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social development

Department:
Social Development
REPUBLIC OF SOUTH AFRICA

THE STATE OF NPO REGISTRATION IN SA

"A REPORT FROM THE NATIONAL NPO DATABASE"

JULY 2009

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Foreword

As we enter into our second decade of our democracy and busy reorganizing ourselves as government this report reiterate our mandate to establish a people's contract, restore dignity, fight poverty, create work and provide skills to the communities by increasing access to information on registered NPOs in the country.

In our endeavour to serve the Nation the department and the branch has a role to register and strengthen civil society organisations to support communities in development.

NPOs are, first and foremost, civil society organizations that are in diverse forms that exist outside of the state and the business market, in 1997 we passed an Act of parliament to regulate the sector.

Recently international and national studies recognized that South African Laws on NPOs are the most progressive in the continent and are in accordance with international trends, thus matching the standards of international good practice in this regard.

Although registration is voluntary, a large number of organizations choose to be registered. For the community based organizations, registration not only adds to their credibility in the eyes of donors and community, but also sets a basis for the way in which they are run. The NPO registration therefore sets a much-needed basis for organizations to run their affairs effectively and accountably. This report therefore present to public, information on all NPOs registered in the system per province and per districts. This is our efforts to inform the public on the NPO registration system in the country.

Editorial note

This is the first of the many reports that the department of social development will publish as a way of informing the public on the status of NPO registration in the country. The NPO Act requires the Department to create an environment within which the public may have access to information concerning all registered NPO, and this report is our first effort to provide information to Government Departments, stakeholders, donors and communities. This first report on NPO registration outlines the requirements for registration, the process of registering an NPO, registration types and the NPO distribution across provinces and Districts. One area that is of concern is the compliance of NPOs to the Act where NPOs get cancelled or de-registered from the database, thereby rendering them illegal. The NPO database can be accessed on www.dsd.gov.za/npo . Civil society organizations and communities are free to access information via the phone.

By the DDG and other by the CD

1. Introduction

NPO sector has been in existent for a long time and have contributed immensely in the development of communities. Even before 1994, NPO were the key in the struggle against apartheid where international donors support the struggle through these NPOs to ensure sustainability and community development. Post apartheid NPOs are still key in the delivery of community based social services. NPOs are, first and foremost, civil society organisations. They are one of the diverse organizational forms that exist outside of the state and the market. NPOs are, by definition, 'organizations' that are 'not for profit' and are 'service oriented'

Nonprofit organizations are very good due to their passionate commitment to mission and inventive approaches in addressing urgent social problems. Across the country and around the world, nonprofits are implementing programs that are improving the quality of life for people, and they are often doing so against heavy odds and with very limited resources if any at all. The success that nonprofits have demonstrated in addressing social issues has generated increased demand for their services world-wide.

After democracy government kept the promise and passed an NPO Act to regulate the NPO sector. On the 26 of November 1997 an NPO Act was passed and signed by the President of the Republic of South Africa as Nonprofit Organizations Act No. 71 of 1997. On the 1st of December 1998 the Department of Social Development, which is entrusted with the responsibility to administer the NPO Act, registered the first NPO under the newly enacted legislation.

The primary purpose of the NPO Act is to provide for an environment in which nonprofit organizations can flourish. Specifically the Act aims at encouraging NPOs to maintain adequate standards of governance, transparency and accountability. On the other hand the department is expected to create an environment within which the public may have access to information on registered organizations.

This report is meant to give an overview of the status of the NPO register since the inception of the NPO Act to date. It also outlines the registration process and requirements for registration, outlined some challenges in the administration of the NPO Act.

2. NPO Registration

Since inception in 1998 the registration and reporting of NPOs has increased substantially. Over the years, the Department of Social Development has witnessed an increasing demand on the NPO registration facility. The Register of Non-profit organisations (NPO Database) has increased from 44222 registered organizations in March 2007, 49826 registered organizations in March 2008 and to 56234 registered organizations in March 2009. At the end of June 2009, the total numbers of registered organizations were 57636.”

