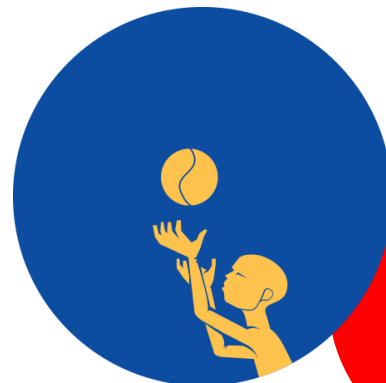


NATIONAL LOTTERIES COMMISSION (NLC)

PRESENTATION TO THE DTIC PORTFOLIO COMMITTEE
02 September 2020



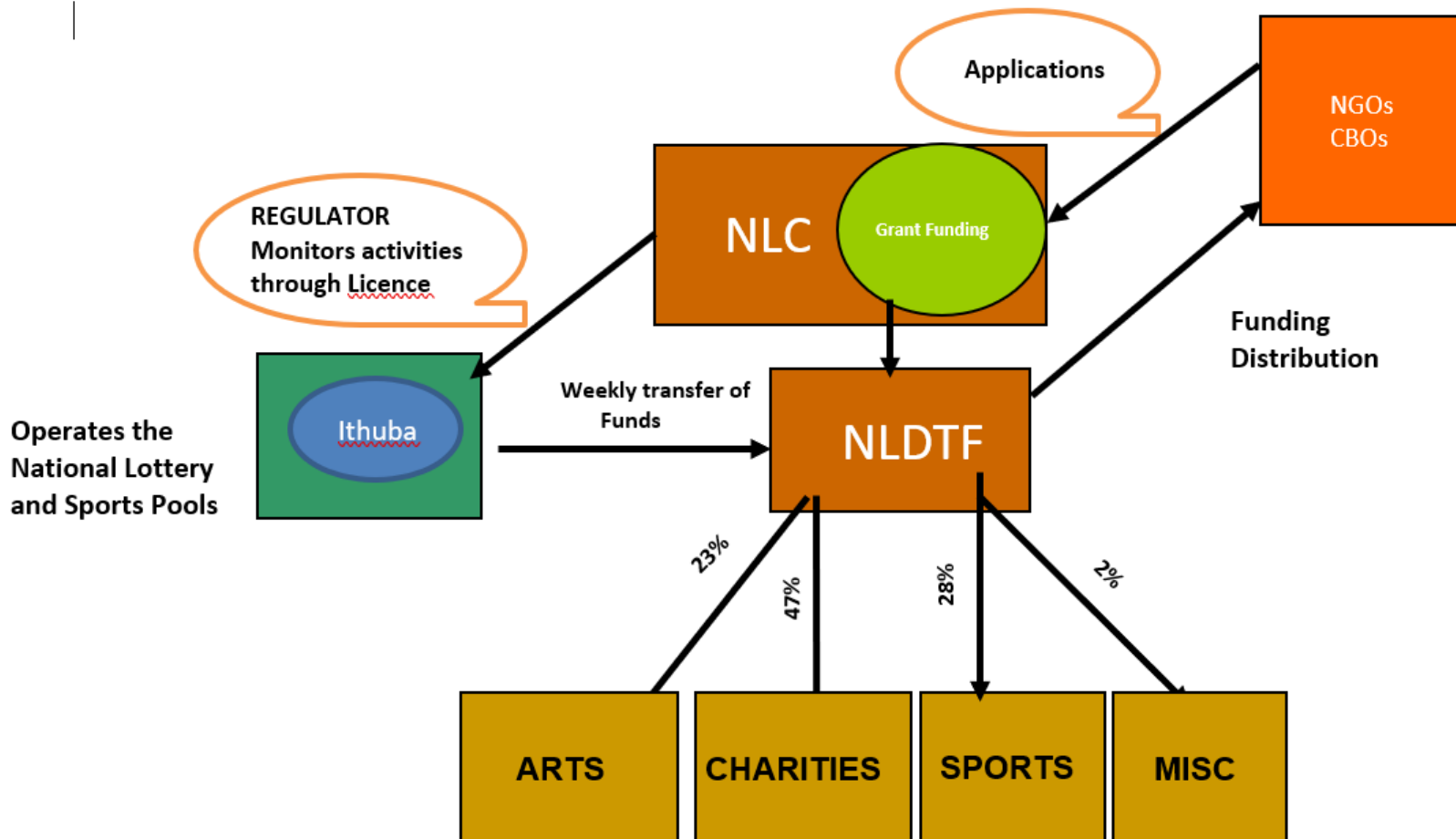
CONTENT

1. INTRODUCTION OF NLC DELEGATION
2. OPERATING MODEL AND GRANT FUNDING MODELS / HIGH LEVEL PROCESS
3. NLC'S MISSION & VISION
4. WHAT MEASURES EXIST OR HAVE BEEN INTRODUCED OR STRENGTHENED TO ENSURE THAT THE CONFLICTS OF INTEREST WITH THE APPROVAL OF PROJECTS ARE MINIMISED
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NLC DELEGATION

