STATE OF SOUTH AFRICAN REGISTERED NONPROFIT ORGANISATIONS

ISSUED IN TERMS OF
THE NONPROFIT ORGANISATIONS ACT 71 OF 1997

2022/23

Building a Caring Society. **Together.**

www.dsd.gov.za

social development

Department:
Social Development
REPUBLIC OF SOUTH AFRICA

NDA
National
Development
Agency

sassa
SOUTH AFRICAN SOCIAL SECURITY AGENCY

NDP 2030

30 YEARS OF FREEDOM
South Africa 1994-2024

"A REPORT FROM THE NPO DIRECTORATE
NATIONAL NPO REGISTER"

TABLE OF CONTENT

TABLE OF FIGURES

PART A:
EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Nonprofit Organisation Act (No. 71 of 1997) also known as the NPO Act, provides a registration facility for an organisation to register as a nonprofit organisation as part of the legal framework to regulate the nonprofit sector.

The current South African legal framework on NPOs is rooted in the fundamental rights as stated in the South African Constitution ("the constitution"). The right to freedom of religion, belief and opinion; as stated in section 15 of the Constitution and right to freedom of association as stated in section 18 of the constitution are essential for the civil society formations. The existence of nonprofit organisations therefore personifies these rights by enabling individuals to participate in community groups.

An NPO is defined, in terms of section 1 of the NPO Act, as a trust, company or other association of persons established for a public purpose and of which its income and property are not distributable to its members or office bearers except as reasonable compensation for services rendered. Nongovernmental Organisations (NGOs), Faith Based Organisations (FBOs) and Community Based Organisations (CBOs) are collectively known as nonprofit organisations (NPOs).

To apply for registration as a NPO, organisations fill-in a prescribed application form and submit it to the Department of Social Development with the organisation's founding document i.e. a constitution for a volunteer association; memorandum and articles of association with the company's registration letter for a not-for-profit company; and a deeds of trust with the trustees authorisation letter for a trust.

Over the years, there has been a significant increased demand on the NPO registration. By the end of March 2023, the total number of registered organisations was 273 337 since the inception of the NPO Act. This is a significant growth rate of about 8% (from 256 212) from the previous financial year.

Gauteng has the highest number of registered NPO at 31.6%, Kwa-Zulu Natal (17.8%), Western Cape (10.6%), Limpopo (9.9%), Eastern Cape (9.7%), Mpumalanga (7.4%), North West (5.8%), Free State (5%) and Northern Cape with (2.3%), respectively.

Registered NPOs are grouped, accordingly to the International Classification of Nonprofit Organisations (ICNPO), as per **Appendix 1**. Social Services is the leading sector with 35.8%, followed by development and housing sector (28.2%). The Religion sector follows with 13.5%, Culture and Recreation at 7.6%, Heath sector at 5.6% and Education and Research sector with 4.%.

By the end of the financial year 2022/23 FY, the Department received applications 28 061 from organisations seeking registration status a noticeable increase from 27 552 in the last financial year 15 103 NPOs were ultimately registered.

The Department received reports 59 624, which is a noticeably an increase from 41 147 during the previous financial year. The NPO CD has embarked on a campaign to request NPOs to comply and most heed the call and are being compliant with their reporting obligations. The NPO Helpdesk was also opened, the tools of trade were provided.

1. INTRODUCTION

South African Civil Society Organisations (CSOs) play a very significant role in nourishing our young democracy and addressing the needs of vulnerable communities and groups. These organisations are characterized by a wide variety of organisations of different sizes and shapes across the political, economic and social spectrum of society.

Recognizing the invaluable role of the nonprofit sector (CSOs) in our society, the South African government, like any other modern democratic government, has created an enabling legal environment to support and encourage the formation of organisations. This legal framework is rooted in the fundamental human rights culture of the Republic of South African Constitution.

The right to freedom of religion, belief and opinion; of expression and; of association as contained in the Bills of Rights is fundamental for the civil society formations. This means that everyone has the right to associate with other people and form organisations and express themselves in whatever way they choose provided that this is done in compliance with existing laws. Recent international and national studies recognised that South African legislative framework on NPOs is the most progressive international and thus match the international good standards and practices for an enabling environment on civil society.

The Nonprofit Organisations Act 71 of 1997 (NPO Act) is the primary legislation within the legal framework for NPOs. The main purpose of the NPO Act is to create an enabling environment in which NPOs can flourish and to establish an administrative and regulatory framework within which organisations can conduct their affairs. Specifically, the Act aimed at encouraging NPOs to maintain adequate standards of governance, transparency and accountability and to create an environment within which the public may have access to information on registered organisations[1].

This report is issued in terms of section 25 of the NPO Act that aims to inform the public and increase public knowledge on information about registered NPOs. The report entails a synoptic analysis of organisations that have chosen to register in terms of the NPO Act. It deals with the size and scope of registered NPOs by sector and province. It also provides information on the NonCompliant and Compliant NPOs as per the reporting obligations.

2. DEFINING A NONPROFIT ORGANISATION

Nonprofit Organisations is an associated term for civil society organisations that range from faith and community-based organisations, charities (welfare), traditional organisations like social and sports clubs, and a host of other development and social forms of organisations working tirelessly on the social fabric of society. These organisations are commonly referred to as non-governmental organisations (NGOs), community-based organisations (CBOs) and faith-based organisations (FBOs).

Section 1 (x) of the Nonprofit Organisations Act 71 of 1997 defines an NPO as a trust, company or other association of persons that is has been established for a public purpose and the income and property of which are not to be distributed to its members or office bearers except as reasonable compensation for service rendered.

---

1 The objectives of the NPO Act are enlisted in section 2 of the NPO Act.

This definition makes provision for organisations that have been registered in terms of the Trust Property Controls Act 57 of 1988 as amended (Nonprofit Trusts), the Companies Act 71 of 2008 (Nonprofit companies) or in terms of common law (voluntary associations).

Voluntary associations are deemed to be CBOs as they are traditionally informal legal forms of organisations that are rooted in communities they serve. Nonprofit Trusts and nonprofit companies are usually NGOs that are much more sophisticated and are mostly urban based organisations that have a reach beyond their immediate geographical office base.

The NPO Act therefore provides a much-needed registration facility for all these legal forms of organisations thus creating a central depository of all registered nonprofit organisations to make it easier for the public to access information on registered NPOs.

3.   THE NPO ACT AND ITS REGISTRATION FACILITY

The Department of Social Development is responsible for the administration of the NPO Act. A Directorate for Nonprofit Organisations has been established, in terms of section 4, to administer the provisions of the Act. The core business of this Directorate is essential to provide an efficient registration facility for organisations and to ensure accessibility to records of registered organisations. The registration standards and procedures including the obligations of registered NPOs are articulated within the NPO Act.

This section gives an overview on the legislative requirements for registration, compliance and the de-registration/cancelling of organisation from the NPO register. It also focuses on the appeals against refusal to register and cancellation of registration.

3.1.   NPO Registration Requirements

Every organisation that seeks to register as an NPO in terms of sections 12 and 13 of the NPO Act must submit a constitution (founding document) and a completed prescribed application form that contains the organisation's contact and the office bearers' details.

Section 13 (2) obligates the NPO Directorate to complete the assessment of each application within two months. Applications that meet the requirements are registered and issued with the registration certificate in terms of section 15 of the NPO Act and those that do not meet the requirements are returned to the applicants with advice on how to meet the requirements.

3.2.   NPO Compliance Requirements

Once the organisation is registered, it is obligated, in terms of sections 18 and 19, to submit within nine months after the end of its financial year, annual reports (a narrative report, annual financial statement and an accounting officer's report) including any changes to the organisation's constitution, physical address and office bearers.

A registered NPO is also obligated to comply with the material provision of its constitution, failure to do so is also deemed to be non-compliance.

3.3.   Cancelled Registration/Deregistration

In terms of section 21, registered NPOs that do not comply with the reporting requirements of

the NPO Act or the provisions of its constitution are cancelled. However, section 20 requires that a non-compliance notice of 30 days should first be sent to the organisation to give it an opportunity to ratify its status before cancellation can be effected. Failure to comply with this notice, an organisation registration status is cancelled in terms of section 21 for the NPO Act.

A registered NPO may also voluntarily deregister in terms of section 23(1) or dissolve in terms of section 23(2) of the Act. In this case, the NPO must provide a 30 days' notice of the intention to deregister or dissolve.

Once an organisation has been cancelled, deregistered or dissolved, as the case may be, it is a criminal offence, in terms of section 29, for any such organisation to represent itself as being validly registered in terms of the NPO Act. The offense is also extended to a person(s) using the registration number of another organisation's and making any false representation in any report submitted to in terms of this Act. A person(s) convicted for these offences is liable to a fine or to imprisonment or to both fine and imprisonment, in terms of section 30 of the NPO Act.

3.4.   Appeals

A nonprofit organisation may appeal against refusal to register, in terms of section 14 and cancellation of registration, in terms of Section 22. The NPO Act requires the Minister to appoint Panel of Arbitrators and prescribe the terms and conditions of appointment of members of the panel of arbitrators.

The appointed panelists convene a tribunal only when to consider appeal cases and each case should be dealt within three months after submission. The decision of the Arbitration Tribunal is binding on both parties i.e. the NPO Directorate and the appellant.

3.5.   Register of nonprofit organisations

Section 24(1) of the NPO Act requires the director to keep a register in the prescribed form of all nonprofit organisations that have been registered; all nonprofit organisations whose registrations have been cancelled; and all nonprofit organisations that have voluntarily deregistered or have been wound up or dissolved. The register is accessible on http://www.npo.gov.za.

3.6.   Public Access to NPO documents

Section 25 (1-3) of the Act obligates the director to preserve the constitution of registered non-profit organisations and any report or document submitted to the director in terms of this Act. All members of the public have the right of access to and to inspect any document that the director is obliged to preserve. It further state that the Minister must prescribe the circumstances and manner in which the public may have access to or inspect such documents. The circumstance and manner is as prescribed in the regulation.

3.7.   Obligations of NPOs

Section 17 (1-3) obligates every registered nonprofit, to the standards of generally accepted accounting practice—

- keep accounting records of its income, expenditure. assets and liabilities; and within six months after the end of its financial year, draw up financial statements.

- Every registered nonprofit organisation must arrange for a written report to be compiled by an accounting officer and submitted to the organisation stating whether or not— the financial statements of the organisation are consistent with its accounting records; the accounting policies of the organisation are appropriate and have been appropriately applied in the preparation of the financial statements; and the organisation has complied with the provisions of this Act and of its constitution which relate to financial matters.

- Every registered nonprofit organisation must preserve each of its books of account, supporting vouchers, records of subscriptions or levies paid by its members, income and expenditure statements, balance sheets and accounting officer's reports, in an original or reproduced form, for the prescribed period.

- Every registered NPO is obligated to submit any changes-the names and physical, business and residential addresses of its office-bearers, organisation physical address as per section 18(1)(b&c). Changes to the Constitution and Name can be made as per section 19.

PART B:
STATUS OF THE NPO REGISTER FOR 2022/23
FINANCIAL YEAR

4.   STATUS OF THE NPO REGISTER FOR 2022/23 FINANCIAL YEAR

This section of the report, focus on an analysis of organisations that were registered and submitted reports for the financial year 2022/23. There was a huge increase in terms of the intake for both applications and reports.

4.1.   NPO Applications for 2022/23 FY

4.1.1.   Received, processed and registered Organisations

By the end of the financial year 2022/23, the Department received 28 306 applications from organisations seeking registration status, an increase of 2.6% increase in the last financial year. Out of 28 306 received applications 28 061 were processed and 27 898 (98.6%) were processed within the required two-month turnaround time.

On average, the Department received about 94 applications per day. Most of the applications come from Gauteng (31.6%), KwaZulu Natal (17.8%), Western Cape (10.6%), Limpopo (9.9%), Eastern Cape (9.6%), Mpumalanga (7%), Free State (5%), North West (5%), the Northern Cape with lesser percentage of 2%, respectively

Of total number of applications received, 15 103 (53.3%) were eventually registered and 12 958 did not meet the requirements of sections 12-13 of the NPO Act to be registered. The remaining 1.5% NPOs were still in the process of being assessed.

It is evident that as much as registration is voluntary, a large number of organisations choose to register as a non-profit organisation and be accountable to a public office that holds information of registered NPOs in custodian to members of the public to access.

The chart below depicts the number of applications received, all processed, processed within two months and unsuccessful applications.

