

# NATIONAL LOTTERY DISTRIBUTION TRUST FUND FOR THE 21<sup>ST</sup> CENTURY: MAKING LOTTERY FUNDS WORK FOR ALL

By Prof Nevhutanda Alfred: Chairperson of the Board

## **Opening remarks**

Program Director, Minister of Trade and Industry, other ministers present, DGs, Chairpersons of Boards of State-owned Entities, Chairpersons of Boards of our Civil Society Movement, CEOs of various organisations and their Executive Managers, our own Board, Distributing Agencies, our beneficiary organizations, NLB staff, invited guests, ladies and gentlemen.

Once again, a warm welcome to all stakeholders present in this room. We sincerely appreciate the trouble you have taken to participate - in what amounts to a ground-breaking occasion in the short history of the National Lotteries Board. It has been 11 years since the National Lotteries commenced operations on 3 March 2000. In this time we have accomplished much but more remains to be done in the area of funding.

We are meeting at a unique time of mounting pressure facing developing countries to innovate solutions to deal with the scourge of poverty which has become a hotbed of contestation and competition amongst many stakeholders. Although we seem to reach consensus with the mainstream ideal to eradicate poverty in our midst, we continue to differ sharply on the need for more collaboration and partnership in tackling poverty. As the NLB we reject the notion that solutions to poverty and development is about one person's genius. Therefore, it is not a solo flight. It is this very principle that underpins this conference which has brought us from all walks of life to come and engage on some of the challenges facing our country in order to develop relentless and sustainable solutions.

At the risk of appearing to pre-empt the course and tone of the deliberations we are about to embark upon, allow me to whet your appetite by mentioning a few pertinent

ideas and challenges currently facing our organisation as we enter the second decade of our existence.

The presentation at plenary of the results from the consultations that took place throughout the nine provinces – since 2010 - is intended to give delegates ample opportunity to interrogate a range of important inputs, observations and viewpoints. We hope today's deliberations will foster better understanding of challenges and competing needs currently facing diverse communities across the provinces as well as urban and rural communities.

### **The role of this consultative session**

It has been speculated in some circles that today's consultative session resembles a knee-jack reaction to the high-profile stories that appeared in the mainstream news media in recent weeks. I can categorically state that this session is but one on a long series of stakeholder consultations our organisation has been conducting since 2010. It is true that the exchange that took place in the news media merely injected a greater sense of urgency in the timing and hosting of this particular session.

The National Lotteries Board embarked, in 2010, on a series of consultative workshops throughout the country. Our interaction with applicants and beneficiaries raised many constructive issues. This persuaded us to explore the issues in more detail. To this end we planned and hosted a series of highly focused consultations with a variety of stakeholders and their leadership. It is our intention to analyse, document as well as communicate the results to government. We hope this will help foster greater alignment between the legislative framework, on the one hand and the needs and aspirations of our people, on the other. Your inputs and suggestions will go a long way towards the transformation of our institution into a world class funding organisation – an institution that is constantly in touch with and responsive to the needs and aspirations of the citizens of our democratic society.

Today's session represents the first nation-wide consultative forum organized and sanctioned by the National Lottery Distribution Trust Fund (NLDTF). Our primary objective is to gather and analyse your inputs, observations and ideas which will facilitate public access to the services of the organisation. At the same time, we hope

today's session will help strengthen our resolve to become a highly transparent, fully accountable and readily accessible agent of change throughout our young democracy.

### **Washing our dirty linen in public**

In the weeks leading to today's workshop, some people speculated about the collateral damage flowing out of the assertions that appeared in the news media. It cannot be denied that the episode has failed to compromise the Office of the Minister somewhat. It can also not be denied that it attempted but failed to pin a label of gross incompetence and corruption on the part of the NLDTF and its leadership.