It is evident that as much as registration is voluntary, a large number of NPOs choose to register and be accountable to a public office. The fact that other provision such as Tax and skills levy exceptions makes the NPO registration a condition for benefiting may contribute to the interest in registration. The NPO registration therefore sets a much-needed basis for registration to run their affairs effectively and accountably.

The NPO act also mandated government to provide appropriate legislative framework for NPO to thrive. These have seen the financial banking institutions now lately insisting on organizations to be registered before opening an account in the name of the organization. Most funding agencies have also made the registration a condition for funding an organization.

The aim of this report is to provide information to the public on all NPO that are registered according to the NPO act in accordance with the objective of the act. The NPO information is extracted from the National NPO database that is hosted by the Department of Social Development. These include distribution per province and district municipalities for Registered and Deregistered NPOs, Appeals and Reinstatements.

3. Mandate of the Department of social development

The NPO Act has mandated the Department with the following responsibilities:

- > Creating an environment in which NPO can flourish;
- > Establishing an administrative and regulatory framework within which NPO can conduct their affairs;
- > Encouraging NPO to maintain adequate standards of governance, transparency and accountability and to improve those standards;
- > Creating an environment within which the public may have access to information concerning registered NPO, and
- > Promoting a spirit of co-operation and shared responsibility within Government, donors and amongst other interested persons in their dealings with NPO

4. Requirements for NPO registration

All NPOs that required to be registered should comply with section 12 and 13 of the NPO Act. Section 12 (2) (d) of the Act provides that the founding document must make provision for the organization to be a body corporate and have identity and existing distinct from its members or office-bearers.

Civil society organizations can pursue three different options to become a legal entity within the current legal framework, namely: - Voluntary Associations; Trusts and incorporating a Section 21 Company. Different pieces of legislation govern each of these options and there is therefore a small difference in their governance structures.

Section 13 of NPO Act state that.... (1) A non profit organisation may apply for registration by submitting to the Director:

- (a) Prescribed form, properly completed
- (b) Two copies of founding document
- (c) Any information to assist in determining whether the non profit meets the requirements.

Requirements for each of the options:

- a) Voluntary Associations should submit:
 - A completed NPO application form and
 - Two signed copies of its Constitution.
- b) Section 21: Companies Act of 1973)
 - A completed NPO application form and
 - Memorandum and Articles of Association.
- c) Trust: Trust Property Control--Act of 1988)
 - A completed NPO application form and
 - Deed of Trust/ Trust Deed.

5. Description of the process of the NPO registration in the Department

The following are the process that the Department go through to register an NPO

All received application goes through levels of processing before being included in the register of NPOs as follows:

Level 1:

At this level all received documentations are captured in the NPO system on the day received for record keeping purpose.

Level 2

This level it's all about capturing the compliance of an application. Two types of documents are being scrutinized for compliance, the application form and founding documents.

An application form is checked for:

- the name of the organisation
- the physical address of the organisation
- the financial year end on the application form
- the particulars of the office bearers
- the details of the contact person including his/her signature and

The founding document for:

- Consistency with objects
- Composition of office bearers
- Dissolution undertakings
- Amendment Clause
- Legal Persona
- Property and Income Clause
- Financial Year End
- Decision making process
- Other relate conditions as stipulate in section 12 of the Act

Level 3: Data Capturing

The information of organisations is captured on the database. This includes the list of the office bearers, the physical address of the organisation, the financial year end and the contact details of the contact person.

Level 4: Quality Control, number allocation and printing of the NPO certificate

Once all the information of the organisation has been captured on the database, the information is checked and the organisations status is changed to approved and send for the issuing of a certificate of registration. The organisation is registered by issuing of the certificate of registration. The name of the organisation is added to the register of registered organisations. A certified copy of the founding document is also returned to the organisation.

