agreement and shall remain binding and effective between the Parties notwithstanding that this Sub-Grant Agreement or any part hereof may otherwise be cancelled or declared of no force and effect for any reason.

11. Breach

11.1 If the Sub-Grantee fails to comply with its obligations in terms of this Sub-Grant Agreement, the Grantee must notify the Sub-Grantee in writing of the nature of non-compliance and request them to comply with its obligations within thirty (30) business days of receipt of the request;

11.2 If the Sub-Grantee fails to comply with the request made under 11.1 the Sub-Grantee shall be in material breach of the Sub-Grant Agreement and the Grantee shall be obliged to inform the National Lotteries Board of such breach; and

11.3 During such a time that the alleged breach is reported to the National Lotteries Board, the Grantee shall not release any funds to the Sub-Grantee until the National Lotteries Board directs otherwise.

11.4 The NLB may upon consideration of the report by the Grantee of the alleged breach, recall the funds allocated to the Sub-Grantee and/or make any appropriate decision in the interest of the funds.

12. Commencement

This Sub-Grant Agreement shall commence upon the date of signature of the last party signing.

13. Amendments

Amendments to this Sub-Grant Agreement may only be incorporated with the written consent of both parties subject to the approval of the National Lotteries Board.

14. Termination

14.1 For the purposes of the NLDTF grant, this Sub-Grant Agreement shall be terminated upon submission of the final progress report to the National Lotteries Board by the Grantee and receipt of correspondence from the National Lotteries Board to the effect that the project is closed.

14.2 Should during the existence of this Sub-Grant Agreement, the parties agree to terminate their relationship, the duly authorised representatives of the Grantee and the Sub-Grantee must do so with the written consent of the National Lotteries Board.

15. FINAL AGREEMENT

This Sub-Grant Agreement will have a legal binding effect on both parties and forms part of the Grant Agreement under project [*].

THUS SIGNED at ..................... this ........ day of ................. in the year 20.....

For the Grantee:  Witness:

_________________________  _________________________
(Signature) (Signature)

Name:.........................  Name:.........................
Position: .................................................................

(who warrants that he or she is authorised as the Main or Second Contact Person by the Grantee to do so)

THUS SIGNED at. ...........................................this........ day of..................in the year 
20......

For the Sub-Grantee:  

________________________________________

(Signature)  

Name: .................................  
(Block letters)  

Position: .................................................................

(who warrants that he or she is authorised as the Main or Second Contact Person by the Grantee to do so)

Witness:

________________________________________

(Signature)  

Name: .................................  
(Block letters)
Tool 16: Proactive Funding: Issue Identification Template

**Proactive Funding:**
Issue identification Template

Detailed description of Problem area/s to be addressed through Proactive funding initiative, including target groups and geographical focus

What makes the above problem/s important strategically for the NLB to act upon? Include reference to NDP and/or other government policy priorities

Existing research on which above conclusions are based, including engagement with relevant stakeholders and role players in the field

List questions/areas that still need to be researched

Other stakeholders who still need to be consulted

Potential Partners in Initiative

Description of High level Proactive Initiative Concept

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**Proposed Next Steps required for finalisation of Initiative**

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Sign off for continuation of work towards finalisation

Relevant Signatory

Date

__________________________  __________________________
# Tool 17: Proactive Funding: Full Proposal Template

## Proactive Funding / Emergency Funding: Full Proposal Template

<table>
<thead>
<tr>
<th>Partners involved:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Period of Implementation:</td>
<td></td>
</tr>
<tr>
<td>Location of Initiative:</td>
<td></td>
</tr>
<tr>
<td>Proposed overall Budget:</td>
<td></td>
</tr>
</tbody>
</table>

### Background Factors

### Detailed Problem Description

### Overall Objective/s of Initiative

### Expected Results & Desired Outcomes

### Targeted Beneficiaries (anticipated numbers benefitting directly & indirectly)

### Anticipated Benefits regarding Poverty alleviation / reduction / elimination

### Details of the Initiative

**Description of Phases and Activities**
(Implementation Plan, including timeframes, duration, responsibilities of role players, etc)

### Description of how initiative will be managed

Include management mechanisms, process and participants in process, include proposed financial management mechanisms

### Identification of Monitoring Indicators and monitoring process

### Impact assessment plan and schedule

### Proposed Reporting Schedule

**Partners to the Initiative:**
Provide as attachments to proposal background to each partner involved in the initiative, covering organisational contact details, history, objectives, government structure & details, staffing structure & details.
Partner contributions:
Summarise below a) each partner's role in the initiative b) the specific value-add of each partner

Sustainability of Initiative: describe the organisational, environmental and financial sustainability of the initiative beyond NLB's involvement

Budget Motivation
Provide detailed budget breakdown against planned activities / phases, with notes motivating for key provisions and explaining calculations

For Internal NLB Use:
Motivation to Board for allocation, including how initiative meets NLB strategic priorities and recommended NLB contribution
Report to the NLB for

Proactive / Emergency Initiative _______________________

Reporting Period _______________________

Drafted By: _______________________

1. Changes in Environment
   1.1 Describe changes in the external environment during the period (e.g., external government policies, initiatives, climate events, other developments outside the control of the initiative.)
   1.2 Describe changes internal to the initiative during the reporting period (e.g., changes in personnel, new funding partners brought on board, other organisational developments)
   1.3 Describe any significant deviations from the last Implementation Plan submitted to NLB

2. Implementation Progress
   2.1 Provide a description of implemented activities during the reporting period
   2.2 Describe landmark achievements regarding results
   2.3 Describe involvement and/or participation of beneficiaries, including numbers reached and categorisation of beneficiaries
   2.4 Describe benefits of initiative experienced by beneficiaries during reporting period
   2.5 Describe the factors that have helped the initiative make good progress regarding the above
   2.6 Identify problems that have hindered the initiative in implementing the above
   2.7 Describe how the Team may go about addressing obstacles identified

3. Monitoring, Impact studies, Evaluation
   3.1 Describe activities relating to the above during reporting period
   3.2 Summarise results of monitoring, impact assessment, evaluation not reflected in point 2 above. Attach relevant documents, if available

3.3 Describe impact on poverty levels, if not specifically included above

3.4 Describe any communications / publicity developments during the reporting period

4. Implementation Plans
   4.1 Describe implementation priorities for the next reporting period
   4.2 Describe any special monitoring or evaluation plans scheduled for the next reporting period
   4.3 Describe any communications / publicity plans for the next reporting period

5. Financial Report
   Include latest income expenditure report, recording NLDTF income and income from other sources. The financial report must be drawn up in accordance with the budget line items approved by NLB (see Grant Agreement). Variances must be included, together with an explanation for variances
### Tool 19: Monitoring Checklist and Report

#### Proactive Funding

**Internal NLB Monitoring Checklist and Report**

(For use during site visits, review of Proactive Initiative Reports, following regular Project Management Unit meetings)

1. Report from previous Project Management Unit or Steering Committee meeting; key issues at hand. Refer to minutes of meeting, if available

2. Key issues arising out of site visit or engagement with initiative partners

3. Comment on organisational stability of partnership

4. Comment on special / notable achievements of initiative

5. Comment on critical problems or obstacles, if not reflected above

6. List additional issues for future monitoring (by both NLB & Proactive Partnership

7. Propose issues to be reflected in NLB internal or external communications, if appropriate

8. Describe any issues relating to expenditure variances

9. Any other issues