Applications

	Q1	Q2	Q3	Q4
■ Received	8 567	8 009	6 660	5 070
■ All Processed	8 421	8 000	6 636	5 004
■ Processed within 2 month	8 397	7 984	6 513	5 004
■ Registered	4 251	4 901	3 033	2 918
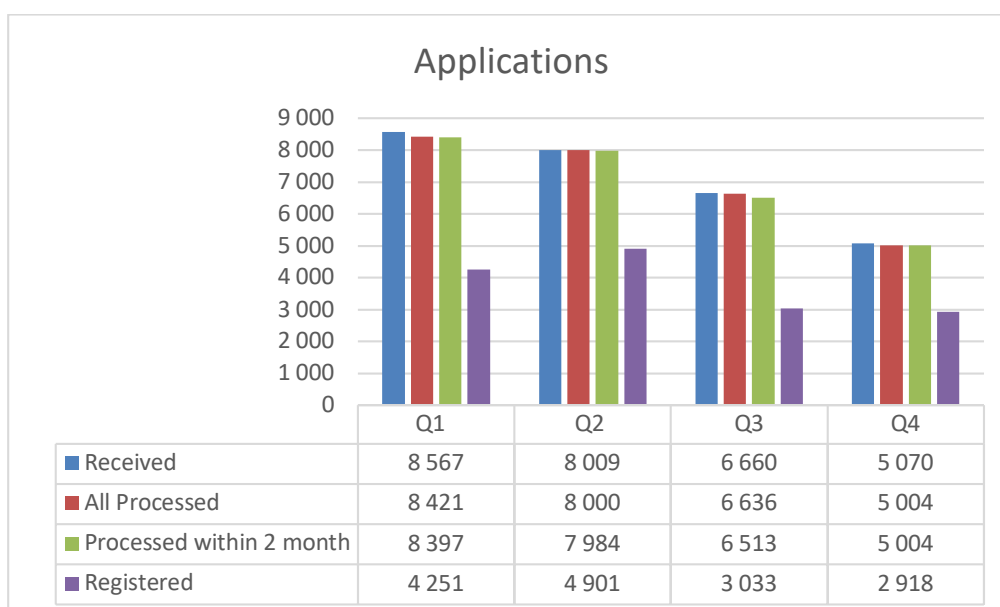
Chart 1: Status of 2022/23 Received Applications
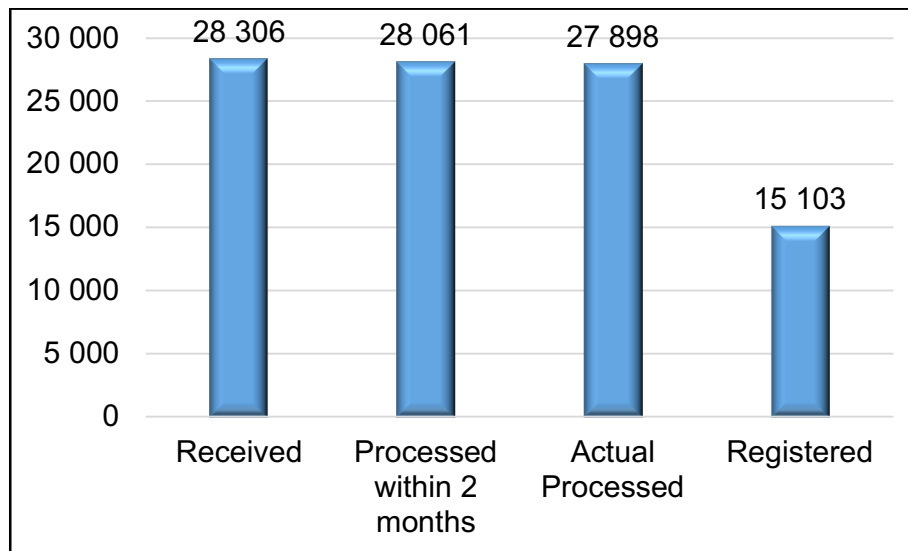
4.1.2. Received Applications and Registered Organisations

Chart 2: Received and Registered per Province

	EC	FS	GP	KZN	LP	MP	NW	NC	WC
■ Received	3 017	1 510	8 019	4 321	2 347	1 913	1 493	633	3 273
■ Registered	1 725	846	4 463	2 585	1 369	1 165	871	306	1 773
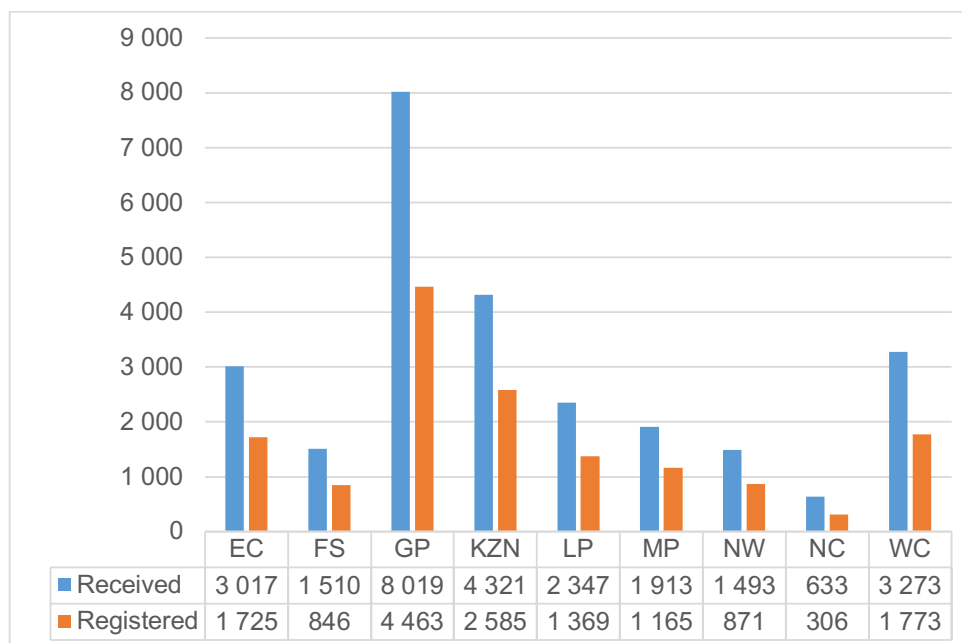
Gauteng Province has the highest number of received and registered applications, followed by Kwa-Zulu Natal, Western Cape and Eastern Cape

Chart 3: Received and Registered by Legal Form
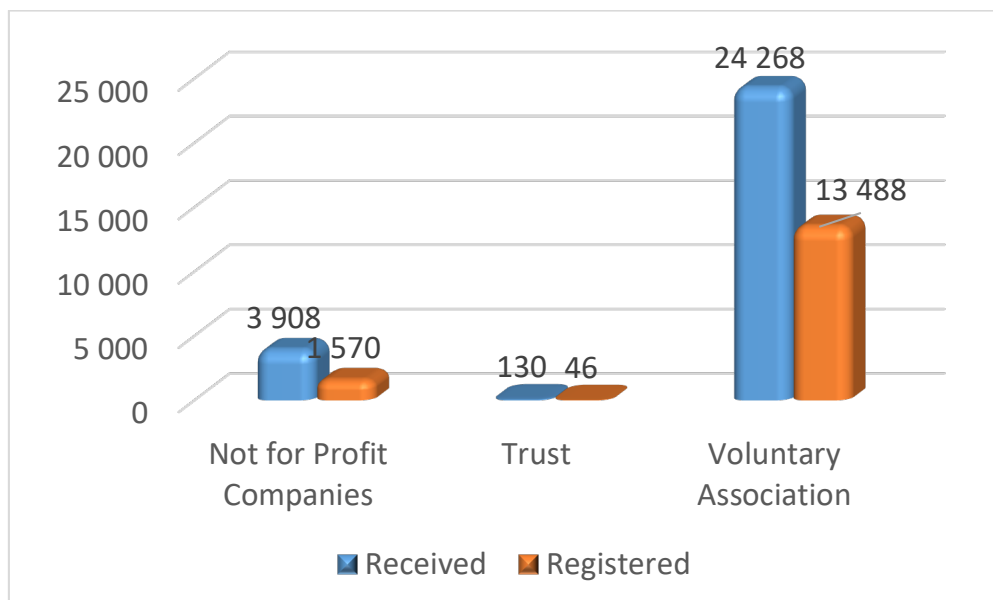
A registered NPO can either be a Voluntary Association, nonprofit company incorporate in terms of the Company Act, or a Trust. Chart 3 above indicates the legal forms of received applications and registered NPOs for the year 2022/23. The highest number of registered NPOs are voluntary association, which are considered to be CBOs as they are traditionally informal legal forms of organisations that are rooted in communities they serve.

Table 1: Received and Registered NPOs by Sector

Sector	Received	Registered
Business and Professional Associations, Unions	198	97
Culture and Recreation	1 599	1 180
Development and Housing	8 264	4 711
Education and Research	1 015	445
Environment	217	120
Health	579	235
International	6	4
Law, Advocacy, and Politics	354	167
Philanthropic intermediaries and voluntarism promotion	75	25
Religion	2720	1 103
Social Services	13 279	7 016
Grand Total	**28 306**	**15 103**

Registered NPOs are grouped, informed by their founding documents mission and objectives, accordingly to the International Classification of Nonprofit Organisations (ICNPO). The table above provide for the number of received and registered by sector.

For 2022/23 Most of the applications received are classified under social services sector (47%) followed by development and housing (29%) and Religion (10%) and the other sectors recorded less than 10%.

4.2.   NPO Reports for 2021/2022 FY

4.2.1. Received and processed Reports

By end of financial year 2022/23, the Department received 59 624 which is an increase of 30.9% from the previous financial year. Of the total received reports 57 528 were processed and 56 739 (95%) were processed within two months as per the required turnaround time. On average, the Department received about 263 reports per day. Most of the reports come from Gauteng (26%), Kwa-Zulu Natal (22%), Limpopo (13.7%); Eastern Cape (13%), Mpumalanga (8%), Western Cape (7%), North West (5.8%), Free State (2.7%) and Northern Cape submitted the less reports (2%), respectively.

Reports

	Q1	Q2	Q3	Q4
Received	17 906	17 462	15 715	8 541
Processed	16 481	17 412	15 094	8 541
Processed within 2 month	15 713	17 411	15 074	8 541

Chart 4: Process Status of Received Report per Province for 2022/23 FY
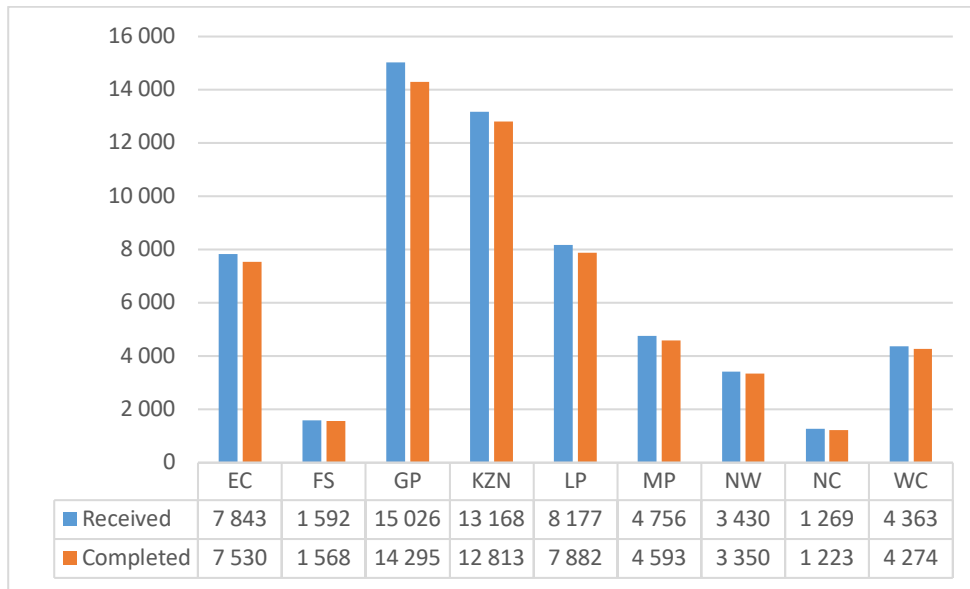
	EC	FS	GP	KZN	LP	MP	NW	NC	WC
Received	7 843	1 592	15 026	13 168	8 177	4 756	3 430	1 269	4 363
Completed	7 530	1 568	14 295	12 813	7 882	4 593	3 350	1 223	4 274

A registered NPO can either be a Voluntary Association, nonprofit company incorporate in terms of the Company Act, or a Trust. Chart 5 below indicates the legal forms of received and processed NPOs for the year 2022/23 FY.