As is often the case with these high-profile slash-and-burn campaigns, the underlying misperceptions and assumed wrong-doing evaporated in the face of reason and constructive discourse. It is fair to conclude that regrettable as the news media discourse may have been, the concerned parties agreed to refrain from entertaining untested research and views which are not confirmed, but agreed collectively to confront them. Hence, today's session will, hopefully, touch on some of the pertinent issues as were raised through the news media debate of a few weeks ago.

As the old cliché goes: *no news is bad news*.

We came out of the news media discourse with the distinct view that the South African public wishes to know and understand how their resources are deployed. And that the deployment of these resources is handled on equitable, fair-handed and justifiable grounds. Further, the discourse has also reiterated a common theme that has been running through the public or stakeholder consultative processes currently underway. And that is: **it is time we review and revise aspects of our mandate that may have been overtaken by the pace of developments across the social and economic areas of our society.**

I must add, though, that my recent foray into the world of 24-hour talk radio has dashed any ambitions I may have had of fulfilling my journalistic ambitions. I was, however, relieved to come out of the 702 Talk Radio interview satisfied that the

record about the mandate of our institution had been set straight. Whilst concerned citizens were surprised – or indeed disappointed – by the prospect of yet another public sector organisation and its leadership, prematurely, succumbing to public scrutiny, we welcome the opportunity to give full account of the manner in which we have been operating within the mandate.

### **The tenuous relationship between leaders and the Public**

The tenuous relationship between leadership, the public and public trust has emerged as a recurrent throughout the public consultations that this institution has been running since 2010. Beneath the sharp language stakeholders use to draw attention to shortcomings associated with public institutions and their leadership is a modicum truth.

Sometimes the public's concerns are coloured by misplaced perceptions; unrequited expectations or unfulfilled aspirations. In our case, the stakeholders are entitled to ask questions about the relevance, adequacy or efficacy of a mandate that is 10 years old. The public is asking us to verify the extent of mutual alignment between the NLDTF mandates, on the one hand and diverse stakeholders' needs and aspirations, on the other. The public is not questioning our integrity. To the contrary, the public is asking pointed questions about the methods and processes we employ in the distribution or allocation of funds to a myriad competing stakeholder interests.

The least we as the leadership of the institution can do is to engage you the leadership of different stakeholder communities with the sole purpose of listening to the message behind your different points of view. We need to make sense of how and where you think we should strike a workable balance between your competing interests. We understand this calls for a huge dose of maturity, circumspection and patience all round.

### **The ecology of mutual trust, reciprocity and a responsive institution**

For our part, we have to be guided by a number of principles that make common sense across different stakeholders. We need to continue building – within the institution - an ecology of trust and mutual reciprocity. The doctrine of trust stems from the principle that 'the resources in our care are preserved for public use, and

that the government is required to maintain them for the public's reasonable use. The concept of the public trust relates back to the origins of democratic government and its seminal idea that within the public lies the true power and future of a society; therefore, whatever trust the public places in its officials must be respected. One of the reasons that bribery is regarded as a notorious evil is that it contributes to a culture of political corruption in which the public trust is eroded'.

To paraphrase Lawrence C. Becker's view on the matter of the mutual reciprocity doctrine, we must provide not only for current generations but also 'for the future – make sure there is a habitable future. We must preserve and transmit the best elements of human culture and achievement, enhance the lives of those who follow us, and give our children a better start than our parents were able to give us. We must leave the world a better place than we found it. We must do these things even if it means making significant sacrifices. We must do them for posterity, because we have obligations to future generations. The substance of such rhetoric is not new, but the urgency in it may be.'<sup>[1]</sup>

Throughout the public consultations we're currently engaged in, the issue of trust between stakeholder communities on the one hand and on the other, the NLDTF reigns supreme. We maintain that building and maintaining trust is not something to be taken lightly. Building trust requires more than establishing an appropriate organizational structure or set of values. 'Trust is based on three imperatives, namely, results, integrity, and concern. The most important leverage points in building trust are leadership and the design of our institution and its culture. Managing public trust requires us to understand as well as manage dilemmas that can quickly erode trust if not managed effectively. These dilemmas are particularly important because trust is like a ratchet that turns easily in one direction but not in the other. In other words, trust can be broken more easily than it can be built up again.' I use the term *dilemma* to suggest a predicament that cannot be easily resolved - a situation in which two competing claims or forces, both of which we value, are in conflict. These dilemmas, in contrast to problems, cannot be resolved completely but rather only dealt with in effective ways. A problem is simpler: if a

