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Funding Constraints and Challenges Faced by Civil Society in South Africa

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A Research Report Commissioned by the National Development Agency
And developed by Co-operative for Research and Education (CORE)

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EXECUTIVE SUMMARY

Introduction

The research on funding constraintsand challenges facing civil society organisations stem from the growing perceptions from the civil society sector that funding to this sector has significantly decreased since independence in 1994. There is a general feeling from the public also that civil society groups have become less active and visible. There are assumptions that this is due to neglect by government and the corporate sector in supporting this sector both financially and in kind. There are also arguments that the human capital (skills) that use to propel this sector during the apartheid period rapidly moved from this sector to the public and private sector. The civil society sector has been unattractive for skilled people to work in it because of poor pay, poor working environment that does not guarantee workers sustainability, poor governance and accountability in the sector and lack of management and leadership in the civil society sector.

The National Development Agency (NDA) was created to support the civil society sector through grant funding for projects to be implemented by this sector; building the sector capacity to deliver on developmental programmes and conducting research that can inform national policy on development. This research will inform national policy and NDA on how to support this sector to ensure that it remains vibrant and contributes significantly in the developmental efforts of the state.

Objectives

The objectives of the research onfunding constraints and challenges facing civil society are:

1. To develop and understanding of the funding constraints and challenges currently facing civil society.
2. To analyse with a range of stakeholders the demands faced by civil society, both within their organisations as well as in the environment and the factors which accelerate or retard their action and/or activities.
3. Use an online discussion forum for 3 to 4 weeks to pose questions to foster greater knowledge sharing and networking with practitioners.
4. To utilise the information gathered to assist civil society organisations to strategise innovatively to build sustainability.

The NDA simultaneously embarked on a schedule of provincial workshops with CSOs to solicit information on their funding constraints. At these workshops, a questionnaire was distributed which was modelled on previous research undertaken by CORE on behalf of the South African Non-Governmental Organisation Coalition (SANGOCO) by CORE and the Institute for Democracy in South Africa (IDASA) in 2001. The Civil Society Index Report was conceptualised by CIVICUS, the World Alliance for Citizen Participation. The CIVICUS Civil Society Diamond was developed as a systematic analytical tool to gather information on the state of civil society around the world and based on the four perspectives of Structure, Space, Values and

Impact. The Study was a perception of civil society informants at a specific time. Utilising some of the instruments of this survey, a brief, easy-to-complete questionnaire was developed and shared with participants. The responses were then aggregated and compared to the findings of the 2001 survey.

In addition, a brief review was conducted on enabling developmental environment in South Africa and institutional arrangements were also briefly examined: the nature of the developmental state in South Africa, a brief review of the achievements of the Millennium Development Goals (MDGs) and the National Development Plan (NDP).

An online survey was conducted through the CORE database of over 1 700 organisations. This survey concentrated on four elements, these being:

1. Legislative Regulatory Framework
2. Resource Mobilisation
3. NGO Challenges
4. Miscellaneous Challenges.

From this survey, the study extracted some of the key areas of challenges and constraints which face the sector. However, to be able to ascertain the environment in which civil society organisations operate in South Africa, the study also reviewed funding available from three sources in South Africa:

1. Corporate Social Investment
2. Government Agencies such as: The National Development Agency (NDA)
   The National Lotteries Distribution Trust Fund (NLDTF)
   The Independent Development Trust (IDT)
3. High Net Worth Individuals (HNWI).

Limitations of the Study

The study had unavoidably limitations. First, had more time been available, a larger sample size would have been canvassed. We are confident of the results, but caution only that the sample size be treated as a snapshot as available in early 2012. Many variables, which have become apparent in 2013, could not be factored in.

Conclusions of the Study

It is apparent that South Africa has a rich and diverse civil society making a sterling contribution to the development agenda of the nation. Civil society organisations has seen many positive and negative developments in the recent past but has risen to the challenge of the present socio-political needs of the country. Many areas need support, encouragement and development. These act as constraints on the sector. However, there are significant challenges which also need to be met. Civil society organisations are evolutionary in nature, it is incumbent on all stakeholders in the sector to be vigilant about the emerging needs of the sector, and address them to build a developmental society.