Chart 5:Process Status of Received Report by Type for 2022/23 FY FY
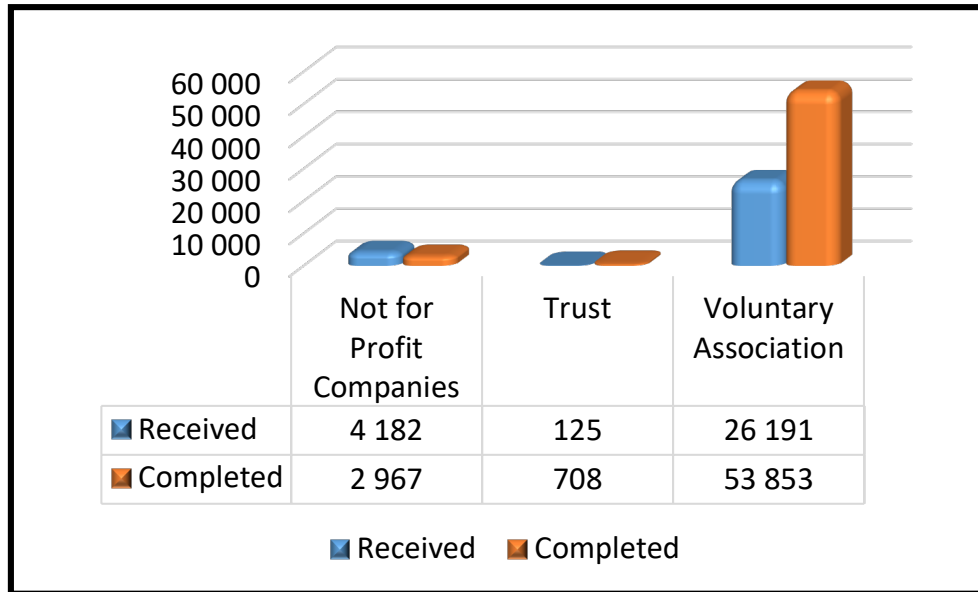
	Not for Profit Companies	Trust	Voluntary Association
Received	4 182	125	26 191
Completed	2 967	708	53 853

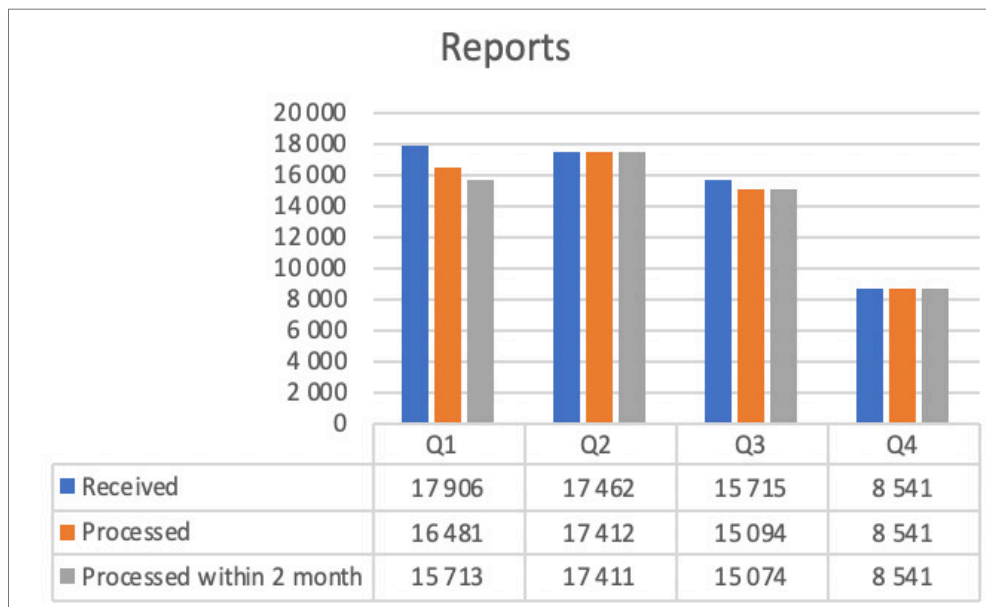Registered NPOs are grouped, informed by their founding documents mission and objectives, accordingly to the International Classification of Nonprofit Organisations (ICNPO). Table 2 below indicates the number of received and processed reports per sector, though the processing is on first come first serve basis, the table explains which sector has the highest submission of report, which is the Social Services sector.

Table 2: Received and Processed reports by Sector

Sector	Received	Processed
Business and Professional Associations, Unions	177	153
Culture and Recreation	1 293	1 116
Development and Housing	5 636	4 907
Education and Research	3 615	3 137
Environment	282	237
Health	2 436	2 095
International	25	24
Law, Advocacy, and Politics	688	579
Philanthropic intermediaries and voluntarism promotion	264	229
Religion	2 764	2 342
Social Services	23 967	20 808
Grand Total	**41 147**	**35 627**

5.   THE SIZE AND SCOPE OF THE NPO REGISTER

The Department is obligated in terms of section 24 of the NPO Act to keep a register of all NPOs that are registered and of those that have been cancelled in terms of this Act. The Department is also obligated to make this listing available to members of the public. By the end of March 2022, there were a total of 256 212 registered NPOs, which is an increase of 6% from the previous financial year.

This section provides a synoptic analysis on the growth rate comparatively over the past 5 years, legal forms of organisations registered and in what are they involved. It also covers the Compliance and Non-Compliance rate over the last 5 years.

5.1.   Annual Growth Rate of Registered NPOs

Over the years, there has been a significant increased demand on the NPO registration. For example, the chart below indicates that the register of NPO Register has increase from 190 873 registered organisations in 2017/18 to 256 212 in 2022/23 FY which translate into an average growth of 8.6% over five years.

Chart 6: Growth of NPOs Register over past five years
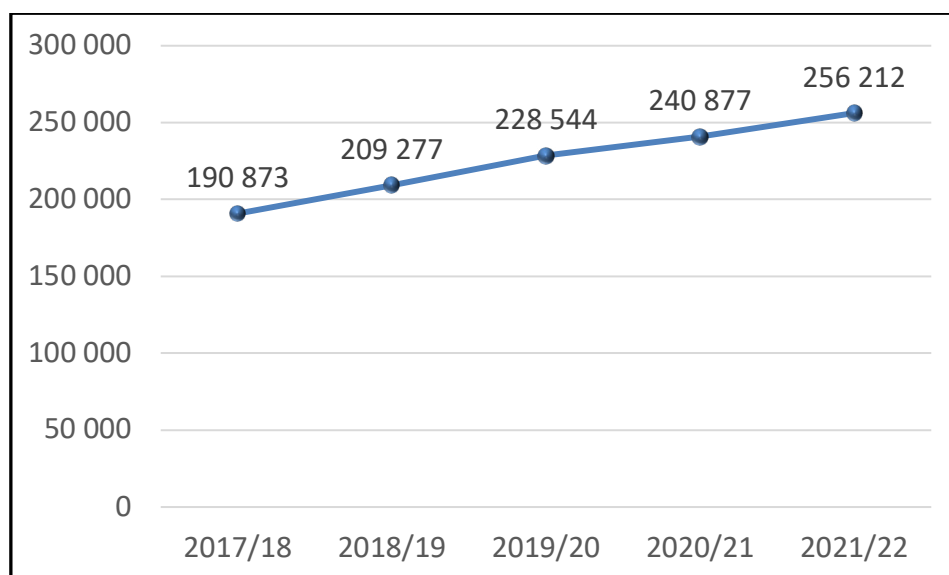
The most significant registration increase was experienced in the year 2019/20 with 19 267 NPOs added to the Register.

5.2. Distribution by Province over a 5-year period.

Table 3: Registration by Province

Province	2017/18	2018/19	2019/20	2020/21	2022/23 FY
Eastern Cape	17 294	19 359	21 339	22913	24 632
Free State	9 464	10 426	11 494	12136	12 998
Gauteng	60 508	66 575	72 772	76638	81 278
KwaZulu Natal	35 089	37 959	41 103	42937	45 500
Limpopo	19 407	21 223	22 901	24195	25 461
Mpumalanga	14 339	15 711	17 129	17688	18 910
North West	11 255	12 024	13 134	13975	14 749
Northern Cape	4 036	4 612	5 206	5493	5 824
Western Cape	19 481	21 388	23 459	24902	26 860
Total	**190 873**	**209 277**	**228 537**	**240877**	**256 212**

There is a noticeable increase of registered NPOs per each of the provinces since 2017/18. This could be attributed to a number of factors: unemployment, community needs and/or funding initiatives by different provinces. These organisations are the service delivery vehicle for the government at community level.

5.3. Distribution by Legal Form over a 5-year period

The graph below shows that majority of registered NPOs are Voluntary Associations over the years followed by Non-profit companies and Non-profit Trusts.

Chart 7: Growth of NPOs registration over past five years

	2017/18	2018/19	2019/20	2020/21	2021/22
Nonprofit Company	10 738	13 197	15 859	18 708	22 267
Trust	2 768	2 892	2 997	3 082	3 163
Voluntary	177 367	193 188	209 681	219 087	230 782
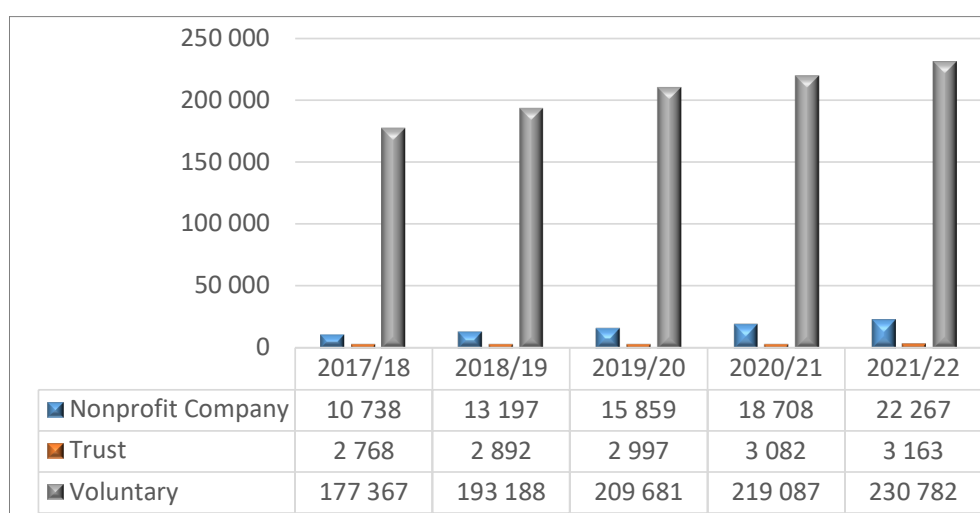
5.4. Distribution by Sector over a 5-year period.

Table 4: Registration by Sector

CLASSIFICATION	2017/18	2018/19	2019/20	2020/21	2022/23 FY
Business and Professional Associations, Unions	2 038	2 304	2 585	2757	2 910
Culture and Recreation	12 666	14 396	16 504	17676	19 262
Development and Housing	44 134	50 414	57 600	63040	70 060
Education and Research	10 536	10 865	11 179	11332	11 530
Environment	2 044	2 211	2 365	2460	2 559
Health	13 353	13 793	14 236	14566	14 882
International	116	96	102	104	107
Law, Advocacy, and Politics	4 365	4 735	5 033	5255	5 506
Philanthropic Intermediaries and Voluntarism Promotion	1 608	1 719	1 769	1821	1 864
Religion	26 501	29 442	32 284	33708	35 155
Social Services	73 512	79 302	84 887	88158	92 377
Total	**190 873**	**209 277**	**228 544**	**240 877**	**256 212**

There is a noticeable increase of registered NPOs per each of the sectors. Significant increase is noticed on Development and Housing from 44 134 in 2017/18 to 70 060 for the FY 2022/23 FY, which is an increase of 25 926 NPOs. Though the Social Services is the highest in terms of percentage registered during the 2022/23 FY FY, a noticeable increase is seen in the Development and Housing Sector as indicated above. The Social Service sector however had an increase of from 73 512 in 2017/18 to 92 377 in 2020/21 FY, which is an increase of 18 865 NPOs

5.5. Received Reports over a 5-year period

Organisations are obligated to submit Annual reports 9 months after the end of their financial year. Most organisations do not comply with the legislation and these are mainly organisations operating at community level. Over the years, as per table below Submission of reports is very low compared to the number of organisations that are due for reporting.

