

# Review of the State of Civil Society Organisations in South Africa

Final Report Compiled for the



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## **ACRONYMS**

|         |  |
|---------|--|
| ACCESS  | Alliance for Children's Entitlement to Social Security |
| C A S E | Community Agency for Social Enquiry                    |
| CBO     | Community-Based Organisation                           |
| CORE    | Co-operative for Research and Education                |
| CSOs    | Civil Society Organisations                            |
| NDA     | National Development Agency                            |
| NGO     | Non-Governmental Organisation                          |
| NPO     | Non-Profit Organisation                                |
| SANGOCO | South African NGO Coalition                            |
| SACC    | South African Council of Churches                      |
| SAYC    | South African Youth Council                            |
| SEDA    | Small Enterprise Development Agency                    |

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# 1. EXECUTIVE SUMMARY

The National Development Agency (NDA) is mandated by the National Development Agency Act of 1998 to:

- To carry out projects or programmes aimed at meeting the development needs of poor communities;
- To strengthen the institutional capacity of civil society organisations involved in direct service provision to poor communities;
- To promote consultation dialogue and sharing of development experience between civil society organisations and relevant organs of state; debate development policy; and
- To undertake research and publication aimed at providing the basis for development policy.

In order to carry out its mandate it is necessary for the NDA to have an understanding of the civil society sector with which it works. It is in line with this that the NDA requested CASE with PlanAct and Afrika Skills Development to carry out research aimed at giving an overview of the status of the sector, focusing particularly on capacity and constraints within the sector.

The research aimed to review the status of civil society organisations in South Africa in order to provide the NDA with critical and strategic information to assist the NDA in building and strengthening capacity in the sector. In particular, the NDA required information pertaining to:

- The location of CSOs and the number of years in which they have been in operation
- Their focus, activities and structures
- Their strengths and constraints
- Their capacity in relation to their key activities and expectations of them as service providers and frontline community agents
- Their needs in terms of organisational strengthening; and
- Grading with regards to performance.

While a review of civil society organisations is necessary in order to better understand and support the sector, a comprehensive review of the wide range of CSOs that make up civil society in South Africa would require significantly more time than was available for this study. For this reason, this report should be read as an initial investigation that should be built upon in order to continually be abreast of developments in this fluid sector.

The starting point for the research was to build a database of civil society organisations across provinces and sectors. In addition, stakeholder interviews were conducted with prominent people working in the sector. From the database a sample of organisations was drawn to participate in a telephonic survey regarding capacity and constraints. Finally, a small number of

organisations was selected purposively to participate in a site visit that focused in more detail on capacity and constraints, and also gave input on a proposed grading mechanism.

Civil society organisations that participated were asked questions pertaining to their capacity, effectiveness, sustainability and accountability.

The findings indicate that in terms of capacity, most organisations have access to basic infrastructure such as office space, computers and the internet. However, most organisations found that staffing was a challenge particularly in terms of retaining staff. In addition, access to financial resources remained a key challenge for many organisations.

The data also shows that there is a strong commitment to accountability and good governance in the sector. However, this is somewhat hampered by the lack of human resource capacity in the sector to ensure that the right systems are in place to facilitate accountability.

Similarly, there is a commitment to good planning to ensure effectiveness. However monitoring and evaluation often only happens at the request of donors. Continuous evaluation for learning should be encouraged in the sector.

Finally, the data indicates that there are a number of mechanisms such as diversifying funding, and networking that can be used to promote sustainability in organisations. Currently there is a high dependence on one source of income and this should be addressed.

The civil society sector inhabits a difficult and changing context in South Africa, marked by key debates such as the relationship of the sector to the state and to the private sector, as well as the role of the sector. Within this context, many organisations are doing remarkably well. However, as the data shows key gaps exist that must be addressed, not only to ensure service delivery, but also to ensure that the sector is able to meaningfully engage with government to ensure a better future for all.

## 2. INTRODUCTION

*“People’s practices of collective action have existed throughout history; political, socio-cultural, and socioeconomic changes over the last decades, however, have provided a uniquely fertile ground for the emergence of new forms of civic engagement on an unprecedented scale” (Heinrich, 2007:xxi).*

Forms of collective action that exist outside of the family, state and market have increased and taken on new forms over the last half century, and particularly in the last decade and a half. These structures form a powerful space for social cohesion and solidarity, service delivery and a voice of critique and expression. Civil society is thus a key partner in a democratic and free society.

This is particularly pertinent in South Africa, where civil society played a fundamental role in the transition to democracy. Under apartheid civil society was generally defined by its relationship to the state – either serving white interests and aligned to the state, or in opposition to the state. Since 1994 CSOs have had to renegotiate their relationship to the state. Many organisations have found that the government has not delivered on its promises and as a result have focused on serving poor communities, often without state assistance or interest.

The NDA was established to develop partnership between govt and CSOs for service delivery and is intended to provide assistance and support to organisations working in service delivery and poverty alleviation. Established in 1998 through the National Development Agency Act, the National Development Agency (NDA) is “aimed at promoting an appropriate and sustainable partnership between the Government and civil society organisations to eradicate poverty and its causes” (NDA Act, 1998). The key mandate of the NDA according to the Act is:

- To carry out projects or programmes aimed at meeting the development needs of poor communities;
- To strengthen the institutional capacity of civil society organisations involved in direct service provision to poor communities;
- To promote consultation dialogue and sharing of development experience between civil society organisations and relevant organs of state; debate development policy; and
- To undertake research and publication aimed at providing the basis for development policy.

The establishment of the NDA points to the fact that government views civil society organisations, particularly service delivery civil society organisations, as key partners in bringing about development in South Africa. As will be discussed further, this commitment sits within the

paradox of government also being increasingly apprehensive of the role that civil society plays in South Africa. Nevertheless, the NDA notes that post-apartheid it was necessary to ensure that economic power was passed on to those who were left most vulnerable by the apartheid regime by working with civil society organisations. Civil society organisations, by virtue of their roots within communities and the work they do with those most in need, are seen as partners through which service delivery can occur. Civil society organisations present an opportunity for government to develop effective and efficient partnerships. These organisations are often able to identify the needs of communities more readily and they have further reach than state organs. As a result investing in civil society organisations becomes a valuable investment for government.

It is clear that for an effective partnership for service delivery, the NDA needs to understand the sector with which it is mandated to work in order to maximise its role in the sector. It is for this reason that the NDA contracted the Community Agency for Social Enquiry (C A S E) in partnership with PlanAct and Afrika Skills Development (ASD) to conduct research into the status of civil society organisations (CSOs) in South Africa today.

The research aimed to review the status of civil society organisations in South Africa in order to provide the NDA with critical and strategic information to assist the NDA in building and strengthening capacity in the sector. In particular, the NDA required information pertaining to:

- The location of CSOs and the number of years in which they have been in operation
- Their focus, activities and structures
- Their strengths and constraints
- Their capacity in relation to their key activities and expectations of them as service providers and frontline community agents
- Their needs in terms of organisational strengthening; and
- Grading with regards to performance.

The research was carried out by a consortium consisting of the Community Agency for Social Enquiry (C A S E), Afrika Skills Development and PlanAct. The research team brought together a wide range of relevant expertise for the project.

While a review of civil society organisations is necessary in order to better understand and support the sector, a comprehensive review of the wide range of CSOs that make up civil society in South Africa would require significantly more time than was available for this study. For this reason, this report should be read as an initial investigation that should be built upon in order to continually be abreast of developments in this fluid sector.

The report begins by looking at the global and local context that has shaped civil society in South Africa. It goes on to present the findings of the study by looking at the accountability, effectiveness, sustainability and capacity of civil society organizations today. From these

findings, a discussion of how the NDA can work effectively with CSOs is presented, including how to evaluate organisations. Finally, the report presents some recommendations.

## 2.1. Defining Civil Society Organisations

A key issue in conducting research in this complex area is developing a definition of what constitutes a civil society organisation. In interviews with civil society actors for this study, the definitions of civil society organizations (CSOs) ranged from the broad definition of civil society “representing the total diversity of human voluntary endeavour; the mechanism through which people come together to pursue their wants and needs” to the more narrow definition of “organizations that exist for the benefit of people in our societies”.<sup>1</sup>

Discussions of civil society organizations often focus on the more formalized components such as NGOs and community-based organizations (CBOs, although these may be viewed as more spontaneous, less formalized associations than NGOs). Such conceptions ignore the many informal gatherings and associations that take place at a ‘grass-roots’ level in which community members come together to meet needs that arise within communities and which never become formalised to the same extent. It is important to view civil society organizations from an understanding of their diversity and the multiplicity of issues they attempt to address.

In 1993, the Development Resources Centre defined the non-profit sector as follows:

*private, self-governing, voluntary, non-profit distributing organizations operating, not for commercial purposes but in the public interest, for the promotion of social welfare and development, religion, charity and education.*

This definition focuses on formalised NGOs and, as Swilling and Russel (2002) note, a key aspect of this definition is the focus on public interest. It therefore excludes organisations such as business associations, professional associations, and other associations that do not have social development or the public interest as their focus.

A report for the South African NGO Coalition (SANGOCO, 1999) produced by the Co-operative for Research and Education (CORE) and C A S E made the definition of civil society much broader by defining it as:

*Those organisations and groups or formations of people operating in the space between family and state, which are independent, voluntary and established to protect or enhance the interests and values of their members/funders.*

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<sup>1</sup> Interviews with CDRA and SCAT

The Swilling & Russell study (2002) used the term Non Profit Organisation (NPO) and suggested five criteria that could be used to define an NPO. NPOs should be organised, private (non-government), self-governing, non-profit distributing, and voluntary. However, this definition does not include the aspect of public interest which for this study is very important.

A fourth definition was provided by Civicus as part of the Civil Society Index programme, a participatory action-research project assessing the state of civil society in countries around the world.<sup>2</sup>

In this study, the team presented a range of civil society stakeholders at a series of workshops with the Civicus definition of civil society as,

*The sphere of institutions, organisations, networks and individuals (and their values) located between the confines of the family, the state and the market, which is bound by a set of shared civic rules, and in which people associate voluntarily to advance common interests.*

However, through these workshops it was found that this definition was not acceptable amongst South African civil society actors for various historical and political reasons. Two key objections concern the reference to a particular economic system (the 'market') and the assumption that civil society actors share common civic values. The following definition was finally accepted:

*Civil society is the sphere of organizations and/or associations of organizations located between the family, the state, the government of the day, and the prevailing economic system, in which people with common interests associate voluntarily. Amongst those organizations, they may have common, competing or conflicting values and interests.*

All of these definitions provide some sense of what constitutes civil society. However, a much more focused definition of civil society is necessary for this study.

## **2.2. Definition of CSOs for this study**

The discussion above points to a distinction that must be made between a comprehensive and a narrow definition of the sector. While emphasising the importance of understanding civil society as a diverse range of organisations that differ widely in size, structure and function, this study focuses on organisations that play a developmental or service delivery role as these are the organisations that the NDA is mandated to work with. The definition used for this study therefore draws on previous definitions in terms of defining the relationship of the civil society sector to the

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<sup>2</sup> *Two Commas and a Full Stop*, Cooperative on Research and Education (CORE), 2001. The study relied primarily on workshops at which participants from NGOs and CBOs reflected on their own experience as civil society activists.

state and market, but also narrows the definition to focus only on those organisations that exist for public benefit.

The following criteria were therefore used to identify CSOs for inclusion in the study:

- For public benefit
- Having a common purpose, usually (but not exclusively) around service delivery, social watch, advocacy, research or education;
- Private (occupying the space outside of the state or market);
- Self-governing; and
- Does not distribute profit.

This definition excludes the less formal associations that are not for public interest, such as book clubs or stokvels. It also excludes co-operatives<sup>3</sup>. It should be noted that the first and second criteria are particularly important in light of the NDA's mandate. The civil society organisations that dominate the civil space in South Africa are largely focused on either advocacy or service delivery. With this definition in mind particular organisations were targeted for the research in a phased approach.

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<sup>3</sup> There was general agreement from the civil society actors that were interviewed that the core function of cooperatives is economic activity and as such they are part of the market, despite the survivalist nature of many cooperatives in South Africa.

### **3. METHODOLOGY**

The purpose of this study is to conduct a national study to identify and review CSOs in South Africa, to provide the NDA with critical and strategic information that will assist in building and strengthening capacity within the sector.

#### **3.1. Scope of the Study**

The Swilling and Russel (2002) study on the size and scope of the non-profit sector in South Africa found that there were approximately 100 000 NPOs in the country in 1999.<sup>4</sup> Using this estimate it would not be possible to provide a meaningful grading and assessment of all South African CSOs over a period of three months. Given the broad scope of the study and the limited time available, it was proposed that a three phase approach be adopted in the audit of civil society organisations as follows:

1. Interviews with key stakeholders to obtain insight into the constraints and capacity concerns within the CSO sector.
2. A desktop compilation of a database of CSOs across the country.
3. A more in-depth assessment and grading of a sample of CSOs through a telephonic survey with 400 organisations, and qualitative site visits to provide more detailed information.

This approach allowed for the compilation of a comprehensive database of CSOs across a range of sectors in all nine provinces which the NDA can continue to build over time, while also providing a more detailed assessment of a representative sample of CSOs that provided accurate information to inform the NDA's strategy to build capacity within this sector.

##### **3.1.1. Interviews with Key Stakeholders in the Sector**

The first component consisted of interviews with civil society actors who have an in-depth knowledge of civil society in South Africa. The aim of the interviews was to draw on their understanding of civil society broadly, and their sector in particular, to obtain insight into the status of CSOs, the challenges and constraints that are face and ways in which they could be addressed. Interviews were conducted with representatives from:

- South African Non Governmental Organisation Coalition (SANCOGO)
- Community Development Resource Association (CDRA)
- Foundation for Human Rights (FHR)

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<sup>4</sup> Swilling, M & Russell, B (2002). The Size and Scope of the Non-profit Sector. Graduate School of Public and Development Management, University of the Witwatersrand, and the Centre for Civil Society, University of KwaZulu-Natal.

- Social Change Assistance Trust (SCAT)
- Institute for Democracy in South Africa (IDASA)
- Centre for Civil Society (CCS)
- The Ford Foundation
- Civicus
- Non Profit Consortium (NPC)

Stakeholder interviews were conducted in order to gain greater insight into the sector. The stakeholders were selected based on their familiarity with the sector as well as their availability during the study. The insights obtained from these interviews provided a broader context for the analysis of the data collected and informed the development of the instruments in the subsequent phases.

