NDA
National Development Agency

Policy Brief - Exploratory Study on Skills Development Interventions in Strengthening the Institutional Capacity of Civil Society Organisations (CSOs)

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Executive Summary

The purpose of this research study was to explore the continued relevance of capacity development interventions meant to support Civil Society Organisations. This is in light of the fact that while the NDA has spent aver a R125 million per year since 2013 on capacity development, over 60% of the total registered NPOs have not submitted annual or financial reports within nine months of the end of their financial year, putting them at risk of being deregistered with the Department of Social Development. Moreover, concerns have been raised that the CSO sector is fragmented and has shifted to the periphery in terms of policy advocacy.

This policy brief assesses the current implementation of the NDA Capacity Building programme and the extent to which the programme actually addresses the Skills Development challenges faced by Civil Society Sector. The research also provides recommendations to the NDA on relevant skills development interventions to strengthen the institutional capacities of CSOs.

The National Development Agency Act 108 of 1998 gives the NDA a very wide mandate to build the capacity of CSOs. The capacity development programme that has been implemented focuses on organizational development and issues of compliance related to financial management and governance.

Three broadly clustered challenges to the implementation of the capacity development programme were found. First, the practical delivery of quality training, manuals and follow-up mentoring and support was found wanting. The quality of support was often said to be sacrificed for quantity. Training was generic and not targeted at the specific needs of the variety of CSOs. Moreover, demand far outstrips supply and the NDA lacks financial resources to cover all the struggling CSOs

Second, there was too much of a focus on compliance in the training. While many newly established CSOs do need support to meet fiduciary responsibilities, and such training remains critical, there is a concern that top-down training was being used to control CSOs and that government compliance regulations ought to be suited to the capacities of CSOs (rather than the other way around).

Third, the training programmes were too generic and did not address the changing nature and context of CSOs, nor did they address the changing relationship between CSOs and the state.

The changing role of civil society requires a new approach to capacity development. Given the tremendous socio-economic burdens and the increasing need for wide variety of support and policy interventions that civil society organisations provide, there is increasing need to support CSOs. The growth in size / number of CSOs in itself requires that there are more training and mentoring in terms of institutional capacity. But the findings from interviews with CSO stakeholders is that capacity development needs to extend well beyond financial compliance (as important as that is). Capacity development should encourage CSOs to be autonomous (and not only financially independent).

The financial resources that have been provided to the NDA seem insufficient to deliver on its huge CSO capacity development mandate in a country with increasing poverty. Given these constraints, there are several considerations for the NDA to position itself differently in relation to rest of

government, the private sector, and civil society in order to deliver a sound capacity development package to the CSO sector:

- Beyond the Department of Social Development, the NDA should organise itself to activate that level of support from the rest of government. A mapping exercise can identify avenues for capacity development that could include SETAs, the NSF, development finance institutions, universities and TVET colleges, professional bodies and research councils.
- The NDA could position itself to coordinate CSI work with the private sector so that key development priorities receive coordinated effort. Such coordination would enable the NDA to equitably direct CSI funding to the relevant CSOs and South Africa's development priorities.
- The NDA could position itself as a partner to the sector to help shape an apex body for CSOs. Working through such an apex body would enable better coordination of programmes including pooling of resources, sourcing additional funding dedicated to building the capacity of smaller players and driving campaigns for meaningful participation of communities in the economy to eradicate poverty.

These considerations for positioning capacity development differently require the NDA to develop internal capacity to build networks, to lobby, to collaborate, and where required to execute large complex projects. Working across government, the private sector and CSOs will require dedicated effort and a clear strategy so that there are no mixed signals being sent.

1 Introduction

The civil society sector is assumed to have lost capacity and is weaker now than it was 10 years ago, worse still from 20 years and worse again from 30 years ago when civil society was often at the frontlines of the anti-apartheid struggle. One of the main indicators for this assessment is the high number of Non-Profit Organisations (NPOs) that are deemed 'non-compliant' – over 60% of the total registered NPOs have not submitted annual or financial reports within nine months of the end of their financial year. In addition, the NDA's Annual Performance Plan 2022/23 points out other weaknesses. It notes that the civil society sector is "fragmented and lacks coherence to present a convincing development agenda and programmes to advance local development." Moreover, "the sector has been shifted to the periphery regarding the influence on policy and active citizenry, thus making it weak as a key player in formulating national policies on social and economic development agenda."

According to the NPO Act, government should provide support to NPOs. Section 3 of chapter 2 of the NPO Act notes that: "every organ of state must determine and co-ordinate the implementation of its policies and measures in a manner designed to promote, support and enhance the capacity of non-profit organisations to perform their functions." The NPO Directorate in the Department of Social Development and the National Development Agency (NDA) are the two state institutions primarily mandated to provide support to the civil society organisations to enable them to carry out development work effectively (National Development Agency Act No 108, 1998).