Chart 8: Received reports in the last 5 years

	2017/18	2018/19	2019/20	2020/21	2021/22
NPOs due for reporting	156 739	176 090	195 166	216 435	256 212
# Reports received	32 961	41 983	59 118	29 780	41 147
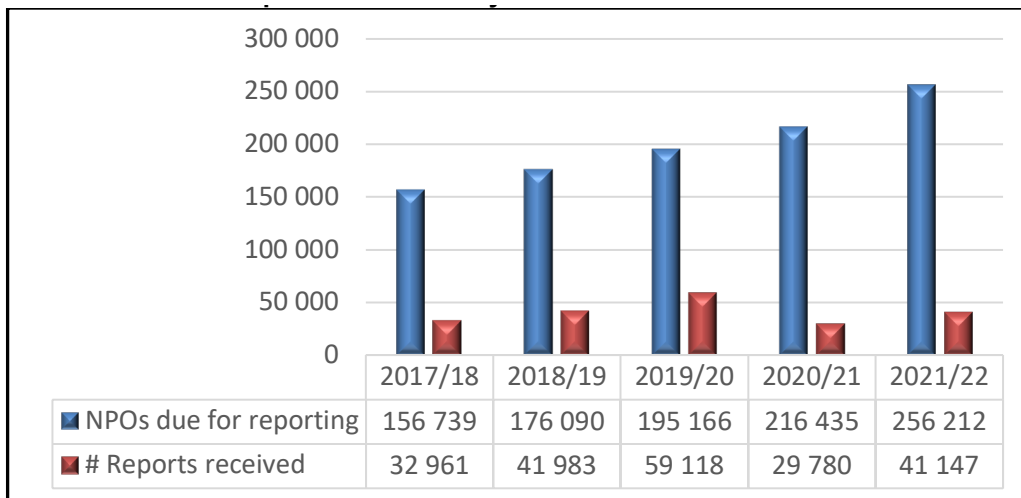
The receiving of reports has been fluctuating over the years with slight increase in other financial year. In 2020/21 the number dropped drastically due to Covid-19 lockdowns.

5.6. Due to report, compliant and noncompliant NPOs over 5yrs.

Chart 9: Due to Report, Compliant and Noncompliant NPOs

	2017/18	2018/19	2019/20	2020/21	2021/22
Due for reporting	158 425	176 090	189 692	214 433	230 982
NonCompliant	118 248	122 301	132 367	149 383	148 423
Compliant	40 177	53 789	40 962	65 050	82 559
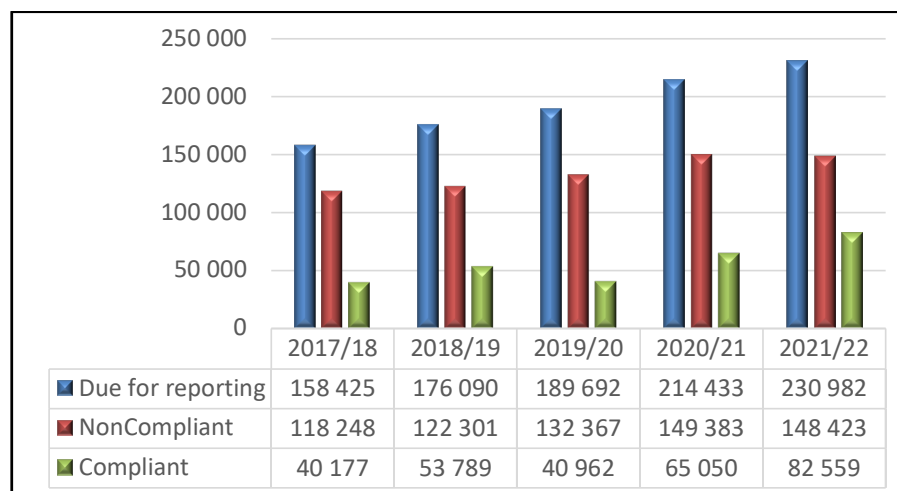
The Non-compliance has been increasing each year with an average of about 12 000 NPOs, whereas the Compliance dropped between 2018/19 and 2019/20, this could have been due to lockdowns, where new submissions were not captured on the system and those on the system were not processed due to lack of resources to work from home.

6. DISTRIBUTION OF THE NPO REGISTER UNTIL MARCH 2022

Distribution of registered NPOs is illustrated at provincial level, by legal forms of organisations and objective classification for the period. The information depicted covers the time period since the development of the NPO Register until the end of March 2021. The NPO register constitutes 240 877 registered NPOs for the aforementioned time period.

6.1. Distribution per Province

Chart 8 below depicts the percentage distribution of registered organisations per province. Most of the registered organisation are from Gauteng (31.7%), KwaZulu Natal (17.8%), followed by Western Cape (10.5%) respectively. The Northern Cape has the least registered NPOs with 2.3%.

Chart 10: Distribution of registration across provinces
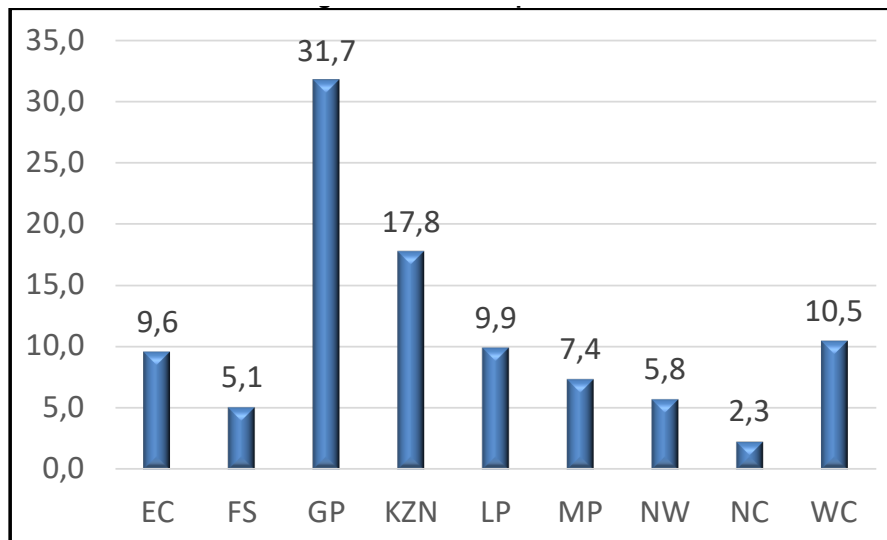
6.2. Distribution by Legal forms

A registered NPO can be a Voluntary Association in terms of common law, nonprofit company incorporated in terms of the Company Act, or a Trust in terms of the Trust Property Control Act. The chart below indicates the legal forms of registered NPO.

Chart 11: Legal Form of registered NPOs
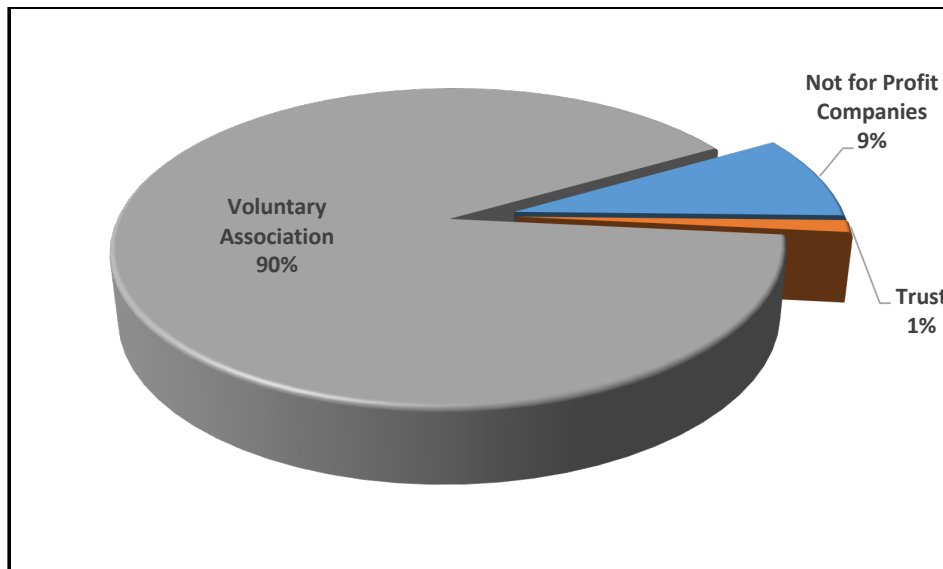
It is clear that the majority of registered NPOs are Voluntary Associations (90%), Non-profit companies (9%) and Trusts (1%). Voluntary Associations are mostly organisation that are at the cold phase of Service Delivery. These are mostly

6.3. Distribution by Sector

Registered NPOs are grouped, informed by their founding documents mission and objectives, accordingly to the International Classification of Nonprofit Organisations (ICNPO).

The graph below indicates the percentage of NPOs operating in different sectors.

Chart 12: Registration by sector
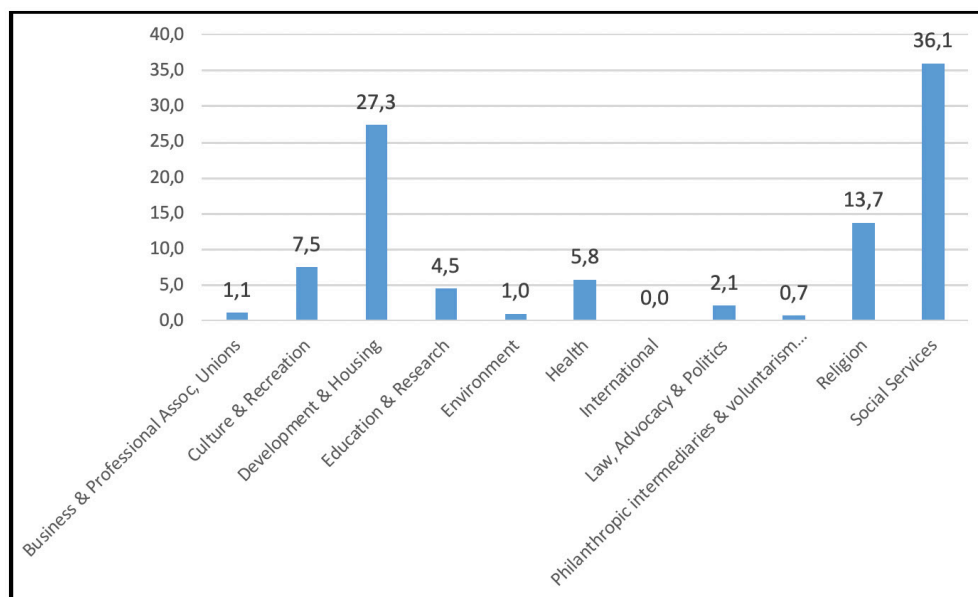
Social Services is the leading sector (36.1%) followed by development and housing sector (27.3%), religion (13.7%) respectively. The other Sectors have a recorded less than 10% of registered NPOs as indicated on the above graph.

Appendix 2 entails the number and percentages of registered NPOs by sector per provinces.

6.4.   Deregistered NPOs

There are four types of deregistration:

a) Constitutional Non-Compliance: This refers to organisations that has not complied with the(i) material provision of its constitution; (ii) a condition or term of arty benefit or allowance conferred on it in terms of section 11;
b) Non-compliant Deregistration: This applies to organisations that have not submitted their documents as per its obligations in terms of sections 17.18 and 19 and any other provision of this Act.
c) Voluntary deregistration: It applies to organisation that chooses to voluntary deregister as per section 23(1) of the NPO Act 71, 1997
d) Dissolved: It applies to organisations that have dissolved as per in terms of section 23(2) of the NPO Act 71, 1997

Chart 13: Dissolved and Voluntary Deregistration
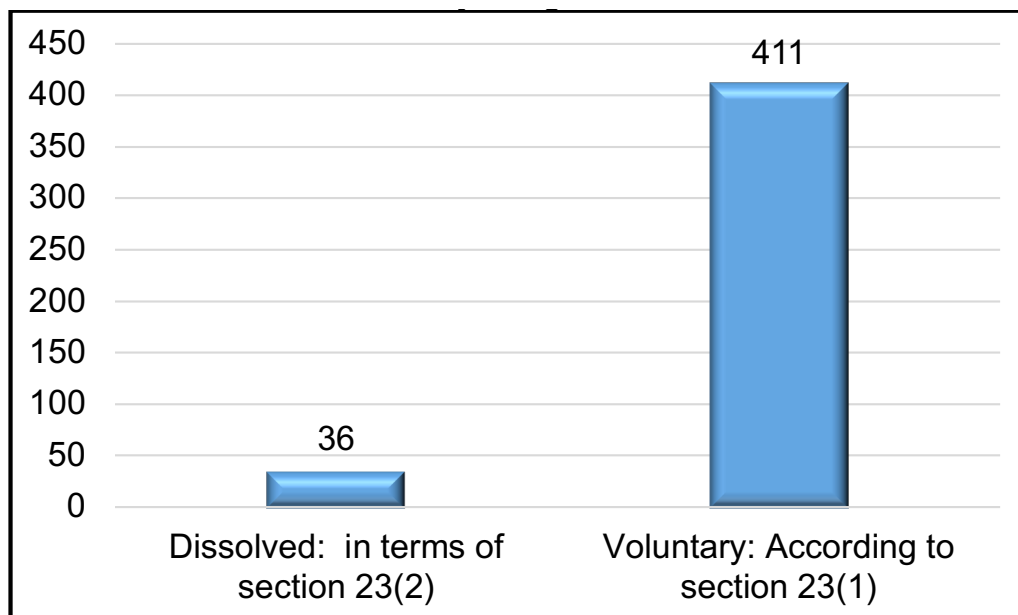
For the aforementioned time period there were 447 deregistered NPOs, of which 36 is dissolved and 441 have voluntarily deregister as indicated on table 7.