### **3.1.2. Development of a Database of CSOs**

The database development took place in parallel with the initial interviews with selected civil society actors. With the possible exception of the re-launched PRODDER directory, there is at present no single comprehensive list or database of CSOs in South Africa, although there are many sector specific directories that are available. This component drew on secondary sources such as existing lists and directories of CSOs.

This approach necessarily restricted the focus of the study to CSOs that have at least some degree of formalisation and appear on some form of list or directory. The consortium attempted to address this to some degree by drawing on informal networks that the partner organisations have established. The inclusion of less formalised CSOs was, however, limited by practical restrictions such as the time available to identify such organisations across the country.

The database should therefore be seen a starting point for building a national database, rather than as a comprehensive listing of CSOs in South Africa. To avoid reinventing the wheel and because of tight time constraints, the approach in this study was to draw on existing directories as well as partnership and network lists, SETA service provider lists, and lists from previous research. The current database therefore draws on the following sources of information:

- PRODDER Directory (with permission from SANGONET)
- Organisational network lists
- List of NPOs registered with Provincial Departments of Social Development (Eastern Cape, Gauteng, Western Cape)
- SETA service provider lists

It must be noted that a number of organisations listed on the databases (especially the PRODDER Directory and the SETA lists) did not fit the definition of CSOs as used in this study and were therefore excluded from the current database.

Some challenges were encountered in accessing existing databases. At the time of the study, the National Department of Social Development's database of NPOs was inaccessible due to technical difficulties. Many provincial departments were unable to provide databases. The Registrar of Companies was approached with a request for the database of Section 21 Companies, but this was not possible to obtain within the timeframe required for this study. In addition, the new PRODDER directory has just become available and could be used to update the database. The organisations listed in this database, however, are only those with websites and are therefore also more established organisations. These are avenues that could be explored in the future, should the NDA wish to develop the database further.

As a result of the nature of the sources of information for the databases, most of the organisations represented on it are well established, registered organisations that operate largely within the metropolitan areas. The database is therefore skewed towards the urban areas. In order to ensure that less established organisations were represented in the database, the team drew on its own networks and previous research.

The database therefore currently consists of 2579 organisations organized into 25 sectors. These sectors were then grouped into eight categories in order to assist with drawing a sample for Phase 3 of the project. Once the sample had been drawn, we continued to build the database as new sources of information were identified.

### **3.1.3. Telephonic Survey and Qualitative Case Studies**

The aim of third phase was to obtain more detailed information about the nature of a selection of CSOs and the challenges and constraints which they face.

### **3.1.4. Telephonic Survey**

The first part of this third phase consisted of conducting a telephonic survey with 400 organisations selected from the database.

The database was used to draw a sample which was intended to be representative of the following eight sectors:

- Environment & Land Use/ Development
- Poverty Issues
- Education & Capacity Building
- Special Target Groups
- Health
- Democracy & Law
- Cultural Issues
- Other

Organisations were categorized according to sector and a random sample was drawn from each sector proportional to the size of the sector *in the database*. A confidence interval of 90% and an error rate of 10% were used to reach the sample of 400 organisations. An additional 200 organisations were sampled in the same way, as a substitute list. The sample was therefore representative of the organisations listed on the database, and not of civil society organisations in South Africa as a whole.

The questionnaire for the telephonic covered the following issues:

- registration
- staffing and human resource capacity
- financial systems
- governance
- service delivery and
- strategic planning

The purpose of the survey was to gather information about capacity and constraints of civil society organisations in order to comment on trends in the sector; as well as to provide information that could be used to grade organisations.

This component also presented challenges. These included participants refusing to participate and challenges due to out of date or changing contact information. Attempts were made to obtain updated contact details (e.g. by checking with directory enquires for instance), but in some cases this was not successful. This is always a danger when relying on existing directories or lists as we did in the compilation of the database.

Due to these challenges there was a shortfall in the desired sample. While some substitutes were made, it was decided that we would not substitute endlessly as this would have led to a bias in the sample.<sup>5</sup> After extending the time frames to obtain further participants, a total number of 265 organisations were reached. The findings from the telephonic survey are therefore indicative of trends in the sector.

In addition, the questionnaire was a self-reported questionnaire and due to the nature of the tools agreed upon, no evidence was collected to substantiate or refute claims made in the responses.

### **3.1.5. Qualitative Case Studies**

In order to get more detailed in depth data to supplement the data from the telephonic survey, site visits were conducted with 10 selected organisations. These organisations were selected

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<sup>5</sup> With a high rate of refusals, and therefore a high rate of substitutions, the sample becomes one of organisations that are willing to be interviewed rather than a representative sample of all organisations on the database.

purposively in order to get a spread of different types of organisations ranging from urban to rural organisations, large to small, well established, to more informal organisations and some sense of a provincial spread. The purpose of choosing a spread of different types of organisations was to ensure that the data generated gave a sense of differences within the civil society sector.

Phase 3 was conducted in such a way that it generated information on a potential assessment tool for future use, as well as provided more in-depth data regarding capacity and constraints within the sector. This was achieved through the use of a self assessment tool (see tool in Appendix C), which formed the basis for the site visits.

### **3.2. Structure of the report**

The report is structured as follows:

#### 1) The Context for Civil Society in South Africa today

The section includes information pertaining to the global civil society picture as well as the historical influences on civil society in South Africa. It outlines some of the key concerns and debates that face the sector today. This information is drawn from previous studies as well as the key stakeholder interviews.

#### 2) Findings

This section presents the findings of the telephonic survey and qualitative site visits. It gives an overview of the sector in terms of sustainability, capacity, effectiveness and accountability.

#### 3) Working Relationship

This chapter discusses the implications of the findings and makes some suggestions about the role that the NDA plays in the sector.

#### 4) Conclusions and Recommendations

Finally, recommendations for the NDA are put forward.

## 4. THE CONTEXT OF CIVIL SOCIETY IN SOUTH AFRICA

Regardless of how we conceptualise the sector, civil society plays a vital role in providing a space for public voice, for the practice of citizenship and for the building of social cohesion. Castells<sup>6</sup> points out that civil society organisations are imperative as a space for the building of identity in a world where citizens feel that they have little control over their circumstances and where the nation state becomes too big for its citizens and too small in relation to the global world order. It is within this space of vulnerability that the civil society sector has grown. Heinrich<sup>7</sup> reiterates this, stating that civil society has always been in existence, but that the current climate of political, social and economic insecurity has facilitated the proliferation of civil society organisations across the globe. Although the sector is often painted in glowing terms, Castells points out that where cultural identity is threatened, fundamentalist organisations are likely to see a growth as people look to them as a space in which to express identity. This has certainly been the case over the last decade in particular and explains some of the shifts experienced by civil society organisations globally.

### 4.1. Civil Society – the Global Picture

Civil society has played a key role in society for hundreds of years. However, it is really only over the last century and a half that these organisations have come to play a more central role in actively changing society. Civil society played a pivotal role in the anti-slavery movement and the campaign for women's suffrage. With the Geneva Convention, civil society organisations came to be recognised as key actors in change and it became popular for NGOs to play a consultative role in policy development. Initially CSOs largely played a service delivery or charity role with little advocacy. However, with this space opened up, the sector grew and organisations with particular interests were able to voice their interests. However, the early part of the 20<sup>th</sup> Century was dominated by white middle class interests and as such civil society organisations campaigning for minority concerns had a limited voice. It was only in the 1960's with the rise of the Civil Rights Campaign in America, the rise of feminism and the anti-war campaign that the voices of minority groups were finally heard. During this time, space opened up for a range of advocacy groups and as a result organisations whose main purpose was advocacy multiplied. The growth was bolstered by the visibility and success of the civil rights movement.

The wave of civil society response spread to South America and in the 1980's the Zapatistas campaigned for land rights in Mexico. They represented a new form of civil society response, which was for more community-based, informal, unstructured and militant. The rise of the Zapatistas is often seen as being the moment at which social movements were born.

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<sup>6</sup> Castells, M. (2000). *The Rise of the Network Society*. Blackwell Publishing: USA.

<sup>7</sup> Heinrich, V.F. (ed.). *CIVICUS: Global Survey of the State of Civil Society*. Kumarian Press: USA.

Space for civil society organisations expanded significantly in the late 1990's where waves of protests at the World Economic Forum in Davos by civil society organisations (particularly social movements) caught media attention and was well documented globally. Again, the Zapatistas can in many ways be seen to have sparked this wave (known as the third wave), when they campaigned globally for the North American Free Trade Alliance (NAFTA) not to be signed.

Given the rise in the 'network society' at this time (Castells, 2000), CSOs were able to use the internet to develop international strategic partnerships and garner more support for their cause. Civil society action at this time was predominantly advocacy focused and the key concern was growing inequality in the world<sup>8</sup>. The civil society response led to the first World Social Forum, which was seen as a direct response to the World Economic Forum. CSOs involved in the WSF were determined to make the WSF as counter to the WEF as possible, ensuring that there was access for all, that as many organisations as possible had a voice and that no country was excluded.<sup>9</sup> Once again the space for civil society opened up significantly. rephrase

Globally over the past decade and a half, civil society organisations have thus enjoyed an increased space which they have used to their benefit. This has been somewhat stemmed in the latter half of the decade, particularly as the rise of the fight against terrorism took its toll on civil liberties in the USA. In South Africa, civil society organisations have had to contend with this shifting global space at a time when their role in South African society was also shifting quite dramatically. The result is that civil society in South Africa today is a sector that is in a state of flux.

## **4.2. Civil Society in South Africa**

Civil society in South Africa is affected by the global trends but the sector has also faced a particular national context in the form of apartheid and has been profoundly shaped by this. In addition CSOs have had to negotiate a new terrain after the transition to democracy in 1994.

The twentieth century CSOs described in Swilling and Russell's study first occurred (arose?) mainly in communities that were both politically disenfranchised and poor, and tended to be survivalist in most cases. The 1920's through to the 1990's were therefore seen as difficult years where community-based organisations were formed and took action, becoming openly oppositional to the state.<sup>10</sup> Established with varying degrees of success and longevity Some did not last, while others survived until the dawn of democracy.

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<sup>8</sup> Desia, A. (2002) *We are the poors*.

<sup>9</sup> It should be noted that the WSF has been criticised for lacking democratic principles in its organisation as it has an organising committee that is not democratically elected and who make decisions about speakers.

<sup>10</sup> Ibid

### **4.2.1. Civil Society Under Apartheid**

The nature of the apartheid government in South Africa's history led to the formation of new civil society groupings that were different to those that had previously existed. Civil society formations during the apartheid era in South Africa were based on race, ethnicity and class and were largely involved in advocacy work – opposing the apartheid state. Although the CSOs during the apartheid years in South Africa were well funded, they faced the challenge of “dealing with the illegitimate government in a legitimate way.” They had a mission of toppling the apartheid regime, fighting for the poor and improving the lives of South Africa's marginalized groups. Amongst these there were anti-apartheid movements, mainly led by the United Democratic Front (UDF).<sup>11</sup> This was an umbrella group of civil society organisations that emerged out of oppressed and exploited communities.

In solidarity, organisations led by whites<sup>12</sup>, which were also multi-racial or had non-racial identities, emerged in support of these anti-apartheid CSOs. Amongst these CSOs active in the struggle, there were those who campaigned for a strong culture of human and civil rights.<sup>13</sup> Some organised their struggle according to a range of issues such as working conditions, high rents, environmental degradation, urban services and agricultural productivity. During the struggle these issues were deeply politicized, and their concerns extended beyond the issue of state power. Specific local conditions and grievances, and issues of absolute survival in many localities throughout the country, fed into a strategy of overall political mobilization.<sup>14</sup>

During the apartheid regime, the conditions pushed most CSOs to a role of monitoring and fighting the illegitimate government. Although CSOs in the apartheid era worked towards common goals they had a coherent centre as well as disparate uncoordinated, locally focused and untidy margins, expressed in the proliferation of multiple terrains of struggles spread geographically and thematically all over the country.<sup>15</sup> For the CSOs to have an impact in the struggle and defeat the apartheid regime they were clearly independent from the state. But most anti-apartheid CSOs were dependent on the ANC for popular legitimacy and leadership in order to defeat the illegitimate government.<sup>16</sup>

### **4.2.2. Transition to Democracy**

This dependence on the ANC had profound implications for the sector post 1994. The democratic elections of 1994 marked a victory for civil society organisations in South Africa and

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<sup>11</sup> Greenstein R, (2003) A Seminar paper, Civil Society, Social Movements and Power in South Africa, Department of Sociology, School of Social Sciences, University of the Witwatersrand

<sup>12</sup> The race groups used in this report refer to the race groups as classified under apartheid where black refers to African, Indian and Coloured groups.

<sup>13</sup> Core and Idasa, (2001) Two Commas and a Full Stop: Civicus Index on Civil Society South Africa Country Report, SANGOCO, Braamfontein.

<sup>14</sup> Greenstein R, (2003) A Seminar paper, Civil Society, Social Movements and Power in South Africa, Department of Sociology, School of Social Sciences, University of the Witwatersrand

<sup>15</sup> Ibid

<sup>16</sup> Ibid

there was a sense that the future promised a better life for all. However, it also marked a time of complete reconfiguration, as the ANC stepped into power and the sector had to think about its independence from the state, and its dependence on the ANC. But the effects of this shift would only be felt towards the end of the 1990s when the civil society sector began to realize that the promises made were not coming to fruition. Thus, as the realities of post apartheid South Africa became clear, and as the sector began to rework its independent identity, the once mutually beneficial relationship between civil society and the ANC came to be characterized, to some extent, by adversity. In effect, the civil society sector was once again positioning itself as the voice of the people against the state, an essential role in ensuring accountability in a stable democracy.

This shift also had profound implications for the sector in South Africa. After 1994, many civil society leaders moved into government or into business, the fight having been won. The effect was a 'brain drain' in the sector and as Buhlungu (2002) describes, there was a very thin layer of leaders, most of them unexperienced left at the top, who had very little direction in terms of what their future role would be. The result has been a gearing down in civil society action, particularly amongst the trade unions, as is well documented by Buhlungu (2002).

Nevertheless, in response to needs within communities, many small, locally focused community-based organisations have sprung up that although not registered, still fulfil a very important role in South African society. In addition, people have come together to form stokvels and co-operatives as poverty alleviation strategies. In the early part of the last decade, social movements (informal and loosely structured collectivities of people focusing on a particular issue) caught the attention of the media as effective mouthpieces, despite or perhaps due to their lack of structure and formality.

