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**NATIONAL ASSEMBLY QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 2585**

**DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 30 OCTOBER 2020**

**INTERNAL QUESTION PAPER NUMBER: 42 - 2020**

**2585. Ms L L van der Merwe (IFP) to ask the Minister of Social Development:**

(1) With reference to the Non-Profit Organisation Financing Report (details furnished), what (a) plans does the Government have in place to rehabilitate the social services and care that was being subsidised prior to the onset of the pandemic, (b) are the reasons that the poorest provinces are the last to the feeding through such as the Eastern Cape, Limpopo, the North West and Mpumalanga feature prominently as areas of (i) perennial funding delays and (ii) funding withdrawal and (c) are the reasons that her department make decisions that affect vulnerable lives without adequate information sharing and/or consultation with those affected to ensure that the dignity, health and lives of the contingent remain protected considering that many of the decisions to withdraw funding, even before the pandemic, have been made unilateral by her department;

(2) whether her department will be investigating the subsidy cuts and delays; if not, what monitoring mechanisms will be enforced going forward; if so, what sanctions will be meted out regarding uncovered wrongdoing? NW3256E

**REPLY:**

1. (a) The Department continued with the payment of subsidies and the ongoing monitoring and support to NPOs albeit with delays in some provinces which have now been addressed.

(b) (i) The funding delays were caused by technicalities such as migration from BAS to Central Supplier Database, slow network and lock down interruptions in the finalisation of Service Level Agreements, amongst others. All provinces have addressed the delays, with the exception of North West which is still experiencing technicalities with the migration to the Central Supplier Database.

(ii) I have not been made aware of any funding withdrawal in any of the 9 provinces.

(c) The affected Provinces have consulted the relevant NPO network structures on delays and budget cuts soon after it was communicated by the Provincial Treasuries.

1. Amongst some of the measures to expedite the payment of NPOs, the department is undertaking a rapid assessment survey to determine the causes for the delays and to come up with stringent monitoring mechanisms and steps to remedy this situation. The National Department has since stringently monitored progress on NPO payments and taking drastic steps to remedy this situation.

In addition, the Department has sought approval from National Treasury to seek approval to change from a quarterly to a two-tranche payment system to NPOs through a risk-adjusted differentiated approach that is aimed at reducing administrative burden on the transfer system.

The two-tranche payment system will be implemented at the beginning of the 20210-2022 financial year, as it must be incorporated in the department’s beginning of year projections that are submitted in line with section 40(4)(a) of the PFMA. However, for the new two-tranche payment system to be effective, NPOs need to be compliant as this system runs a risk of either increasing current levels of underspending or NPOs keeping large reserve funds that are not used at the end of the financial year. To date almost all the Provinces have paid up the first and the second quarter payments to eligible organizations that are compliant, thus they are in line with the payment targets. For the third quarter, the status of funding is as follows:

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| Name of Province | Total No of NPOs Eligible | Total No of NPOs Paid | Total % of NPOs Paid | Pending NPO Payments |
| W Cape | 1 819 | 1 819 | 100% | 0 |
| N Cape | 1 014 | 722 | 71% | 292 |
| Limpopo | 2 917 | 2 635 | 90% | 282 |
| Gauteng | 3 326 | 3 079 | 92% | 247 |
| Free State | 1 826 | 1 821 | 99.70% | 5 |
| Mpumalanga | 1 713 | 1 639 | 96% | 74 |
| E Cape | 4 029 | 4 023 | 99% | 6 |
| KZN | 3 586 | 2 798 | 76% | 788 |
| N West | 924 | 647 | 70% | 277 |
| **TOTAL** | **21 154** | **19 183** | **91%** | **1 972** |

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For the remaining 1 972 NPOs that have not been paid, the reasons are varying, but mainly due to the following:

1. Late submission of claims by NPOs.
2. Non-compliance by NPOs
3. For KwaZulu Natal and Northern Cape, claims were processed at 50% where there was no attendance at Service Centres.

* For Gauteng, specific delays relate to payment of ECDs, particularly in Tshwane which has been identified as having challenges due to changes in the municipal by-law. This is a matter that continues to receive attention both nationally and at the Province.
* For other provinces, in relation to ECD, the provinces are implementing a special project on payment of outstanding subsidies in compliance with the SA CHILDCARE (PTY) LTD & OTHERS High Court Judgement handed on 20 October 2020.