

# Why is the sector funding policy important?

In 2023 the national Department of Social Development (DSD) approved a new Sector Funding Policy (SFP) for public comment. This new policy impacts how the DSD funds services provided by partners in the non-profit organisation (NPO) sector. It provides guidance on what services will be funded and how much will be allocated for specific services. It is important for NPOs to know and understand what the policy means for them, and how they can constructively engage with national and provincial DSDs to ensure that key services to prevent and respond to violence are supported in the future. The SFP has 10 chapters and 4 Annexures. This factsheet is one of five factsheets that the Violence Prevention Forum (VPF) has developed to help NGOs and other stakeholders understand the policy.



## Compliance with the NAWONGO Judgments

### The key findings from the NAWONGO judgments are that:

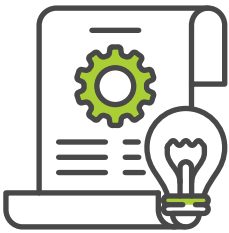
- The subsidy approach to funding NPOs ‘fails to recognise, as a fundamental principle of funding, that NPOs that provide care to children, older persons and vulnerable persons in need, as well as statutory services, fulfil constitutional and statutory obligations of the department’.
- Within its available resources a provincial DSD must progressively work towards funding the full costs of services when it enters into agreements with NPOs to provide constitutionally and statutorily mandated services on its behalf.
- Each successive judgment reviewed the Free State DSD’s revised policy drafts. In the fourth judgment, the court found the revised Funding Policy put forward by the department to be ‘compliant’. However, the court was careful to emphasise that this did not imply that it represented the best policy option, or that better policy options were not possible.
- The NAWONGO judgments did not say that government must in-source services; rather, it emphasised that government has an obligation to ensure that statutory services provided to children, whether by NPOs or the government, are properly funded.

The SFP sets out an approach that complies with the NAWONGO judgments and seeks to improve the way in which developmental social services are funded.



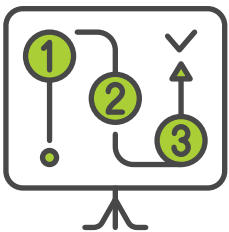
## New approach to funding developmental social services

The SFP sets out a new approach to funding services by requiring the national DSD to do the following:



Develop standard names for services

Develop minimum norms and standards for each service



Develop a prioritised list of services

Work out the reasonable core costs of delivering the services



Develop minimum funding standards according to which government commits to fund prioritised services