These social movements were very involved with the global wave of protest action in the early part of this decade. At the World Summit on Sustainable Development in 2001, social movements and community based organisations showed that they are still very active as they campaigned about sustainable development and the need to address inequality. In fact, social movements and community based organisations, often in the form of resident's action groups, came to be seen by the disenfranchised as the new beacons of hope (Desai, 2001). The ANC had failed the people in terms of service delivery, the trade unions by and large had sold the people out by entering into the tri-partite alliance, and the traditional NGO's seemed to be quiet and ineffective. Social movements, with their emphasis on people's socioeconomic rights, and their democratic, participatory nature, caught the attention of people and sparked a number of service delivery protests that to some extent still continue. The Anti-Privatisation Forum, well known for illegal water and electricity connections, is probably the most widely recognized of these movements. Key to social movements is their outright criticism of government.

### 4.2.3. Current trends and debates in the sector

Civil society organizations therefore have to redefine their role and their relationship to the state and the private sector. They are rethinking their legitimacy and where they get their mandate from. They have to question who they serve and whether how they operate works. Overall, they have many challenges to face and questions to ask.

One of the key debates that now affects the civil society sector is what constitutes a developmental state. From a government perspective the developmental state has been conceptualized around managing development, often through consultants and experts. A more liberal conception of the developmental state is one of partnering with marginalized constituencies in order to ensure development, often through civil society organisations.

The dominance of the managerial notion of the developmental state has had implications for how civil society organisations operate. An emphasis has been placed on management and as a result performance is measured by meeting targets and managing budgets and much time is spent on project management and administration. There are positive outcomes of this including an increased awareness of accountability amongst CSOs as well as better management of funds. This is further promoted by donor requirements. As donor funding decreases (NANGO, 2006), stringent requirements around reporting and financial management and the ability to meet those requirements become key factors that influence the sustainability of organisations. An extract from the Zimbabwean NGO Corporate Governance Manual (2006) illustrates this shift in emphasis.

*Given the prevailing highly competitive, global operating environment characterized by reduced donor support, the need for good governance is increasing. Worldwide questions are being asked around issues of accountability, transparency, value addition, legitimacy and overall credibility of NGOs from governments, donors and taxpayers. Good corporate governance has emerged not only as an essential tool to enhance professionalism but, more importantly, to ensure that NGO interventions are effective, sustainable, efficient and positively perceived by all key stakeholders. The credibility of an organization can be enhanced by adherence to the principles and practices of good corporate governance.*

While this shift has had some positive outcomes, it has also threatened many smaller and often more grassroots organisations; in addition to having an impact on service delivery. While effectiveness is often measured by ability to meet budgets, meeting the needs of communities is often seen as a secondary measure of effectiveness. At the same time, those organisations that are often closest to the communities and most able to meet community needs in an informal or ad hoc way are disadvantaged by stringent reporting and management requirements. It is these organisations that are the least well resourced in terms of budgets, staff and capacity. Capacity within organisations has been further affected by the brain drain of experts into the government

and business post 1994. It is these smaller organisations that government should be targeting to ensure that the needs of the most marginalized are met. However, given the emphasis on management, it is often consultants, experts and very well resourced NGOs that government chooses to partner with when it comes to development. This raises key questions for the NDA in terms of their mandate and which organisations the NDA should be working with.

#### **4.2.4. Implications for the Role of CSOs Today**

Post apartheid South Africa has presented a paradox for CSOs in which government supports civil society, particularly those involved in service delivery; and at the same time becomes increasingly wary of civil society, particularly of social movement type organisations that critique the government. This has led to a need for CSOs to redefine their role in society. Of course, each CSO will do this independently but there are some trends in terms of the role that CSOs play in South Africa today that should be considered.

As noted in the Civil Society Index developed by Civicus, civil society is playing an increasingly important role in governance and development around the world.<sup>17</sup> In South Africa the role of civil society has changed since 1994, when organs of civil society organizations (and NGOs in particular) had to move from a position of opposition to the government to redefining how to relate to government.

When describing the relations between the state and civil society, Swilling and Russel (2002: 5) refer to a speech by the Minister of the Department of Social Development in which the roles of civil society organizations in South Africa are identified as, “social watch’ and ‘service delivery’: these are the neatly captured twin roles for South African NPOs in current government policy for the sector.” While the discourse of CSOs playing the dual role of both partner and critical evaluator<sup>18</sup> exists, many CSOs have struggled to walk this middle path with government, often because their funding is dependent on government, or because they see the space for critique closing down.

Social movements have worked to fill the space available to them by being quite progressive in terms of critique from a mass base. However, by and large, government has ignored them. NGO’s on the other hand, have found themselves in an increasingly difficult position. While social movements are not afraid to speak out against government, many NGO’s are funded by government, see themselves as partners of government, and still have hope that government will deliver. This has created a dilemma for the NGO’s who now have less ability to impact on policy. NGO’s in South Africa, claims Mueller-Hirth<sup>19</sup> have become dominated by the urban elite,

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<sup>17</sup> Civicus

<sup>18</sup> CSVR paper

<sup>19</sup> Mueller-Hirth, N. (2008) “South African NGOs and the public sphere: between popular movements and partnerships for development.” Paper presented at Paradoxes of the Post Colonial Public Sphere Conference at University of the Witwatersrand. January 2008.

who partner with government, often around service-delivery, and as a result become less relevant to the disenfranchised. In addition, many NGO's have developed for profit wings, which places them in a questionable relationship to the private sector. NGO's thus have to manage a "schizophrenic relationship" to the state and the private sector (Mueller-Hirth, 2008).

Many organisations trying to walk this path of partner and critical evaluator therefore need to be charting a new path, one which the Treatment Action Campaign (TAC) may have identified. The TAC combines a formal NGO type structure with mass membership and campaigning. As such they are able to engage with government, while still remaining true to their constituency. The TAC is however only one case in South African civil society that has successfully managed the transitional period.

Of course, trying to redefine their role is not a daily activity for CSOs. Rather, in the context of poverty and unemployment, CSOs have more pressing tasks to perform. One clear role of CSOs in South Africa is one of promoting development: "aiding and assisting the building of a society to enable citizens to live in a society where basic needs are met".<sup>20</sup> In South Africa, many civil society organisations are filling the gaps by providing socio-economic and basic services that the state is unable to provide and in some cases have taken over the functions of the state. An example of this is the child protection sector, in which social workers at Child Welfare organisations carry out statutory services which are the responsibility of the state. Civil society organisations are seen as an important mechanism in assisting the state with service provision and poverty alleviation at the margins of society, because CSOs (and CBOs in particular) usually arise organically in response to needs within a community and are able to reach areas where there is little formal organisation but where the need is often greatest.

However there are some concerns about the potential for this 'partnership' between the state and civil society to turn NGOs and CBOs into delivery mechanisms for the state or for the market. A key concern is that the burden of social reproduction must be carried by the poor. In addition, this is an unequal relationship, particularly in a context in which CSOs are competing for funding and other resources to be able to deliver programmes and to survive. A concern for CSOs with a service delivery mandate is that to effectively carry out service provision, they must have sufficient resources (both financial and human) to do so. In many case such organisations are unable to affect their mandates as resources which traditionally flowed to them are now being redirected to the state.<sup>21</sup>

In addition, as NGOs and CSOs become 'implementers for government', there is a risk that civil society voices will become quieter and that CSOs will be less likely to challenge the state departments with which they are partnering. In such a relationship, the development and poverty alleviation agenda is likely to be set by the state rather than by citizens on the ground. Critical

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<sup>20</sup> SCAT

<sup>21</sup> FHR articles

engagement between civil society actors and the state on developmental is vital in our fledgling democracy.

This leads to the second broad role of civil society, which was described in the interviews as, “ensuring that there is citizen’s participation in the democracy”, “getting grassroots voices heard at the highest level” and “the average citizen’s ability to shape the world and particularly the [state and the market].” In this way civil society, as separate from the state and the market, has an important role to play in making the voices of a diverse population heard both in the political and economic spheres. Given the rich variety in the nature and functions of CSOs, such representation and participation is often varied and values are not necessarily shared. As such, civil society is often not as organised or as unified as other sectors; however, it is the freedom to voice a diversity of views that is the cornerstone of democracy.

Having moved from a relationship of confrontation, there is a need for a progressive understanding of the relationship between the state and civil society – one in which the state and civil society co-exist and work together while still allowing CSOs to remain demanding and challenging and playing a ‘watchdog’ role with regards to issues such as governance and democracy. Engagement, civil participation and an avenue for citizens to influence national debates through lobbying and advocacy are an essential part of democracy.

Civil society organisations must be viewed from an understanding of their diversity and the multiplicity of issues they attempt to address. They must also be understood in terms of the value they provide to their communities and society as a whole, and not merely for their functionality in delivering a particular service or providing a stop-gap measure for lack of delivery on the part of the state. Kumi Naidoo and Rajesh Tandon<sup>22</sup> discuss in detail the question of, “How would you know a healthy civil society if you saw one?”, putting the concept of citizenship, voluntary association, and public life at the centre of the concept. They state that: “the first attribute of a strong, healthy civil society, therefore, is a well-informed and active citizenry participating in public life through associations they voluntarily form,” and also hold that “civil society is not an end in itself but rather the means by which citizens advance and defend their interests.” This notion of civil society is also directly linked to the promotion of democracy and good governance, as it allows the individual to respond to a larger, public interest beyond their narrow self-interest.

Starting with this conception of civil society is useful for anyone trying to intervene in capacity building for this sector of society, as there may be more than simply material or skills constraints that hinder development of a healthy civil society – there may be broader governance issues that relate to the relationship with the broader community and the relationship with the state. This is particularly important in poor communities, where conflict over resources may manifest in conflict among civil society organisations or between civil society organisations and the state, and the state itself in different contexts may be repressive toward civil society instead of

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<sup>22</sup> In *Civil Society at the Millennium*, Civicus and Kumarian Press, 1999.

engaging in democratic practice of engagement that will ultimately result in a more stable and sustainable society. Organisations of civil society in a broad sense are about promoting values that build social capital, and over and above any other injection of resources, human resources and relationships are critical survival strategies for the poor. Civil society organisations help build those relationships, and promote dialogue and learning. That is why most organisations of civil society depend on networks within the community, and usually attempt to network with other organisations outside the community for mutual benefit and learning as they attempt to define their common values.

The implications for this audit or assessment of civil society organisations are that the issue of the relationship of the organisation to the broader community is a fundamental one. How these organisations define this relationship, and how they have dealt with the issues of accountability and responsiveness to the public interest in some way, is important in assessing their health and the health of the sector. It is also important from a skills development perspective as well as the perspective of participation in public life to take note of how the organisations relate to networks of common interest and learning, and how they are now or think they can be supported in their organisational missions by this type of activity.

## 5. FINDINGS OF REVIEW OF CSOs

The previous chapter has painted the context that has shaped CSOs and has highlighted some of the trends that CSOs are facing in South Africa today. This chapter will draw on data collected through the telephonic survey and the site visits, and will highlight how some of the trends mentioned continue to influence civil society.<sup>23</sup>

A key component of the NDA's mandate is to strengthen the institutional capacity of civil society organisations involved in direct service provision to poor communities. The aim of this section is to provide an overview of this institutional capacity and to provide the NDA with information to carry out this mandate.

The chapter begins by giving an overview of the nature of civil society organisations, focusing particularly on their focus areas, location and reach. To obtain a clearer picture of their strengths, constraints and capacity in relation to key activities, a further four key areas that are important for effective service delivery are considered in this chapter as follows:

1. **Capacity:** This section covers the human resources, infrastructure and financial resources that are available to CSOs, and the challenges and constraints that they face in this regard.
2. **Accountability:** This section focuses on whether issues (and systems) of good governance, systems for financial accountability and accountability to staff members.
3. **Effectiveness:** Effectiveness is discussed in terms of whether or not the organisation has systems in place to determine whether it is meeting the needs of the target community. This section takes into consideration whether or not the organisation has a mission and vision and how often it is re-evaluated, and the monitoring and evaluation mechanisms that are in place.
4. **Sustainability:** The final section considers sustainability in terms of how long the organisation has been in existence, the commitment to strategic planning for the future and the diversity of sources of funding.

The findings discussed below are based on the telephonic survey conducted with 265 CSOs drawn from the database of 2579 CSOs developed from existing sources in the first phase of this study. This approach necessarily restricted the focus of the study to CSOs that have at least some degree of formalisation and appeared on some form of list or directory. The sample was drawn to be representative of the CSOs contained in the database rather than all CSOs in South Africa, and there is therefore a bias towards NGOs and more formal CBOs. The findings below should therefore be viewed as indicative of the trends in the civil society sector.

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<sup>23</sup> It should be noted that the data is not representative of South African civil society but rather presents an indication of trends in the sector.

## 5.1. Overview of the Nature of CSOs

The following section considers the location of CSOs, their key focus areas and the geographical locations in which they work.

### 5.1.1. Location of CSOs

One of the key arguments for the partnership between CSOs and the NDA is that CSOs provide services 'on the ground' and have systems and networks in place to reach those most affected by poverty. CSOs are therefore better able to identify needs within poor communities and work towards meeting them. This raises the question, however, of where CSOs are located and whether they tended to be situated in the areas that are most in need of developmental assistance.

|                         | <b>N</b>   | <b>%</b>    |
|-------------------------|------------|-------------|
| Gauteng                 | 83         | 31%         |
| Western Cape            | 57         | 22%         |
| Kwa-Zulu Natal          | 39         | 15%         |
| Eastern Cape            | 34         | 13%         |
| North West              | 16         | 6%          |
| Free State              | 10         | 4%          |
| Mpumalanga              | 8          | 3%          |
| Limpopo                 | 7          | 3%          |
| Northern Cape           | 5          | 2%          |
| Outside of South Africa | 5          | 2%          |
| <b>Total</b>            | <b>264</b> | <b>100%</b> |

**Table 1: Location of CSOs (head office) by province**

If the NDA aims to work with organisations that deliver to the most vulnerable, then the focus needs to be on those provinces that are the poorest such as Limpopo and the Eastern Cape. However, the table below indicates that a third of the CSOs surveyed are based in (or have their head offices in) Gauteng, the economic hub of South Africa, and a further 22% are in the Western Cape, which is also a well-resourced province. This distribution also does not mirror the population distribution across provinces. While Gauteng is a populous province with 20% of the total South African population (Statistics South Africa, 2007), the table above indicates that it has a higher concentration of CSOs than KwaZulu-Natal and the Eastern Cape, both of which have large populations (21% and 14% of the south African population respectively).<sup>24</sup>

This is in part a reflection of the nature of the database, which consists primarily of more formal CSOs. It does, however, also reflect a broader trend in which NGOs and more formal CBOs tend

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<sup>24</sup> Stats SA, 2007. Mid-year Population Estimates, South Africa, 2007. Statistical Release P0302

to be based in the better resourced metropolitan areas, while organisations in less resourced areas tend to be less formal CBOs and therefore less likely to meet the NDA’s requirements for funding (such as registration as an NPO, establishment of a constitution and the presence of a board). It is therefore important for the NDA to focus strengthening initiatives in provinces that are likely to have a higher poverty share and which are currently under-represented in terms of CSOs.

|              | <b>N</b>   | <b>%</b>    |
|--------------|------------|-------------|
| Urban        | 66         | 25%         |
| Rural        | 55         | 21%         |
| Both         | 143        | 54%         |
| <b>Total</b> | <b>264</b> | <b>100%</b> |

**Table 2: Type of area served by organisation**

There is, however, some evidence from the survey findings that while these organisations may be clustered in certain areas, they generally do not limit their work to one area. It is encouraging to note from the table above that more than half of the organisations surveyed (54%) indicated that they served both urban and rural communities, and two out of five had a particular focus on addressing issues in rural areas.