6. Reporting requirements

All registered organizations are obligated to submit to the NPO CD financial statements and an annual report within 9 months after the end of their financial year. All organizations are expected to submit:

- Narrative report which stipulate:
- List of office bearers
- List of meetings held
- Changes to contact details
- Income and source
- Amendments to the constitution
- Financial Statement
- Accounting Officers Report

There are cases whereby an organization has not received funding for that particular year and they have to submit:

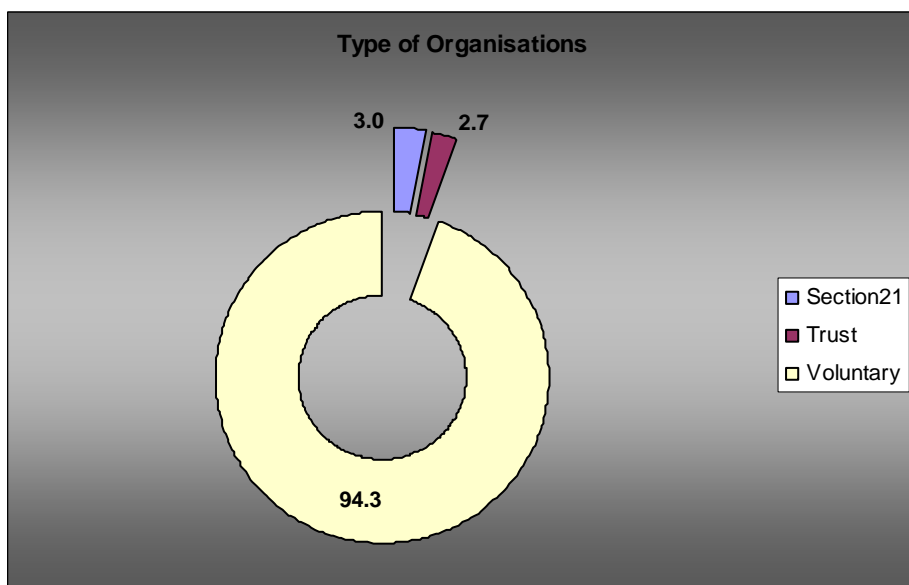
- Narrative report which stipulate:
- List of office bearers
- List of meetings held
- Changes to contact details
- Income and source
- Amendments to the constitution
- A bank Statement for that Financial year
- A sworn affidavit

7. State of the NPO registration

7.1. Distribution according to the type of registration

A registered NPO can either be a voluntary association, section 21 companies or a trust

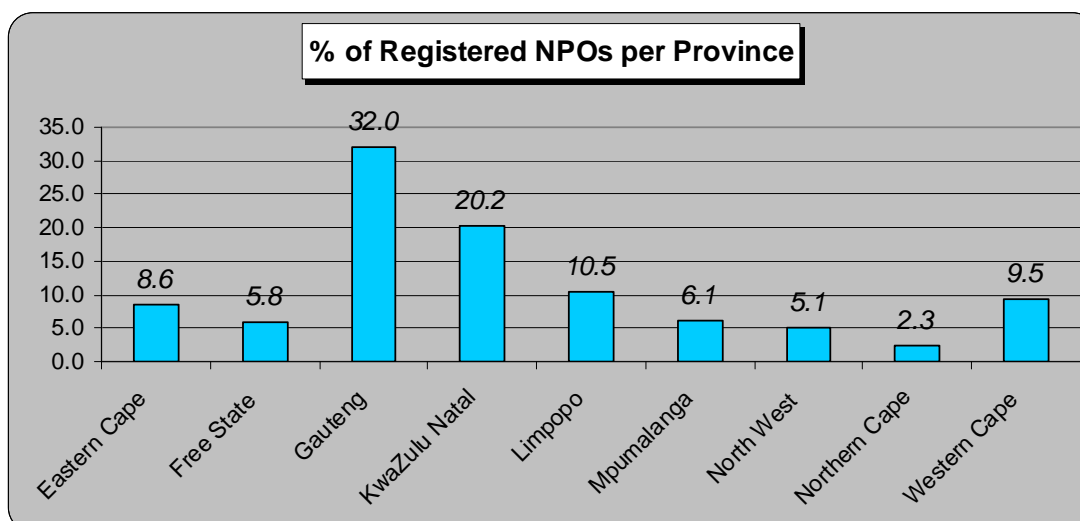
Type of Organisation	Number of Registered NPOs
Section21	1667
Trust	1526
Voluntary	53051
Total	56244



The NPO database has 56244 Registered NPOs since the NPO Act was enacted until March 2009. Registered Organisations are organizations that are listed on the register of NPO as indicated in the NPO Act 71 of 1997.