Recommendations of the Study

The Study ends with several recommendations. Chief amongst them is that to build an accountable and transparent civil society. Government, donors, corporates and non-profit organisations must voluntarily assist in establishing a national database of funding agencies for civil society organisations. There must a coordinated structure or platform and platform where civil society organisations can provide reports and feedback on operations together with key information on beneficiaries of their services. It is also necessary that Statistics South Africa measure the outputs or outcomes of the contribution made by the civil society sector in the development of communities through its Annual Household Surveys. Other government departments and agencies should also work together to establish a national database of what assistance is being provided to civil society organisations. South Africa has not in its history paid sufficient attention to this sector, yet it remains a sector which has a potential to contribute significantly to the provision of much-needed services, employ a large number of professional and volunteer workers, engages a large number of individuals on volunteer basis as Board members. The donor community makes a vital contribution in South and Southern Africa which also remains unmeasured. It is only by developing a significant database of information that the full potential of civil society's contribution to the fabric of South African life can be realised.

OVERVIEW OF SOUTH AFRICA'S CIVIL SOCIETY ORGANISATIONS

Background

Previous studies on South Africa's civil society indicate that several elements have contributed to the current state of civil society in the country.[1] Somehow, these same elements still contribute in the dynamics of civil society and persistently affect its transformation. It is paramount to have a deeper understanding of these factors if one needs to have a current view of South Africa's civil society regarding its structure, space, values and impact.

Survival and solidarity

Survival and solidarity strategies constitute one of the ways through which indigenous people around Southern Africa shouldered responsibilities among themselves. Some of the ethical conducts and practices performed by many civil society organisations currently are being informed by what was initiated by indigenous people in the past. Examples of such practices include: petitioning of authorities, providing welfare support and resolving disputes etc. The need to provide for their basic material and spiritual animation paved the way for the emergence of many civil society organisations within communities in South Africa. Community based self-helped initiatives were formed based on the spirit of Ubuntu.[2] While some of the organisations adopted protest oriented focus based on concrete issues pertaining to their economic and political discrimination (for example, housing, food prices, political freedom etc.), others maintained their status quo as informal organisations in order to prevent subjugation from the state. Nevertheless, some civil society organisations have managed to witness the democratic era and others have disbanded.

Race

The question of racial discrimination and segregation has been vital in shaping the evolution of South Africa's civil society organisations from the 17th century. Racial disparities have separated communities and affected their relative economic, political and social power. It has also impacted on their relative capacity to handle community development issues. Racial discrimination did not only render black communities under-developed, it also reduced the political space for civil society organisations. Racism continues to be a crucial challenge to non-racial nation-building efforts in democratic South Africa.

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[1] See particularly Camay and Gordon, (2000). *Study on the Non-Profit Sector in South Africa,* unpublished manuscript, February 2000.
[2] Ubuntu is a term that describes a life-style of oneness and love among people in the same community.

Class

Class difference has also been a major concern regarding the accessibility to economic, political and social power. Class has manifested itself across racial divides in some instances, and in others it has entrenched existing repression by race. The relationship between employers and employees, management and ordinary workers was segmented and defined by economic class barriers. It was visible in the mines, wine farms and industries. Class segmentation created superior mentality amongst those possessing wealth and power to permanently keep the lower class dependent on them for livelihood.[3]

The anti-apartheid struggle

The anti-apartheid struggle and the subsequent resistance organisations were indispensable to the survival of civil society today. Resistance movements from black communities constituted a mass of organisations that spearheaded social and political mobilisation in order to regain their rights. Other white-led and multi-racial organisations were formed. These organisations had different ideologies and strategies and the one which attracted the people more became the largest in terms of size and magnitude. Most active CSOs during the struggle adopted a secretive mode of operation. This mode of operation led to some organisations to have inadequate governance systems, deficiency in accountability mechanisms and a reluctance to share information. Accordingly, this led to an amazing temperament of passiveness on the one hand, and on the hand created a series of challenges for organisations in the post-apartheid era. Some organisations that resisted the oppressive regime has transformed and assumed new roles as co-drivers of development in a democratic state, others have disappeared and some new organisations emerged to meet new development needs.[4]

Colonialism and euro-centric models

The non-profit sector was influenced by colonialist tendencies and white dominance. This was particularly exemplified in the area of welfare. The euro-centric model of civil society was hierarchical with top-down approaches to development. Many welfare and civil society organisations received dictates of working methods and styles from European experiences. Another arena where euro-centric models were apparent was in churches and their worldview of operating in Africa.