- Prof NA Nevhutanda, NLC Chairperson
- Mrs TCC Mampane, NLC Commissioner
- Ms X Ntuli, NLC Chief Financial Officer
- Mr T Maselwa, NLC Acting Chief Operations Officer
- Adv N Nene, NLC Acting Legal Executive
- Mr M Ramatsekisa, NLC Projects Manager

OPERATING MODEL



VISION, MISSION & IMPACT

VISION

A global innovative leader in regulating safe and sustainable lotteries and sports pools

MISSION

To ensure better regulation and social upliftment through innovation

IMPACT STATEMENT

Safe and sustainable lottery industry for maximum economic and social impact.

STRATEGIC OUTCOMES

A professional and sustainable organization

Innovative and agile frameworks, systems and standards that are globally competitive

Safe and sustainable lotteries and sports pools.

A sustainable and impactful civil society sector.

PERFORMANCE INDICATORS

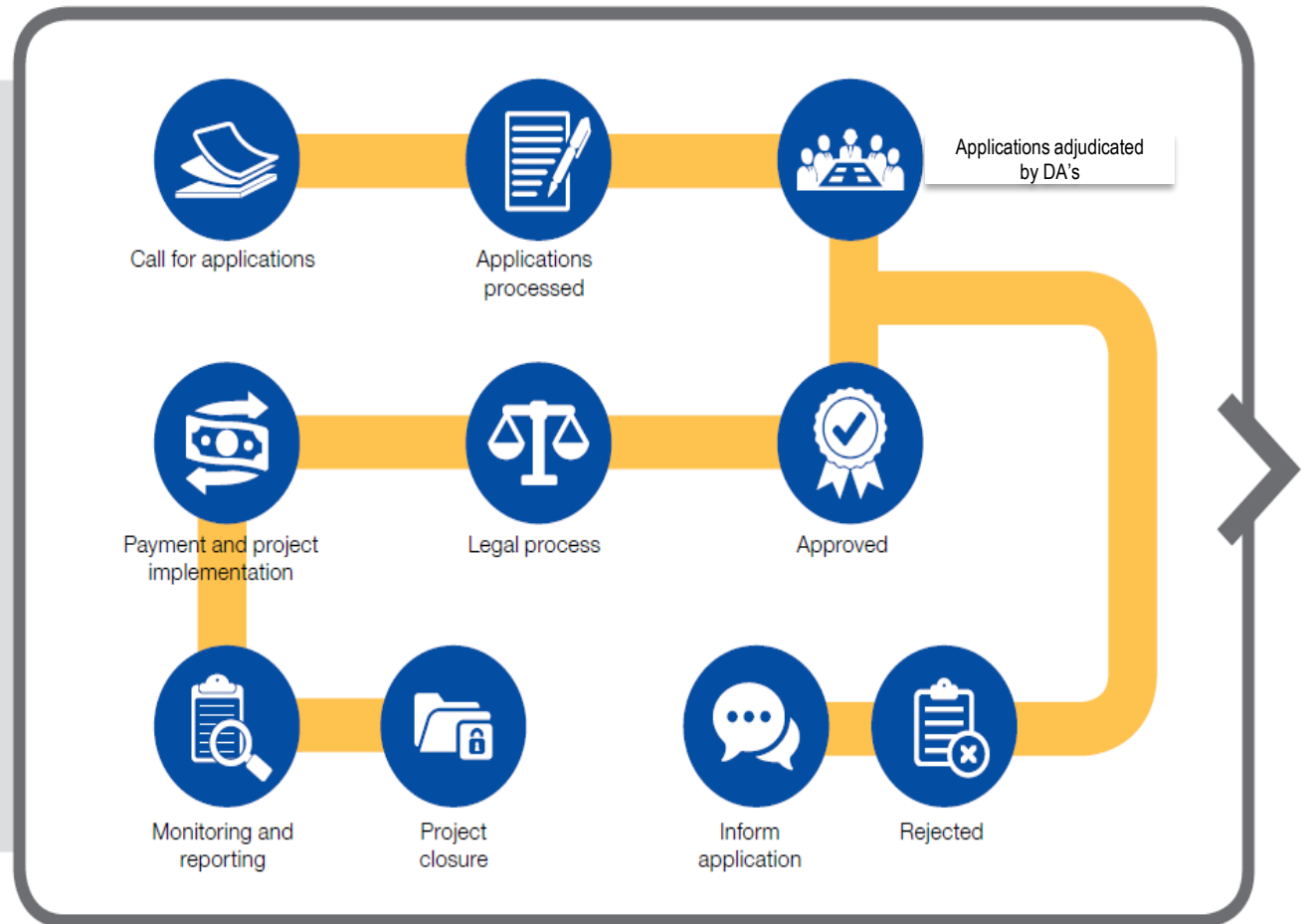
1. People Strategy
2. Knowledge Management
3. Regulatory Education
4. Maximise Returns to Good Causes
5. BBBEE Certification
6. 4th National Lottery Licence