7.2. Distribution per Province

Province	Number of Registered NPOs
Eastern Cape	4820
Free State	3262
Gauteng	17996
KwaZulu Natal	11372
Limpopo	5895
Mpumalanga	3423
North West	2854
Northern Cape	1299
Western Cape	5323
Total	56244



Gauteng province has the highest percentage of registered NPOs 32%, KZN with 20 %and Limpopo with 10.5 % respectively.

7.3. Distribution per District

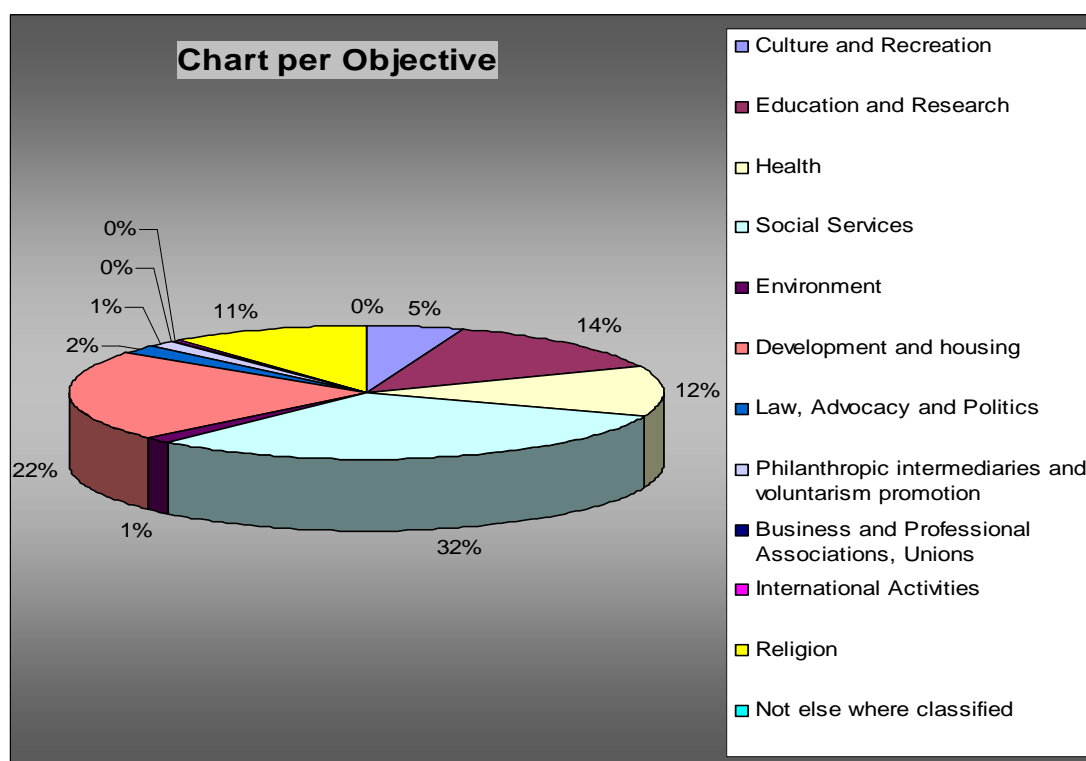
Province	District Municipality	Number of Registered NPOs
Eastern Cape	Alfred Nzo District Municipality	562
Eastern Cape	Amatole District Municipality	4440
Eastern Cape	Cacadu District Municipality	435
Eastern Cape	Chris Hani District Municipality	729
Eastern Cape	Nelson Mandela Bay Metropolitan	807
Eastern Cape	O.R.Tambo District Municipality	1475
Eastern Cape	Ukhahlamba District Municipality	1210
Free State	Fezile Dabi District Municipality	674
Free State	Lejweleputswa District Municipality	590
Free State	Motheo District Municipality	967
Free State	Thabo Mofutsanyane District Municipality	960
Free State	Xhariep District Municipality	161
Gauteng	City of Johannesburg Metropolitan	5426
Gauteng	City of Tshwane Metropolitan	3281
Gauteng	Ekurhuleni Municipality Metropolitan	3596
Gauteng	Metsweding District Municipality	251
Gauteng	Sedibeng District Municipality	1191