### **5.1.2. Reach of CSOs**

In order to get a sense of the reach of organisations, respondents were asked to indicate the geographical extent of their reach, ranging from their immediate community through to being an international organisation. This may give some indication of their infrastructure and capacity, as their ability to reach broader communities would be determined largely by these factors.<sup>25</sup>

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<sup>25</sup> A possible exception to this would be social movements which have been able to mobilise nationally with little infrastructure.

|                           | <b>N</b>   | <b>%</b>    |
|---------------------------|------------|-------------|
| Immediate local community | 80         | 30%         |
| Metro or municipal area   | 76         | 29%         |
| Province                  | 48         | 18%         |
| South Africa              | 31         | 12%         |
| Several provinces         | 12         | 5%          |
| International             | 8          | 3%          |
| Southern Africa           | 4          | 2%          |
| Africa                    | 1          | 1%          |
| <b>Total</b>              | <b>263</b> | <b>100%</b> |

**Table 3: Geographical reach of organisations**

Approximately half of the CSOs surveyed had a local focus, either in terms of the immediate community in which they are located or the broader municipal area. As the geographical scope widens, so the number of organisations with the capacity to serve on this scale decreases.

It is clear that larger, better resourced organizations often have a greater reach and therefore a greater impact than local CSOs. These organizations are also more likely to be able to access funding as there is a greater return on investment for funders (that is, “bang for their buck”, or value for money). However, smaller, under-resourced organizations may be more in touch with community needs and should not be sidelined in favour of larger organisations. The large number of CSOs with a focus on the immediate community suggests that these are organisations that have grown up in response to an identified need in a specific area, often as a result of a gap in service delivery. There therefore needs to be a balance between partnering with larger, well-established CBOs that have a broader reach, and strengthening the institutional capacity of CSOs that have sprung up in response to needs on the ground.

A key lesson therefore is that the NDA needs to consider both the location and the reach of organisations when considering their potential to serve communities and impact on developmental objectives.

### **5.1.3. Focus areas**

The NDA has focused predominantly on community-driven projects that contribute towards the eradication of poverty when considering providing funding. It’s target sectors are economic development and food security, and the Agency has a particular interest in supporting organisations that can show they are involving priority groups such as women, youth, people with disabilities and people living with HIV/AIDS.

The CSOs surveyed in this study indicated that they are working in a broad range of focus areas, as indicated in the table below.

|                               | <b>N</b> |
|-------------------------------|----------|
| Education                     | 58       |
| Children                      | 54       |
| HIV/AIDS                      | 49       |
| Community Development         | 38       |
| Capacity Building             | 33       |
| Capacity Development/Training | 33       |
| Gender                        | 33       |
| Health                        | 25       |
| Youth                         | 25       |
| Disability                    | 22       |
| Human Rights                  | 15       |
| Agriculture                   | 13       |
| Early Childhood Development   | 12       |
| Aged                          | 10       |
| Counselling & Therapy         | 10       |
| Legal Services                | 10       |
| Poverty Relief                | 10       |

**Table 3: Key focus areas for CSOs**

The table above indicates the 15 most commonly mentioned areas of concern for CSOs in this study (a detailed list of focus areas is provided in the appendix). The issues addressed by CSOs varied widely, but tended to have a social rather than an economic focus.

True to the development needs of the country, a large proportion of the organisations surveyed are involved in education (whether through the formal education system or raising awareness), children’s issues, health and community development. In response to the HIV and AIDS pandemic, a number of organisations are addressing HIV and AIDS in some way, usually through the provision of home-based care services or assisting orphans and vulnerable children. In addition, a number of CSOs focus on gender, youth and disability.

Capacity development and training was also a focus area of a large number of CSOs, working either at an individual or an organisational level. This reflects the trend towards capacity building, and suggests that there are a number of organisations that the NDA could potentially partner with when developing institutional strengthening for less formal community-based organisations. It is encouraging that more than two thirds of the CSOs involved in capacity building and training indicated that they operate in both urban and rural areas.

It is worth noting that in most cases organisations are involved in work that cuts across a number of focus areas. While 13% of CSOs reported having one main focus area, another 30% reported working in two focus areas and more than half (57%) reported at least three focus areas.

|                                     | <b>N</b> | <b>%</b> |
|-------------------------------------|----------|----------|
| Education & Training                | 129      | 25%      |
| Capacity Building (people)          | 89       | 17%      |
| Community Development               | 61       | 12%      |
| Access to information               | 34       | 7%       |
| Advocacy                            | 32       | 6%       |
| Service Delivery/Provision          | 23       | 5%       |
| Research                            | 15       | 3%       |
| Project Management & Implementation | 10       | 2%       |
| Capacity Building                   | 6        | 1%       |
| Networking and Forums               | 4        | 1%       |
| Monitoring and Evaluation           | 3        | 1%       |
| Funding                             | 3        | 1%       |
| Social watchdog                     | 3        | 1%       |
| Publication                         | 3        | 1%       |

**Table 4: Types of activities conducted within focus areas**

The table above reflects the diversity of the civil society sector. Another important point to note is the focus on service delivery in the sector, and training and capacity development in particular. There are far fewer organisations focused on advocacy alone.

The data confirms that the context of post apartheid civil society is one in which the majority of organisations are acting as service delivery agents, often in the place of state services. It is therefore all the more imperative that these organisations are actively supported, capacitated and funded through the NDA so that the financial burden of providing services does not fall on the poor. Some would argue that in fact organisations should not be playing the role of government and if this is to be taken into consideration then there is a role for the NDA in capacitating organisations to play a more critical role.

## **5.2. Capacity and Constraints of CSOs**

Having outlined the nature of CSOs in South Africa, we now turn to existing capacity and constraints amongst CSOs. To be able to effectively strengthen the institutional capacity of civil society organisations involved in direct service provision, it is necessary to understand where the gaps lie. This section will consider human resources, infrastructure, financial resources and access to assets.

### 5.2.1. Human Resources

Staff capacity is often considered to be a key concern for many organisations because of the impact that high staff turnover rates and an inability of CSOs to pay competitive salaries has on organisations' ability to function and deliver services. The civil society sector in South Africa also suffered from a 'brain drain' phenomenon after 1994 as many of the most skilled personnel and intellectuals, who had previously been working in opposition to the state, now moved to the public or private sectors.

Another feature of many CSOs is the reliance on volunteers, which can be particularly difficult in a context of widespread poverty. Stipends often become an important source of income rather than a compensation for expenses, and volunteers are likely to drop out should an opportunity for formal employment arise. This instability has implications for the level of skill to be found amongst volunteers.

|                      | Overall staff complement |             | Volunteers |             |
|----------------------|--------------------------|-------------|------------|-------------|
|                      | N                        | %           | N          | %           |
| 10 people or less    | 108                      | 43%         | 92         | 63%         |
| 11 - 20 people       | 57                       | 23%         | 19         | 13%         |
| 21 - 50 people       | 53                       | 21%         | 19         | 13%         |
| 51 - 100 people      | 19                       | 8%          | 6          | 4%          |
| More than 100 people | 12                       | 5%          | 9          | 6%          |
| <b>Total</b>         | <b>249</b>               | <b>100%</b> | <b>145</b> | <b>100%</b> |

**Table 5: Number of staff members working for organisation (volunteers and employees)**

Two thirds of CSOs surveyed (66%) operate with a small staff, that is, less than 20 staff members. A fifth (21%) are relatively large in that there are between 21 and 50 staff members working for the organisation, while 13% of CSOs (e.g. World Vision etc) can be considered large with over 50 employees.

Respondents were also asked to indicate how many of those working for the organisation are volunteers. On average, in those organisations that use volunteers, approximately half of those working for CSOs are volunteers. Volunteers are a crucial resource for civil society organisations and contribute significantly in terms of time and skills. However, approximately 40% of CSOs surveyed do not use volunteer staff at all. This could be considered as a mechanism for increasing capacity.

|               | EC  | FS  | GP  | KZN | LM  | MP  | NW  | NC  | WC  | TOTAL |
|---------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Understaffed  | 63% | 36% | 62% | 72% | 63% | 67% | 81% | 60% | 65% | 64%   |
| Overstaffed   | -   | -   | 1%  | 6%  | -   | -   | -   | -   | -   | 1%    |
| Right balance | 37% | 64% | 37% | 19% | 38% | 33% | 19% | 40% | 35% | 34%   |
| Don't know    | -   | -   | -   | 3%  | -   | -   | -   | -   | -   | -     |
| N             | 35  | 11  | 81  | 36  | 8   | 9   | 16  | 5   | 57  | 258   |

**Table 6: Perceptions of staff capacity by province**

As the literature indicates, most organisations feel that they do not have sufficient human resources to achieve their objectives. Across all provinces bar one, organisations felt that they were understaffed. It was only in the Free State that the majority of CSOs surveyed felt they had the balance right.

### ***Challenges with Retention and Turnover***

|   | Always | On occasion | Never | %   |
|---|--------|-------------|-------|-----|
| We are able to attract competent people to the organization | 53%    | 38%         | 9%    | 259 |
| We are able to pay competitive salaries                     | 32%    | 38%         | 31%   | 259 |
| The nature of the work is such that people burn out quickly | 27%    | 44%         | 30%   | 257 |
| There is limited career pathing for our staff               | 27%    | 40%         | 34%   | 260 |

**Table 7: Challenges with regards to staffing**

It is clear that staff capacity is a key challenge for most organisations and this is driven by particular concerns within organisations. Attracting competent people to the organisation appeared to be of little concern for all but a small proportion of CSOs. A third (32%) indicated that they are always able to pay competitive salaries, but the majority found this to be problem on occasion or on a more frequent basis.

While a third (30%) indicated that burn out as a result of the nature of the work is not a concern, more than a quarter of CSOs indicated that burn out is a constant feature of their work.

Career pathing (or developing a clear progression for staff members within the organisation) is often seen as a problem in the CSO sector, often because the organisations are relatively small and there is limited room for upward movement. Again, a third (34%) reported that career pathing is not a challenge in their organisation, but over a quarter indicated that this is a problem they face on a regular basis. There is currently less focus on career pathing than there was 20 years ago, when people joined a company and stayed with the company until retirement. Today most employees move from organisation to organisation and develop their careers in this way. However, this has implications for how staffing is managed and may contribute to the feeling amongst CSOs that they have insufficient human resources.

Further needs to be done in order to understand the causes of the shortage of human resources as reported by the CSOs. One way in which to ensure that staff members are capacitated is to deliver staff training.

### **Staff training**

It is encouraging to note that most CSOs are involved in training their staff and feel that they have the resources and capacity to train staff.

|  | <b>N</b> | <b>%</b> |
|--|----------|----------|
| We do in-house training with staff                     | 224      | 85%      |
| Staff development is through on the job experience     | 225      | 85%      |
| We have the capacity to develop staff                  | 203      | 77%      |
| We work with other CSOs who provide training for staff | 191      | 72%      |
| We pay for staff to go on courses                      | 184      | 69%      |
| We send staff on government training programmes        | 182      | 69%      |
| We have the resources to develop staff                 | 158      | 60%      |
| We pay private consultants to train staff              | 93       | 35%      |
| We provide bursaries/ loans for further study          | 80       | 30%      |
| We provide bursaries/ loans for further study          | 6        | 2%       |

**Table 8: Approaches to training of staff**

The most common approach to training is to train in-house or through ‘on the job’ experience. This is informal and does not require a financial outlay. In addition, the data indicates that CSOs work together in order to ensure that they have the capacity to train staff, rather than depending on private consultants to conduct training. Most CSOs are willing, however, to pay to send staff on conferences, training programmes and courses. CSOs were not asked to indicate how often this occurs or whether this openness to training applies to volunteers as well.

A broader concern in terms of staffing that was raised in the key informant interviews was around a need to develop more development practitioners that are not only knowledgeable about the technical aspects of development but also the practical experience of working in the development field. They emphasized the need to ensure that practitioners should be required to continually refresh their training. This would go some way to ensuring that organisations are effectively capacitated to implement effective programmes.

### **Human Resource Policies and Procedures**

It is important for larger CSOs to have formal human resource (HR) policies and procedures in place so that all staff members are governed by the same standards and procedures. Approximately 80% of the CSOs surveyed reported that they written policies regarding recruitment practices, grievance procedures, performance management and leave.

A smaller proportion of organisations (50%) indicated that they have policies regarding volunteer management, but not all CSOs would require such a policy.