1. National Lottery Monitoring
2. Sports Pools Monitoring
3. Retailer Inspections
4. Enforcement Policy for the National Lottery
5. Responsible Play Strategy
6. Enforcement of Illegal Schemes

1. % to priority areas
2. Grant Funding Model
3. Monitoring and Evaluation
4. Accredited Funding Agents

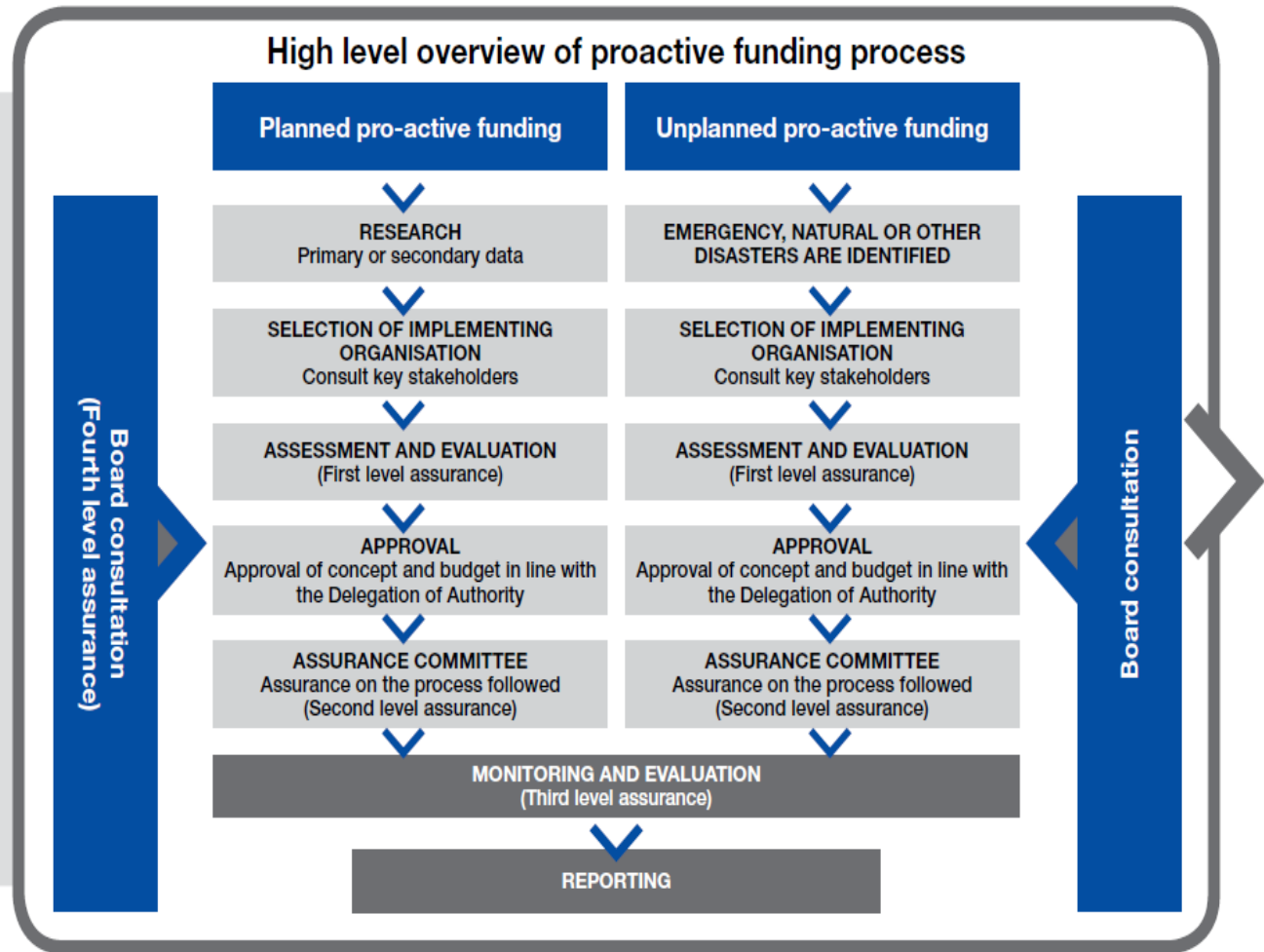
APPLICATION BASED FUNDING

- Section 26G of the Lotteries Amendment Act - Applications for grants
- Shareholder Compact: Ministerial Priority relating to Proactive Funding
- NLC Policy and Operational Strategic Framework: S10
 - Grant Funding Policy
 - Grant Funding Management Policy



PROACTIVE BASED FUNDING

- Section 2A
- Shareholder Compact: Ministerial Priority relating to Proactive Funding
- NLC Policy and Operational Strategic Framework: S10
 - Pro-Active Funding Policy
 - Grant Funding Management Policy



PRO-ACTIVE FUNDING: WHAT MEASURES EXIST OR HAVE BEEN INTRODUCED OR STRENGTHENED TO ENSURE THAT THE CONFLICTS OF INTEREST WITH THE APPROVAL OF PROJECTS ARE MINIMISED

- All pro-actively funded projects are independently adjudicated by the Pro-Active Funding Quality Assurance Committee which comprises of the three members of the Distributing Agency. All members of the Pro-Active Funding Quality Assurance Committee together with all support staff that attend the adjudication session declare their interest prior the commencement of any adjudication.
- In addition to the above, the NLC initiated process whereby applicants/beneficiaries declare any possible conflict when submitting their applications. The NLC will further request beneficiaries to ensure full disclosure by their service providers and contractors regarding any relations they may have to the NLC.

PRO-ACTIVE FUNDING: WHAT MEASURES EXIST OR HAVE BEEN INTRODUCED OR STRENGTHENED TO ENSURE THAT THE CONFLICTS OF INTEREST WITH THE APPROVAL OF PROJECTS ARE MINIMISED

- The NLC introduced conflict of interest vetting system that is linked to key government institutions which include amongst others: CSD, DSD, CIPC etc. which is applied throughout the Grant Funding and Supply Chain Management value chain including vetting of employees annual disclosures.

