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NATIONAL LOTTERIES COMMISSION
a member of **the dti** group

National Lotteries Commission (NLC)
P O Box 1556
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2 February 2018

Mr Bongani Siqoko
Editor: Sunday Times
Hill on Empire, 16 Empire Road (corner of Empire and Hillside)
Johannesburg

Dear Mr. Siqoko,

Background information on issues covered in the Sunday Times on 28/01/18

This is a summary of information that has been shared with the Sunday Times over the past year. Many of the queries we received related to regulations that were gazetted in 2015, in line with the Lotteries Act as amended.

For the year 2017/18, NLC adopted the theme: **'Funding for Impact'**. In essence, this means that in an effort to make funding more accessible to all, the NLC has, in alignment with the amended legislation:

1. Embarked on ongoing education and awareness programmes to ensure that organisations and communities are well-informed about the requirements for accessing funding from the National Lotteries Distribution Fund. Capacity-building workshops are held, covering a vast range of topics such as how to apply for funding, compiling financial records, completing progress reports and project implementation.



CHANGING LIVES

Board Members: Ms A. Brown (Minister's Representative) Ms. DLT Dondur Mr. YN Gordhan Adv. WE Huma
Ms TS Kekana Dr MA Madzivhandila Prof NA Nevhutanda (Chairperson) Ms Nompumelelo Nene (Company Secretary)

Established in terms of the Lotteries Act 57 of 1997, as amended

2. Improved NLC accessibility, particularly poor rural areas, by opening provincial offices. NLC provincial offices are now fully functional since their establishment in 2015. All our offices have adopted a beneficiary-centric approach, which includes multi-channel contact, accessibility and provision of beneficiary support.
3. Introduced an Open Call System, moving away from the previous model of “Call for applications” for funding good causes. This has enabled the Distributing Agencies to clear the backlog that had resulted from the previous system of issuing a call for applications.

Another significant development that has strengthened our ability to deliver on our mandate, in line with the Act, is the appointment of full-time staff in all the Distribution Agencies (DA). Members of DAs are appointed by the Minister of Trade and Industry, based on their expertise. They are responsible for the allocation of funds fairly and equitably to all applicants who meet the prescribed requirements. There are currently four Distribution Agencies (as stipulated in the Act):

1. Arts, Culture and Heritage
2. Charities
3. Miscellaneous
4. Sport and Recreation

In addition to the above, the amended legislation makes provision for pro-active funding which can emanate from three sources: the minister, the board or the commission. The introduction of proactive funding has enabled us to assist in areas with limited access to resources. Below is a list of some of the pro-active funding projects that were managed and monitored by our Monitoring and Evaluation unit

- R55 463 735 was granted for a Drought Relief Project, for a total of 200 boreholes constructed in the Limpopo, Mpumalanga, Free State, Eastern Cape and North West provinces.

