

The South African Funding Landscape: Problems, Prospects and Propositions

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Points of Departure

- Revisit 2012/13 Arterial Network response to Lottery Review process
- Consider implications of updated data

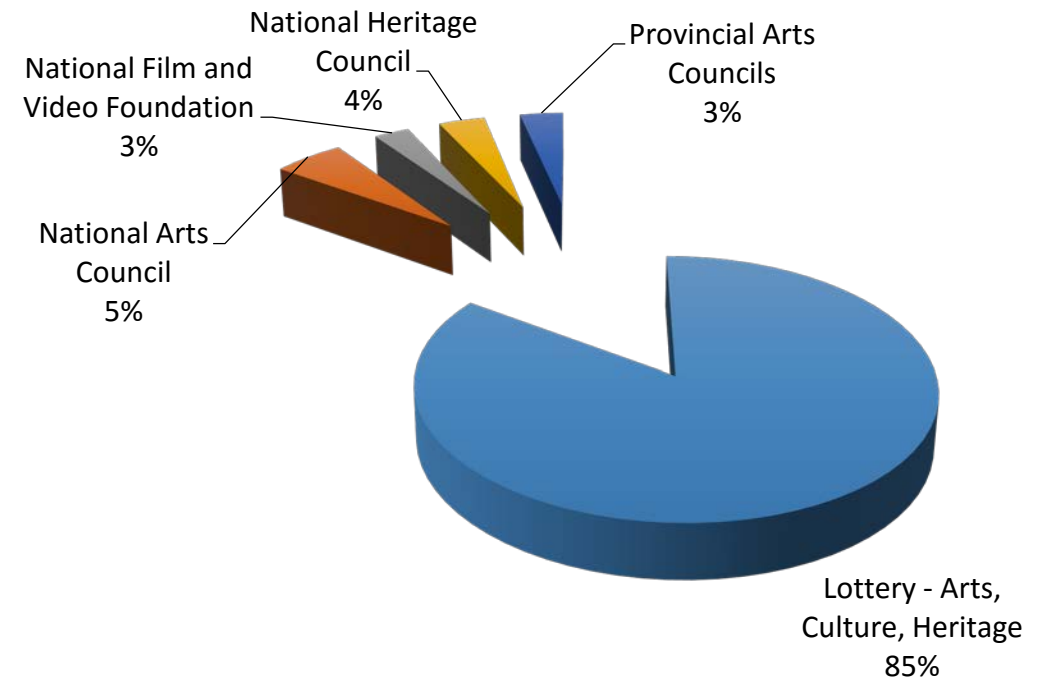
Rationale for Lottery Review

- Extensively documented excessively long turnaround times in responding to applications, processing payments, addressing queries, and responding to reports
- Widespread allegations of corruption, political interference and conflicts of interest in decision-making processes related to the awarding of grants and the administration of applications
- A general lack of transparency in the process of adjudication, application of criteria and accountability both to beneficiaries and the wider public.

2012 key issues

- **duplication** of functions with a variety of other statutory bodies responsible for the distribution of funding for arts, culture and heritage, which have the expertise to do so, but which operate on a wholly inadequate funding base.
- the then **eight** expert members of the Lottery's Distributing Agency for Arts, Culture and Heritage were responsible for making decisions regarding the distribution of more than **85%** of the available application-based public funding for arts, culture and heritage at a national level.
- By contrast, the National Arts Council, the National Heritage Council and the National Film and Video Foundation between them had more than **fifty** independent experts involved in making decisions regarding approximately **10%** of public funding for the arts, culture and heritage at a national level.
- These structures have for the most part established credible and relatively efficient, informed and responsive mechanisms for the timeous distribution of funding. They are however – by international standards – woefully underfunded, and operate on economies of scale that are most undesirable in terms of the cost of administering grants versus the aggregated value of those grants.

