

## 1. DE-REGISTERED NPOS

Section 21 of the Nonprofit Organisations Act, 1997 provides that a registered NPO that does not comply with its obligations in terms of sections 17 and 18 shall have its registration status revoked and furthermore, section 23 provides for voluntary deregistration and dissolution of a registered NPO.

During the period 1<sup>st</sup> April 2005 to 31<sup>st</sup> January 2012 a total of 5459 NPOs had been deregistered or had their registration cancelled. The table below reflects numbers according to the types of deregistration.

**Table: Cancelled & Deregistered NPOs**

Type of De-Registration	Number
Cancelled due to non-compliance	5360
Dissolved	16
Voluntary deregistration	83
Total	5459

**Source:** NPO National Database

## 2. STEPS TAKEN BY DSD TO CAPACITATE NGOS

The Department of Social Development, through the office of the Director for Nonprofit Organisations had prior to 2005 and to date developed and implemented on an ongoing basis intervention measures aimed at improving compliance levels of registered Nonprofit Organisations (NPOs). These training interventions cover areas including applying for NPO registration, compliance matters in terms of the NPO Act, 1997 as well as issues of good management and governance and these have been targeted at (1) Community Development Practitioners (CDPs), (2) NPOs funded, supported and or working together with different units within the National Department of Social Development (DSD), (3) NPOs funded and those not funded by provincial departments of Social Development, (4) NPOs supported by local governments as well as (5) Networking structures or National bodies that requested training for their

member organisations as well direct groupings of NPOs that directly requested the training.

## **2.1 Training for Community Development Practitioners (Train-a-Trainer Programme)**

In response to the challenges facing the NPO sector, the NPO Directorate within DSD, as mandated by section 5(b) of the NPO Act, designed and implemented a Train a Trainer (T-a-T) programme for the provincial Community Development Practitioners (CDPs) in 2005. The CDPs are a cadre of community development workers employed by various government departments entrusted with establishing development partnerships with communities.

Well over a thousand CDPs from across the nine provinces had participated in the T-a-T and the programme still continues for new CDP recruits and as a refresher course for those of the previously trained CDPs that still needed the training. The programme is aimed at strengthening the capacity of CDPs, through intensive training, to be able to support nonprofit organisations in their endeavour to register and maintain registration as NPOs in compliance with the NPO Act.

The T-a-T programme was driven by a general lack of capacity within the NPOs to manage their affairs and maintaining good corporate governance, particularly among CBOs. Furthermore, there was and still remains in general an unacceptable large numbers of applications for NPO registration that were being constantly rejected due to non-compliance to section 12 (2) requirements for registration. There was also an equally unacceptable large number of registered NPOs being cancelled due to non-compliance with the basic conditions for maintaining registration.

The T-a-T programme was premised on the understanding that since CDPs interact with local community organisations, they would be the most important partners for the capacitation of community based organisations.

In April 2011, and based on the recommendations of a research study undertaken within the department to assess the usefulness and relevance of

the T-a-T in achieving its objective, the NPO Directorate implemented on a pilot basis the devolution of training responsibilities to the CDPs at the provinces. In terms of this project, the provinces select CDPs who participate together with the national DSD trainers in the actual training of NPOs in a phased in approach with them ultimately conducting the training workshops to CBOs on their own. The province of the Free State had opted to participate in the pilot project which is currently nearing conclusion. Upon conclusion other provinces will be covered.

The project has shown an improvement on the levels of compliance of organisations in the Free State both in terms of meeting registration requirements and complying with obligations to submit required annual reports.

## **2.2 Training to NPOs funded, supported or working together with National DSD**

The NPO Directorate conducts training and information sharing in collaboration with units within the National Department targeting NPOs that work with or funded by them. To this end, the NPO Directorate has had collaborations with the units that included the Directorates for HIV/AIDS, Social Crime Prevention, Victim Empowerment Programme, Youth and Children.

These collaborative efforts were intended to ensure that the affected NPOs were aware of NPO Act compliance matters and that they comply with the Norms and Standards of the DSD for the provision of their services.

This is an on-going endeavour and the NPO Directorate continues to avail itself to supporting internal processes.