WHAT MEASURES EXIST OR WHETHER ANY MEASURES HAVE BEEN INTRODUCED OR STRENGTHENED TO ENSURE THAT PROJECTS WERE DELIVERED AS AGREED AND MET THE REQUISITE STANDARDS

- The NLC has revamped the system for infrastructure projects and introduce a dual relation between the recipient of the funds and the engineers whereby control of the funds will rest with the engineers until full completion and handover of the project, where after funds allocated for operational cost will be released to the beneficiary.

NLC's PROCEDURE TO VET NPO's

- The NLC verify the registration of the NPO, NPC, Community Benefit Trust and/or Public Schools or Tertiary Institutions with relevant line department.
- The NLC verifies the registration of the Accounting Officer with relevant professional body. Confirmation is sought from the relevant Accounting Officer on whether they prepared the financial statements or not.

SUPPORT TO NPO's

NLC's CONTRIBUTION TO COVID-19 FUNDING

VALUE OF CONTRIBUTION	CATEGORY	CRITERIA FOR FUNDING	STATUS OF THE PROJECT
R50 million	Contribution to Solidarity Fund	Section 2A (3) of the Lotteries Act No 57 of 1997 as amended and the approved Pro-Active Funding Policy	To be reported in terms of processes relating to Solidarity Fund
R10 million	Food parcels distributed by 54 NPO's nationally	Section 2A (3) of the Lotteries Act No 57 of 1997 as amended and the approved Pro-Active Funding Policy	Closed
R150 million	Relief program to qualifying NPO's	See the copy of advertisement on the next slide	On-going

CRITERIA FOR FUNDING NPO's

NLC COVID-19 Relief Fund

The COVID-19 pandemic has had a negative impact on organisations that work selflessly to serve vulnerable members of society.

The NLC has allocated R 150 million as a further relief measure to NGOs/NPOs and NPC's struggling to stay afloat during this time.

WHO QUALIFIES FOR THIS FUND?

The NLC is cognisant of the fact that the approved funds will not cover all the NPOs in the country as the demand far outstrips the supply. The NLC funding for COVID-19 will be limited to:

- Organisations that have been funded by the NLC for programmes in the past two financial years; and
- Organisations that have been funded by the NLC in the past five financial years for infrastructure projects.