2011 Sources of grant funding from public sources



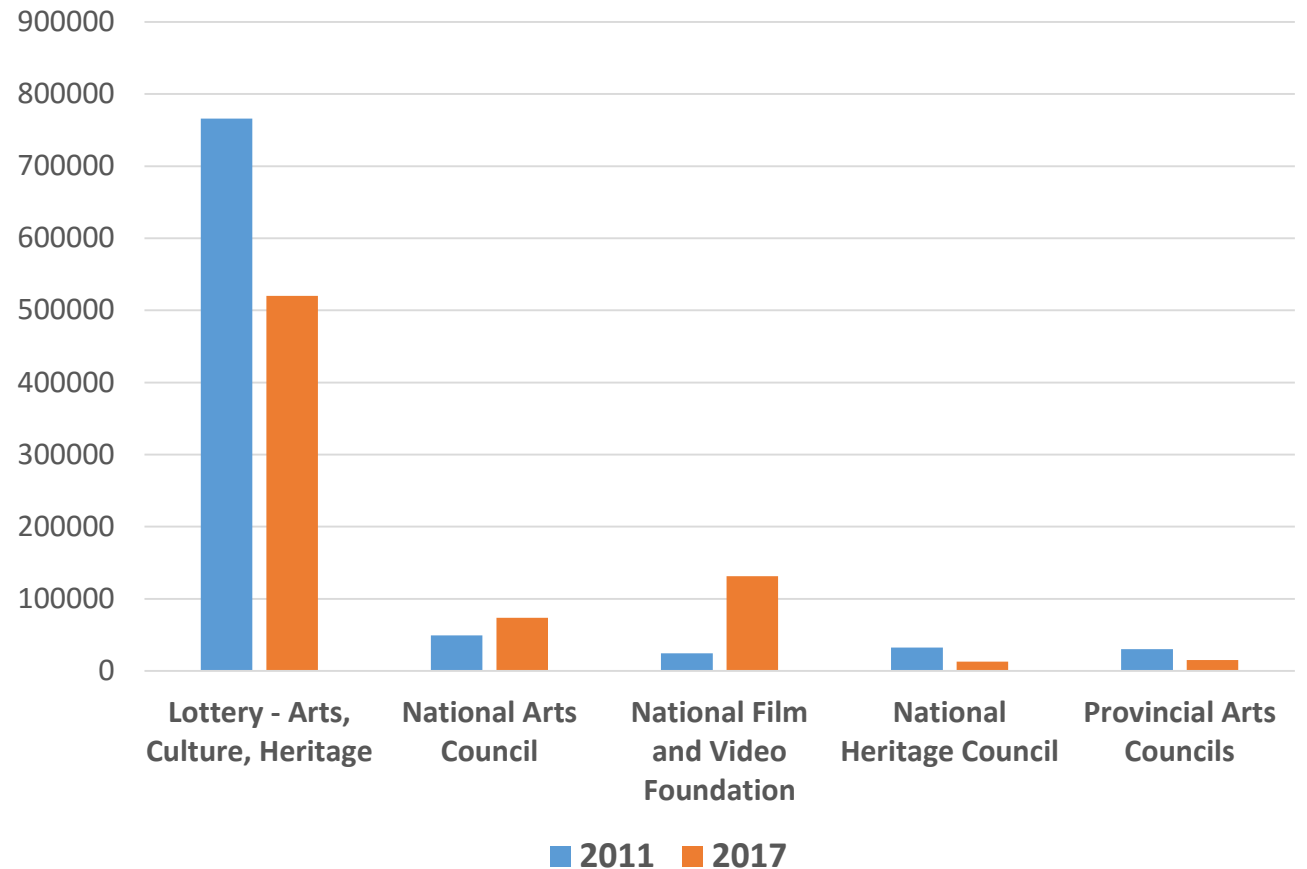
2012 proposal

- Delegate up to 75% funds to under-funded national statutory bodies (NAC, NFVF, NHC, BASA)
- Play supporting, developmental role in relation to local and provincial infrastructure and programming
- Establish fit for purpose Creative Industries financing tools in conjunction with one or more agencies of dti