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<sup>[1]</sup> Lawrence C Becker, Reciprocity. The University of Chicago Press 1986, p 229

mistake is made, we can act to correct it. A dilemma is often made worse if we treat it like a problem'.<sup>[2]</sup>

### **Striking balance between problems of the past vs building capacity for future challenges**

One of the most intractable challenges facing both developmental experts and governmental leadership is the need to implement strategies that address past, current and future problems. The general tendency is to channel the bulk of available resources into solving problems inherited from the past. Most developing countries find themselves trapped in this invidious situation. It is natural or human to attempt to solve problems that brought us into the situation we find ourselves in. The fallacy seems to have logic of its own: by solving problems carried over from our past will automatically put us in a stronger position to conquer future problems. Besides, it is futile to build capacity to handle problems that may or may or occur sometimes in the future.

In his book, *The German Genius*, Peter Watson<sup>[3]</sup> traces the path adopted by Germany to move beyond the depravity of Adolf Hitler's dark era. Watson observes that Germany is not only a 'belated' nation in terms of modernity: it is also a reluctant nation and maybe there is a lesson in that reluctance'. There is, indeed, a lesson for South African institutions whose strategies fail to invest wisely in the quest to address problems from the past, the present and the future. Granted, our society modernization deficit is deeply buried in the quest to free its institutions and communities from apartheid legacies.

Watson's analysis of Germany's developmental paths holds some instructive lessons for South Africa. Gerhard Schroder had it right when he said. "We cannot emerge from our past so easily. Perhaps we should not even wish to". However, Watson argues that Germans do not need to remain chained to their past forever.'

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<sup>[2]</sup> Elinor Ostrom and James Walker (editors): *Trust and Reciprocity*, Russell Sage Foundation, New York, 2003

<sup>[3]</sup> Peter Watson: *The German Genius – Europe's Third Renaissance, the Second Scientific Revolution and the Twentieth Century*, Simon & Schuster, 2010

The German scenario just cited accurately the narrative currently running through the debate about whether and how much the NLDTF should be investing in this or that cause. There is a strong and noble argument that the bulk of funds in the coffers of the NLDTF – ought to go towards the alleviation of crippling hunger, abject poverty and devastating disease. Others argue that the funds should be invested in a basket of programmes driven by practitioners whose reputation or track records are beyond reproach. Yet, if we listen carefully to Peter Watson, South Africa is well advised to avoid pouring available resources into problems from and about the past. Watson argues, rather convincingly; in support of the wisdom of investing more in programmes that enable beneficiary communities to build requisite capacity and self-confidence manage problems to handle problems in the future.

Lest my opening remarks are misconstrued to be favouring a particular approach over another, let me quickly re-state my position: in the spirit of servant-leadership, mine is support and implement funding decisions as dictated by people who represent the views and aspirations of beneficiary communities. My opening remarks were intended to stimulate dispassionate debate about how the NLDTF should go about reviewing and/or updating the existing mandate and funding mechanisms. Our private opinions are secondary. There is nothing sacred or immutable about our private thoughts and wishes. This said, we should earnestly scrutinize our entire project cycle from the entry of the project application to the final phase and eliminate areas which cause the backlog. This will not only harmonise stakeholder relations, but, fast-track poverty eradication and development in South Africa.

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.

It is time that the National Lottery alters its previous dispensation and begins to appreciate the true nature of changes in the development sector with an aim of aligning itself with the national priorities of government from time to time. Certainly, this will improve its value add in the development landscape. I therefore, invite you to use this time and moment to discuss these issues. Well come to the world of distributing funds.

I thank you.