The NDA designed an integrated capacity-building programme in August 2013 to provide organisational support to CSOs. It included skills development training, using formal SAQA aligned training approaches and materials, and mentorship to provide onsite support to NPO staff and to provide feedback on how staff were applying their knowledge.

However, the sector has been critical of the support it was getting from the NDA. In a consultation process organised by the NDA in July 2015, the sector raised concerns relating to NDA ability and effectiveness to play a role as the state organ for the civil society organisations in the country. A report produced by the HSRC for the NDA in 2020 reports that government (and the private sector) have not done enough to build the capacity of CSOs. In November 2022, at a conference organised by Kagiso Trust, delegates argued that while NPOs required capacity development on fund raising and fund management, there were equally issues with the inordinately complex funding applications and corruption that needed to be dealt with on the side of the NDA. Moreover, delegates complained about lack of transparency over how funding proposals were adjudicated.

The purpose of this policy brief is to unpack in a very deep way the relevance of NDA capacity development for CSOs. This policy brief assesses the current implementation of the NDA Capacity building programme. Secondly to identify the Skills Development challenges faced by Civil Society Sector and unpack, understand or examine the perceptions of NDA practitioners on NDA capacity building and skills development interventions. The research also provides recommendations to the NDA on relevant skills development interventions to strengthen the institutional capacities of CSOs.

2 Background: The NDA's Mandate

The National Development Agency Act 108 of 1998 aims to promote an appropriate and sustainable partnership between government and civil society organisation's in order to eradicate poverty and its causes.

Section 2 of the NPO Act (Interpretation and objects of the Act), provides that the objectives of the Act are: "To encourage and support NPOs in their contribution to meeting the diverse needs of the population of the Republic by, amongst others, encouraging NPOs to maintain adequate standards of governance, transparency, and accountability, and to improve those standards".

The NPO Act is a reflection of the post-apartheid period in which "Few would question that non-profit organisations (NPOs) have profoundly influenced the emergence, shape and nature of modern South African society". Given its contribution to the democratic transition, "civil society" was read broadly as being capable, grounded and of strategic importance and an uncomplicated relationship was anticipated between civil society and the new democratic state. However, in the immediate post-1994 "*the CSO sector was thrown into turmoil as it sought to redefine its relationships (primarily with the government), roles, responsibilities, strategies, and identity, within the newly established democratic structure and associated civil liberties.*" In addition, there was a perceptible shrinkage in resources and a lack of skills/capacity in the sector. The lack of skill is attributed to the "brain-drain" from the sector as many NGO leaders exited to take positions within the new democratic state. The resource crisis is largely explained as a shift in funding previously channelled to NGOs by foreign donors and governments to the new democratic state.

These two factors interacted in such a manner as to divert skilled staff and personnel to better paying and more secure employment. The less skilled and capable the NGOs became, the fewer resources they were able to attract and manage them effectively.

3 The NDA's Capacity Development Programme

The NDA's official interpretation of its mandate is wide. In its 2021/22 Annual Report, the NDA describes the purpose of its CSO Capacity Development programme as providing "a comprehensive package that is aimed at developing CSOs to their full potential to ensure that CSOs, especially those operating in poor communities, have capabilities to provide quality services to the communities they serve" (p52). However, in practice its mandate is more narrowly focused on institutional development. It's website explains the interventions as: "aimed at building and institutionalising organisational capabilities of CSOs to respond to their programmatic needs and compliance to registration requirements and reporting requirements to funders. The programme focuses on strengthening the institutional capacity of CSOs to ensure that their abilities and capabilities to manage their organisations and its programmes efficiently are enhanced."

It is acknowledged that CSOs have faced several challenges since the advent of democracy. Amid redirection of funding especially by foreign donors has been a mix of well-established CSOs coupled

with a proliferation of new CSO registrations. Some of the capacity challenges that have been identified for the CSO sector include the following:

- Lack of formal organisational structures within their individual entities and lack of larger network support for lobbying activities results in their concerns not being appropriately ventilated or addressed.
- Lack of capacity of national and local CSOs to participate effectively in the decision making and implementation of national and local policies related to business and the economy.
- Lack of organisational and operational efficiency of CSO's that support the development of businesses.
- Non-compliance with legal requirements for registration with the Department of Social Development as well as a myriad of governance challenges
- Chronic limited human resource capacity, the inability to recruit and retain high quality staff, and high staff turnover are other areas where CSOs face urgent capacity challenges.

These shortcoming impact on the effectiveness of CSOs and credibility to provide citizens with a voice, and to also engage with governments and stakeholders in substantive dialogues on key development issues.

In order to address some of these challenges, the capacity development approach involves training, mentoring and incubation. NDA development officers, however, admitted that mentoring and incubation get short shrift.