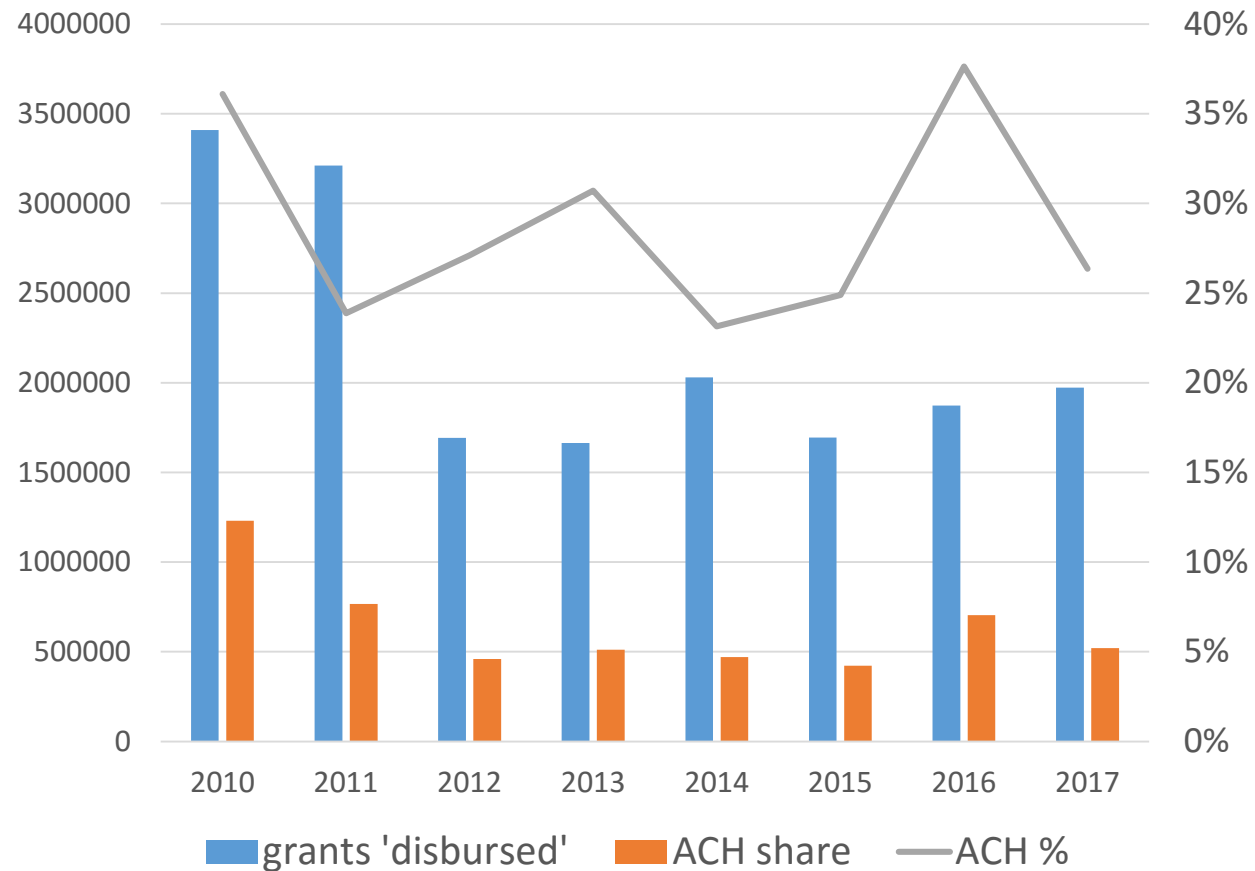
Then and now

4 members of Arts, Culture and Heritage Distributing Agency now make decisions about 70% of grants available from public sources at a national level