6.5. NPOs Due for Reporting, Compliance and Noncompliance

By end of March 2022 there were 230 982 NPOs that were expected to submit reports, of the total only 41 147 submitted reports and 148 423 were non-compliant. Noncompliant NPOs are organisations that did not comply with the obligations of section 17, 18 and 19.

The compliancy rate has increase from 25.4% in 2017/18 to 35.7% in 2020/21. The average increase over the last five years is 28.7%.

6.6. Distribution by Province

The chart below depicts a comparison of NPO due for reporting, Compliance and noncompliance by provincial distribution for 2020/21 FY. Gauteng with the highest number of organisation due to report also has the highest number of noncompliance and compliance.

Chart 14: Due to report, compliance and noncompliance NPOs

	EC	FS	GP	KZN	LP	MP	NW	NC	WC
Registered	24 632	12 998	81 278	45 500	25 461	18 910	14 749	5 824	26 860
NonCompliance	13 468	7 491	47 699	27 554	14 263	10 352	9 196	3 079	15 321
Compliant	8 434	4 118	25 719	13 776	9 068	6 689	4 198	2 176	8 381
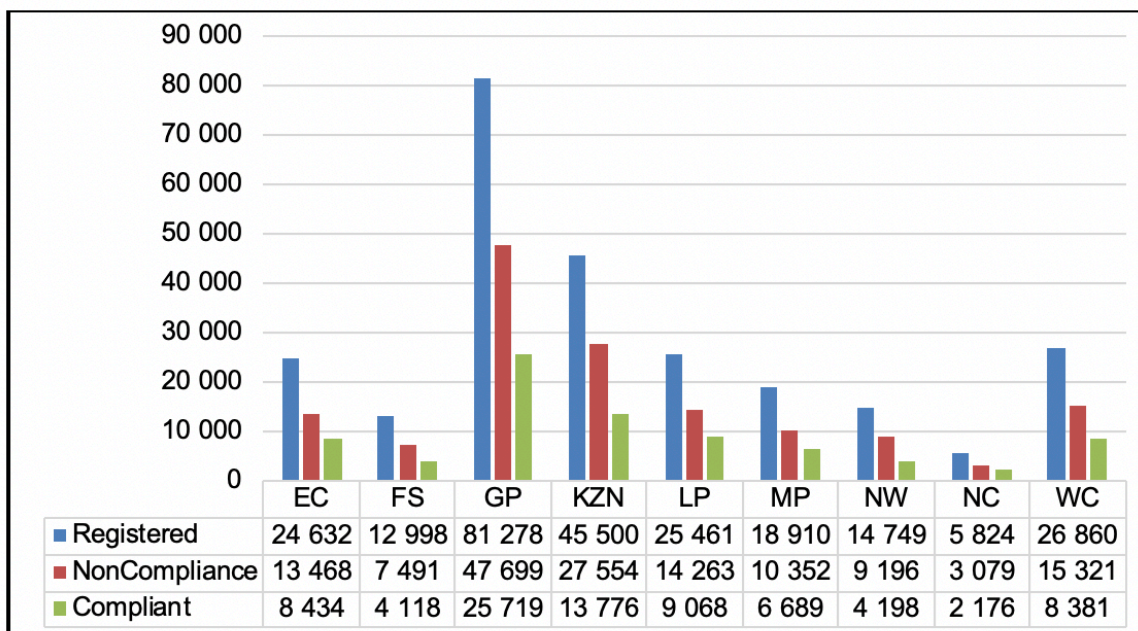
6.7. Distribution by Type

The table below depict NPOs due for reporting, compliance and non-compliance between the typology of the organisations. For all the three categories the noncompliance rate is above 60%, voluntary associations with highest noncompliance rate of 69.9%, followed by trust with 69.3 and NPCs with 60.6%

Chart 15: Comparison of NPO Legal forms

	DueToReport	NonCompliance	Compliant
VA	211 453	138 860	72 593
Trust	3 013	2 152	861
NPC	16 516	7 411	9 105
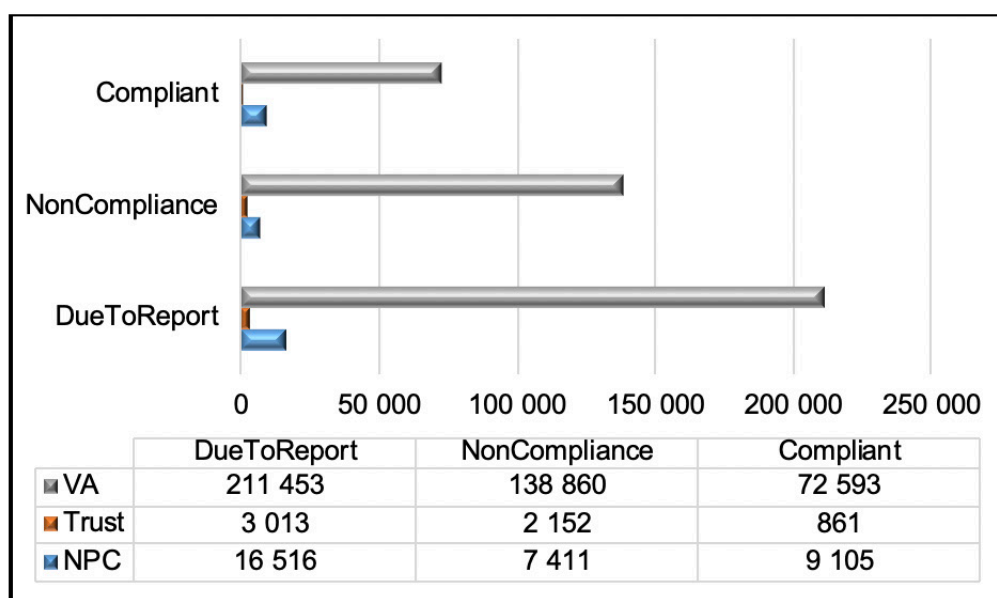
6.8.   Distribution by Sector

The table below indicates the number of NPOs that are due for reporting, non-compliant and compliant operating in different sectors.

Table 5: NPOs due for Reporting, Compliance and Noncompliance by sector

Sector	DueToReport	Non-compliance	Compliant
Business and Professional Associations, Unions	2 622	1 575	1 047
Culture and Recreation	16 743	10 331	6 412
Development and Housing	58 640	35 399	23 241
Education and Research	11 228	8 167	3 061
Environment	2 389	1 640	749
Health	14 308	11 067	3 241
International	103	74	29
Law, Advocacy, and Politics	5 062	3 532	1 530
Philanthropic intermediaries and voluntarism promotion	1 780	1 304	476
Religion	32 570	20 761	11 809
Social Services	85 537	54 573	30 964
Grand Total	**230 982**	**148 423**	**82 559**

Based on the table above, it is clear that there is a high non-compliance rate in almost all the sectors.

PART C: ANNEXURES

7. ANNEXURE 1: NONPROFIT ORGANISATIONS CLASSIFICATION

Sector	Objective	Theme	Description
Business and Professional Associations, Unions	Business and Professional Associations, Unions	Professional associations	Organizations promoting, regulating, and protecting professional interests e.g. bar association, medical association
		Labour unions	Organizations that promote, protect and regulate the rights and interests of employees
		Business associations	Organizations that work to promote, regulate and safeguard the interests of special branches of business e.g.. Manufacturers associations, farmers association, bankers association
Culture and Recreation	Culture and Arts	Museums	General and specialized museums covering art, history, sciences, technology, culture
		Media and communications	Production and dissemination of information and communication, includes radio and TV stations, publishing of books, journals, newspapers, and newsletters, film production, libraries
		Performing arts	Performing arts centre's, companies, and associations; includes theatres, dance, ballet, opera, orchestras, chorals and music ensembles
		Historical, literacy and humanistic societies	Promotion and appreciation of the humanities, preservation of historical and cultural artifacts, commemoration of historical events; includes historical societies, poetry and literary societies, language associations, reading promotion, war memorials, com
	Service Clubs	Service clubs	Membership organizations providing services to members and local communities, for example: Lions, Zonta International, Rotary Club, Kiwanis
	Sports	Sports	Provision of amateur sport, training, physical fitness, and sport competition services and events; includes fitness and wellness centre's

Sector	Objective	Theme	Description
Development and Housing	Economic, Social and Community Development	Community and neighbourhood organisations	Organizations working towards improving the quality of life within communities or neighbourhood - e.g., squatters' associations, local development organisations, poor people's cooperatives
		Economic Development	Programs and services to improve economic infrastructure and capacity; includes building of infrastructure like roads, financial services such as credit and savings associations, entrepreneurial programs, technical and managerial consulting & rural development
		Social Development	Organisations working towards improving the institutional infrastructure and capacity to alleviate social problems and to improve general public well being
	Employment and Training	Job training programs	Organizations providing and supporting apprenticeship programs, internships, on-the-job training, and other training programs
		Vocational rehabilitation and sheltered workshops	Organizations that promote self-sufficiency and income generation through job training and employment
		Vocational counselling and guidance	Vocational training and guidance, career counselling, testing, and related services
	Housing	Housing assistance	Organizations providing housing search, legal services and related assistance
		Housing association	Develop, construction, management, leasing, financing and rehabilitation of housing

Sector	Objective	Theme	Description
Education and Research	Higher Education	Higher education	Higher learning, providing academic degrees; includes universities, business management schools; law schools; medical schools
	Other Education	Vocational/technical schools	Technical and vocational training specifically geared towards gaining employment; includes trade schools; paralegal training, secretarial schools
		Adult/continuing education	Institutions engaged in providing education and training in addition to the formal educational system; includes schools of continuing studies, correspondence schools, night schools, sponsored literacy and reading programs
	Primary and Secondary Education	Elementary, primary and secondary Education	Education at elementary, primary and secondary levels; includes pre-school organizations other than day care
	Research	Social sciences, policy studies	Research and analysis in the social sciences and policy area
		Medical research	Research in the medical field, includes research on specific diseases, disorders, or medical disciplines
		Science and technology	Research in the physical and life sciences, engineering and technology
Environment	Animal Protection	Wildlife preservation and protection	Wildlife preservation and protection; includes sanctuaries and refuges
		Veterinary services	Animal hospitals and services providing care to farm and household animals and pets
		Animal protection and welfare	Animal protection and welfare services; includes animal shelters and humane societies
	Environment	Pollution abatement and control	Organizations that promote clean air, clean water, reducing and preventing noise pollution, radiation control, hazardous wastes and toxic substances, solid waste management, recycling programs, and global warming
		Natural resources conservation and protection	Conservation and preservation of natural resources, including land, water, energy and plant resources for the general use and enjoyment of the public
		Environment beautification and open spaces	botanical gardens, arboreta, horticultural programs and landscape services; includes organizations promoting antilitter campaigns, programs to preserve the parks, green spaces in urban or rural areas, and city and highway beautification programs
	Research	Animal welfare	Research into the lifestyle and habitats of cheetahs for the purpose of promoting their welfare