### 5.2.2. Infrastructure and Access to Assets

Often the most successful organisations are those with the least structure and infrastructure, such as residents' action groups and other social movements. In these organisations, communication relies upon word of mouth and little infrastructure is required to mobilise a mass meeting. However, for organisations involved in service delivery or those wanting to do more than mass mobilisation, infrastructure is a crucial aspect of the capacity to deliver. This is particularly the case in the context of funding, where strict requirements around infrastructure such as office space and access to a telephone are used to determine, to some extent, access to funding. The requirements for registration as an NPO also require a level of formal access to infrastructure to be present in organisations.

|              | Own | Rent | Neither | Total |     |
|--------------|-----|------|---------|-------|-----|
| Car          | 53% | 9%   | 38%     | 100%  | 263 |
| Property     | 37% | 38%  | 25%     | 100%  | 260 |
| Office space | 34% | 52%  | 14%     | 100%  | 258 |

**Table 9: Access to assets (infrastructure)**

Over 60% of CSOs surveyed either owned or rented a car, and three quarters (74%) either owned or rented property. It must be noted that in some cases, despite prompting by interviewers, respondents may have answered this question in their personal rather than their organisational capacity. This could explain the relatively high rates of access to these assets. This could also be explained by the nature of organisations interviewed.

|                     | N   | %   |
|---------------------|-----|-----|
| Landline            | 242 | 91% |
| Computer            | 240 | 91% |
| Fax machine         | 233 | 88% |
| Email               | 219 | 83% |
| Internet Connection | 205 | 78% |
| Own website         | 149 | 56% |
| Cell phone          | 132 | 50% |

**Table 10: Access to moveable assets**

Organisations were also asked what they had access to in terms of office equipment. The table above indicates that most organisations have access to the minimum requirement to run an office, namely a landline, computer(s), fax machine and email, but access to cell phones and websites for the organisation was less common.

It is interesting to note that most CSOs surveyed have access to email and the internet. In the network society these are imperative assets as they enable organisations to access information more readily and maintain partnerships with other national and international organisations involved in similar work. Networks are an important mechanisms for organisations to access funding and to develop capacity. It should be noted that 22% of organisations surveyed do not have an internet connection, and that this is likely to be much higher amongst the informal CBOs that were not included in this study. This is a significant minority that could be targeted in terms of developing infrastructure capacity in the form of information and communication technology. This study did not ask about computer literacy amongst staff members, but this is likely to be an area that requires further consideration, particularly amongst the smaller and less established CBOs.

It is encouraging to note that there is a high level of access to assets. However, for smaller, more locally focused organisations, access to assets may be more difficult and potentially constrains the organisations' ability to deliver much needed programmes to the community they serve. As two organisations that participated in the site visits noted, not having permanent premises is a major constraint and renting a workplace sometimes places limits on some of their activities. Access to financial resources is a further area of consideration.

### **5.2.3. Financial Resources**

The final area for discussion under capacity relates to financial resources. The civil society sector had to deal with changes in funding patterns after 1994, as funds that had previously supported CSOs in the fight against Apartheid were now channelled to government. CSOs have had to adapt to a more constrained funding environment, and financial sustainability remains a key challenge for many CSOs. However, there is also the argument that where CSOs are carrying out service delivery that is the responsibility of the state, such as child protection and welfare services, such organisations should be provided with the requisite funding by the state to carry out these services.

A common constraint in accessing donor funding is the inability of smaller or less formal CSOs to access funding due to stringent application and reporting procedures. This section considers CSOs' access to bank accounts and the annual budgets with which they are operating.

Almost all of the organisations (99%) had a bank account in the name of the organisation. The only three organisations that did not have a bank account were those that were financed by the director or founder. A lower, but still significant, proportion of CSOs (71%) is registered for Value Added Tax and is registered as tax exempt (as a result of their Section 21 or NPO status).

|                          | <b>N</b>   | <b>%</b>    |
|--------------------------|------------|-------------|
| R0 – R50 000             | 27         | 10%         |
| R50 001 – R200 000       | 29         | 11%         |
| R200 001 – R500 000      | 29         | 11%         |
| R500 001 – R1 000 000    | 21         | 8%          |
| R1 000 001 – R2 000 000  | 30         | 11%         |
| R2 000 001 – R5 000 000  | 50         | 19%         |
| R5 000 001 – R10 000 000 | 21         | 8%          |
| R10 000 000 +            | 9          | 3%          |
| Don't know/refused       | 47         | 18%         |
| <b>Total</b>             | <b>263</b> | <b>100%</b> |

**Table 11: Average annual turnover over previous three years**

A third of the CSOs surveyed (30%) reported an annual turnover over the previous three years of R2 million or more. Another third (32%) are working with relatively small budgets of R500 000 or less. Further research needs to be conducted to understand what impact CSOs are able to make with such budgets and to determine whether further funding would increase their effectiveness. A further 18% of respondents did not know the annual turnover or refused to disclose this information.

### ***Resource challenges***

|   | <b>Always</b> | <b>Some</b> | <b>Never</b> | <b>N/A</b> | <b>Total</b> |
|---|---------------|-------------|--------------|------------|--------------|
| We have difficulties writing proposals for funding                | 15%           | 23%         | 60%          | 2%         | 257          |
| We have the expertise/skills needed when it comes to finances     | 69%           | 26%         | 5%           | -          | 258          |
| We find that donors fund our programmes and projects              | 53%           | 26%         | 9%           | 12%        | 256          |
| We find that donors fund our staffing and infrastructure expenses | 11%           | 31%         | 45%          | 11%        | 257          |
| We find that donors pull out                                      | 9%            | 25%         | 53%          | 12%        | 255          |

**Table 12: Funding challenges in CSOs**

It is encouraging to note that 60% of CSOs felt that they do not have problems with writing proposals for funding. However, these are formal, relatively sophisticated NGOs and CBOs, and proposal writing is likely to be a challenge for less formal CSOs. It should also be noted that even amongst more formal CSOs, two in five (40%) experience challenges in writing such proposals. Training in this regard, particularly for NDA funding, should be considered.

More than two thirds of CSOs (69%) reported that they had the necessary expertise to handle their finances. This finding is reinforced by the fact that most organisations indicated that they have a designated person to handle their finances.

While most organisations (79%) received some form of funding for their programmes and projects, a large proportion (45%) do not currently receive any funding to cover infrastructure and staffing costs. Only 29% were able to secure donor funding to cover these costs. For the balance of the organisations, covering these costs becomes a challenge for the organisation.

While most have not had problems with donors withdrawing funding, almost a third (34%) indicated that they had had such a concern. The reasons for this are not clear but this does indicate the precarious nature of CSOs that are entirely dependent on a limited number of funders for survival.

Visits to selected CSOs also highlighted concerns about the ability of CSOs to meet their objectives with the resources they have at their disposal. In particular they noted that funding at the local level is one constraint that they face.

#### **5.2.4. Considerations regarding Capacity and Constraints**

The above findings indicate that the majority of CSOs feel that they are understaffed and more work needs to be done in order to understand why this is the case. Most did not feel that attracting competent staff is a key concern, but approximately two thirds of respondents indicated that the inability to pay competitive salaries, burn out due to the nature of the work and limited career pathing are challenges that their organisations face. The NDA might thus consider capacitating organisations to deal with these concerns.

Another area that may require further development is the volunteering policies. However, volunteering should be carefully handled in the South African context. Where unemployment is high, volunteering is often seen as a way out of unemployment and thus turnover of volunteers is high as they move on should other employment options become available. While volunteering could be a way of encouraging capacity within organisations, this needs to be closely linked to policies around stipends and volunteer development as well as the possibility of exit opportunities, particularly when it comes to youth volunteers.

It is encouraging to note that for the most part the CSOs surveyed had access to basic infrastructure and resources, including computers, email and the internet.

While organizations may have capacity in terms of infrastructure, staffing and finances, another key concern for CSOs, particularly with the focus on management principals and reporting to donors, is that of accountability.

### **5.3. Accountability**

One of the key changes in civil society over the past decade has been the increased focus on accountability and management. Much of this can be explained by donor requirements in terms of financial reporting and accountability. However, the Public Financial Management Act (PFMA) also had implications for the civil society sector, requiring CSOs to become more accountable for finances. Financial accountability is often the only aspect of accountability taken into consideration by donors and funders, and yet accountability should extend beyond finances. Accountability includes being answerable to staff members, ensuring that there is good governance within the organisation, and being answerable to the constituencies that CSOs serve.

The following section considers the degree of accountability amongst CSOs by looking at the financial systems and checks that are in place, how staff matters are handled, and assessing the governance of organisations. More difficult to assess is how accountable the organisation is to its community.

#### **5.3.1. Financial accountability**

A component of good governance and accountability that is of particular concern to donors is the financial systems that the organisation has in place to ensure good financial management. With reported mismanagement of funds amongst organisations and donors alike, financial accountability is of particular importance.

The Zimbabwean National Association of Non Governmental Organisations (NANGO)<sup>26</sup> stipulates minimum criteria for good financial management including:

- Setting up appropriate,
- Clear and transparent financial systems;
- Employing qualified persons to administer and manage these systems;
- Conducting annual audits;
- Developing and implementing clear policies on loans and staff advances;
- Setting up of mechanisms for purchasing goods and services that are free from vested interests of individuals in NGOs;
- Preparing of realistic projects and budgets;
- Putting in place and following appropriate consultations.

CSO respondents, therefore, were asked in more detail about the financial systems and checks that they have in place.

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<sup>26</sup> NANGO (2006) *Zimbabwe NGO Corporate Governance Manual*. Smoothedge Designs: Zimbabwe

|  | N   | %   |
|--|-----|-----|
| Finances can only be accessed by designated persons    | 250 | 96% |
| More than one signatory for all financial transactions | 247 | 95% |
| Audited annually                                       | 246 | 94% |
| Financial reports reviewed by the Board                | 241 | 92% |
| Receipts must be presented for reimbursements          | 237 | 91% |
| Petty cash locked away                                 | 236 | 90% |
| Financial reports reviewed by donors                   | 221 | 85% |

**Table 13: Financial controls in place at CSOs**

Despite the criticisms often levelled at CSOs with regards to their financial management, most CSOs surveyed reported that they do indeed have key financial controls. This finding is likely to be influenced by the formal bent of CSOs in this study, but it is also a reflection of the fact that organisations must have such controls in place in order to secure funding. It should also be noted that this is a self-report, and no documentation was required.

Discussions with selected CSOs highlighted that while most CSOs recognise the importance of good financial management, they may battle to put this into practice. Most organisations reported having a dedicated staff member who oversees the organisation's finances, usually a Financial Manager or Bookkeeper. One organisation reported having a Financial Manager who was not sufficiently qualified and their budgets and financial reporting were negatively affected.

Although all the organizations stressed the importance of effective financial management, those NGOs based in poor, often rural, communities struggled with their limitations and the desire to respond to needy communities. Limiting service delivery to a few beneficiaries is often not possible and organizations run over their budgets and have to resort to 'shifting' funds between projects, which impacts negatively on other activities.

A key lesson therefore is that organisations recognise the importance of financial accountability and have put into place the systems and checks necessary. However, a key constraint is the lack of qualified staff to ensure that funds are managed effectively. This highlights the importance of core staff, often support or administrative staff, that are essential for the effective functioning of organisations but which are often not funded. These staff members need to be trained and funded in order to ensure that organisations have the skills to maintain financial accountability.

### **5.3.2. Accountability to Staff**

Many organisations acknowledge that it is also important to be accountable to their staff members and target population, where applicable. A further aspect of good governance and effective management that was therefore assessed was that of effective management and transparency and communication with staff and stakeholders.

Effective communication, both internally (among staff and board members) and with external stakeholders, was regarded by interview respondents as important on two levels. At one level communication in terms of making people aware of the organization through various channels was emphasized. At another level, participatory consultation among staff was regarded as an important style of internal communication, which requires open interaction among all levels of staff although one respondent cautioned that this should not deter responsibility for decision making.

In the visits to selected CSOs, qualitative data indicates that most organisations reported having good administrative systems and participatory processes. The CSOs visited, identified following and applying a consultative approach to achieve good human resource management systems as one of their strengths. Some organisations attribute this to a consultative approach between colleagues and departments. Others have strict performance assessments, both of systems and staff. These organisations pride themselves on their efficiency and their professional track records and cite these as motivation for continuously striving towards improved internal systems.

The telephonic survey found that the following management and consultation structures are in place in CSOs:

- 88% of CSOs have an executive committee or other management structure that meets regularly to decide on key operational issues.
- All but 2% of the CSOs surveyed have regular staff meetings
- The majority of CSOs (81%) hold these staff meetings on at least a monthly basis. Of these, 41% met once a week.

Although the questionnaire did not probe how staff meetings are run and the extent of consultation that occurs at these staff meetings, this is at least an indication that a communication mechanism does exist for staff and that staff are kept informed.

The information from the site visits reinforces this. Although their working conditions and access to resources and remuneration varied greatly, most organisations in the site visits reported having co-operative, respectful and professional staff that supported each other. There were organisations, however, who spoke of low staff morale and of staff who only came to work to receive a stipend. Two organizations mentioned there were strained relations between the staff and board members but that the staff generally had good relationships with each other. All organizations recognize effective communication between staff to be crucial to effective systems and professional output. This could also be aided by staff development initiatives.

The majority (86%) reported having an Annual General Meeting, and most felt that this was an opportunity to share the experience of the organisation with staff members, board members, government, stakeholders, target communities and potential and existing funders. This indicates

that for most organisations there is a consideration for accountability to people outside of the organisation.

### 5.3.3. Good Governance

The section above focused on how CSOs are managed internally; this section will speak to some of the issues regarding accountability to boards.

The area of good governance was noted as a priority by a number of interview respondents. More specifically, respondents pointed out that this involved having active boards in place to providing solid leadership. Good governance as a main area of accountability was linked to the effective and efficient use of resources as well as complying with relevant legislation.

|                     | <b>N</b>   | <b>%</b>    |
|---------------------|------------|-------------|
| Membership Board    | 11         | 4%          |
| Board of Trustees   | 41         | 15%         |
| Board of Directors  | 114        | 43%         |
| Management Board    | 32         | 12%         |
| Executive Committee | 27         | 10%         |
| Other               | 25         | 9%          |
| None                | 15         | 6%          |
| <b>Total</b>        | <b>265</b> | <b>100%</b> |

**Table 14: Governance Structures**

Very few of the organisations contacted in the telephonic survey (5%) do not have some kind of governance structure. These are mostly organisations that are run by an individual and are very small. The most common governance structure (59%) is a board of directors or a board of trustees. Other types of governance structures include an advisory board, a board of members and a management board. The large majority of boards (72%) are made up of 5 – 10 people and most boards meet regularly, either once a quarter (42%) or once a month (36%).