The advent of autonomous African churches was a direct reaction against the conception of European based mission churches. These African churches emerged

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[3]Camay P & Gordon A (2000), *Race, Repression and Resistance: A Brief History of South African Civil Society to 1994.* Published by the Co-operative for Research and Education (CORE), Johannesburg.

[4]Habib, A. (2003) "State-Civil Society Relations in Post-Apartheid South Africa," In State of the Nation 2004 – John, D., Habib, A., and Southall, R. (Eds) pp. 227-241, Published by Human Science Research Council Press-Pretoria.

as a result of a scheme to disband traditional life and methods of worship. Opportunities for African spiritual leaders became apparent and spaces for meaningful participation formerly denied by European religious hierarchies were made possible.

The resistance to opposition against the colonial and apartheid regimes was reinforced by missionary education of the African elite. Missionary education under the British colonial and apartheid governments of the African elite ushered in some avenues for further education in and out of South Africa. In some ways, missionary education infused early African leaders to be less adversarial in their endeavours to safeguard the rights of their people.

On a separate note, Afrikaner civil society organisations expanded their network which broadly aimed at safeguarding their culture and maintaining harmony amongst themselves. This inspiration emerged as a counter measure to British colonialism and attempts to anglicise or dominate other cultures in South African society at the time. It is worthwhile to note that these organisations have contributed much and persist in view of the current realities facing civil society organisations in South Africa.

Features of Post-Apartheid South African Civil Society

At the advent of democracy in 1994, South African civil society experienced transformation, even though some of the past features still influence the fabric of civil society. In a commissioned study carried out by the Co-operative for Research and Education (CORE), and the Institute for Democracy in South Africa on the state of civil society across South Africa, the following characteristics were clearly identified:

- Non-profit
- Voluntarism/use of voluntary workers
- Altruism – no personal benefit
- May be membership-based or service-oriented
- Formed voluntarily by citizens in society – freedom of association
- Formed on the basis of like-mindedness and common interest
- Delivery oriented and needs driven
- Value and ethics driven
- Diverse work in a wide range of fields
- Independent/autonomous of government
- Have own constitution, rules and independent governance structures which make policy for the organisation.

Different Roles Played by SA Civil Society Organisations

Civil society organisations play many essential roles in South Africa. According to Camay and Gordon[5], CSOs play amongst others the following key roles:

Relief: CSOs which provide humanitarian assistance to victims of famine and other natural disasters as well as wars and other conflicts. These are organisations which emerge spontaneously at the time of a specific disaster or have as a key function disaster management as their key objective. They may be community-based or geographically oriented or emerge out of a faith-based organisation. Some organisations may be country-specific chapters of a larger international organisation such as the Red Cross or Green Crescent. Others may be national organisations which also may have an international perspective such as the Gift of the Givers which has in recent times provided relief to the victims of the tsunami in East Asia, or to victims of conflict in Syria.

Welfare: CSOs which provide basic services (health, education, housing, etc.) to children, or adults and/or communities in need. There are many such organisations which exist in South Africa operating at the local or regional level with specific mandates to care for children, the aged or the disabled. Some may operate on the basis of elimination of specific diseases such as Tuberculosis, HIV/AIDS, or Alzheimer's. They often work in partnership with local, provincial or national government. They draw their sources of funding from government, corporates, or individual donations. They play a major advocacy role in protecting and promoting the interests of their beneficiaries. They may also celebrate specific days in the calendar to build awareness of their work and to build community consciousness to avoid such diseases.

Service provision: CSOs created to provide training and technical assistance to other CSOs or community organisations. These organisations see as their key function the efficient and effective operation of civil society in a democracy. They therefore work in the areas of organisational and/or financial management, supply of relevant staff, providing assistance with staff appraisals and performance management systems. They may also assist other organisations in their strategic management and/or fundraising efforts. Some may also provide assistance regarding labour law matters. They draw their funding primarily from fees-for-services and/or donor assisted training programmes. Some of their training may be South African Qualifications Authority (SAQA) accredited or may be certified by other local or foreign training institutions.