The NDA provides training for institutional strengthening by way of workshops and formal SAQA aligned training. Training may cover any of the following topics which were derived from an independent research study into the capacity needs of CSOs:

- Compliance to Registration Legislations and Requirements
- Governance - including developing constitutions, the role of board members
- Organisational Development, Management and Leadership (HR) – including how to develop employee contracts, developing organograms to show lines of authority and communication, operational structures; running of meetings and minute taking
- Financial Management - including management accounts, authorisation, delegations and accountability; procurement processes, procedures, banking, bookkeeping, asset management, reporting, record keeping and budgeting
- Strategic Direction - focusing on how to develop the organisational vision, mission statement, strategic objectives and strategic outcomes.
- Project Management – which covers managing project plans efficiently and effectively as well as managing any resources allocated to the projects/organisations.
- Conflict Management - assists CSOs to build cohesion between members of the board, management and staff; to improve teamwork and good organisational relationships.
- Resource Mobilisation

The focus of the NDA is on new and struggling community-based organisations that need support to improve and sustain the community-based programmes. A needs assessment is usually conducted to inform the most appropriate training. The system grades the organisations by level - level 1 are organisations starting out with no processes and resources in place and Level 4 are organisations that

are well resourced, or that have been in place for more than 5 years. In the main, training is conducted via workshops.

In the financial year 2020/21, the organisation spent just under R165.6 on CSO Development, dropping to R116 million in 2021/22. It trained 1114 individuals in 2020/1, and 2558 received training in 2021/22. (See Appendix 1 for detailed analysis).

Figure 1: NDA Actual Expenditure on Capacity Development in R'000; 2012-2022
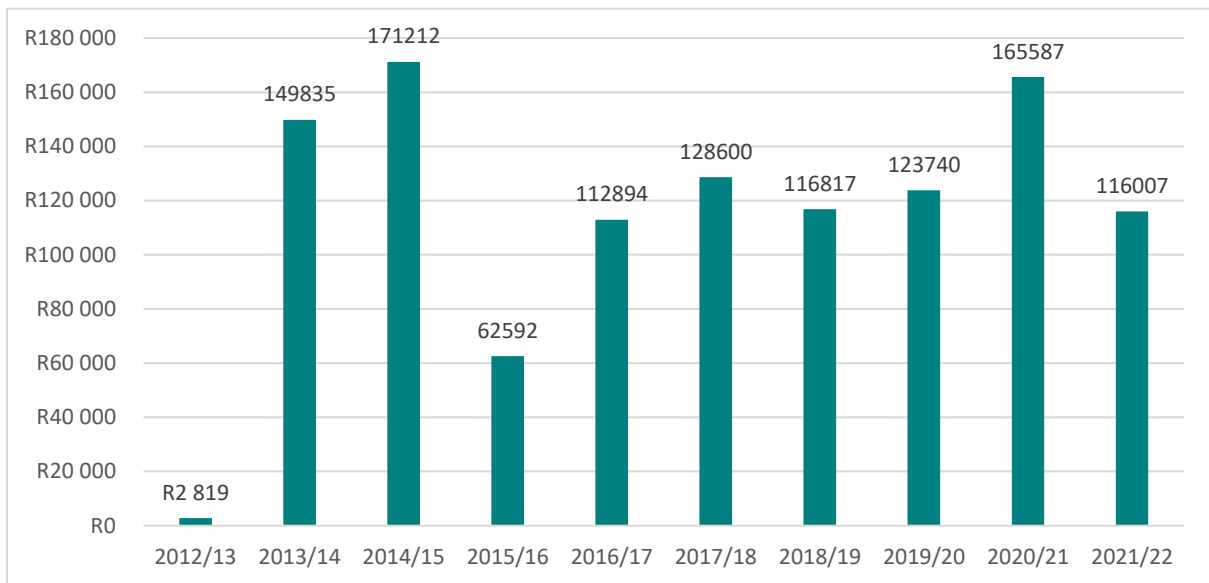
Source: Calculated from NDA Annual Reports