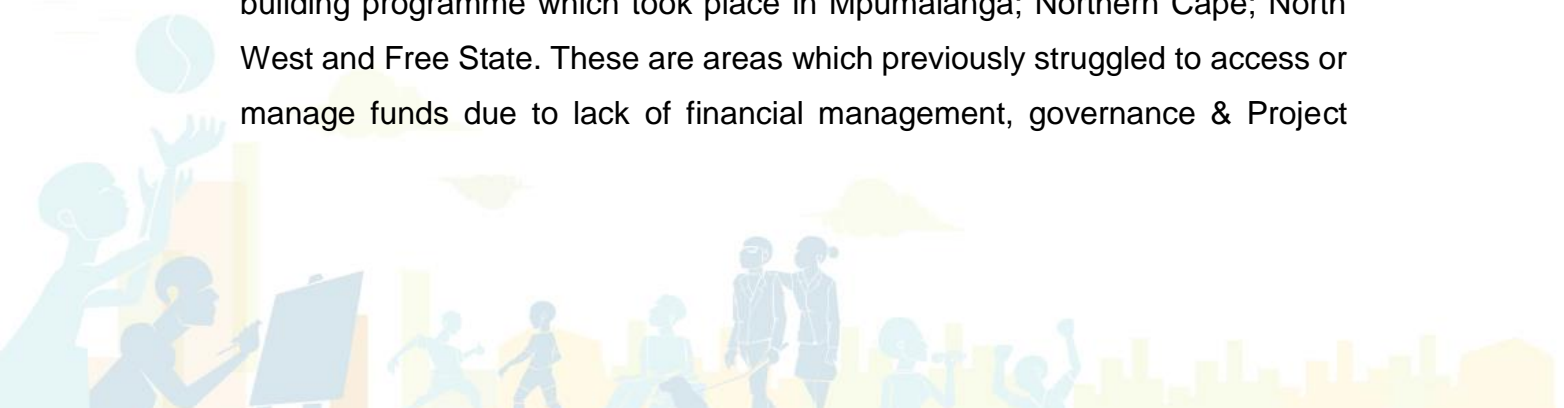


- R28, 330,274.80 was granted to build Vhafumadi Secondary School in Limpopo, which was successfully completed in December of 2016. The building includes fully furnished administration block, classrooms and equipped laboratory centre.
- NLC approved funding for the construction of three drug rehabilitation centres in Gauteng, Mpumalanga and Northern Cape. The construction of the centres is currently underway in Gauteng and Mpumalanga and estimated to be completed and become operational in the second quarter of 2017/18. The Rehabilitation centres with an intake of 80 drug addicts will run integrated programme which also includes a sports facility amongst other things. The Mpumalanga Rehabilitation Centre received additional funding for two boreholes which will assist with bulk water supply.
- As part of the ECD legacy project NLC further approved funding for the construction of boreholes to the 18 ECD centres that had water challenges. The said ECDs are in Limpopo, Eastern Cape, KZN and Free State.

460 jobs were created through the above mentioned proactive funding projects.

It is through initiatives such as the above that the NLC continues to change the lives of previously-neglected communities across the country.

The NLC further conducts capacity building programmes to make sure that prospective applicants are well informed on both the regulatory mandate and the funding processes so as to increase accessibility of the NLDTF funds. Thanks to NLC funding, 80 beneficiaries received NQF Level 4 qualifications as a result of interventions made by the organisation through its capacity building programme which took place in Mpumalanga; Northern Cape; North West and Free State. These are areas which previously struggled to access or manage funds due to lack of financial management, governance & Project



Management skills. The NLC endeavours to take the programme to every corner of South Africa.

The use of a conduit in the case of Konani Pfunzo Learning Centre

The regulations allow for applicants to apply for a grant through an agent, representative or conduit of their choice. **(see page 2 of the attached Legislative Interpretation document)**

Due diligence was performed on the Konani Pfunzo Learning Centre project based on the requirements set by legislation. Funding was provided to a registered Non-Profit Organisation and not a private company or individual (Mr Humbulani Tshifinga as quoted in the article). Relevant documentation was received to this effect (see attached CIPC de-registration of the Pty Ltd and Social Development NPO registration). A conduit relationship existed between Konani Pfunzo and the Tshikova Graduate Academy, but the direct beneficiaries were the Communities for which the boreholes were created. 200 boreholes were indeed constructed for the benefit of the intended beneficiaries.

Large amounts allocated to Sports Federations and Welfare Organisations

Last week's article made reference to "the heavy hitters" like South African Sports Confederation and Olympics Committee. These are beneficiaries that have received funding from the NLDTF over many years; some of them since 2012. The figures quoted therefore account for the cumulative amounts received over the years and distributed to organisations that fall under those federations and umbrella bodies. Due diligence has been done in each instance and the organisations have furnished reports in line with the regulations.

Kind Regards,

**MRS CHARLOTTE MAMPANE
COMMISSIONER**