Sector	Objective	Theme	Description
Health	HIV/AIDS	Prevention and education about HIV/Aids	The prevention of HIV infection and/or the distribution of information relating to HIV/Aids
	Hospitals and rehabilitation	Rehabilitation	Inpatient health care and rehabilitative therapy to individuals suffering from physical impairments due to injury, genetic defect or disease and requiring extensive physiotherapy or similar forms of care
		Hospitals	Primarily inpatient medical care and treatment
	Mental Health and Crisis Intervention	Mental health treatment	Outpatient treatment for mentally ill patients; includes community mental health centre's, and halfway homes
		Psychiatric hospitals	Inpatient care and treatment for the mentally ill
	Nursing Homes	Nursing Homes	Inpatient convalescent care, residential care as well as primary health care services; includes homes for the frail elderly, nursing homes for the severely handicapped
	Other Health Services	Public health and wellness education	Public health promoting and health education; includes sanitation screening for potential health hazards, first aid training and services and family planning services
		Health treatment, primarily outpatient	Organisations that provide primarily outpatient health services- e.g., health clinics, vaccination centre's
		Rehabilitative medical services	Outpatient therapeutic care; includes nature cure centre's, yoga clinics, physical therapy centre's
		Emergency medical services	Services to persons in need of immediate care, includes ambulatory services and paramedical emergency care, shock/trauma programs and lifeline programs; ambulance services
International	International Activities	International human rights and peace organizations	Organizations which promote and monitor human rights and peace internationally
		International disaster and relief organizations	Organizations that collect, channel and provide aid to other countries during times of disaster or emergency
		Exchange/friendship/cultural programs	Programs and services designed to encourage mutual respect and friendship internationally

Sector	Objective	Theme	Description
Law, Advocacy, and Politics	Civic and Advocacy Organisations	Advocacy organizations	Organisations that protect the rights and promote the interest of specific groups of people- e.g., the physically handicapped, the elderly, children, and women
		Ethnic associations	Organizations that promote the interests of, or provide services to, members belonging to a specific ethnic heritage
		Civic associations	Programs and services to encourage and spread civic mindedness
	Law and Legal Services	Legal services	Legal services, advice and assistance in dispute resolution and court related matters
Philanthropic Intermediaries and Voluntarism Promotion	Philanthropic Intermediaries and Voluntarism Promotion	Grant making foundations	Private foundations, including corporate foundations, community foundations and independent public-law foundations
		Voluntarism promotion and support	Organizations that recruit, train, and place volunteers, and promote volunteering
		Fund-raising organizations	Federated, collective fund-raising organizations, includes lotteries
Religion	Religious Congregations and Associations	Congregations	Churches, synagogues, temples, mosques, shrines, monasteries, seminaries and similar organizations promoting religious beliefs and administering religious services and rituals
		Associations of congregations	Associations and auxiliaries of religious congregations and organizations supporting and promoting religious beliefs, services and rituals
Social Services	Emergency and Relief	Refugee assistance	Organisations providing food, clothing, shelter and services to refugees and immigrants
		Temporary shelters	Organisations providing temporary shelters to the homeless, includes travellers aid, and temporary housing
		Disaster/emergency prevention and control	Organisations that work to prevent, predict control and alleviate the effects of disasters, to educate or otherwise prepare individuals to cope with the effects of disasters, or provide relief to disaster victims, includes volunteer fire departments, life

Sector	Objective	Theme	Description
Social Services conti...	Income Support and Maintenance	Material assistance	Organisations providing food, clothing, transport and other forms of assistance, includes food banks and clothing distribution centre's
		Income support and maintenance	Organisations providing cash assistance and other forms of direct services to persons unable to maintain a livelihood
	Services to Children	Child welfare, child services, day care	Services to children, adoption services, child development centre's, foster care, includes infant care centre's and nurseries
		Child protection	An organisation involved with identifying, reporting and supporting abused and neglected children. Also provides for placement of children in foster care.
		ECD and Partial Care Centres	A place that cares for more than 6 pre-school children for part of the day. It is non-residential. ECD services include crèches, pre-schools & day-care centres & also;• After-school supervision & partial care for children of all ages• ECD outreach program
		Temporary Safe Care/ Place of Safety	A facility where vulnerable or orphaned children are placed by court orders in cases of emergency. These are usually short term until permanent alterative arrangements are made.
		Secure Care	A facility for children who are awaiting trial or sentence or have been sentenced.
		Children's Homes	A facility for the provision of residential care to more than six children outside their family's environment. Also known as an orphanage or child and youth care centre (CYCC). They accommodate:
		Homes for Children with Special Needs	A facility for children with psychological and emotional difficulties, disabilities, chronic illnesses, alcohol or drug addictions, psychiatric conditions or who need assistance with the transition when leaving the centre at the age of 18.
		Schools of Industry/Reform Schools	A residential facility where children with behavioural difficulties are sentenced to by the Children's or Criminal Court.
	Services to Children Cont.	Community-Based Care Services for Children	Drop-in-centre/ISIBINDI. A drop-in centre is a community-based, non-residential facility providing basic services aimed at meeting the emotional, physical and social development needs of vulnerable children.
		Adoption Services	A facility which helps in the process of adoption. Adoption is defined as a child being placed in the permanent care of a person other than a biological parent, by a court order.

Sector	Objective	Theme	Description
	Social Services	Services for the handicapped	Services for the handicapped; includes homes, other nursing homes; transport facilities, recreation and other specialized services.
		Services for the elderly	Organisations providing geriatric care, includes in-home services, homemaker services, transport facilities, recreation, meal programs and other services geared towards senior citizens. (Does not include residential nursing homes)
		Youth services and youth welfare	Services to youth, includes delinquency prevention services, teen pregnancy prevention, drop-out prevention, youth centre's and clubs, job programs for youth, includes YMCA, YWCA, Boy Scouts, Girl Scouts, Big Brothers/Big Sisters
		Self-help and other personal social services	Programs and services for self-help and development, includes support groups, personal counselling, credit counselling/money management services
		Family services	Services to families, includes family life/parent education, single parent agencies and services, family violence shelters and services

8.   ANNEXURE 2: REGISTERED NPOS PER SECTOR PER PROVINCE

Prov	Biz&Pro Assoc #	%	Cult&Rec #	%	Dev&HSNG #	%	Educ&Res #	%	Environ #	%	Health #	%	Intl #	%	Law,Advoc, Pols #	%	PhilaInter&Vol Promo #	%	Religion #	%	Soc Service #	%
EC	273	9.4	1 377	7.1	6 604	9.4	2 100	18.2	168	6.6	1 342	9.0	1	0.9	546	9.9	119	6.4	2 369	6.7	9 733	10.5
FS	120	4.1	1 067	5.5	3 454	4.9	496	4.3	113	4.4	809	5.4	1	0.9	275	5.0	62	3.3	1 774	5.0	4 827	5.2
GP	1 170	40.2	7 041	36.6	22 130	31.6	3 465	30.1	619	24.2	3 944	26.5	71	66.4	1 894	34.4	727	39.0	13 254	37.7	26 963	29.2
KZN	347	11.9	2 595	13.5	13 358	19.1	1 612	14.0	340	13.3	3 120	21.0	8	7.5	832	15.1	319	17.1	5 553	15.8	17 416	18.9
LP	173	5.9	1 509	7.8	6 042	8.6	1 004	8.7	449	17.5	1 781	12.0	4	3.7	393	7.1	67	3.6	2 862	8.1	11 177	12.1
MP	197	6.8	1 399	7.3	4 536	6.5	730	6.3	178	7.0	1 301	8.7	2	1.9	280	5.1	49	2.6	2 782	7.9	7 456	8.1
NW	139	4.8	1 442	7.5	3 770	5.4	551	4.8	136	5.3	1 053	7.1	2	1.9	332	6.0	48	2.6	1 899	5.4	5 377	5.8
NC	62	2.1	610	3.2	1 688	2.4	247	2.1	65	2.5	361	2.4	2	1.9	128	2.3	23	1.2	732	2.1	1 906	2.1
WC	429	14.7	2 222	11.5	8 478	12.1	1 325	11.5	491	19.2	1 171	7.9	16	15.0	826	15.0	450	24.1	3 930	11.2	7 522	8.1
	2 910	100	19 262	100	70 060	100	11 530	100	2 559	100	14 882	100	107	100	5 506	100	1 864	100	35 155	100	92 377	100

 # - Number of Registered NPOs   % - Percentage Registered NPOs

Provinces: *GP (Gauteng); MP(Mpumalanga); EC (Eastern Cape); NW (North West); FS (Free State); NC (Northern Cape); KZN (KwaZulu Natal); WC (Western Cape); LP (Limpopo)*

Sectors: *(Biz&Pro Assoc) Business and Professional Associations; (Cult&Rec) Culture and Recreation; (Dev&HSNG) Development and Housing; (Educ&Res) Education and Research; (Environ) Environment; Health; (Intl) International; (Law, Advoc, Pols) Law, Advocacy and Politics; (PhilaInter&VolPromo) Philanthropic intermediaries and voluntarism promotion; (Rel) Religion; (Soc Service) Social Services*

PART D:
NPO CHIEF DIRECTORATE MANDATE

9.   NPO PROGRAMMES

ADMINISTRATION OF THE NON-PROFIT ORGANISATION ACT 71 OF 1997

Vision Statement: Is to create a vibrant trusted Non Profit sector that is valued for the public benefit it provides.

Mission Statement: To regulate the Non Profit sector in the public interest so as to ensure compliance with the law and support best practice in the governance, management and administration of NPOs.

Strategic Objective: To ensure we create an enabling environment for NPOs to flourish by establishing an administrative and regulatory framework within which they can conduct their affairs.

Strategic Outcomes: Increased Public trust and public confidence and accountability

Non Profit Chief Directorate adheres to the following **Values**:

- Transparency
- Accountability
- Fairness
- Accuracy
- Honesty/Integrity
- Customer focus
- Trust
- Empowerment

Functions of Chief Directorate

Directorate is responsible for—

(a) Facilitating the process for developing and implementing policy;

(b) Determining and implementing programs, including programs—

(i) To support non-profit organisations in their endeavour to register; and

(ii) To ensure that the standard of governance within non-profit organisations is maintained and improved;

(c) Liaising with other organs of state and interested parties; and

(d) Facilitating the development and implementation of multi-sectoral and multi-disciplinary programs.

Legislative Framework

Non Profit Companies (NPC)	Companies Act of 2008
Trusts	Trust Property Control Act of 1988
Voluntary Associations	Common Law NON PROFIT ORGANISATION ACT 71 OF 1997

10.   HIGH LEVEL NPO CHIEF DIRECTORATE STRUCTURE

```
                            ┌─────────────────────────────────┐
                            │  Community Development Branch    │
                            └─────────────────────────────────┘
                                            │
                                            ▼
                            ┌─────────────────────────────────┐
                            │ CD: NPO Registration, Funding    │
                            │ and Compliance Monitoring        │
                            └─────────────────────────────────┘
```

| D: NPO Governance and Stakeholder | D: NPO Compliance Monitoring | D: NPO Funding and Coordination | D: Information Registration | D: NPO Programme Management and Institutional Support |

- D: NPO Governance and Stakeholder
  - Sub Dir: NPO Governance and Policy
  - Sub Dire: NPO Stakeholder and Client Management Services
- D: NPO Compliance Monitoring
  - Sub Dir: NPO Compliance Monitoring and Reporting
  - Sub Dir: NPO Investigation
- D: NPO Funding and Coordination
- D: Information Registration
  - Sub Dir: NPO Registry
  - Sub Dir: NPO Information Management
  - Sub Dir: NPO Registration
- D: NPO Programme Management and Institutional Support

11.   HIGHLIGHTS OF PERFORMANCE AS PER THE 2022/23 Annual Performance Plan

11.1.   Registration of NPOs

Section 13 (2) obligates the NPO Directorate to register Organisations that meet the requirements in terms of section 15 of the NPO Act and those that do not meet the requirements are returned to the applicants with advice on how to meet the requirements.
Annual target: Process 98.6% of applications within 2 months of receipt
Achievement: Received 28 306 applications and processed 28 061 and 28 898 (98%) of the received applications were processes within two months, 15 103 met the registration requirements and were registered and provided with the registration Certificate and 12 958 applications did not meet the registration requirements and advice was provided on how to correct their registration documents through different channels of communication (post, sms and email).

11.2.   Annual Reports Submission

Once the organisation is registered, it is obligated, in terms of sections 18 and 19, to submit within nine months after the end of its financial year, annual reports (a narrative report, annual financial statement and an accounting officer's report) including any changes to the organisation's constitution, physical address and office bearers.
Annual target: Process 80% reports within two months:
Achievement: Received 59 624 reports, processed 57 528 and 56 739 (95.2%) of received reports were processes within two months.

11.3.   Table the NPO Amendment Bill to Parliament

Due the passing of the General amendment Bill, all what the bill was meant to amend was incorporated into the GLAA. the NPO Bill was withdrawn as its incorporated into the GLAA.