Gauteng	West Rand District Municipality	476
KwaZulu-Natal	Amajuba District Municipality	439
KwaZulu-Natal	eThekweni Municipality Metropolitan	2578
KwaZulu-Natal	iLembe District Municipality	290
KwaZulu-Natal	Sisonke District Municipality	510
KwaZulu-Natal	Ugu District District Municipality	633
KwaZulu-Natal	Umgungundlovu District Municipality	1136
KwaZulu-Natal	Umkhanyakude District Municipality	544
KwaZulu-Natal	Umzinyathi District Municipality	478
KwaZulu-Natal	Uthukela District Municipality	402
KwaZulu-Natal	uThungulu District Municipality	1154
KwaZulu-Natal	Zululand District Municipality	761
Limpopo	Capricorn District Municipality	1013
Limpopo	Greater Sekhukhune District Municipality	995
Limpopo	Mopani District Municipality	1241
Limpopo	Vhembe District Municipality	1285
Limpopo	Waterberg District Municipality	374
Mpumalanga	Ehlanzeni District Municipality	1107
Mpumalanga	Gert Sibande District Municipality	584
Mpumalanga	Nkangala District Municipality	1112
North West	Bojanala Platinum District Municipality	949
North West	Bophirima District Municipality	559
North West	Ngaka Modiri Molema District Municipality	726
North West	Southern District Municipality	853
Northern Cape	Frances Baard District Municipality	459
Northern Cape	Kgalagadi District Municipality	197
Northern Cape	Namakwa District Municipality	377
Northern Cape	Pixley Ka Seme District Municipality	235
Northern Cape	Siyanda District Municipality	105
Western Cape	Cape Winelands District Municipality	612
Western Cape	Central Karoo District Municipality	254
Province	District Municipality	# Registered NPOs

Western Cape	City of Cape Town Metropolitan	3126
Western Cape	Eden District Municipality	532
Western Cape	Overberg District Municipality	250
Western Cape	West Coast District Municipality	338
	Linked NPOs Total	53439
	Actual	56244
	Unlinked NPOs Total	2805

7.4. Distribution per Objective

Objective	Number of Registered NPOs
Culture and Recreation	2925
Education and Research	7610
Health	6794
Social Services	17389
Environment	692
Development and housing	12348
Law, Advocacy and Politics	1247
Philanthropic intermediaries and voluntarism promotion	759
Business and Professional Associations, Unions	272
International Activities	39
Religion	6166
Not else where classified	3
Total	56244



7.5 Cancelled NPOs (De-Registrations)

NPO Act Sections 17 & 18 prescribes that all registered organisations must supply the NPO Directorate with an annual report within 9 months of the end of its financial year. If reports are not submitted within the prescribed period then section 20 of the Act will apply. An organization will be send a non-compliance notice and If the reports are not submitted within the 30 days the organization is deregistered and a de-registration letter is sent to the organisation.

There are three types of de-registrations:

- Voluntary de-registration: is when an organization voluntarily request to be deregistration and gives reasons thereof plus effective date.
- Dissolution/wound up: reasons and effective date needs to be provided.
- Non-compliant de-registration: All non-compliant organization are deregistered by being removed from the registered of NPOs.