The quantitative data indicates that boards as governance structures are widespread and they the majority meets at least once every quarter. The data from the site visits was able to provide information about concerns regarding effectiveness of boards. Almost all the organizations have reported to have a well established and functioning board of members. Two organizations have well functioning, committed, very supportive and active board of directors. However, other organizations do not have such a strong and supportive board of members and directors. For instance one organisation reported that “it is difficult to get them to attend meetings and to be involved in decision making”. Another noted that the problem is that they have limited skills and need a resourceful board of members; current board members are too committed to attend training- governance training, financial skills training. While some of the organizations in the case studies indicated that they have supportive, well-functioning boards, a number of

organisations were unhappy with their boards. Amongst the reasons given were that the board members were under-qualified, unskilled and did not fully understand their roles. One organisation reported that “their (*board members*) skills are limited and that more resourceful board members are required.” In addition, when board members were elected from the community, these were often those who were most outspoken in meetings and forums but had no knowledge of organizational culture, accountability or professionalism. Power relations also exist, particularly between elderly board members and their younger fellow board members, and this raises issues around respect and culture.

### **Level of board involvement**

The purpose of a board is to provide guidance to an organisation and to ensure that the organisation is fulfilling its mandate. It is not the purpose of boards to be involved in day to day running of an organisation. Board members should not see themselves as the managers of organisations but rather as the body that guides the organisation. Organisations were therefore asked how involved their boards are in various aspects of the organisation ranging from policy decisions to operational issues.

|                          | Oversight |     | Involvement |     |
|--------------------------|-----------|-----|-------------|-----|
|                          | 1         | 2   | 3           | 4   |
| Policy decisions         | 10%       | 5%  | 10%         | 75% |
| Appointment of directors | 7%        | 5%  | 7%          | 81% |
| Financial Management     | 9%        | 9%  | 13%         | 69% |
| Operational issues       | 28%       | 20% | 14%         | 38% |

**Table 15: Level of Involvement of the Board**

The data indicates that for most CSOs, their boards are directly involved in policy decisions, financial management, appointment of directors and to a lesser extent operational issues. In the table above, a score of 4 indicates direct involvement, while a score of 1 suggests oversight.

A relatively large proportion (38%) indicated that their governance structure is directly involved in operational issues. While policy decisions and appointment of directors do fall within the ambit of the board’s task, operational issues and day to day financial management should not be the concern of boards (although financial oversight should be to ensure accountability). It is of concern therefore that organisations seem to be dependent on their boards for day-to-day operational management.

The participants in the site visits raised additional concerns regarding boards. Some organizations were concerned about boards that simply held meetings but were not interested or involved in the day-to-day running of the organization. The concern is that organisations felt that this should be the task of boards. This may point to a dependency on board members, relating to a lack of managerial capacity within the organisation.

Other respondents noted that their boards were unable to assist with fundraising and other sustainability initiatives. A few organizations offered capacity-building initiatives to their board members but most of the time they were unavailable to attend these training sessions. As a result of these issues, relations between the staff and board members are often strained. Organisations that were visited felt that they had limited skills amongst boards and human resource management and that they needed skilled and resourceful board and improved human resource skills.

What this points to is a need for engagement with boards in order to ensure that their role is understood and that they are empowered to fulfil that role.

#### **5.3.4. Considerations for Accountability**

It is clear that the intentions are well placed within CSO – all realise the value of being financially accountable, accountable to staff and constituencies and the value of good governance. There is a commitment by the sector to ensuring accountability. The explanation given for the importance being attached to transparency and accountability by one CSO respondent was that the sector did not, “have a constituency so we have to be more accountable – we are working with foreign taxpayers’ money, to a large extent so we’re accountable to them but we’re also accountable to ourselves.” However, a key concern is that organisations often do not have the right people in place to support the organisation in this endeavour, particularly with regard to qualified personnel to manage finances, and well equipped managers. It is here that the NDA should focus its attention.

#### **5.4. Effectiveness**

Ensuring that organisations meet budgets, and have financial mechanisms in place, often overshadows the core business of organisations, which is to deliver to communities and to make an impact on policy. It is thus essential that organisations also keep account of how well they are doing their core business.

One of the defining features of CSOs, according to the definition used in this study, is that they exist for a purpose, usually around service delivery, advocacy or social watch. If this is the case then one of the key considerations when assessing the capacity and constraints facing organisations is that effectiveness of their programmes. Effectiveness is a matter of whether or not the organisation is meeting the needs of the target community, or where this is not applicable, the extent to which it is meeting its mandate. This section takes into consideration whether or not the organisation has a mission and vision and how often it is re-evaluated, and considers the monitoring and evaluation mechanisms that CSOs have in place to review their progress and effectiveness on a regular basis.

### **5.4.1. Vision and Mission**

Almost all organisations (96%) have a formalised mission and vision statement. However, it is not possible to tell whether or not these visions and missions are relevant for the organisations target communities. A concern raised in the stakeholder interviews was the fact that organisations often lose sight of their vision and mission in the struggle for survival and may shift or broaden (and dilute) their focus in order to gain access to funding.

For this reason it is encouraging to note that 50% of the organisations reviewed their vision and mission each year. A further 10% review them every 2 years, while 15% will only review them every 2 – 5 years. This indicates that for most organisations there is a tendency to think strategically and re-evaluate their purpose regularly.

### **5.4.2. Monitoring and Evaluation**

Related to effectiveness and efficiency is a need to assess whether or not the organisation's programmes and projects are meeting the needs of the target community/ client and how efficiently it is doing so.

Monitoring and evaluation received considerable attention by interview respondents. They explained that this involved measuring the achievement of goals, being able to say what difference the work of the organization has made in communities, and reflecting on lessons learnt. The monitoring and evaluation tools employed by some organizations include self assessment (also as a planning tool), and requesting community participants to reflect on services provided by completing evaluation forms particularly to check whether the work being done is relevant.

The data shows that almost all organisations (97%) draw up goals and reassess goals for their programmes and projects. A similar proportion (92%) report that they carry out formal monitoring processes. For many of these organisations (48%), these are both internally and externally facilitated, with a further 40% conducting internal monitoring processes. This indicates that there is a commitment to evaluating their key activities to get a sense of how effective they are and to improve their work, but more emphasis should be placed on external evaluations.

This applies to both staff performance and output. The information from the site visits indicates that the majority of the organizations have these systems in place but the poorer-resourced organizations do not. This is indicative of other systems which are not able to be implemented due to a lack of funds, unmotivated or not suitably qualified staff etc. However, there are under-resourced organizations that do have the initiative and drive to implement these systems. Methods of monitoring and evaluation include ensuring that planned projects are implemented within the proper timeframes, sticking to the budget, looking for ways to improve service delivery, feedback from the communities they serve and monthly and quarterly reports. Evaluations take

place from anywhere between weekly to annually. One organization was fortunate enough to have a donor which supported a number of organizational development initiatives.

All organisations visited felt that they respond to and implement relevant programmes amongst their target groups. All organisations felt that they strive to meet the needs of their target groups, with varying levels of success. This is, however, largely due to the availability of resources and funds. They keep abreast of dynamics and impact amongst the relevant target groups through fieldwork, research, calling on clients for quality checks, following up on referrals, feedback from the communities and reporting. A clear understanding of the socio-political and economic contexts of their target groups is crucial to the relevance of their work. Some organisations invite feedback from participants through evaluation forms at workshops and meetings. Needs analyses and assessments are also done through these evaluation forms.

### **5.4.3. Strategic Planning**

A commitment to strategic planning indicates a commitment to effectiveness. It is for this reason that the questionnaire probed organisations about the extent of their strategic planning.

In addition, most organisations supplement this with regular strategy planning sessions. 68% of organisations conduct these at least once a year. These are largely internally facilitated (for 44% of organisations) however, another 40% of organisations have both internally and externally facilitated strategic planning sessions.

### **5.4.4. Considerations for Effectiveness**

It is encouraging to note that organisations are aware of the need to plan carefully and to monitor progress. Often monitoring and evaluation programmes are conducted as they are a requirement of the donor organisations. Monitoring and evaluation systems should be encouraged regardless of funding requirements. Monitoring and evaluation systems can also be used to ensure continual self-improvement and is a key potential area of intervention for the NDA – a point that is developed later.

## **5.5. Sustainability**

Sustainability planning is essential for the long term survival of an organisation. In addition, as donor requirements become more stringent and as donor funding is restricted, organisations must plan how they are going to continue their work. Sustainability planning therefore becomes imperative. Indicators of sustainability from the survey include, how long the organisation has been in existence, registration, accreditation, use of networks and diversification of funding.

### 5.5.1. Sources of funding

It is clear that if an organisation is dependent on one source of funding, they are more vulnerable than organisations that are able to access funding from different sources. An important component of sustainability planning is the diversification of funding sources.

|  | Yes |
|--|-----|
| Donations from private individuals                             | 62% |
| Generated from services provided                               | 60% |
| Corporate donations  | 60% |
| Government grants (e.g. NDA)                                   | 44% |
| International donor organisations (e.g. MOTT, Ford Foundation) | 36% |
| Other local funding  | 35% |
| Government funding through tenders                             | 28% |
| International government funding agency (e.g. USAID, NZAID)    | 15% |
| Other  | 5%  |

**Table 16: Sources of income**

The table above indicates that most CSOs surveyed depend on funding from corporate donors as well as private individuals. Many CSOs also generate funding through services they provide. To a lesser extent, CSOs are funded by the government through the NDA or the Department of Social Development, and only 28% are able to get funding through government tenders. A further 5% of organisations mentioned additional funding mechanisms such as fundraising activities and being self-funded. One strategy to increase financial sustainability that has been used effectively by one of the organisations that participated in the site visits is that of developing a for-profit arm. While this may increase sustainability it may also have impacts in terms of the values of the organisation that should be carefully considered.

|                  | <b>N</b>   | <b>%</b>    |
|------------------|------------|-------------|
| Less than 1 year | 12         | 5%          |
| 1 to 2 years     | 19         | 7%          |
| 2+ to 5 years    | 43         | 16%         |
| 5+ to 10 years   | 84         | 32%         |
| 10+ to 20 years  | 63         | 24%         |
| 20+ years        | 21         | 8%          |
| Don't know       | 22         | 8%          |
| <b>Total</b>     | <b>264</b> | <b>100%</b> |

**Table 17: Length of time in operation**

An indicator of sustainability is the length of time that an organisation has been in operation. The table above indicates how long most organisations have been in operation. Twelve percent of the CSOs surveyed are very new, having been established in the last 2 years. This shows how fluid the sector is and how quickly it is growing. Most of the organisations were well established, having been in operation between 3 and 20 years. It is interesting to note that a quarter of the CSOs (24%) are older than 10 years. This indicates that there is a base of well established organisations and this brings some stability to the sector. However, it should be noted again that this is a reflection of the bias in the database.

Another potential indicator of sustainability is the accreditation that an organisation receives. Organisations that are accredited have likely been through a review process in terms of how they are formed, how long they have been in operation and their track record. However, some organisations are working in fields where no accreditation bodies exist and their lack of accreditation is not necessarily an indication of lack of sustainability. Nor do all accreditation bodies go through the same stringent processes. Nevertheless there is some value in using accreditation to give an indication of sustainability.

|              | <b>N</b>   | <b>%</b>    |
|--------------|------------|-------------|
| Yes          | 95         | 36%         |
| No           | 152        | 58%         |
| Pending      | 15         | 6%          |
| <b>Total</b> | <b>262</b> | <b>100%</b> |

**Table 18: CSOs that are accredited with a recognised accreditation body**

The table above shows that the majority of CSOs surveyed are not accredited with any body. Of those that are accredited, most are accredited with one of the SETAs, with the Department of Social Development or with the Umsobomvu Youth Fund.

Networks and memberships can also support an organisations' sustainability. Forming partnerships to achieve goals, or to access funding, and networking to discuss challenges and

constraints are valuable mechanisms for organisations. The NDA could consider developing an NDA network that draws organisations in to build capacity and to share ideas as well as to facilitate funding. The database could form the roots of this network.

|                         | <b>N</b> |
|-------------------------|----------|
| SANGOCO                 | 45       |
| SANGONET                | 22       |
| Provincial NGO networks | 29       |
| SACC                    | 1        |
| SAYC                    | 2        |
| SEDA                    | 2        |
| AIDS Consortium         | 4        |
| ACCESS                  | 3        |

**Table 19: Memberships**

The table above indicates the umbrella networks and membership bodies to which the CSOs surveyed belong.

### **5.5.2. Considerations for Sustainability**

There are multiple strategies that organisations can use to increase their sustainability including diversifying their funds and networking. Currently there is a high dependence on individual and corporate donors and organisations need to be empowered to diversify their funding mechanisms. This is particularly the case for newer organisations which are often self-funded and therefore very vulnerable. The NDA could potentially partner with newer organisations in order to capacitate them to become more sustainable. There is also a need for broader networks that can be used to share ideas and training information. This will contribute to the potential of organisations to be sustainable. In addition intermediaries have the potential to play a role in terms of providing support to organisations and the NDA could consider partnering with such intermediaries to provide support and capacity to organisations. This is covered further in the following chapter.

## **5.6. Lessons**

In terms of organisations' ability to implement effective relevant programmes, there were a number of issues raised that need to be addressed. Respondents highlighted that it is important for organizations to be well informed and knowledgeable about what is happening at the macro level in terms of the issues they chose to address through their work i.e. at an international and local level particularly the central socio-political issues of poverty and inequality. It is important for organizations to be analytical and critical in terms of developments, to promote and inspire a contextual view of development that applies to the South African context in particular. [One

respondent highlighted the importance of building people's confidence to act out of their own knowledge and value systems, and to develop confidence in learning from one's own experience and to trust that learning.] It was also regarded as important to allow for diversity in terms of the kinds of programmes implemented. Needs assessment, clarity in terms of goals and implementing programmes in a clear and systematic manner, and working together with other stakeholders (other CSOs, local government) were all considered important in being responsive to the community's needs. As an overriding element, respondents highlighted that organizations needed to display a sense of professionalism i.e. delivering effective services and meeting deadlines.

It should also be noted that one of the key reasons why people working the NGO sector is due to values and social commitments. This should not be underestimated. Interview respondents noted that adhering to a set of good values and morals such as being honest with a low level of tolerance for corruption, and admitting failure is very important. The CSOs visited also identified Intolerance of corruption, being active in the communities, transparency, commitment and perseverance from members, team work and insisting on providing professional services as strengths.