Technical innovation: CSOs that operate their own projects to pioneer new or improved approaches to problems. These organisations may work across a spectrum of fields from Information Technology (IT) to efficient waste disposal. Many of these organisations operate in communities not readily serviced by commercial providers e.g.: computer training in rural areas. Others operate in urban centres addressing specific needs. So Collect-A-Can has successfully operated in urban environments

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[5]Camay, P. and Gordon, A.J (1997).Principles of NGO Management.Cooperative for Research and Education (CORE). CORE, Johannesburg.

for the past twenty years. It has taken care of an urban environmental problem but also has been able to create employment opportunities and through the sale of cans has virtually become self-funding. Various organisations have established food gardens in urban or rural areas and have provided technical assistance to communities or individuals. Such organisations have also in recent times adopted their original objective to include urban food security and improved nutrition to their beneficiaries. They have sourced funding mainly from commercial supplier companies and often have partnership agreements of an exchange nature. So a computer company might provide hardware or software to CSOs providing IT training.

Traditional community based: CSOs such as burial societies, savings groups, etc. this remains a largely unexplored and under-researched aspect of South African civil society. Burial societies or stokvels have operated in urban and rural areas for over a century now. They have adopted the principles of credit unions and are mainly self-regulated with internal governing structures unencumbered by any enabling legislation. In 2011 the Financial Mail estimated that there were over 800 000 stokvels/burial societies in South Africa. A conservative estimate of the value was R30 million with 23% of all stokvels in Gauteng, and 20% in the Limpopo province. The majority of stokvels members were deemed to be women with at least 8, 25 million of South Africans engaged in some or other stokvels scheme. Membership numbers range from 12 to 27 and the average age of members is estimated at between 25 and 50 years. Most of these have a bank account whilst some funds are managed by the members directly. The commercial banks have estimated that at least 41% of stokvels members are "unbanked".

Co-operatives or other non-profit but income producing: Such CSOs are formed at the local level to collect resources from group members to invest jointly in a specific economic activity. In the past legislation only provided for agricultural cooperatives. However, the democratic government passed comprehensive legislation to accommodate amongst others a primary, secondary and apex cooperative structures in various fields such as, production, housing, manufacturing, taxi and agriculture amongst others. The legislation is currently being reviewed. However, much needs to be done by various stakeholders to enhance the credibility and sustainability of cooperatives in South Africa. The Department of Trade and Industry manages cooperatives currently and may not be the best placed department to provide the many services required by members of cooperatives. Monthly, many registered cooperatives are de-registered for failure to comply with the regulations. This is an enormous loss of investment.

Religious/faith-based: CSOs created by religious organisations, often with the emphasis on providing welfare services, sometimes combined with religious preaching. Historically, these organisations have provided education, welfare and anti-apartheid services to communities in which they have operated. In recent times, these organisations have also played a formidable role in integrating political exiles into the fabric of South African society. They have also provided welfare and legal services to many refugees from various parts of Africa. They have also been at the forefront of the campaigns on HIV/AIDS adopting many activities aimed at reducing

the spread of the disease. They often provide the moral argument for improved social government services. They are mainly self-funded, or funded through support organisations in other countries. In recent times given the reduction of donor aid as well as the democratisation of Eastern Europe and the economic crisis, financial support has been reduced quite dramatically. In the post-democratic era, they have also provided assistance in democracy education and practice.

Economic interest associations: CSOs which group people with a similar economic interest such as ratepayers associations or professional associations, and labour unions.

Ratepayers Associations: Since the establishment of a new framework of local government, South Africa witnessed a growth in Ratepayers Associations which have established themselves to improve their liaison and communication with local authorities, to pursue a diverse range of interests not often commensurate with the functioning of local councils. They have campaigned on matters such as local rates, road closures, building regulations, parks, water and electricity charges etc... They are mainly funded through membership dues and sometimes provide local crime prevention or security services.

Professional Associations: Whilst the number of professional associations has historically existed in South Africa, almost all of them have had to develop transformational measures to accommodate the conditions of the new democratic Constitution. New professional associations have also been established as the government has instituted new legislation or regulations. Accommodation of new professionals in these associations has led to many public debates and the formation of some splinter organisations. As these associations are based on membership fees, economic necessity will force them to realign themselves into national representative bodies representing the interests of their profession and membership.