Figure 2: Number of CSO capacitated, 2012-2022
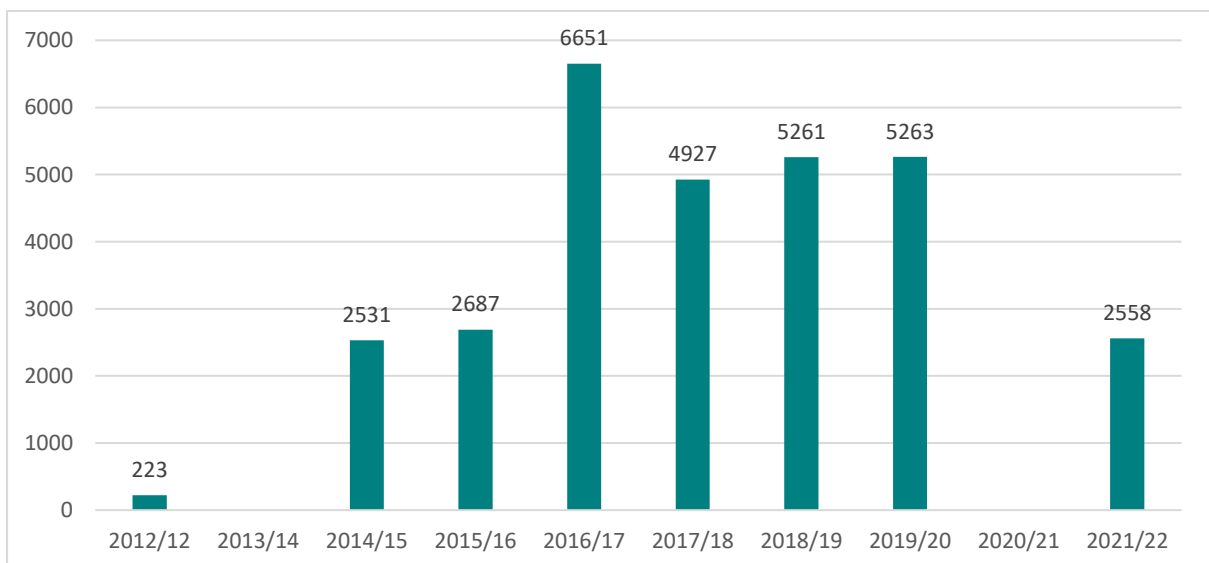
Source: Calculated from NDA Annual Reports

4   Evaluations of the efficacy of CSO capacity development

The efficacy of the CSO training is under question in this study given that there continues to be a high rate of non-compliance. This has been a long-standing issue. In the NDA's presentation of the 2010/2011 Annual Report to Parliament, the CEO reported that 80 per cent of NDA projects supporting vulnerable groups failed and conceded that, "The NDA would continue to face a challenge in terms of capacity building because new organisations needed basic training to manage funds" (PMG, 2011).

Three underlying reasons for this seemingly lacklustre performance of capacity development interventions emerge: the first relates to the poor delivery of training; the second relates to concerns around training being too narrowly focused on compliance and the third has to do with the changing characteristics and contexts of CSOs which requires the CSOs have access to a wider range of training content related to their policy and advocacy roles. The finds on each of these reasons will be taken in turn.

5   Challenges with the delivery of capacity development

Findings from interviews conducted for this study as well as from literature reveal a range of challenges with the way in which capacity development is delivered.

Interviews with NDA development managers and officers for this study (interviews, February and March 2023) revealed the following impediments to training:

- Budgetary constraints
- Logistics and accessibility to training:
- Limited duration of support / training given to CSO
- Quality of workshops / training materials:
- On the use of English as a medium of instruction, the follow was said:
- Apathy or lack of interest of CSOs to attend training
- Limited follow-up mentoring post-training

Delegates at a Kagiso Trust conference in November 2022 pointed out their own challenges in relation to attending training interventions including: constraints to undertake training, being overwhelmed by community needs, burn-out, as well as the risk of staff and board members being poached post-training.

In a 2012 survey of 1700 NPOs conducted by CORE, Camay and Thinane report that there was insufficient capacity building by government departments, state agencies and donors. There were also many complaints of training being superficial, costly and not germane to NPOs.

In a research study in 2015 of the NGO education sector, respondents (21 NGO survey respondents; 2 donor organisations, 10 individual interviews and provincial focus groups) were asked what they believe were the challenges and opportunities regarding skills development in the NGO education sector (ETDP SETA, 2015). The following table summarises their responses:

When funding is provided by government departments, it rarely accommodates training opportunities. The ETDP SETA reports that corporate and foreign donors are also not enthusiastic funders of training budgets. Ratlabyana et al (2016) note that funding for NPOs in South Africa is unpredictable and fragmented and this makes it difficult for the NPOs to plan and execute their strategies. A dependence on external sources for funding and the decline in donor funding and limited government resourcing is further compounded by the lack of cohesion in funding approaches and strategies towards the sector.

While SETAs are a source of funding for capacity development for NGOs (and there is a specific commitment in the National Skills Development Plan to support CBOs, NGOs and NPOs), low participation of CSOs during the period of NSDSIII is blamed partly on complex administrative systems and compliance requirements that characterises the grant disbursement processes among SETAs.