## **2.3 Training of NPOs funded and those not funded by Provinces**

The NPO Directorate has been partnering with provincial counterparts across the provinces to conduct training sessions on NPO Act and compliance issues targeted at NPOs (mostly CBOs) that were being funded by the provinces or those that have applied for funding. This is owing to the fact that the government had made as a prerequisite for funding registration as an NPO and proof of compliance thereto. This requirement is in terms of the Public

Finance Management Act (PFMA). The provinces that have participated include the Free State, Limpopo, Mpumalanga, Northwest, Eastern Cape, Gauteng, Northern Cape and KwaZulu Natal.

The targeted training interventions therefore assist NPOs to improve on their funding eligibility and ability to attract the much needed funding and importantly so as a measure of the accountability.

#### **2.4 NPOs supported by local governments**

Local governments have also approached the NPO Directorate to conduct NPO Act compliance training for local organisations as part of local governments' programmes for community development.

#### **2.5 Training with Networking structures or National bodies**

The NPO Directorate has been collaborating with Networking structures and National bodies such as Age in Action, CBO Network (the South African Chapter of the Community Organising Regional Network of the SADC), Charities Aid Foundation Southern Africa (CAFSA), South African Early Childhood Development Congress (SA ECD Congress), Legal Resource Centre (LRC), Non-Profit Partnership (NPP), S.A NGO Coalition (SANGOCO) and others for the benefit of their member organisations and affiliates.

Aside from strengthening capacities of the member organisations and affiliates, the training had ensured the organisational strengthening of these institutions.

### **3. REMEDIAL ACTIONS TO ASSIST DEFAULTING NPOS**

While not obligatory in terms of the NPO Act, the NPO Directorate ordinarily issues out notices of reminders to organisations whose reports are due at least 30 days before the due date. The intention here is to ensure that the organisations are encouraged to comply with their obligations.

In addition to the foregoing, the Directorate in terms of section 20(1) issues a compliance notice to a defaulting organisation providing it 30 days within

which to comply. Failing which, the defaulting organisation will be served with notice of cancelation or deregistration and its registration status will be revoked.

It must also be stated that all registered organisations are informed of their obligations both in the application form they complete as well as in the letters confirming registration. These incessant references to the reporting obligations ensure that registered organisations are reminded of what is expected of them.

Further to these formal communications, the workshop material that is presented at the training also makes mention of the importance of reporting and the requirements for the maintenance of registration status.

#### **4. PLANS FOR CAPACITY BUILDING FOR NPOS**

As mentioned in the foregoing, the NPO Directorate within the DSD has designed programmes targeting various formations to ensure improvement on compliance with the NPO Act. These interventions are planned and designed to respond to the needs of the target groups as an ongoing concern.

##### **4.1 Rollout of the project to devolve NPO training to CDPs**

The NPO Directorate has developed the project, as mentioned in 2.1 above which is currently being piloted in the Free State. It is hoped that other provinces will seize the opportunity to build their capacity to effectively support NPOs which mainly serve to extend government services to the poorest of the poor.

The Directorate will thus continue with the handover project to provinces upon conclusion of the Free State pilot and in effect Limpopo province had expressed the desire to take part.

##### **4.2 Research and other innovations**

The NPO Directorate is fully aware of developments within the NPO sector and is well versed with challenges faced by the sector, notably those faced by the CBOs, such as leadership capacity, governance and financial resources management. In response to these, the NPO Directorate had commissioned

research studies which included the NPO Impact Assessment<sup>1</sup>, and Benchmarking of Good governance practices <sup>2</sup> with the object of using the outcomes thereof to respond to the capacity needs of the NPO sector.

Finally, the NPO Directorate has just completed the review of the Codes of Good Practice which will be the subject of extensive consultations with the NPO sector with the ultimate object of enhancing governance practices within the sector.

### **Relevant documents**

1. Training for Community Development Practitioners (Train-a-Trainer Programme)
2. NPO Impact Assessment
3. Benchmarking of Good governance practices
4. Developing Good Governance Practices within the South African NPO Sector: Chapter 1, 2 and 3

**NB: All relevant documentation can also be accessed on Departmental Website, [www.dsd.gov.za/npo](http://www.dsd.gov.za/npo)**

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<sup>1</sup> The NPO Act impact assessment study, Department of Social Development, 2005

<sup>2</sup> Benchmarking the standards of good governance within the SA NPO sector, Department of Social Development, 2009