Labour Unions: for over 150 years, South Africa has had experience with labour unions. Historically since 1924 African workers were not permitted to join unions within the framework of the Industrial Conciliation Act. Post-1979 and following the labour legislation changes made after the Wiehahn Commission Report, South Africa witnessed a growth of unions and has made remarkable achievements in organising workers and achieving collective bargaining agreements at factory or industry-sectoral levels. South African unions have consolidated themselves in various federations prime amongst which is the Congress of South African Trade Unions (COSATU). On the continent of Africa, South African unions are the best organised and financially most secure. On the international scene these unions have also played major roles in organising efforts, specific campaigns, and human rights protection. Individual union membership dues have risen quite sharply, but have provided a means to entrench the sustainability of these organisations. Whilst some unions have embarked on using members provident or pension funds to establish union investment companies, not all of these have been successful.

*Human rights promotion/protection:*CSOs formed to monitor abuses of human rights, to lobby against such abuses, and to protect and assist victims of abuse. As

foreign donor funding has diminished in this sector many of these have had to rely on government supported initiatives to source their funding. In some instances, intermediary agencies have been established, such as the Foundation for Human Rights through the Justice Department, which has received European Union (EU) funding. Immigration issues and xenophobic attacks have in recent years caused some of these organisations to change part of their focus.

*Civic/democracy education:*CSOs which concentrate on public education with regard to civic rights and responsibilities, especially in countries which are newly democratised. South Africa has not been any different. The dawn of democracy has seen the birth of a number of these organisations initially working within South Africa, but more recently in other parts of Africa as well. These organisations have not been able to sustain themselves as they have witnessed decreasing amounts of funding in the recent past.

*Community development:*CSOs formed at community level sometimes with links to a wider association of such CSOs, aimed at promoting the development of their community through service provision, savings clubs, etc…South Africa has a rich inheritance in this sector and many organisations have worked in rural and urban settings with much success. In recent times, government has supported the creation of specific community development organisations in some municipalities to deal with the historical apartheid deprivation.

*Advocacy:*CSOs that often have no field projects, but that form alliances with other CSOs to educate and lobby on specific policy issues. Since the advent of democracy many civil society organisations have influenced government through their advocacy campaigns, at the level of Parliament, officials, and politicians. Many of these have been successful. Successful examples which spring to mind are the passage of the Basic Income Grant, the Children's Act, and the Anti Retrovirals Campaign. In other instances, civil society has adopted an oppositional role to measures promoted by government such as the Information Bill and E-tolling. A key consideration in the future will be how local organisations sustain themselves whilst pursuing their advocacy campaigns. These organisations would also need to consider declaring their funding sources so as to bring transparency and accountability to their advocacy campaigns.

*Networks:*CSOs that provide information and education services to other CSOs, including newsletters, seminars, etc... Prior to the advent of democracy in 1994, a number of organisations established networks to pursue their sectoral interests. Forums were established to discuss and negotiate the needs of a non-racial society in pursuing common objectives in sectors such as education, health, water, local government, land, sanitation, urban development etc… A number of these networks survived and negotiated agreements with new government departments to provide a civil society function in specific sectors. The National Welfare Forum is one such successful example. The National Land Committee is an unsuccessful example. Donor networks such as the South African Grantmakers Association (SAGA) were established in this period have also not survived. More research needs to be

undertaken to understand the characteristics of successful networks to understand why so many networks fail.

STATE POLICY AND INSTITUTIONS IN A DEMOCRATIC SOUTH AFRICA

Development has meant many things to many people, depending on the era and perspective. Townsley defines development as economic growth which leads to an increased standard of living. Development can be measured in economic terms, such as Gross National Product (GNP) or Growth Domestic Product (GDP). Alternatively it may be measured in social and health indicators, such as education and life expectancy found in the Human Development Index (HDI). 6

The literature on development argues that development equals opportunity, and it further defines that development is about the following:

- Creating a world where everyone has the opportunity to lead safe, fulfilling, creative and rewarding lives
- Creating a global society in which everyone can live in peace and security
- Where everyone has a say in their community
- Creating a world where everyone has the opportunity to earn a decent living and the means to bring up healthy and educated children

They highlight that there are considerable differences between challenges faced by different states or nations, regions, right across the globe. Some states have witnessed exponential growth in terms of development, especially in East Asia. The verdict about Africa is mixed and is tied to the market fate of extractive industries and global economic trends.

The notion of a developmental state has been described as:A developmental state is a government with sufficient organization and power to achieve its development goals.[7]The notion of a democratic developmental state was introduced to include the elements of democracy.[8]

A developmental state plays an active role in guiding economic development and use of national resources to meet people's needs. It balances economic growth and social development. A developmental state relies on state resources and state influence to eradicate poverty and other social ills. A developmental state also makes use of different policies to shape the desired structure and the economic output of a nation.