Another limitation on capacity development for CSOs has been the relatively few registered training providers that focus specifically on the needs of the sector. According to the ETDP SETA: "those that are registered are not able to draw sufficient numbers of participants to break even or make a profit from their course offerings. This is related also to the fact that NGOs do not budget nor can they provide discretionary funds for training opportunities for their staff"(2015). The problem of supply of training is worst in rural areas where training is often most desperately needed. According to the ETDP SETA: "suitable training facilities are not always readily available in rural areas which can provide a conducive training environment" and the costs of travel and accommodation to attend centralised locations may be unaffordable. Access to high end skills programmes is also a noted problem and universities are not providing what the non-profit market place requires (2015, p. 54).
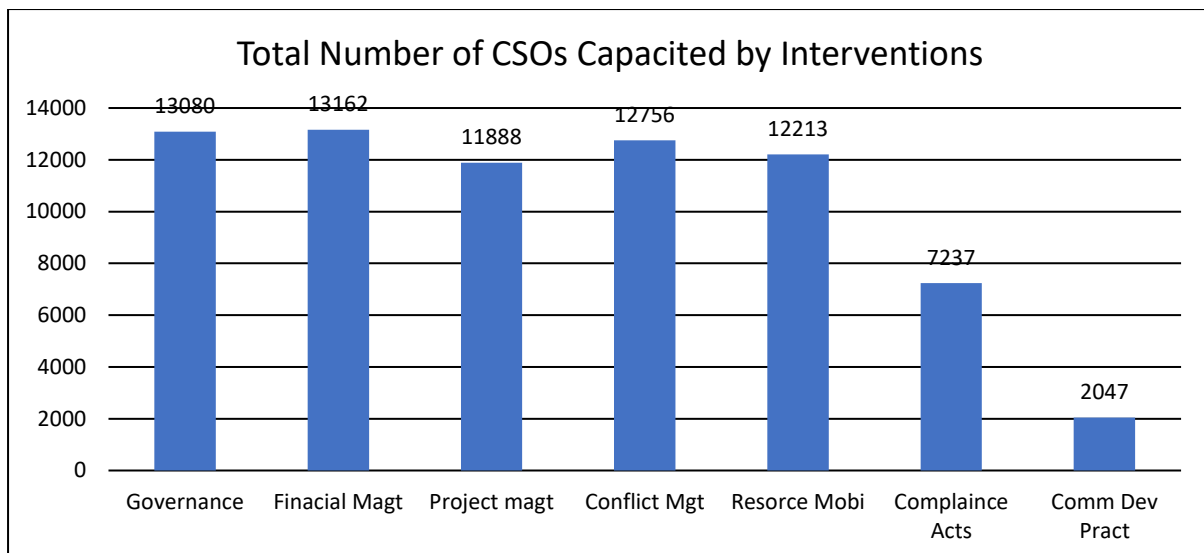
The evidence from research thus far shows there have been issues with the actual delivery of the training which may explain the lacklustre impact on organisations. Two further reasons uncovered in this study is the overly narrow focus on compliance and the content of training not addressing the changing context and developmental challenges of South Africa.

6   An overly narrow focus on compliance

The second challenge with a narrow focus on capacity development is that training intended to get NPOs to comply to the bureaucratic requirements of the NDA and DSD does not adequately address the capacity needs of NPOs in terms of fund management.

The graph below covers the years 2012-2018 and shows that on just over 7000 CSOs received training in legislative compliance related to CSOs. While other training themes had higher participation, there is a perception that even these tend to be focused on technical, legislative topics.

Figure 3: CSOs Capacitated by Interventions, 2012-2018

Total Number of CSOs Capacited by Interventions

Intervention	Value
Governance	13080
Finacial Magt	13162
Project magt	11888
Conflict Mgt	12756
Resorce Mobi	12213
Complaince Acts	7237
Comm Dev Pract	2047

Source: NDA presentation to Parliament, Social Development Portfolio Committee, 22 August 2018

In her study of five Gauteng-based NPOs in the HIV/Aids sector, Mpufo found that the NPOs argued that donors required high levels of accountability from them including "excessive conditionalities or onerous reporting requirements to their funding". Although these measures are meant to ensure that funds are efficiently and effectively used for the intended beneficiaries, Mpufo points out that excessive reporting requirements have a down-side. They take personnel time away from project implementation, create tensions and may shift NPO focus from their mission towards areas of donor interest. Moreover, she notes that the NPOs become: "mere subcontractors, uninvolved in local or national politics, and simple implementers of donor objectives".

Donors would often provide capacity development to the NPOs to handle their compliance conditions but this could sometimes be counterproductive because those trained would leave for better opportunities. Mpufo writes that: "This resulted in an ongoing low capacity among NPOs as capacitating employees who subsequently left their employment created a perennial problem for both NPOs and donors."

The issues of over-regulation are not only related to the NDA / DSD. Literature reflects that these are repeated in international donor-NGO relations. Hagelsteen et al report that: "The towering presence of donors continues throughout most capacity development projects, with rigid project plans and standardized templates for reporting that undermine possibilities to adapt to changing circumstances and limit honesty, reflection, and learning. In addition, many NGOs are extremely dependent on external funding, which pressures them to prioritize donors' interests over internal partners' interests" (p2).