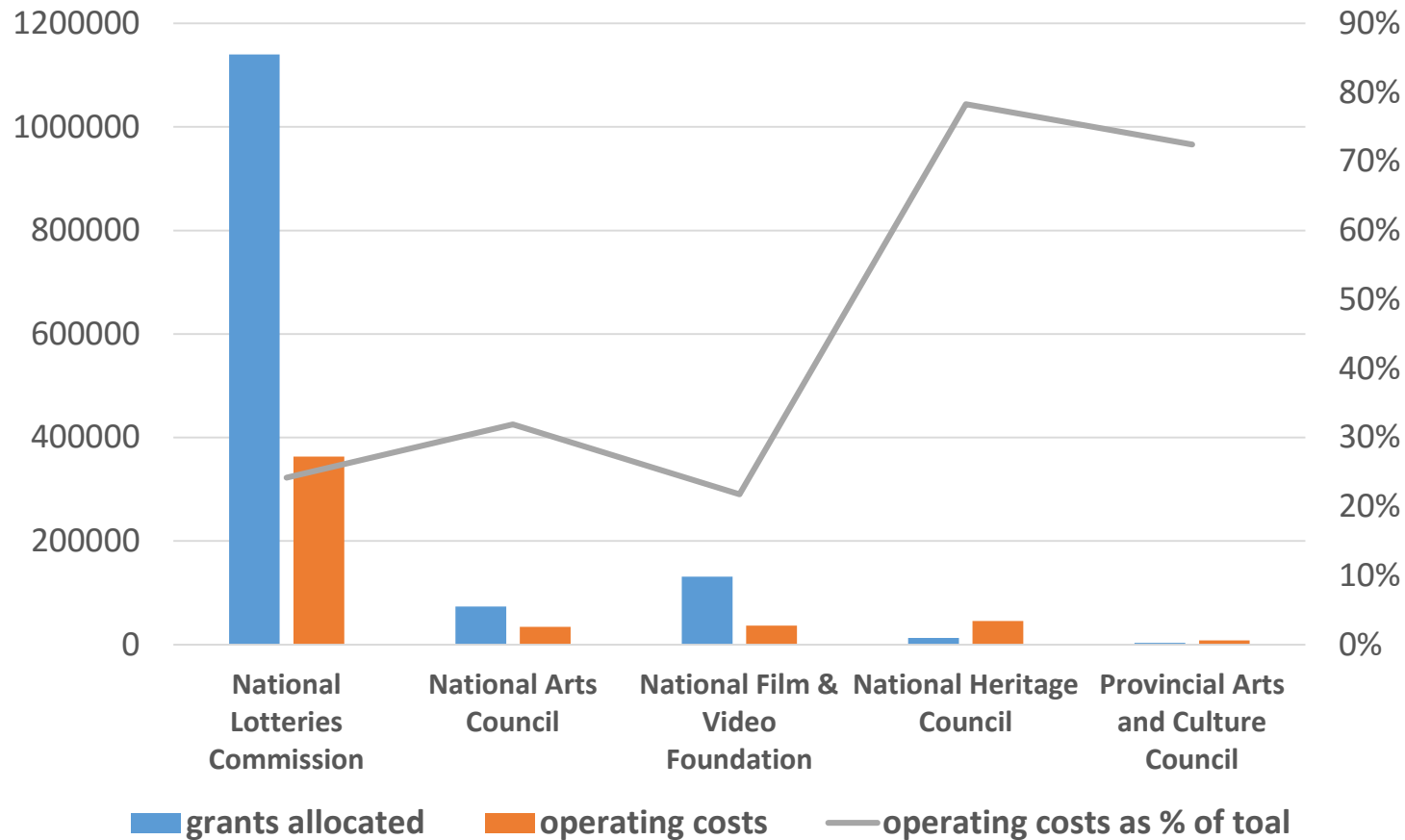
Circa 30 people on NAC panels make decisions about 10% of grants available from public sources at a national level