This is after the Non-Profit Organisations Directorate has received substantive comments from the NPO sector on the NPO Bill when it was published for public comments, as a result, the comments were integrated into the NPO Policy. The integration of the comments was also delayed by the additional time requested by the sector to make inputs into the NPO Bill. The sector requested to be given more than the 30 days standard period for public comments

11.4.   Draft NPO Policy Framework

The Policy was not submitted due to competing activities that are related. The chief directorate had to delay the work on the policy in order to all for the NPO Bill and General Law amendments to unfoldThere is also a need to incorporate the substantive sections of the General Laws Amendment Act (GLAA) to the NPO Policy and consult the NPO sector on the new insertions. The GLAA was enacted into law at the end of the 3rd quarter (December).

Upon the integration of the NPO Bill public comments and the GLAA, consultation with the NPO sector will be commence and a final SEAIS report will be submitted for certification. The final policy framework will be submitted for approval.

11.5.   Develop NPO Mentorship

The NPO Mentorship Model has been developed with inputs incorporated from stakeholders

11.6.   An implemented DSD Sector Funding Policy

Train-a-Trainer programme conducted with provincial champions to build capacity towards implementation of the policy

11.7.   An implemented NPO Sector payment system

Training manual and implementation plan developed. Users in Provinces trained towards

PART E:

SERVICE DELIVERY PROGRAMMES PER DIRECTORATE

12.   NPO GOVENERNANCE AND STAKEHOLDER MANAGEMENTS

12.1.   NPO Helpdesk (Ronald please provide more inputs

The NPO Chief Directorate has established an NPO Helpdesk, which is manned by 6 officials. This is where NPO clients are assisted with their enquiries on a daily basis. For the financial year the number of clients declined due Covi-19 Lockdowns, most part of the year the NPO helpdesk was closed to the public. On a monthly basis the Helpdesk services approximately 2 000 clients. These are clients enquiring about their registration, compliance status and request printed correspondences/letters for compliance and non-compliance.

- Receiving of Registration documents: The service cater for organisations that submit applications and have already submitted applications.
- Receiving of reports: The process cater for organisation that are submitting reports for the first time or resubmitting corrected reports
- Issuing of NPO certificates: The service caters for organisations that have been registered and want to collect the certificate. The certificate is accompanied by the confirmation letter and certified copy of the organisation constitution.
- Printing of Constitution and all correspondences (acknowledgement, compliance, non-compliance and unsuccessful letters): The service cater for printing of the required documents by the organisations.
- Post registration Services: The service is broken down into two, Foundation Changes and General Changes.
- NPO General enquiries which include confirmation of office bearer, Organisation registration and compliance status.
- Dealing with all NPO enquiries relating with their organisations

12.2.   Centralised emails

The Department has created different email boxes for all types of enquiries. Below is a list of email addresses for specific enquiries

Type of enquiry	Email to use
Submission of documents Request for compliance letter Request for certificate **ONLY**	Npoenquiry@dsd.gov.za
For submission of new applications **ONLY**	Visit online registration on : http://www.npo.gov.za
Check Application, Change Request and Foundation Change **status** Query an Unsuccessful Application, Change Request and Foundation Change **ONLY**	NPORegistration1@dsd.gov.za Send enquiry with APP number/NPO Name or NPO number
Check Compliance Status Query Incomplete Reports Request Voluntary De-Registration **ONLY**	NPOReports1@dsd.gov.za send enquiry with NPO number/NPO Name
To report fraud or abuse of an NPO **ONLY**	npoinvestigations@dsd.gov.za

All documents can be accessed on the department of social development website:
https://www.dsd.gov.za/index.php/npo
https://www.dsd.gov.za/index.php/documents/category/76-npo-forms

12.2.1.   Npoenquiry@dsd.gov.za

The NPO Enquiry email is a centralised that receives specific emails of Submission of documents, Request for compliance letter and Request for certificate however whichever emails are being received will be forwarded to the relevant email address. Approximately 250 emails per day. All emails receive an auto response immediately and responded to within a week.   For 2022/23 FY the inbox consisted of the following enquiries
- Registration Documents
- Annual Reports
- Progress on the Application
- Requests for Compliance Letters
- Enquiring on Compliance Status
- Requests for Certificates
- Requests for Founding Documents
- Providing instructions on how to register online
- Providing instructions on how to submit annual reports and request password
- Requesting passwords to be reset for Provincial Officials
- Requests for Data from various stakeholders
- Requests for confirmation of NPOs

12.2.2.   NPORegistration1@dsd.gov.za

This is a centralised that receives specific emails pertaining to NPO applications i.e. Check Application, Change Request and Foundation Change and Query an Unsuccessful Application, Change Request and Foundation Change. The inbox receives +- 120 requests per week. For 2022/23 FY the inbox consisted of the following enquiries
- What is the status of my application?
- How long does the process of registration take?
- What is the difference between NPO and NPC?
- Submission of application documents; narrative reports etc.
- The reason why the application was unsuccessful;
- On unsuccessful application: corrected documents;
- Request for registration documents (certificate and stamped constitution);
- Request for a reprint of a certificate;
- Request for stamped document.
- Request for compliance letter.

12.2.3.   npoinvestigations@dsd.gov.za

There were 161 emails received and 60 have been responded to as some are duplicate emails from the same email addresses.

The type of enquiries includes:

- Allegations of misuse of funds;
- Fraud allegations;
- Blacklisting of directors;
- Office Bearer disputes;
- Removal of directors due to conflicts of interest;
- Whistle Blowing Cases

During the FY there were 16 SIU and SAPS Affidavits submitted, 11 SIU and SAPS Enquiries were received.

13.   NPO PROGRAMME MANAGEMENT AND INSTITUTIONAL SUPPORT

The Directorate during the reporting period (annual report) achieved the following:

13.1.   NPO Bill

The Bill was published in the Government Gazette for public comments on 01 October 2021, 10 May 2022 and 19 October 2022 with comments opened for 30 calendar days and the repeated gazetting was due to public demand. Comments were consolidated and the first SEAS report was submitted. A process of amending the NPO Legislation as per Financial Action Task Force (FATF) through Omnibus commenced in November 2022 and the NPO Act was amended as part of General Laws (Anti-Money Laundering and Financing Terrorism) Amendment Act, 2022 (GLAA). On 31 December 2022, Mr Cyril Ramaphosa, the President of the Republic of South Africa approved the Bill into General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act, 2022 which is inclusive of the NPO Act Amendments. The proposed amendments of the NPO Bill are incorporated in the GLAA as such the process of continuing with the NPO Bill was discontinued as the target was achieved through the GLAA. Permission to retract the NPO Bill from the public domain was granted by the Minister through submission and was publicly gazetted. The NPO Act was amended through GLAA.

Regulations on the amended NPO Act as contained in the GLAA were developed with support from Legal Services and we published for comments. Inputs were consolidated and the Minister's approval to promulgate the Regulations was granted.

The Directorate, in partnership with FIC hosted 6 Webinars attended by NPOs on money laundering and the amended legislation (NPO Act) on 23 February 2023, 7 March 2023, 14 March 2O23, 22 March 2023, 27 March 2023 and 29 March 2023. The Webinars' objective was to create awareness on the amended NPO legislation as contained in the GLAA and about matters pertaining Money Laundering and Terrorism Financing (ML/TF) within the NPO Sector.

13.2. Capacitate stakeholders to implement NPO Mentorship Model Mentorship model has been developed

Capacitation of stakeholders namely officials responsible for NPOs and members of NPOs on the developed Mentorship Model was conducted in 9 provinces for a period of three days. The main purpose for the workshops was to familiarize stakeholders on the developed NPO Mentorship Model to be implemented as an approach to support NPOs. The workshops yielded positive outcomes as stakeholders expressed interest and enthusiasm towards implementing the approach which has been long awaited as it will benefit small emerging NPOs. To this end, approval has been granted for development of the NPO Toolkit that will be utilized in support of the NPO Mentorship Model. The following provinces were targeted for this programme:

- Gauteng (12-14 September 2022)
- Mpumalanga (19-21 September 2022
- Kwa-Zulu Natal (26-28 2022)
- Western Cape (08-10 /10/2022)
- Eastern Cape (24-26/10/2022)
- Limpopo (28-30/11/2022)
- North West 15- 17 February 2023
- Northern Cape 28 Feb- 02 March 2023
- Free State on 29-31 March 2023.

13.3. Induction Workshops

During the financial year 2022/23, the Directorate introduced Induction Programme for newly registered NPOs. The main objective of the programme is to ensure that organisations are empowered with understanding on the functioning of NPOs and the legal obligations imposed by the Act post registration. This is to ensure that organisations have insight on the NPO legislative requirements before receiving NPO certificates and commence with operations. The induction sessions were held virtually and physically in all provinces and a total number of 3370 NPOs were reached and distributed with NPO certificates. The programme provided insight on the NPO Act and importance of reporting and it is anticipated that the inducted NPOs will be able to comply with NPO compliance requirements.

13.4. Education and Awareness Programme

In relation to NPO Education and Awareness programme, Directorate conducted workshops for NPOs in all provinces with the objective on empowering NPOs on critical aspects required for effective management of NPOs. This includes workshops on governance and leadership, NPOs Act (compliance), ML/TF, financial management and other legislations affecting NPOs. The workshops were conducted in all provinces during the reporting period and a total number of 452 from NPOs participated in the sessions. The intervention seeks to ensure that NPOs are run in a more accountable manner and exercise transparency in conducting their business.

The Directorate also shared information with stakeholders (NYDA) on NPO Act, NPO Registration in preparing NPOs to be funded by NYDA and a total number of 56 organisations were capacitated.

13.5.   Development of Codes of Good practice for NPO Grant Makers

Codes of Good Practice were drafted and stakeholders from donor fraternity (Foundations) were consulted about the idea of developing the Codes and made significant inputs on what should be contained on the Codes.

13.6.   Capacity Building Outreach Programme

During the period under review, the Directorate coordinated and participated in the NPO outreach programme in a form of Know Your NPO Status and Service Delivery Blitz. Both the initiates were aimed at bringing NPO services closer to communities especially those in far flung areas where access to services remains a challenge. Coordination with provinces and NPOs prior the outreach was done to ensure that NPOs are properly mobilised for the outreach programme. The Directorate conducted information sharing sessions during outreach and assisted in the processing of submitted compliance reports, processing of application, provision of compliance letters, handling change requirements and other administrative matters related to registrations. The sessions are conducted in partnership with SARS and FIC and a total number   2973 NPOs were reached.

13.7.   Coordination and participation in Deputy Minister's Programme

The Directorate coordinated and organised the Deputy Minister's outreach programme whose focus is on ensuring that Faith Based Organisations complies with Non-Profit Organisations Act and are aware of financial crimes that the NPO Sector is vulnerable to namely money laundering and terrorism financing. The outreach was conducted in Kimberly on 26-09-2022 wherein leaders of the religious fraternity that belonged to NPOs are capacitated on the NPO Act and other legal statues affecting NPOs such as SARS and FICA. The outreach was held in partnership with other stakeholders such as NLC, FIC and SARS. This is to ensure that the NPOs are provided with comprehensive information to enhance compliance levels and promote transparency within the religious sector which is currently challenging.

13.8.   Train A Trainer Programme

The initiative is amained at equipping officials supporting NPOs with relevant skills to ensure that they provide quality services to NPOs. The content of the conducted trainings included areas such as NPO governance, financial management, resource mobilisation and administration of the NPO Act. The officials from 2 districts of KZN participated in the 3-day session from 05- o8 December 2022 and the engagement managed to deepen understanding on subject matters that are critical when supporting and managing NPOs.

A National Workshop was hosted 28-30 November 2022 and attended by provincial coordinators responsible for funding of NPOs. The NPO Funding Coordinators were trained on the NPO Act, financial management and resource mobilisation including operation of the NPO System. This was to ensure that officials responsible for funding are also empowered so that they are able to address NPOs issues comprehensively and not only limited to funding. A total number of 76 officials were reached.

14. DIRECTORATE: NPO COMPLIANCE MONITORING

NPO Compliance Monitoring Directorate implemented the following programmes in order to strengthen compliance supervision and enforcement:

14.1. Risk Assessment Framework

The development of the Risk assessment Framework has been finalized as per the recommendation of FATF in the latest Mutual Evaluation Report. Therefore, it shall be used as a mechanism to flag and detect NPOs who are alleged to be committing Fraud, Money Laundering and Terrorist Finance. A pilot project of the Risk assessment Framework has been concluded and the Risk assessment Framework has proven to be effective to flag and detect NPOs who are alleged to be committing Fraud, Money Laundering and Terrorist Finance. The Risk assessment Framework was developed in line with the FATF recommendations. The Directorate plans to use the Risk assessment Framework at a large scale in the quarter three

14.2. Forensic investigations

In the year under review, more than 300 cases were reported to the Directorate for investigations. These NPOs were suspected to be involved in financial mismanagement and conducting activities that are in conflict with the NPO Act. Out of the reported cases, four (4) serious cases have been investigated comprehensively and as such forensic reports were produced with recommendations on how to proceed with those cases. The forensic investigations were conducted with the support of the professional forensic service provider. Due to the increase in the number of reported cases, the Directorate has resolved to source the services of professional forensic investigators.