If regulations around funding are onerous and inflexible, any capacity building is likely to focus on adherence rather than encouraging capacity to develop autonomy in fund management. But more to the point, it is questionable if capacity development (and specifically training) is the appropriate response to ensure adherence to procedures. Camay and Thinane report on a 2012 online survey conducted by CORE of over 1 700 organisations. The issues picked up have less to do with capacity or capability to adhere to the reporting requirements of the NPO Directorate and SARS, but have more to do with filing of documents being "tedious, lengthy and not user-friendly". Moreover, many of the

CSOs could not do online filing because they did not have access to computers and the necessary technology. Although smaller CBOs did not have skills to fill out lengthy documents, there were equally challenges with government officials who misinterpreted compliance requirements.

While less pronounced in the interviews, international literature does worry that state agencies use sanctions and rewards to restrict or regulate CSO behaviour. Ostensibly, these restrictions are meant to ensure that funds are used to meet agreed-to goals, that services are delivered in a uniform manner and that there is no mismanagement or corruption around funding. But, according to O'Hare, state governance restrictions: "often exerts actors under severe strain." State governance over CSOs becomes more complex and time-consuming. Moreover, "engagement may also steer or restrict otherwise independent and autonomous actors" (O'Hare). He writes: "it is also recognised the need to secure sustained funding (along with the training required to manage this) similarly places organisations under a range of burdens."

Capacity development which is intended to promote greater accountability appears, therefore, to lead to scepticism over government using funding as a way to control civil society. For O'Hare, the provision of support is a means by which organisations are institutionalised into compliance with governance practices that regulate how organisations report to government, rather than necessarily being accountable to civil society. This is particularly so if CSOs become dependent on the state or other actors for training or for funding, "leading to them being institutionalised or captured" (O'Hare). O'Hare writes: "groups engaged in activities for which it receives payment from the state may neglect the important function of campaigning or even confronting power holders, either as the result of coercion, self-censorship, or even simply because they lack time for entering advocacy activities." Accountability and management arrangements are criticised as being overly complex or even 'alienating'. The concern is that funders are more interested in how money is spent than in the merits of projects, creating further tension between maintaining standards of accountability and fostering innovation. Volunteer groups are forced to become 'professionalised'.

7   Narrow focus of training content

The third reason for the limited impact of capacity development is that the training, while still relevant to the institutional capacity needs of CSOs, does not go far enough to support the changing character and role of civil society in policy and advocacy.

Since the NDA's capacity development programme was established in 2013, there have been significant changes in the character of civil society. One of the most significant trends is that the number of CSOs has grown. Between October 2020 and September 2021, the number of CSOs registered with DSD increased from 230 000 to 248,902. Possible reasons for the increase are developmental needs linked to COVID-19 and the year's civil unrest, along with increased population growth and increased service-delivery needs.

According to the 2021 Civil Society Organisation Sustainability Index for South Africa report, the financial viability of CBOs declined year-on-year between 2017 and 2021, in line with South Africa's general economic decline.

One other important factor affecting CSO capacity development interventions is the way in which the state and civil society interact. Increasingly, NPOs have become the face of service delivery in communities and may receive pundits if they succeed but are equally at risk of receiving opprobrium should they fail. Magongo points out that the relationship of "master and subordinate" that characterises government and civil society is problematic because if the state's instructions on deliverables are not clear or not backed with adequate resources, then CSOs are likely to fail. Being unable to provide services therefore potentially turns community anger onto the NPOs rather than government. In a context where CSOs seem to take a disproportionate responsibility for service delivery yet without sufficient resources, the suggestion that NPOs need capacity development in order to comply with state policies may be seen as an affront and a denigration of NPOs.

Weinberg, interviewed for this study, points out that one of the limitations of government's approach to CSO capacity is:

> "The problem is with how they are defining development and sustainability. They are defining development in a very narrow service delivery and small enterprise-focussed way. In terms of service delivery, it's trying to get citizens doing the work for the state, in terms of small business, it's the whole neoliberal, capitalist enterprise model of monopolised value chains. The majority of the projects they choose to support fall into one of these two categories. Volunteer citizens groups can't do the work of the state on a shoe string budget. It's very difficult to get a sustainable business model on that basis."

The socio-economic challenges confronting South Africa have also impacted the role of civil society – as well as increased pressure on sustainability. The number of people living in extreme poverty, for example, increased between 2016 (16.8 million people) and 2022 (18.03 million people). The biggest increase was recorded between 2019 and 2020, by 3.37%. Also, the percentage of persons who have benefitted from social grants increased consistently between 2005 and 2021. The percentage increased significantly between 2019 and 2020, by 4 percentage points. Between 2013 and 2021, it increased by 5.4 percentage points.

8   Updating CSO capacity development needs

The contextual discussions above point to a need to relook at the capacity needs of CSO, However, the very wide distribution of typologies of CSOs and levels of maturity means that CSOs' capacity needs are as wide ranging.

As Dlamini says:

> "We cannot have a framework that pretends civil society is monolithic. Over the last maybe five to seven to 10 years, there has been a real mushrooming of social enterprises that this country makes no provision for that."