7.6. Distribution of De-Registrations per Province

Province	Number of De-Registered NPOs
Eastern Cape	364
Free State	282
Gauteng	1602
KwaZulu Natal	688
Limpopo	398
Mpumalanga	217
North West	261
Northern Cape	72
Western Cape	391
Total	4275

7.7. Appeals against cancellation of registration

An organization may refer the decision of the director to cancel it's registration for consideration by the Arbitration Tribunal .The Tribunal must consider the arbitration within 3 months and send a written notice of its decision to the appellant and the director.

7.7.1. List of Appeals received per Province

Province	Number of Appeals
Free State	3
Gauteng	12
Kwazulu Natal	4
Limpopo	1
North West	1
Total	21

7.7.2. Reinstatements

If the Arbitration Tribunal upholds the appeal the organisation will be reinstated by:

- Reissuing of an NPO certificate and
- Amending the NPO register according

Distribution of Reinstatements per Province

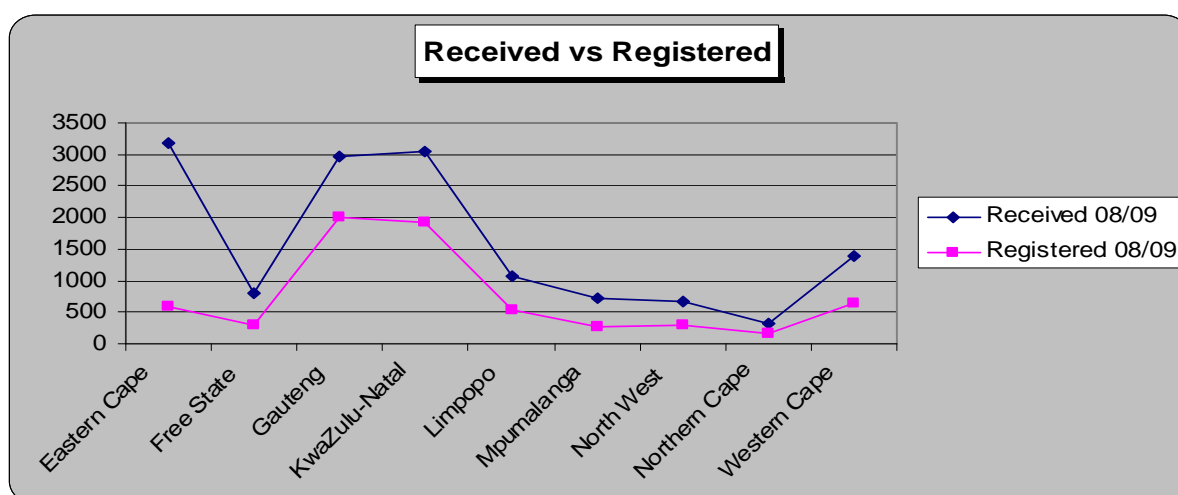
Province	Number of Reinstated NPOs
Eastern Cape	26
Free State	14
Gauteng	151
Kwazulu Natal	54
Limpopo	25
Mpumalanga	16
North West	14
Northern Cape	5
Western Cape	43
Total	348

8. Report on NPO Registration for 2008/09 Financial year

8.1 2008/09 Received and registered NPOs per Province

Province	Received 08/09	Registered 08/09	% Registered
Eastern Cape	3187	588	4.1
Free State	798	294	2.1
Gauteng	2969	2004	14.1
KwaZulu-Natal	3054	1929	13.6
Limpopo	1074	545	3.8
Mpumalanga	712	276	1.9
North West	671	296	2.1
Northern Cape	328	156	1.1
Western Cape	1396	644	4.5
TOTALS	14189	6732	47.4
Actual	14205	6732	

For the 2008/09 financial year the NPO CD was able to register 47% of the applications received.