Lottery: total grants vs ACH + % ACH

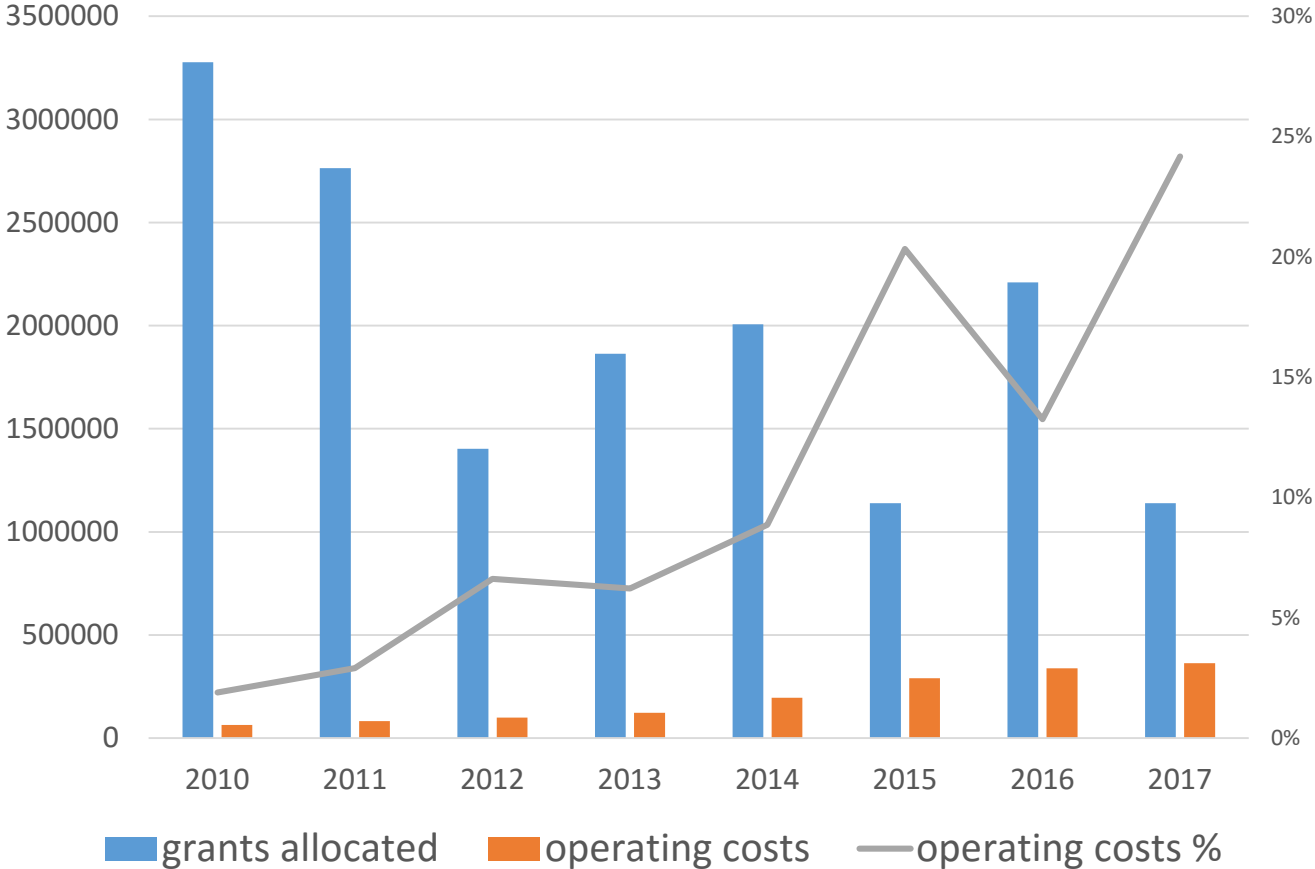


Cost of grant-making (2017)