Nevertheless, there generally is acceptance that basic compliance, financial management and governance training remains critical. Delegates at the Kagiso Trust-organised National NGO Consultative Conference (Birchwood Hotel: 8-11 November 2022) identified that capacity needed to be built in the areas of leadership, roles and responsibilities, functions of board members, delegation,

human resource management, strategic planning, and compliance. They noted that a limited understanding of the needs of the community and the lack of resources/funding can compromise the impact of capacity-building initiatives. Having considered their own experiences of training, delegates confirmed that capacity building must be preceded by a needs analysis in order to be relevant and applicable.

Basic ethical issues were also mentioned as a necessary theme for capacity development. An NDA interviewee relates that: "CSOs are cooperative during the time when there is no funds. But once the funds come in, things go wrong. At times they will share the assets amongst themselves and then that is the end of the organisation."

For Gastrow:

> "non-profits need to focus on good governance. And I cannot say over and over - the problem very often is the governance. And secondly, it's the leadership. And if those things are in place, generally everything else can settle down. Those are my two things."

Another interviewee (Dlamini) notes the need for:

> "developing not only effective - adequate - systems and procedures. I will say financial management is also another area. If organizations can be helped to see the financial management is not only for the donors, financial management and kind of resource management. I would also include resource mobilization because that is a skill that is weak. And when we say to organizations, a resource mobilization, the first thing that they think they think of fundraising, and fundraising is only one aspect of resource mobilization. That is why organizations are limited themselves and you say to them, oh, but there are other resources that you could be mobilizing. So for me those would be the three developing systems and procedures, financial management and resource mobilization would be would be another one.

One of the other key issues with capacity development has been the need to improve the sustainability of training. One interviewee (Gastrow) notes that after a two year intensive and successful training programme with black, women leaders in the non-profit sector, many left their organisations and so a better means had to be found to embed skills into organisations for the long term.

A common theme amongst interviewees is that training needs to go beyond technical details and should address the fundamental policy issues:

> "I found hands on workshops, the best. Bringing people in - they often come from similar focus areas, so you can take a theme - like food security, which is common in rural areas. It's not just about vegetable gardens. It's about environment. It's about women."

One interviewee (Gastrow) says that the problem with much CSO training is that it focuses on technical processes – for example 'how to write a proposal'. Instead, she says that what is really necessary is that

"We look at how the CSO is positioned, what kind of messaging it puts out there, how it shares its values with the general public, all those kinds of things which people don't think has anything to do with fundraising"

Weinberg argues that what government agencies should be concentrating their capacity development on is:

> systemic work that ensures a more responsive state: advocacy, movement building and popular education. That's where civil society can show impact, where sustainability is carried by the state, which is the appropriate authority or institution for that responsibility.

> Investing in capacity for service delivery and job creation is throwing good money after bad. The problem isn't training; the problem is the neoliberal state and its insistence that development comes from an immaterial entrepreneurial spirit.

9 Rethinking the approach to capacity development

As already highlighted, the current capacity development model of the NDA is meant to focus on new and struggling community-based organisations that need direct NDA support to improve and sustain the community-based programmes. The NDA has defined the different levels of development of the CSOs and measures their level of development. The capacity-building programme is a partnership between the NDA; National Department of Social Development; and provincial Departments of Social Development. The underlying assumption of the capacity development programme is that by providing training, mentorship and incubation to these CSOs, they would develop operational efficiency and effectiveness; and would develop sustainability to better deliver services to poor communities. Although technical training that may be required by the CSOs is not part of the programme design, it is supposed to be implemented through the referral system with other accredited bodies as per needs of the CSO's. Mentorship is supposed to be implemented immediately after the training to ensure that all learnings are implemented at individual entity level. Incubation is supposed to be implemented in partnership with successful CSOs that can in turn incubate emerging ones.

In reality the envisaged theory of change of the capacity development programme has not been adequately executed due to several implementation shortcomings:

- While there is evidence of implementation of the training amongst thousands of CSOs, demand far outstrips supply and the NDA lacks financial resources to cover all the struggling CSOs
- Mentorship of CSOs was implemented at a smaller scale because of capacity constraints within the NDA, with officials being very few compared to the number of CSOs that need to be mentored
- Incubation was implemented at a very small scale due to lack of expertise and partner CSO's that can assist with the incubation programme

- There is sheer lack of collaboration with the skills development funding bodies to facilitate technical training referral for CSOs despite the national skills development strategy mandating them to fund CSOs.

As resources for capacity development are being stretched, it had become ever more critical to ensure that the approach to supporting CSOs is more efficient and effective. As an interviewee expressed: "increasingly we are being challenged to explore other ways of supporting the development of capacity for civil society organizations."

The overwhelming call from interviewees is that capacity development must form part of a greater consultative process.