The Directorate has received a feedback from FIC on the list of NPOs that were suspected to be used as conduits for fraud, money laundering and terror financing. FIC is currently analysing the data with support from the Directorate and more information will be reported in the following quarter. The directorate has also commenced with a SCM process to appoint a service provider to argument its capacity to conduct preliminary investigations to all the reported cases of NPOs that are suspected to be used as conduits for fraud, money laundering and terror financing.

An acclaimed service provider to conduct forensic investigations on 10 major cases has been appointed. This company will be with the Department for 12 months starting from 01 December 2023. On exit the service provider would have produced Guidelines for the Chief Directorate on the ABCs of handling a case when it is being reported right up to a point when it being investigated to provide some blue print.

14.3.   Development of Regulations for NPOs

In order to enhance NPO regulation to be able to respond to new challenges and improved efficiency a service provider for the development of regulations under the Non-profit Organizations (Act no.71 of 1997), as amended Act, 2000 (Act no.17 of 2000) and the draft NPO Bill, has been appointed. A full report will be available in the second quarter. The new NPO regulation have been developed in order to enable the Directorate to enhance its capacity and powers in order to respond to new challenges and improved efficiency. However, the new regulations will be gazetted when the NPO Bill has been finalized

14.4.   Compliance Supervision Enforcement and Investigations

The Unit has maintained its footprint across different departments for three consecutive years since its inception in 2020. From the humble beginnings of not being sure where to start to a point where there are formidable systems (in place) of operating that have produced tangible outputs. Various cases have been received and investigated. Therefore, comprehensive reports have been produced. We have further solidified a close working relationship with the Legal Services and outside stakeholders like Hawks, SIU, Public Protector and FIC to bring finality to NPO cases that are being investigated.

The whistleblowing inbox and investigation email inbox still play an important role in alerting the NPO Directorate about a range of misdemeanours' activities of the NPOs. The enhancement of the NPO system that is underway will further improve the management of cases that are coming in. The Unit resolves up to 12 major cases per quarter. The content that has been developed (Risk Assessment Tool, Investigation Framework, and other special projects) speak volumes about the future of the Unit.

There has been a handful of instances whereby the public and vulnerable individuals have expressed their gratitude from the recourse they have received from intervention of this unit.

The unit intends expanding its horizons and extending its tentacles to all the provinces and districts so that services are accessed by everyone. There is clear plan for future awareness campaigns which are aimed at strengthening communication with the public, the recent development of a pamphlet is a case in point.

Quarter 1: In the quarter under review the NPO Chief Directorate issued 10 affidavits to law enforcement agencies confirming information held by the NPO Chief Directorate. The Chief Directorate received 20 cases related to fraud and maladministration and all of them were investigated and resolved. The directorate also attended to 50 queries related to conflicts within NPOs and managed to have 40 of those cases resolve amicably

Quarter 2: There were 50 completed cases reported through whistleblowing, 30 resolved reported email cases and submitted 20 Affidavits to SIU and other Law Enforcement Agencies

Quarter 3: 60 enquiries were made about NPOs who are allegedly contravening the NPO Act
20 Affidavits were prepared as they were requested by different investigative agencies (Hawks, SIU, SAPS and Public Protector)

Quarter 4: 16 major cases/complaints were attended to and successfully closed. 20 affidavits were prepared for various law enforcement agencies. For the year 40 affidavits were prepared for various Law Enforcement Agencies.

14.5.   Know Your Status Campaign (KYNS)

The Compliance Monitoring Directorate visited 7 provinces during the 1st Quarter of the financial year 2022/23. The campaigns were held in at least 16 Districts in different provinces. The provinces that were visited are Limpopo, Northern Cape. Gauteng, Eastern Cape, KwaZulu Natal, Free State, and Mpumalanga. The services that were rendered during the campaign were checking compliance status, printing of compliance letters, collection of annual reports and other post registration services. The following are the numbers of NPOs that attended the outreach and received NPO services:

- NPO Chief Directorate in Limpopo Province KYNS attended KYNS campaigns in June 2022 in Capricorn, Sekhukhune and Mopani Districts wherein 529 NPOs were assisted.
- NPO Chief Directorate in Free State held KYNS campaigns in Thabo Mofutsanyane District wherein 278 NPOs were provided with different NPO services.
- NPO Chief Directorate in Northern Cape Province held KYNS campaigns in Frances Baard in May 2022 and 40 NPOs were assisted with NPO services.
- NPO Chief Directorate in Eastern Cape province held KYNS campaigns in April, May and June 2022 in Alfred Nzo, Joe Gqabi, Chris Hani, Amathole Districts, OR Tambo, Nelson Mandela Metro and Buffalo City Metropolitan 550.
- NPO Chief Directorate in KwaZulu Natal held KYNS campaigns in uThukela and uGu Districts and 240 wherein 240 NPOs were assisted with NPO services.

During the 2nd Quarter, The Directorate conducted Know Your NPO Status campaign (KYNS) in 44 Local Municipalities in the following provinces: Limpopo (12), Eastern Cape (3), KwaZulu Natal (16), Mpumalanga (3) and Northern Cape (10). During the visits 5400 NPOs were provided with services such as checking compliance status, printing of compliance letters, general changes, submission of annual reports and new applications, submission of foundation changes and changes of office bearers. The Directorate formed part of 3 exhibitions organised by GCIS and took part in 2 Know Your NPO Status organised by the Deputy Minister for the Religious Sector.

During the 3rd quarter the NPO Chief Directorate embarked on Know Your NPO Status in KwaZulu Natal, Limpopo, Mpumalanga and Northern Cape. In KwaZulu Natal the campaigns were in the Zululand and Amajuba District. In Limpopo the campaign was held in Waterberg District. In Mpumalanga the events took place in Ehlanzeni District Municipality and while in the Northern Cape it took place in Francis Baard District Municipality. In all these events 1 877 NPOs were provided with NPO services such as checking compliance status, issuing of compliance letters, printing of constitutions and other related services.

14.6.   Voluntary Deregistration

The NPO Chief Directorate received 627 requests for voluntary deregistration's. 580 requests were process within two months (93%). Only 350 requests were approved as they have proved all required documents. 277 requests were rejected since the organisations did not submit all outstanding annual reports. However, some of the rejected requests do later resubmit the outstanding documents and have their requests approved. The Directorate received 74 voluntary deregistration notices and they were all processed within two months.

14.7.   NPO Panel of Arbitrators

The process of appointing NPO Panel of Arbitrators has been initiated. The names of the 9 shortlisted members to serve as the Panel of Arbitrators were published in the government gazette and the Sunday World newspaper. The closing date for public comments was the 30 November 2022 and there were no adverse comments receive concerning the shortlisted members. The panel members will be appointed in the 3rd quarter and they will also be orientated and trained on arbitration issues. The appointment of the panel members will ensure that the Chief Directorate will afford deregistered NPOs to be have recourse if they want to appeal the decision to deregister them.

The department has appointed 8 NPO Panel of Arbitrators in March 2023. The panel is comprised of 6 males and 2 females. The panel is chaired by Adv. Motlatjo Ralefatane and the deputy chairperson is Dr Michael Toni. The panel has been appointed for a period of 5 years and the tenure will end on the 31 March 2028. The appointment of the panel members will ensure that the Chief Directorate will afford deregistered NPOs to be have recourse if they want to appeal the decision to deregister them due to noncompliance with the requirements to submit annual reports.

The orientation and training of the panel members will happen in the month of May 2023. The purpose of the orientation workshop is to familiarise the newly appointed members with the business of the mandate of the NPO Chief Directorate and the broader NPO Sector. The NPO Panel of Arbitrators is an independent body that is expected to discharge its duties without fear, favour and prejudice.

14.8.   Deregistration Campaign

The submission for the appointment of the service provider for content development, media buying and events for the popularisation of the deregistration's campaign were done and approved. The service provider was appointed and has started with the development of content for the campaign and the campaign will kickstart during the last quarter of financial year 2022/23. The deregistration campaign will ensure that members of the public and office bearers who serve in the NPOs that are noncompliant become aware of the department's intentions to deregister them and those that want to comply with the requirements to submit annual reports will be assisted to comply. This campaign will ensure that no one will claim ignorance of the need to comply and will protect the department from any possible litigation. The campaign will be launched in June by the Minister of Social Development.

14.9.   DIRECTORATE: NPO FUNDING AND COORDINATION

In relation to the funding of Non-profit organizations and other entities outside of government, implementation of the DSD Sector Funding Policy (SFP) focused on building the capacity of the

provinces. A training manual was developed which was followed by pilot exercises and Train-a-Trainer programme for the provincial champions. The section of this training focused specifically on processes related to the management of transfers. The NPO Engagement sessions were also held with representatives from the sector with the aim to capacitate them on the Policy and to gather more information around the development of guidelines, tools, and templates. To this end, a consolidated report on capacity building was developed. Parallel to this, a refresher training was also conducted on DSD-NPO Partnership Model with a view to capacitate provinces for the roll-out of the training to the NPO sector in their respective provinces.

Similarly, NPO online funding system focused on building the capacity of the users in provinces to be able to carry out the next steps of implementation. This commenced with the development of a pilot implementation plan and a training manual. The pilot was conducted in three Provinces, namely Free State, North-West and Eastern Cape and this was followed by on-going training for the rest of the provinces. Re-testing of the modules and interactive system walkthrough with provinces formed part of this implementation phase to improve system functionality and processing.

For delivery of services, government often partners with a range of relevant stakeholders in ensuring the efficient and effective provision of such services to individuals and communities. In realizing this, the department allocates funding in the form of transfers to qualifying organisations that are aligned to its mandates. In the year under review, the Department provided this financial support to a total of 19 national funded organizations and 8 383 provincially funded NPOs which constitutes 97% of funded organizations.

14.10. AMENDMENT OF THE NON-PROFIT ORGANISATION ACT, 1997 AS CONTAINED IN THE GENERAL LAWS AMENDMENT ACT, 2022 (ACT NO. 22 OF 2022)

The money laundering, terrorism financing and proliferation financing of weapons of mass destruction regulatory landscape is constantly evolving, necessitating improvements to the regulatory framework to maintain the integrity of South Africa's financial system. South Africa's commitment to combating money laundering, terrorism financing and proliferation financing ("AML/CFT/CPF") is demonstrated through the enactment of various pieces legislation aimed at combating financial crime. The General Laws Amendment Act, (GLAA) 2022 is one such piece of legislation aimed at promoting effective implementation of legal, regulatory and operational measures for combating Money Laundering and Terrorist Financing.

The Financial Action Task Force ("the FATF") is an inter-governmental body which sets standards, develops and promotes policies relating to AML/CFT/CPF. These standards are used as benchmarks in formal peer review and evaluation processes to test the robustness of a country's measures against these illicit activities, and the integrity of its financial systems. South Africa was recently assessed by FATF and weaknesses in the regulatory framework identified during the assessment highlighted the need to ensure that South Africa has a robust AML/CFT/CPF regulatory framework. In order to address the weaknesses identified by FAFT under recommendation 8 which sets out standards for the Implementation of policy recommendations to improve the oversight of the broader Non-profit Organisation ("NPO") sector, the NPO Act was amended through the GLAA and signed into force during December 2022 by President Cyril Ramaphosa.

These clauses implement the Mutual Evaluation Report recommendations for amendments to the NPO Act:

- Section 2, making the registration of non-profit organisations operating outside the borders of South Africa mandatory and requiring compliance with the Act (in particular, requirements relating to governance, transparency and accountability).

- Section 5, to insert a new subsection (2) to provide that in order to perform its functions, the Non-profit Organisations Directorate ("Directorate") may collaborate, co-operate, co-ordinate and enter into arrangements with other organs of state.

- Section 18, to require non-profit organisations to submit prescribed information about the office-bearers, the control structure, governance, management, administration and operations of non-profit organisations to the director.

- Section 24, to include information about the office-bearers, control structure, governance, management, administration and operations of non-profit organisations in the register that the director must keep, and provides for access to that information.

- Inclusion of a new Chapter 3 and section 25A, to provide for grounds for disqualification to be appointed as an office-bearer of a non-profit organisation, and to enable the director to remove an office-bearer of a non-profit organisation when that person fails to comply with the requirements of the Act, or becomes a disqualified person.

- Section 29, to include offences relating to the failure to comply with section 12 and section 18(1)(bA) of the Act.

This gazette is also available free online at www.gpwonline.co.za