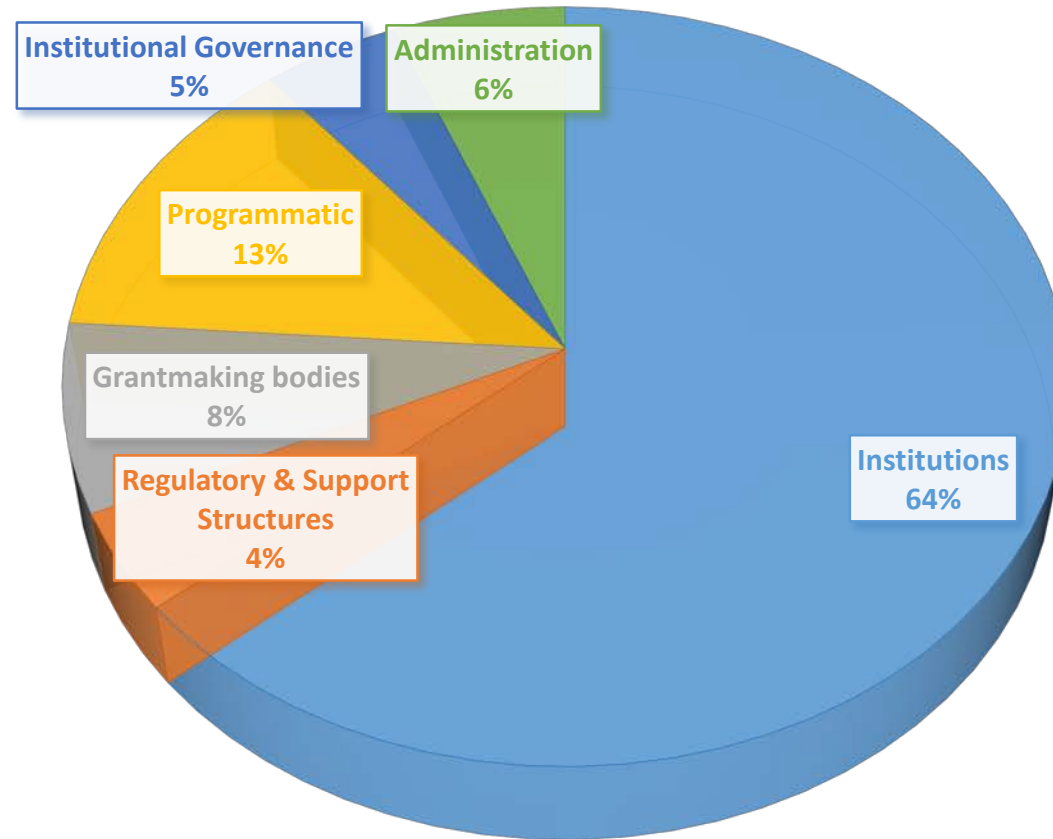
	grants allocated	operating costs	operating costs as % of total
National Lotteries Commission	1139768	363242	24%
National Arts Council	73449	34409	32%
National Film and Video Foundation	131381	36574	22%
National Heritage Council	12626	45500	78%
Provincial Arts and Culture Council	3158	8300	72%

Lottery: grants allocated vs operating costs + % operating costs



National DAC (2017)

Institutions	2534799
Museums	634901
Performing Arts Institutions	339033
Archives	37278
National Libraries	142617
Libraries: conditional grant	1380970
Regulatory & Support Structures	167958
SAHRA	51125
PANSALB + GNMC	116833
Programmatic	512983
Heritage Promotion and Preservation	92342
Cultural and Creative Industries Development	375537
National Language Services	45104



Grantmaking bodies	317866
NAC	101182
NFVF	122907
BASA	11053
NHC	82724
Institutional Governance	192230
Administration	242684
TOTAL	3968520

Some Preliminary Observations/Discussion Points

- Overall cost of grant-making is on an upward and unsustainable incline, the Lotteries Commission presently being the most alarming example of this trend largely by virtue of its size
- This contradicts the normal principle of economies of scale that operate with funding organisations.
- In the case of the smaller agencies, raises questions about their actual identity as grant-making organisations
- Duplication of functions/mandates (and administrative costs) between agencies
- At DAC, massive investment in institutions, comparatively little in programmatic/strategic interventions and grant-making
- Inverted pyramid with regard to grant money available at national, provincial and local level
- DAC Conditional grant funding to libraries provides interesting precedent for devolving very substantial resources at a national level to a very local level that could be applied to very local infrastructures and programming more broadly (local arts centres, etc)
- Reactive grant-making paradigm versus strategic and proactive investment in key and catalytic areas

Regional and Continental Considerations

- South Africa has the most developed policy framework and largest reservoir of public and publicly available finance for culture on the continent
- One of a very small number of countries on the continent (including Namibia, Mauritius) with a transparent system for publicly funded grant-making directly to artists and organisations
- How does South Africa position itself within the continent in ways that irrigate rather than drain?

Data drawn from Annual Financial Statements of NLC, NAC, NFVF, NHC, Eastern Cape Provincial Arts Council