## **5.7. Conclusion**

This chapter has provided an overview of the nature of CSOs in terms of their reach and the areas that they serve, as well as their key activities. It has gone on to document the capacity that organisations have in terms of finances, human resources and assets. It notes that many organisations feel they are understaffed and that burn out, inability to pay competitive salaries and lack of career pathing are the key reasons for this. It notes that there is relatively good access to finances and assets, although it should be noted that the organisations are more established. In terms of accountability, it is encouraging to note that most organisations hold accountability as one of their key values and seek to be accountable to all stakeholders. However, they often don't have the right people in place to assist with ensuring that they are financially accountable and that they are well governed. Most organisations are also committed to effectiveness in that they are aware of the need to plan carefully and to be consistently monitoring their work. However, monitoring and evaluation mechanisms could be improved in order to be more regular and to contribute to self improvement. This is one mechanism that the NDA could potentially develop for capacity building. Finally, in terms of sustainability there is a dependence on corporate and individual financing in organisations. There is thus a space to assist organisations in diversifying their funding mechanisms.

There are areas of strength in the sector and these should be built upon. The data also highlights some key challenges and has noted ways in which the NDA can assist organisations in meeting these challenges. It should be noted however that the organizations represented in the sample are more formal organisation that are thus generally better resourced. It can therefore be assumed that where challenges are noted, these are all the more pressing for less

formal, smaller organizations, making the imperative for the NDA to partner with them all the more pressing.

## **6. PARTNERSHIP FOR DEVELOPMENT**

The previous chapter has assessed civil society organizations in terms of capacity, accountability, effectiveness and sustainability. This chapter discusses ways in which the organisations can be capacitated through different mechanisms, with a particular emphasis on the role that the NDA can play to ensure that they meet their mandate.

### **6.1. Role of the NDA in terms of providing support**

The NDA's mandate is clear. Its purpose is to provide support to organisations to ensure that these organisations are able to meet the development needs of the organisations they work with. What is encouraging is that the NDA's commitment lies predominantly with organisations that are closest to the communities and that they recognise the need to fund organisations that are less well established and therefore less likely to receive funding and support for their projects. The NDA thus has a dual role to play in financially supporting these organisations while at the same time ensuring that organisations are capacitated to be more effective, accountable and sustainable through training programmes and workshops so that these organisations are able to become self-sufficient.

Respondents provided the following insights in terms of recommendations for the NDA to consider in supporting civil society more effectively.

### **6.2. Clarifying the role (and mandate) of the NDA**

The NDA should play a key role in bridging the gap between the state and civil society and should deliver on its mandate of being a key resource to both government and civil society. The NDA has an important role to play as a national development agency as a custodian of public development funds.

It is seen as having the mandate to support, build and capacitate the South African civil society sector and is supposed to be providing financial support or using funds to create opportunities for the sector but there seems to be the tendency of wanting to be an implementing agency rather than a key disburser of funds. They have to meet the challenge of being a donor agency that can take responsibility for channelling money as a priority before taking on the role of being capacity builders since South Africa needs specialist agencies to distribute the wealth that's concentrating at the apex of the country to the periphery, to "get the money down to where its needed most". The NDA needs to take on the role of such a specialist agency more effectively.

The NDA should therefore be distributing funds effectively to the civil society sector by also targeting governance and instability problems, should provide some form of training, put in place stronger monitoring and evaluation practices should be in place as well as the necessary support to organizations should be provided in this regard. As a key resource it should provide access to a database of civil society organizations. It could also serve, as one interview

respondent indicated, as a bureau of standards (e.g. like the SABS) for civil society organizations. South African grant makers as well as NGO's, who can provide capacity building support to develop the civil society sector, should be funded by the NDA to act as intermediaries that are more closely associated with and therefore have a better understanding of particular sectors.

### **6.3. Supporting Intermediaries and Networks to Provide Support**

Experience has shown that intermediaries play an important role in providing facilitation between the government, donors and grassroots organizations and communities. They promote communication and create a level of better understanding of the issues that are involved at community level. Intermediaries are seen as providing a service that many other bigger international donors are not able to provide since they don't have the capacity or local links in a specific country. Therefore they play a vital role in being a connector between local communities and bigger institutions that are providing resources. They also play a monitoring and evaluation role and then a supportive capacity building role to develop organizations.

Particularly within the changing funding environment, there is a need for a regulating oversight body such as intermediaries to look at how grants are disbursed and overall implementation of programmes, particularly to look at how these grants fit into the larger development picture in South Africa so that there is a better sense of where the money is going, and what its impact is expected to be. Intermediaries should be able to provide this function effectively since they should have the necessary knowledge and relationship with the sector.

An important role for intermediaries also linked to the changes in the funding environment is a role in terms of proposal applications and reporting support. Respondents noted that it has become much more difficult to write proposals in the way that the donors are happy with and the reporting requirements are much more difficult than a few years ago. Many organizations especially less resourced, rural based community organizations have difficulty meeting those requirements so in that sense intermediaries could play a big role. Even more established organizations have indicated that they have benefited from working through intermediaries in terms of support for reporting requirements.

The potentially important role of intermediaries depends on how the intermediaries position themselves within a particular context. If their role is executed effectively then they are in a position to provide much needed support, but respondents warned that ineffective intermediaries could also result in duplication of services and increased costs. It was also argued that the use of the intermediary as a "middleman" dilutes funding for grassroots organisations and therefore he recommends caution on the nature of how intermediaries are set up and used. It is recommended that concrete steps be taken to ensure minimum dilution is possible. Creating another level of bureaucracy in the form and role of the intermediary should be avoided.

Concern was also raised about the potential role of intermediaries as playing the role of controller, gatekeeper especially when intermediary organizations become agents of the centre (government and donors) particularly by perpetuating negative conditionalities around funding, and by benefiting financially from the whole industry of evaluation and monitoring, results based management, and log frames. In this regard it is important for intermediaries to provide support in the form of building the capacity of others to become more effective to take more control of their own lives and to avoid the danger that fits into all the attempts of the centuries to help the poor where the rich benefit more from it than the poor do.

Many of the respondents felt that there is an absolute role for networks in contributing to development and bringing about change because the more people that are brought together sharing the same views about something that they want to bring about change for, the better at building a critical mass. The strength of networks is that they make connections between various struggles while individual civil society organizations have a tendency to focus more narrowly on the particular specifics and details of the sector they service and therefore tend to work as “islands” where they might be isolated. There is therefore a need for coordination, connectedness and a grasp of the broader agenda, which is the strategic role that is played by networks. It is also seen as “offering a space and voice to the voiceless” in challenging government and corporates hence a lobbying and advocacy support role.

Some respondents also expressed the idea that there is the positive potential for networks to become a part of social movements – where an alternative more constructive view of developmental practice is understood to be about building what is happening on the ground – the impulses and initiatives of people themselves. Respondents saw this role as feeding into a more progressive understanding of the relationship between the state and civil society where the state needs civil society to be demanding and to be challenging and in a way that is supportive.

There are also problems experienced by networks which limit their capacity to provide effective support. One issue mentioned was that of sustainability due to limited funding particularly core funding for the operations of the network rather than specific projects. For example established networks have experienced major operational problems in terms of having to reduce staff because of the crisis faced in securing funding for network activities.

Critique levelled at networks is that their purpose and structure have not necessarily been defined enough in South Africa. Stronger urban based organizations have defined networking in terms of its purpose and function. As a result there are also negative issues present related to power where stronger organizations in networks can assume power over others and hence disempower other organizations to the point where there’s an inferiority / superiority complex that plays itself out between urban / rural, rich / poor organizations. Networks can also have damaging effects by causing organizations to become redundant when networks become organizations in themselves.

With regard to these potentially negative impacts, respondents highlighted the following recommendations. With reference to the structure of networks, some felt it would be better if networks were ad hoc structures where organizations could get together to share, cooperate by working on joint campaigns, and ending that relationship afterwards. When there is the insistence on a formal structure as is often the case, another level of bureaucracy is created which can take the impetus away from its strengths. Expressing scepticism about formal networks, one respondent explained that the establishment of the formal network tends to become a goal in itself. Therefore networks formed around specific issues were seen as serving a more important and valuable role than mere organizational networks since it is much easier to have a network that functions well if you know what the goal is and when the network would in a sense lose its reason for being since a lot of resources goes into trying to sustain networks.

In terms of both intermediaries and networks, respondents pointed out that the importance of making sure that what you are offering is clear and meaningful to the sector and not creating another level of potential problems.

#### **6.4. Addressing concerns**

The key problem areas experienced by those who have received funding from the NDA and who are aware of its role include the bureaucratic timeous application and disbursement procedures as well as its negative reputation of mismanagement.

Payments take time to be approved. It needs to speed up the process of approving proposals and payments for example six months to wait for approval and payments is considered too long a period. The application forms are not user friendly especially for small community based organizations. There seem to be a number of bottlenecks in terms of systems and procedure which are debilitating for organizations in terms of the time it takes to get through these systems.

There is the perception that it is difficult to get funding from the NDA and that the NDA is not spending the resources it has effectively by having adequate efficient systems in place to get financial resources to organizations to people who should be benefiting from it.

A key aspect of capacitating organisations is to promote accountability and transparency through sound financial practices. The NDA should be seen to be practicing this themselves. Its internal problems related to mismanagement of funds as a result of corruption and limited internal capacity have complicated the funding cycle since it is hard to get beyond this negative reputation in order to be seen as a significant player and to attract more funding. There have also been those who felt that the NDA was being judged too harshly and that many of the problems stem from being under-resourced for the role it is expected to play The NDA has to embark on initiatives to remove the cloud of distrust and negative perceptions. Respondents felt that this current study was a move in the right direction to also raise awareness about its intentions to improve its support to civil society.

Nevertheless, the NDA has had some successes and some organisations, particularly in the Western Cape, commended the active supporting role that the NDA has thus far played for them by their local office. This reinforces the positive response from organisations regarding the NDA's localization of offices, which was seen as a good strategy to better reach out to organizations. In addition, there is a clear recognition in the potential the NDA has and the significant role they have to play in the CSO sector.

Raising awareness about the NDA through effective communication

Quite a few of the respondents indicated that they had very little knowledge of the NDA. It was recommended that the NDA improve its communications with organizations by providing information about what it does and about application procedures for funding. Such communication could take the form of an outreach programme through visits to organizations, or organizations could be called together for presentations about the NDA's services, some also mentioned that the NDA's services could be broadcasted more regularly on public media such as television using a variety of languages. It was also suggested that the NDA make information regarding proposals for applications available on its website and through other forms of public media timeously.

## **6.5. Continuous Improvement of Organisations**

A key role that the NDA should play is to capacitate organisations so that they can become more self-sufficient. This should be done through a combination of capacity investment as well as continuous assessment. The NDA could therefore incorporate a system of grading organisations. However, this should be seen as a way of ensuring that the constraints of organisations are understood and that there is intervention to ensure that these constraints are addressed and that organisations are thus able to improve performance based on the capacity development interventions of the NDA.

The purpose of assessment in the funding context is often to exclude organisations that are less likely to bring a return on investments and therefore are too risky to fund. What is clear from the findings, as well as from the NDA's mandate is that it is imperative that the NDA does not follow this model. The purpose of the NDA is to provide support to those organisations that are less able to access funding from other donors due to their less formal nature and their capacity. The NDA's commitment must be to these organisations.

With this in mind, grading and assessment takes on a very different role – one of continuous learning and self improvement. It is this system that the NDA should consider putting into place in order to rate the success of organisations, but also to rate their own ability to capacitate organisations. There are thus some key questions that need to be asked in terms of how assessment of organisations is done. The following offers some suggestions for a possible way forward for the NDA in terms of grading as well as alerting it to the cautions with regards to grading.

### 6.5.1. Cautions and reservations regarding grading

The feedback received from the stakeholder interviews and case studies show that respondents expressed both conditional support for and reservations about the notion of grading CSOs. It appears that donor and CSO support organisations are increasingly recognizing a need to create a regulatory oversight function that examines more critically how grants are disbursed, how funds are managed and how programmes are implemented. Generally the respondents who expressed support for the idea saw some merit to a CSO grading system but cautioned that in order for any assessment/grading system to be successfully implemented, it was necessary to widely consult within the sector in order to combat suspicion and negative perceptions.

In considering the benefits of assessment and/or grading, one respondent prefaced her comments by first acknowledging that, “this is a sector that is worth sorting out in terms of issues of finance, strategy, conviction and governance.” It was also recognized that “our weaknesses really is our ability to introspect and to look at ourselves critically as a sector.” Therefore she added, introducing an assessment/grading process might serve a useful purpose of providing, “the space” required by CSOs, “to critically look at what exactly has been the failings and how does one improve”.

Still others cautioned against a potential abuse of power relationships particularly between donors and the CSOs. It was explained that unless properly managed, there is a likely possibility for unfair judgments to be made during grading assessments, which might overshadow the benefits of assessment grading and deter organisations from participating in the process. Another respondent accused some donors of deliberately choosing the easier option of favouring the larger and more sophisticated CSOs because they are, “incredibly lazy to build new relationships with the sector,” The explanation provided was that because, “they’re so comfortable knowing that your more traditional NGOs that have a longstanding relationship with the donors will give them a really good report and all of the financial statements – they won’t have any headaches so it suits them to fund a more sophisticated NGO”. The respondent found this perceived tendency among donors problematic because of its potential influence in determining who is “good or bad” and the complications it poses to a grading process.

Others cautioned development agencies against being “reactive to issues” rather than being proactive which requires using foresight to accurately determine, “what governance is about and what should the structures of governance be about in this country.” It was also suggested that the introduction of grading might potentially gloss over some of the more serious problems facing the sector which one respondent described as, “an absence of capacity”. She went on to explain that, “there is so much to do and I really think that organizations are completely overwhelmed by the amount of responsibility that actually exists in terms of implementing various types of programmes”.

It was also felt that a “narrow delivery-driven assessment of CSOs intent on improving the functioning and service delivery of organisations, ”has the potential to diminish one’s

appreciation of the important role played by CSOs. These same respondents complained that there appears to be a preoccupied with the transfer of resources, to the detriment of building a vibrant civil society, capable of advocating for its own interests and meeting its needs. This emphasises the need to show real understanding and appreciation for the unique assets that organisations in civil society represent. Failure to do this could potentially infringe on the space previously occupied by civil society organisations as the, “holders and drivers of democratic impulse”.

What is key about these comments on assessment is that organisations are open to the idea of being assessed but that this should be seen as a mechanism for improvement of organisations rather than as a tool to be used to decide which organisations to work with and fund. This is all the more important when considering the role of the NDA – to assist organisations to continually improve so that these organisations can meet their mandate.