WHICH ORGANISATIONS ARE EXCLUDED?

- NLC beneficiaries that have been paid a grant in the current calendar year (2020) will not qualify.
- NLC beneficiaries that have received grant allocation letters as an indication of the approval of their grant applications and/or are awaiting payment will not qualify.
- NLC beneficiaries with outstanding progress reports will not qualify.
- NLC beneficiaries placed on the Delinquency Register will not qualify.
- All organisations that have received funding for operational costs from other funders will not qualify.

HOW DOES OUR ORGANISATION APPLY?

- Submit a detailed motivation on the approved template (template available on www.nlcsa.org.za)
 - Submit confirmation of banking details
- *Submission details are available on the form*

IMPORTANT!

- Preference will be given to organisations operating in rural and underprivileged communities.
- The funding will be limited to operational costs.

ENQUIRIES:

coronarelieff@nlcsa.org.za
08600 65383

CLOSING DATE:

15 May 2020

IMPACT OF COVID-19 ON REVENUE

- NLC does not receive any appropriation from the fiscus
- Main source of revenue (around 83%) is derived from a share of National Lottery ticket sales from the Operator
- 25 April 2020- Announcement by Minister of dtic that sale of National Lottery tickets is not an essential service and as a result the sale of National Lottery tickets at retailer stores were prohibited
- Historically, majority of the National Lottery ticket sales (on average 71% at the time) were from sales from retailer stores
- NLDTF contributions were at its lowest during May 2020 as a result of the prohibition of sales of national lottery tickets at retailer stores
- The operator has since revised down its annual 2020/21 projections and NLDTF contributions by 27% as a result of the impact of the COVID-19 pandemic

IMPACT OF COVID-19 ON REVENUE

- NLDTF contributions were revised down from R1.64 billion to R1.19 billion(Downward revision of R 451 million to the budget)
- Revenue performance of national lottery tickets is monitored on a weekly basis
- Revenue performance has been improving since Alert Level 3 in June after the sale of National Lottery tickets resumed at retailer stores
- As at the end of July 2020; the actual NLDTF contributions were 8% above the revised budget
- During June 2020, NLC reviewed its annual performance plan and budget by embarking on a process of reprioritising current year targets to the available budget

NLC TURNAROUND TIMES DURING COVID-19

The following measures were introduced to mitigate against delays in the processing of the grants:

- (i) The NLC responded to the challenges that the pandemic presented by firstly adjusting the funding model to allow for the submission of applications electronically. This accelerated the process whilst abiding by the Lockdown Regulations of social distancing.
- (ii) The assessment template was enhanced to enable faster assessing of the applications.
- (iii) We further reduced the number of days for the return of the Grant Agreement from 30 days to 07 days to speed up payment.
- (iv) The Grant Agreements were further concluded electronically.
- (v) Legislatively, the NLC has 150 days to adjudicate an application, however our turnaround time for the Covid Relief applications is on average 14 days.
- (vi) In terms of legislation, we have 60 days in which to effect payment once a fully compliant Grant Agreement has been received. However, for these grants our average turnaround time is 11 days.
- (vii) All the above has been achieved including payment to most of the successful applications despite the NLC having to close its doors for more than six days due to employees who tested positive for Covid19.

PROGRESS ON COVID RELIEF FUNDING

- The **R 50 Million** was a contribution to the Solidarity Fund and money was disbursed directly to the fund. The funding will be reported in terms of processes relating to Solidarity Fund
- The **R 10 Million** was for basic and essential hygiene goods, food parcels and cooked meals to assist the most vulnerable groups. The funds were allocated to fifty-four (54) organisations across the country and all the funds were disbursed. See the next slide on the impact of the funding.
- The **R 150 Million** was for relief to qualifying NPO's as per the criteria outlined above. The process relating to this funding is about to be completed.

IMPACT OF COVID REFLIEF FUNDS – R 10 M

Province	Food Parcels		Number of people who benefited from Soup Kitchens	Shelters
	Number of Households	Number of people who benefited (average of 5 people per household)		
Eastern Cape	1 104	5 520	-	-
Free State	1 295	6 475	476	-
Gauteng	4 185	20 925	410	25
Kwa-Zulu Natal	1 191	5 955	-	8
Mpumalanga	290	1 450		9
Limpopo	1 000	5 000	-	-
Northern Cape	505	2 525	-	-
North West	850	4 250	-	-
Western Cape	2 757	13 785	11 450	-
TOTAL	13 177	65 885	12 336	42

LIST OF BENEFICIARIES

- **R 10 Million** – See Annexure A attached
- **R 150 Million** – See Annexure B attached