8.2 2008/09 Received and registered NPOs per District

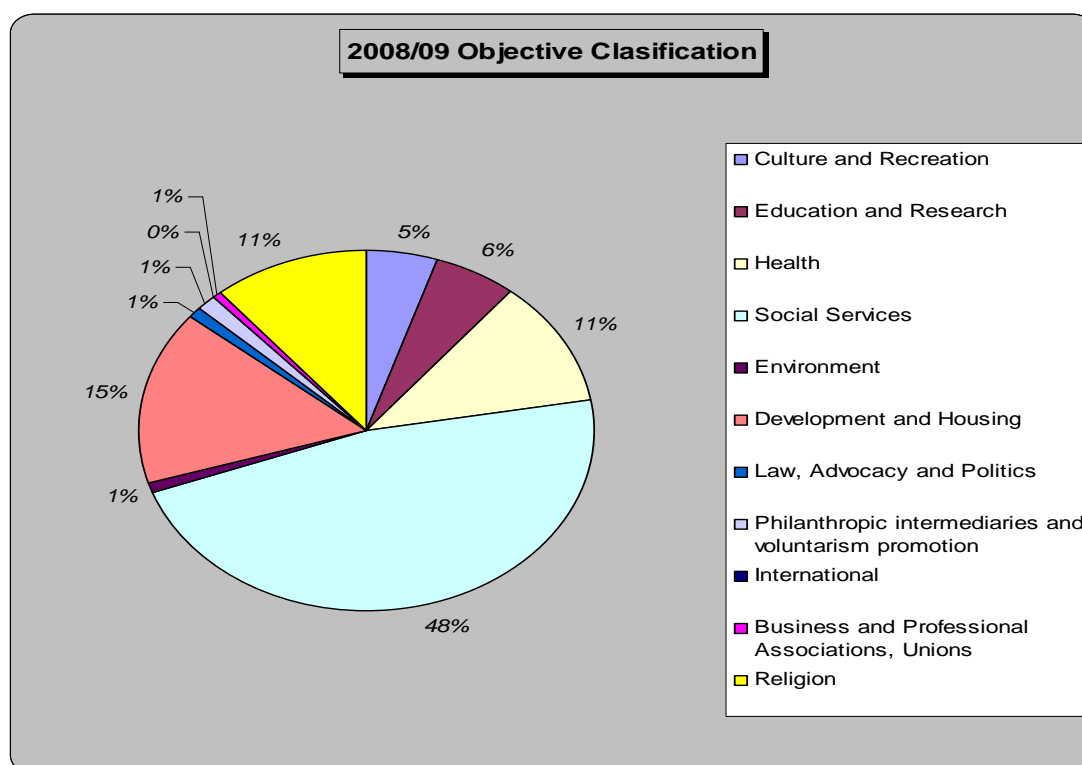
Province	New Municipal Name	Received 08/09	Registered 08/09
Eastern Cape	Alfred Nzo District Municipality	182	96
Eastern Cape	Amatole District Municipality	1264	565
Eastern Cape	Cacadu District Municipality	137	38
Eastern Cape	Chris Hani District Municipality	402	102
Eastern Cape	Nelson Mandela Bay Metropolitan	204	73
Eastern Cape	O.R.Tambo District Municipality	650	170
Eastern Cape	Ukhahlamba District Municipality	348	120
Free State	Fezile Dabi District Municipality	172	59
Free State	Lejweleputswa District Municipality	133	58
Free State	Motheo District Municipality	284	90
Free State	Thabo Mofutsanyane District Municipality	176	80
Free State	Xhariep District Municipality	33	8
Gauteng	City of Johannesburg Metropolitan	1129	580
Gauteng	City of Tshwane Metropolitan	727	353
Gauteng	Ekurhuleni Municipality Metropolitan	632	351
Gauteng	Metsweding District Municipality	80	39
Gauteng	Sedibeng District Municipality	257	167
Gauteng	West Rand District Municipality	144	57
KwaZulu-Natal	Amajuba District Municipality	151	72
KwaZulu-Natal	eThekwin Municipality Metropolitan	674	336