#### 6.5.2. Trends in Grading

In the literature and the interview feedback, a range of approaches and methodologies is proposed for designing CSO assessment/benchmarking. While the more traditional approach focuses primarily on compliance and control, the more creative options appear to focus on the quality improvement of performance of CSOs at all levels by considering issues of commitment and adherence to vision and mission; effectiveness and efficiency of operations and service delivery; ability to assess needs of communities and responsiveness to public interests. The Civil Society Index (CSI) produced by CIVICUS, who conducted a global survey of the state of civil society uses 74 indicators for its civil society assessment. These indicators are grouped together into four dimensions: Structure, Environment, Values and Impact.

A few of the more creative options are described below because of the developmental appeal of their approach and methodology and incorporation of a self-assessment tool. One such international model suggests using a pre-designed “NGO Benchmarking Standard”, while another approach argues against a “one size fits all” prototype assessment system. A third self-assessment option developed by IDASA for a South African context, with international technical assistance, emphasises a participatory and more customised approach to developing assessment criteria.

##### *The NGO Benchmarking Standard*

The “NGO Benchmarking Standard” offers an approach that aims to promote accountability and good governance through a set of “objectively verifiable indicators” that serves as a “NGO Benchmarking Standard”. The international standard is said to be based on a defined “Risk Identification and Management Tool”, that claims to offer its clients and stakeholders the “highest possible assurance” that the organisation’s objectives and activities are implemented in an accountable, efficient and sustainable manner. To achieve this, an assessment system was

designed to measure NGO performance and compliance against a set of recognized “best practice” criteria that was extracted from a list of public codes and international standards.

The criteria informing this benchmarking standard have been grouped into four categories, which are outlined below:

Nine dimensions of good practice: Board of Trustees, Strategic Framework, Integrity Management, Communication, Advocacy and Public Image, Human Resources, Fund Raising-Resource Allocation and Financial Controls, Operations, Outcomes and Continuous Improvement.

Three Contributors’ Expectations: Transparency, Efficiency and Effectiveness.

Four Management Components: System, Activities (Programmes/Projects), Human Resources and Finance; and

Four Steps of Continuous Improvement: the “Plan, Do, Check, Act” quality assurance principles.

The appeal of this model is that it is premised on identifying areas of improvement and developing an action plan that promotes continuous improvement. Also, it claims to offer a flexible and voluntary approach to CSO Assessment. At the same time, this model for benchmarking might prove to be contradictory to the mandate of the NDA whose purpose is not to compare organisations so that some can be selected over others for funding. Rather it is to look at each organisation individually to ensure that there is capacity development investment and thus improvement.

### *Accounting for Context*

An alternative approach argues that there is such variation among CSOs in terms of size and scope, that it would be impractical and in many cases unfair to compare them. Furthermore, there is no widely acceptable common definition of accountability in terms of what it means for CSOs.

It is therefore, proposed that different and more appropriate types of accountability measures be designed for the different categories of CSOs in the South African context. This more customised approach to assessing CSO accountability can more effectively address the particular complications and challenges faced by CSOs in terms of performance and operations because of their complex relationships with multiple stakeholders.

This approach suggests the creation of two basic typologies: one for CSOs and one for accountability to serve the following purposes:

**Typology of CSOs** for categorizing CSOs according to size, scope, resources and nature of provision etc.; and

**Typology for Accountability** which departs from the traditional normative approach which aims to control and instead focuses on three basic accountability questions: For What? To Whom? and How?

It is claimed that this approach will promote a fair examination of transparency and liability by ensuring that the accountability relationship of a large-scale and well-resourced “blue chip” CSO organisation will look much different from a grassroots small-scale community based project. The approach also seeks to provide theoretical clarity on what constitutes accountability and offer practical advice for CSOs seeking to become more accountable to their various stakeholders.

#### *IDASA’s Organisational Capacity Assessment*

Idasa in its approach to organizational capacity assessment processes involved a group of CSOs organizations in the design of a “measure of good practice” tool to be used for self-assessment purposes for their particular sector. Apparently the “customised” tool was designed by a group of victim empowerment organizations to address their different capacity areas and therefore the group of organisation specifically designed the tool to address their collective issues. Idasa facilitated and offered assistance in the development process. The areas covered in assessment tool include governance and policies; internal communication skills; finance; human resources; marketing and liaising (including fundraising); and programme implementation which was considered most important.

The process followed involves a design workshop which brings together certain key individuals of a group of similar organizations who go through a rigorous process of clarifying and understanding what types of organizations they are and what purpose they serve. The next step is to design a tool that each organisation belonging to the group would use annually to assess their respective organisations. IDASA acknowledges that the tool is not intended for measuring impact and capacity development projects but serves more as a planning tool. The primary purpose is for the respective organisations to assess themselves and identify areas of improvement and then development an improvement plan to address the issues. IDASA added that although the tool is currently being used to measure impact, it is not very effective for this particular purpose because it merely presents a score, which is either better or worse than the last time.

#### 6.5.3. Response to self-assessment

Generally, there appeared to be support among respondents for the incorporation of self-assessments into any CSO assessment/grading process. This sentiment was captured in one

respondent's comment that," If organizations assess themselves – that's different. Doing self-assessments, doing external evaluations that gives them a kind of grade, but it's not an F or A – that's giving a full picture of where the organization's at".

As mentioned earlier in this report, a CSO Self-Assessment Instrument was one of the methods used to gather data from the sector. The instrument, consisting of 62 questionnaires under the broad categories of: accountability; effectiveness; efficiency and responsiveness, was used to support the in-depth interviews/site visit component of this study. Respondents participating in the in-depth interview process were asked to comment on whether they found the self-assessment useful.

The findings on the response to the CSO Self-Assessment show that organisations that participated in the self-assessment exercise generally found it a very useful tool for either confirming good practice in the various categories of assessment or to identify areas that require improvement.

Comments received ranged from finding the CSO Self Assessment useful for reminding the organisation about things they might have forgotten, "I found this form very useful in such a way that it ask about some of those things that you did not think about or forgotten to put in place" to emphasizing the importance of remembering for what purpose the organisation was established, "the question about the strategic plan that reflect the mission, vision and the end product helped me remember while answering the question that while having a team to train I should always keep in mind our mission and vision, because sometimes one can only concentrate on doing the job for the sake of money while compromising his vision and mission".

A few respondents noted that it helped them identify their strengths and weaknesses, "It's only when questions come that you sort of identify your weak points that need to be looked at. It was very useful in that way". However, the same respondent voiced scepticism about this process being able to successfully, "extract the core challenges or real picture," in order for the NDA to effectively assist the organisation to use its resources more effectively and efficiently.

The reflective aspects of the instruments was also commented upon by one respondent who said that, "it helped you to reflect back on your organization and some of those things that you were not looking deeply into when you start looking through this questionnaire you start putting them aside and saying these are the things that I do and I didn't see them as important as they are." Others commented that It helps the organisation, "to improve, especially in those areas that you were not concentrating that much." Still others used the instrument for the purposes of assessing the organisation's compliance of legal requirements.

One organisation managed to get its entire staff involved in the completion of the self-assessment and commented that they found the exercise, "very useful and liked the different categories under which the questions were grouped". There was even a suggestion that the

instrument be used by newly established CBOs as a process to get a better understanding of, “what the organization want to look like rather than their current realities. By completing the form new organizations can then put in place better practices, systems and structures”.

However, one organisation staff entirely by volunteers noted that, “There were some confusing points such as (question) number 40 “In our organization staff shortage does not affect delivery since all people work voluntarily but if anyone were to leave then it would be a loss for the organization”.

For other organisations, who generally rated their systems, structures and operations favourably, the tool served to confirm what they already knew and therefore they felt that it made their respective organisation, “look good”. However, they did caution against the instrument being used to “punish” the so-called “blue chip” CSOs.

The developmental and collaborative grading approaches described above show that it is possible to create an enabling and non-threatening grading system to address issues of accountability, legitimacy and sustainable development without compromising the independence of CSOs or increasing the unequal donor/grantee relationship.

#### 6.5.4. Way forward for assessments

It is important to clarify the purpose of assessment before embarking on an assessment process. It is clear that the NDA should be conducting assessments that are in line with its mandate – i.e. that support and capacitate organisations and promote continuous learning. Thus, assessment for the NDA should not be used for the purpose of excluding organisations from receiving funding.

A consultative and participatory approach to assessment is therefore advised. It should include a self-assessment tool, set out a framework and guidelines for an assessment process in terms of the criteria used, the areas and indicators used in the assessment and the purposes for which the grading “results” will be used. The self-assessment can be used for the purposes of assessing administrative compliance and good practice to ensure that organizations comply in terms of whether they have a board, have financial statements, and that basic administrative systems are in place as an indication of good governance and practice.

Within reasonable timeframes, it is suggested that a CSO self-assessment be followed-up by a more “substantive compliance” check by an external assessor to gather evidence of good practice in terms of whether organizations understands the primary intention of the grading exercise which is organisational improvement. A third and final step of the grading process might include a panel review of both the self-assessment and evidence collected by the external assessor. Ideally the panel should consist of NDA officials and external OD facilitators who as a group score the organisations. Based on the outcome of this exercise the technical experts and the respective CSO will collaboratively design and implement improvement plans if necessary. It

is also recommended that any grading system developed be reviewed on an annual basis to check relevance and currency of the instruments used.

Whatever approach is used it is advisable that the assessment be based on a range of criteria that would be used to assess capacity, accountability, effectiveness and sustainability. .

### *Capacity*

This aspect would deal with access to resources and constraints associated with access to these resources.

This section of the grading would take into account annual turnover, access to assets (property), access to operating assets (office equipment and infrastructure) and staffing capacity.

### *Accountability*

This would address accountability in three ways. The first would look at accountability to a board based on a question regarding the involvement of the board in organisational matters. The second would be accountability to staff based on a question regarding staff meetings. Finally and perhaps most importantly, organisations can be assessed on their financial accountability by evaluating their internal financial systems and controls.

### *Effectiveness*

Effectiveness is a matter of whether or not the organisation is meeting its targets in terms of effectively addressing the needs of the target community and the delivery targets as outlined in its implementation/action plans. This section would also take into consideration whether or not the organisation has a mission and vision, the adherence to the stated vision and mission, how often it is re-evaluated, and the monitoring and evaluation mechanisms that are in place. It also looks at how efficiently the organisation is managing its various resources.

### *Sustainability*

Finally, organisations would be assessed according to how sustainable they are. Indicators of sustainability could include, how long the organisation has been in existence, registration, accreditation and commitment to strategic planning.

These four aspects of the organisation should be looked at in order to get a better picture of the capacity and the level of formalisation of the organisation as well as the ability to fulfil its mandate. It is key to see this grading tool as only a snapshot of the organisation rather than as an evaluation of the organisation and would give an indication of areas in which the NDA needs to intervene to build capacity.

## 7. CONCLUSIONS AND RECCOMENDATIONS

The NDA has a very important role to play in supporting organisations that are working towards meeting the development needs of communities. The NDA recognises that the organisations they need to work with are those closest to the communities. These are the organisations that are often less formal and less well resourced. It is for this reason that the NDA is tasked with supporting them. More formal and established organisations have the ability access funding and to manage their organisations. It is the smaller organisations that need to be supported by the NDA through funding and capacity building.

The following recommendations are thus put forward:

1) The NDA to clarify which organisations it works with

The mandate of the NDA is to work with organisations that assist in meeting community development needs. It acknowledges that these are organisations that are usually located within communities and who may be less well established (CASE, 2007). However, these organisations often come with higher risk than more established and formalised organisations. It is the task of the NDA to continue to establish and maintain relationships with the less established organisations in order to build a vibrant civil society.

2) NDA to consider the role of civil society in South Africa and its relationship to it

It is clear that many organisations in South Africa currently play the role of service delivery agents of the government. Given that government should be playing this role, the NDA must actively support (financially and otherwise) those organisations playing that role to ensure that they are not burdened with the responsibility and cost of delivery. At the same time, the NDA should be working with partners to ensure that civil society is capacitated to be able to speak out about the lack of service delivery in particular communities.

3) NDA to play the role of donor

The data indicates that less established organisations battle with accessing funding due to proposal writing and reporting requirements. The NDA aligns itself with these organisations and therefore should be financially supporting these organisations to continue their work.

4) NDA to coordinate and support capacity development

While the NDA needs to be providing financial support to organisations, it should not create a relationship of dependency. Rather the NDA should also be focusing its attentions on developing these organisations so that they will be able to access other funding and become self-sufficient. As has been discussed the NDA need not play the direct role of capacity developer. Rather it should partner with relevant intermediaries to provide this support.

Some areas that need particular attention from the findings include:

- Board development
- Managerial development

- Training about proposal writing
- Training about reporting procedures

As has been noted in the research, these are areas identified by my formal organisations. Less established organisations may have other needs that should be addressed. The following were identified through the stakeholder interviews and literature:

- Financial management systems
- Financial accountability
- Strategic planning
- Monitoring and Evaluation
- The need to stay true to the mission and vision of the organisation

A possible way to ensure that training and capacity building happens is to investigate strategic partnerships with relevant intermediaries and networks such as the SETAs and HET institutions as well as capacity development NGO's to develop specific education and training programmes for development professionals and to creatively support the continuous development of development professionals. This intervention will not only address some of the skills and capacity gaps in the CSO sector but also serve to benefit donor agencies like the NDA.

#### 5) The NDA to implement a system of continuous learning and improvement

The NDA is considering how to go about grading. Given the mandate of the NDA, it should be clear about its task in developing this system and should avoid following the route of donors that ultimately excludes those organisations most in need of funding. Therefore when considering development plans and grading systems, sectoral and organisational differences need to be taken into account, perhaps through the use of consultative participatory workshops. All organisations should be assessed on a case by case basis, using self evaluation, in order to ensure that gaps are identified and addressed with the support of NDA. The aim of this endeavour would be to build a strong civil society, capable of sustaining itself and meeting the development needs of the country.

#### 6) NDA to maintain a CSO database

In order to develop and maintain relationships with organisations and in order to ensure that continuous assessment is carried out, a database of organisations should be maintained and continually updated. This should include organisations that the NDA currently works with as well as organisations that it may partner with in the future. The Agency should note however that there are currently lists and databases available and it should work with organisations such as SANGONET and the DSD to develop a more comprehensive database.

#### 7) NDA to encourage networking through the CSO database

It has been mentioned that the ability to network is key for organisations in terms of sustainability and capacity building. The NDA should therefore ensure that the CSO database is publicly accessible in order to encourage networking amongst organisations.

8) NDA to support debate and deliberation on policy

Ultimately a strong democracy relies at least in part on a strong civil society sector that is active in participating in debate and critique of policy. With this in mind the NDA should be actively supporting organisations that play this role.