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[6]Townsley, J (2009), *Economic Development Theory*, Sub-Saharan Africa, and Intervention Strategies for the Most Impoverished http://www.jeramyt.org/papers/econ-dev-theory.html (15/02/2011)

[7]Chang, Ha-Joon. 1999. *The Economic Theory of the Developmental State*. The Developmental State. Ithaca, NY: Cornell University Press.

[8]Edigheji O. (2005). *A Democratic Developmental State in Africa: A Concept Paper*. Available at, http://www.rrojasdatabank.info/devstate/edigheji.pdf,accessed on 21-05-2012.

Turok[9] contends that a developmental state therefore has the following key features:

- It is capable of **planning ahead**, making long-term strategic decisions beyond pragmatic responses to political pressures and problems as they emerge

- It has **analytical capacity** to separate the cause of problems from the symptoms and consequences

- It has **organizational capacity** to focus on the underlying issues for more durable outcomes.

So, a developmental state is able to direct and support economic development through the building of a strong public service, thereby creating an investor friendly relationship and environment, which also supports small scale enterprises.

However, Edigheji[10] argues that a developmental state is one that acts authoritatively, that is credible, legitimate, and in a binding manner in its formulation of policies and implementation of projects and programmes. He adds that a developmental state is able to construct and set up institutional architectures within the state to mobilize the society towards realization of its projects.

For any state to plan it must have tremendous interrelations with its social partners, it must be able to bring the other non-state actors such as trade unions and civil society organizations together to define a common purpose and sense of direction. By so doing, resources and ideas can be shared among partners. Organised, solid, vibrant independent civil society organizations make themselves indispensable to the state.

However, Freund[11] asserts that no state can build a sustainable economy single-handedly, solve all community problems and confidently deliver all essential services without the support of other social partners. Different sectors need to be brought together, especially those which are in close proximity to the people on the ground. For a developmental state to accomplish its objectives and goals it also needs the following: strategic, organizational capacity to ensure that it has effective systems and structures for implementation of national developmental goals. Technical capacity is required to ensure that the state is able to translate its objectives into implementable programmes and projects. Furthermore, a developmental state is one that is able to monitor and carry out an evaluation of its programmes and activities. The capacity of the state will be determined by its internal institutional and governance systems. Weak state capacity cannot fully formulate and implement policies for economic growth. Therefore, the economic growth rate is usually low in such countries, poverty is high, and there are also high levels of illiteracy, lack of

[9]Ibid.

[10]Edigheji, O. (Ed). (2010).*Constructing a Democratic Developmental State in South Africa: Potentials and Challenges.* Human Sciences Research Council, South Africa

[11]Freund B, (2009). South Africa: A Developmental State. Transformation … ….

access to basic social services, like health, education and poor infrastructural development is also evident.

Mkawandire[12] stressed that in the 21st century a developmental state would require new capacity. There is also a greater need for accurate engagement from the societal partners.

Mangcu[13] argues that a critical relationship between civil society and the state serves to extend the developmental agenda.[14] The developmental state extends beyond just a "state–society relationship" to the appreciation and acceptance of the irreducible plurality of society, and the inevitability of criticism, disagreement and betrayal. A developmental state is therefore able to relate to disparate groups pulling in different directions.

South Africa as a Developmental State

In defining the South African concept of a developmental state, Sen's concept of removing poverty and tyranny is central. Expanding economic opportunities and fighting social deprivation are critical, and providing public facilities and services to the poor is paramount. Fundamentally, the developmental state must balance the promotion of economic growth with social development. It must also balance investment in the long-term such as human capital development with shorter- term investment in economic infrastructure.[15]

In a developmental state Beeson rightly asserts that it is the government's role to establish the social and economic goals of the state. While the means of production are privately owned, the state intervenes to provide guidance, to ensure that utilization of the means of production is aimed at realizing national interests. A strong 'state capacity' is critically important as a distinguishing feature of a developmental state. It is achieved through the creation of an inexpensive, efficient and effective public service, staffed by the nation's brightest and best servants functioning without constraints, and capable of being innovative in addressing the social and economic needs of the citizens.[16] The North-East Asian states and Singapore are perfect examples of how the capacity of the state can be built to meet the challenges of a developmental state. In a developmental state, the government is always engaged in the perfection of market-conforming methods of state intervention in the economy, to maximise business performance in the private sector. A developmental state encourages and shapes co-operation with the private sector.[17]

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[12]Mkandawire, T (2010)*From Maladjusted States to Democratic Developmental states in Africa*, in Edigheji O (ed), Constructing a Democratic Developmental State in Africa: Potentials and Challenges. HSRC Pretoria: South Africa.