An interviewee (Dlamini) comments that:

> "So I don't think government is doing enough but maybe the government is not doing enough because it is not being actively engaged and where it is being engaged, it has been engaged by a single organization. I mean, I take my hat off to the Black Sash and what they did around the social grants, but it was now again, it wasn't through a very organized civil society, right. If you look at the efforts of the players in the climate change sector, also, how are the different sectors within civil society organized to bring the voice and to engage government. We need to engage in government a lot more actively. And the time is now."

Ashley Green Thompson contributes the following insights in an interview for this study:

> "Part of the problem might be that it's an assumption about what organisational needs are, rather than engaging. Here's a financial management course when in fact the organisation might need strategic planning skills, or how to define workplans. I've got no verifiable data that this is the case. Most of the work I've done is around supporting NGOs and I've always had a reservation about a one size fits all approach. I imagine that preparing broad programmatic interventions misses hearing what particular needs they may have. There's not a nuanced approach to tap into the services they need, rather the type of services they're told they need.
>
> There's got to be a process of active listening. If you know what people are talking about what they need, you can set up programmes that respond to that. I think you need to have a far more deliberate listening exercise, not random, generic surveys, which I think a lot of programme development unfortunately does deploy. It takes a lot of time to determine needs. I find that there's not enough thorough engagement. I would suggest having proper consultations. Even then, you can only support an organisation's development if you invest in a long-term relationship, in providing the kind of services that allow an organisation to be accompanied, so that you can shape the organisation's leaders to handle the different challenges the organisation faces. There's a typical transition from white male leaders to young black leaders for them to grow into a role and take over responsibilities. It can't therefore be a matter of business as usual; they must be accompanied in the transition, less the workshops and more the process of accompaniment and development, which is not as neat and tidy."

This study has also pointed out that concerns over CSO autonomy and the implied possibility that capacity development can be used to influence how CSOs go about their work, means that it should not necessarily be the NDA that delivers capacity development. Instead, as a NDA interview explains:

> "The NDA should not be a capacity development institution – it is a public funding institution under the governance of the PMFA and therefore must ensure that the funding is compliant with the requirements of the Act. It should, therefore, facilitate Capacity Development – while the actual delivery of training ought to be done by civil society umbrella organisations." (SB)

It's a view supported by Martin Jansen, who in an interview argues

> "[Government] should offer indirect support via independent agencies for this. My concerns would be the likelihood of undermining CSO independence and corruption by those in charge who are likely to abuse resources such as the case in the SA Lottery and the MDDA."

The financial resources that have been provided to the NDA seem insufficient to deliver on its huge CSO capacity development mandate in a country with increasing poverty. Given these constraints, there are several considerations for the NDA to position itself differently in relation to rest of government, the private sector, and civil society in order to deliver a sound capacity development package to the CSO sector:

Rest of Government Positioning

The NDA Act mandates the rest of government to provide support to the CSO sector. Currently such government support for CSOs is uncoordinated, is ad hoc and fragmented. It could even be argued that often the assumption is the CSOs are a sole avenue of the Department of Social Development and its agencies.

Beyond the Department of Social Development, the NDA should organise itself to activate that level of support from the rest of government. A mapping exercise can identify avenues for capacity development that could include SETAs, the NSF, development finance institutions, universities and TVET colleges, professional bodies and research councils.

Private Sector Positioning

The private sector is engaged in some corporate social investment programmes, however there is no coordination in terms of what the national priorities are and where these social investments should be directed. As a result, some social investment end up in projects that are transactional, implemented for compliance or lack sustainable impact. In other instances, several CSI initiatives are concentrated on similar objectives thus creating duplication of efforts and thus denying funding for other priorities.

The NDA could position itself to coordinate CSI work with the private sector so that key development priorities receive coordinated effort. Such coordination would enable the NDA to equitably direct CSI funding to the relevant CSOs and South Africa's development priorities.

Civil Society Positioning

The CSO sector is quite broad, covering varied development areas, and with organisations at different levels of maturity. The decline in funding to the sector has over time led to divisive factors around resource mobilisation such as competition, duplication, favouritism, domination, inability to attract and retain necessary skill sets (human resourcing), withholding of information, gatekeeping, and an urban vs rural divide with regard to the proximity/access to donors. The lack of a representative national organising body able to amplify the voice of the civil society sector at a national level is a challenge. The NDA has been unable to implement incubation of less developed CSOs because of this lack of coordination.

The NDA could position itself as a partner to the sector to help shape an apex body for CSOs. Working through such an apex body would enable better coordination of programmes including pooling of resources, sourcing additional funding dedicated to building the capacity of smaller players and driving campaigns for meaningful participation of communities in the economy to eradicate poverty.

These considerations for positioning capacity development differently require the NDA to develop internal capacity to build networks, to lobby, to collaborate, and where required to execute large complex projects. Working across government, the private sector and CSOs will require dedicated effort and a clear strategy so that there are no mixed signals being sent.