Province	New Municipal Name	Received 08/09	Registered 08/09
KwaZulu-Natal	iLembe District Municipality	109	39
KwaZulu-Natal	Sisonke District Municipality	110	79
KwaZulu-Natal	Ugu District District Municipality	222	179
KwaZulu-Natal	Umgungundlovu District Municipality	396	193
KwaZulu-Natal	Umkhanyakude District Municipality	253	143
KwaZulu-Natal	Umzinyathi District Municipality	203	134
KwaZulu-Natal	Uthukela District Municipality	182	105
KwaZulu-Natal	uThungulu District Municipality	455	225
KwaZulu-Natal	Zululand District Municipality	299	166
Limpopo	Capricorn District Municipality	250	119
Limpopo	Greater Sekhukhune District Municipality	200	85
Limpopo	Mopani District Municipality	306	139
Limpopo	Vhembe District Municipality	205	123
Limpopo	Waterberg District Municipality	113	44
Mpumalanga	Ehlanzeni District Municipality	301	119
Mpumalanga	Gert Sibande District Municipality	179	58
Mpumalanga	Nkangala District Municipality	232	101
North West	Bojanala Platinum District Municipality	239	114
North West	Bophirima District Municipality	95	79
North West	Ngaka Modiri Molema District Municipality	160	65
North West	Southern District Municipality	177	60
Northern Cape	Frances Baard District Municipality	90	47
Northern Cape	Kgalagadi District Municipality	62	34
Northern Cape	Namakwa District Municipality	92	44
Northern Cape	Pixley Ka Seme District Municipality	62	36
Northern Cape	Siyanda District Municipality	22	10
Western Cape	Cape Winelands District Municipality	132	71
Western Cape	Central Karoo District Municipality	79	37
Western Cape	City of Cape Town Metropolitan	849	364
Western Cape	Eden District Municipality	185	67
Western Cape	Overberg District Municipality	74	25

Province	New Municipal Name	Received 08/09	Registered 08/09
Western Cape	West Coast District Municipality	77	43
	Linked NPOs Total	14189	6561
	Actual Total	14205	6732
	Unlinked NPOs Total	16	171

8.3 08/09 Registered NPOs per Objective

Objective	Number of Registered NPOs
Culture and Recreation	329
Education and Research	408
Health	768
Social Services	3163
Environment	64
Development and Housing	1041
Law, Advocacy and Politics	81
Philanthropic intermediaries and voluntarism promotion	98
International	3
Business and Professional Associations, Unions	37
Religion	740
Total	6732



8.4 Cancelled NPOs (De-Registrations) per province

Province	Number
Eastern Cape	37
Free State	36
Gauteng	180
KwaZulu Natal	109
Limpopo	37
Mpumalanga	21
North West	24
Northern Cape	13
Western Cape	48
Total	505

8.5. Reinstatements

8.5.1. Distribution of reinstatements per province

Province	Number of Reinstatements
Eastern Cape	1
Gauteng	23
Kwazulu Natal	4
Limpopo	3
Mpumalanga	2
North West	1
Western Cape	5
Total	39

8.6 Appeals per Province

Province	Number of appeals
Limpopo	1
North West	1
Gauteng	3
Total	5

9. Challenges in the administration of the NPO Act

Administering the NPO Act brought a lot of challenges due to demand that overweigh supply due to improved awareness on NPO system, poverty, unemployment and developmental issues. Some of the challenges relate to

- Capacity as related to number and levels of the staff to deal with NPOs matters in the department
- Lack of institutional arrangements that devolves down to the Provinces and Districts to deal with NPO registration and support.
- Limited access to information on registered NPO by Departments, communities and civil society organizations

- Poor compliance to the NPO act by registered NPOs in the country

10. Conclusion

This report is an icebreaker as the department will be publishing similar reports each year to inform all stakeholders within and outside the department. The report will also be backed by an NPO online registration and management that will enable communities and donors to access NPO registration information through the website. All stakeholders are welcome to advice and comment on the published reports.