[13]Mangcu, X. (2008). To the Brink, the State of Democracy in South Africa, Scottsville: South Africa, University of KwaZulu-Natal Press.

[14].

[15]Amartya S(note 21 above)

[16] Beeson, M (note 19 above), see among others the works of Evans (1998) &Palidano (2000)

[17]Ibid

South Africa remains plagued by high levels of inequality. In fact, South Africa remains one of the most socially unequal countries in the world. It seems that over the last 19 years of democracy, economic growth has nevertheless been associated with growing poverty and increasing exclusion of the poor from the mainstream market economy. The poor still do not have access to the capital necessary for socio-economic gains. Instead, capital flows easily, and accessibly among those who already have resources, remaining trapped among the rich. The gap between rich and poor is not diminishing but rather increasing, and this is cause for concern. The polarization between rich and poor is a sign of the two worlds in South Africa: the first and the second economies as described so eloquently by Thabo Mbeki.[18] The gap between the rich and poor also tends to polarize opinion between capitalist and socialist, between neo-liberal approaches and those on the Left. Such divides represent a threat to public service delivery and a recipe for deepening poverty.

However, lack of consensus among South African policy-makers and academics and unionists alike on the nature, policy objectives and institutional characteristics of a democratic developmental state, is likely to make it difficult for South Africa to construct a democratic developmental state. [19]

Bond argues that a developmental state is meant to **reverse** the following:

- Rise in income inequalities to access to government services
- Increasing the unemployment rate
- Provision of housing to the people
- Affordable water and electricity charges.
- Degeneration of the health system, exacerbated by the HIV/AIDS pandemic
- Poor education system
- High crime rate[20]

There are many factors which undermine the progress of a developmental state in South Africa. Poverty statistics show that 50% of South Africans live in poverty, 38% of the people in South Africa between the ages 15 – 25 are not employed.
The ANC saw long before the global economic crisis that addressing developmental challenges by growing the economy, reducing poverty, addressing inequality and unemployment, improving the livelihoods of South African needed a developmental state that is democratic, socially inclusive and with the capacity to intervene to achieve all the intended goals and objectives. It is also clear that in 2005, the ANC and its National General Council emphasized the need of constructing a developmental state that would be capable to restructure South Africa's economy, and that the state would play a pivotal role by directly investing in underdeveloped areas and directing private sector investment and address all other problems.[21]

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[18]Mbeki T (2006*). State of the Nation Address of the Republic of South Africa*: Joint Sitting of Parliament, Cape Town, 3 February 2006.

[19]http://www.hsrc.ac.za/Event-337.phtml (accessed 14/02/2011)

[20] Bond, P. (2010).*South Africa's Developmental State*. Distractions

[21]Matshiqi, A. (note 53 above) p.3

Building a developmental state in South Africa is a recurring theme in government policy documents. For example in the 2009 Medium Term Strategic Framework (Presidency 2009) the government reiterated its commitment to building a democratic developmental state that would ensure accountable government and enhanced state capacity for growth and development, and provision of basic services to people of South Africa. On the other hand, the desire to construct a developmental state is one thing but constructing it is another thing. South Africa is currently faced with challenges of designing the relevant institutions, formulating and implementing relevant policies.[22]

The current political flexibility provides an opportunity for civil society groups to re-group and embark on a massive and collective policy advocacy and ensure that comprehensive development policies are brought to the forefront in South Africa. The legislative and policy framework for the ideals contained in the South African constitution are fragmented, the social policy programmes are not adequate. The developmental state agenda needs to incorporate people centred development as a centre piece [23]

Constructing a Developmental State in South Africa

For the attainment of a fully developmental state, South Africa needs to do some of the following:

- It has to put the right institutions in place; this would improve the state's capacity to promote its developmental efforts.

- A competent bureaucracy is the hallmark of most democratic developmental states – these have predictable and long term reward.

- Central economic agencies that will be the nerve centre for all developmental plans and policy making, staffed with qualified and competent personnel who are able to build the organizational and technical capacities of the state.

- The best and intelligent South Africans should be attracted by the Public Service. [24]

Gumede[25] remains sceptical and states that developmental states are still a pipedream for Africa. Africa continues to be at the backyard of economic development. Poverty and other socio-economic ills continue to reach unprecedented levels. There is high level of illiteracy, child mortality rate as well as low average life expectancy worldwide and poor infrastructural development.

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[22]Turok, B. (ed).(2008). *Wealth Doesn't Trickle Down: The Case for A Developmental State in South Africa.*New Agenda. Cape Town.
[23]NGO Pulse.(2011.)http://www.ngopulse.org.za, accessed 15 / 02 / 2011).
[24]The Presidency (2008a).*Development Indicators*.The Presidency. Pretoria 2008, p. 11.
[25]Gumede, V. (2010).*Developmental States are still a pipedream for Africa*. The Thinker (Volume 19 / 2010)

Sikhakhane maintains that a vibrant civil society will anchor a developmental state in South Africa. Sikhakhane has argued that the success of a developmental state would require a much stronger and effective linkages between the state and the civil society. He went on to argue that state-civil society linkages are a crucial force in driving the improvement of national capabilities. Moreover, improving national capabilities is crucial to long term economic growth. Evans underlined that it is the role of the state to make the civil society linkages possible by helping these institutions stand on their feet. Sikhakhane further noted that turning South Africa into a developmental state, would require political mobilization and which the ANC cannot master at the present moment.[26]

Developmental Local Government

The White Paper on Local Government (Department of Provincial Affairs and Constitutional Development 1998) defines developmental local government as local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and eventually improve their quality of life. The implication of this is that local government, particularly municipalities, should co-operate with community stakeholders to further democracy and participate in issues of local concern. This will ensure that the community's needs are addressed and effectively met.[27] The creation of developmental local government in South Africa requires the restructuring of municipal councils; institutional reforms, changes in leadership, a strong focus on poverty alleviation, economic growth, and management of development in an integrated and sustainable manner.

The clearest manifestation of local government's problems is provided by the financial vulnerability exhibited by numerous municipalities. Approximately two-thirds of all municipalities are highly stressed, with one-third financially non-viable.[28] This assessment is confirmed by Project Consolidate, the national barometer for municipal financial viability.[29] Some municipalities have inadequate financial management capacity, the result being that budgeting, accounting, credit control and financial reporting systems are weak and have loopholes, which continue to deplete the revenue base of the municipality in question. The budgeting process often is not properly linked to municipal IDP and service delivery improvement plans. Nor is it always open to community participation. In some cases, revenue is either overstated or understated, resulting in unrealistic budgets, as highlighted in the White Paper on Local Government.[30]

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[26]http://allafrica.com/stories/printable, accessed (14 / 02 /2011).
[27]Caesar N &Theron F (1999*). Assessing Attitudes and Perceptions in Integrated Development Planning: The Case Study of Stellenbosch.* AdministratioPublica, Vol. 9, No. 2 December.
[28]Bernstein A (1998*). Response to the White Paper by the Centre for Development and Enterprise, Development of Southern Africa*, Vol. 15, No. 2, pp. 297-306.
[29]Pycroft, C. (1999).*Restructuring Non-Metropolitan Local Government in South Africa*, Journal of Public Administration and Development, pp. 179-192.
[30]Department of Provincial and Local Government Affairs (2000), White Paper on Municipal Service Partnerships, Pretoria: Government Printer.

The IDPs, Local Government and Development

In reforming local government and consolidating white towns with black townships, the then Department of Local Government legislated for the Integrated Development Plans. The IDPs are used and abused by virtually every stakeholder on every side of the fence.

In an assessment of Integrated Development Plans, Philip Harrison[31] concludes that the IDPs have strengths but also serious flaws:

- As an instrument of co-operative government, it has limitations by its inability to involve and commit other agents.

- As an instrument of participatory government, the IDP has mixed results, achieving results, the time consuming and costly process of public participation has not yielded the desired results.

- As an instrument of efficient administration, the IDP also has had ambiguous outcomes. Planning everywhere is political but more particularly so in South Africa. The system is full of paradoxes and unexpected outcomes. The intensive politicisation of administrative processes often is hidden from public scrutiny and falls outside accepted democratic procedures.

- As an instrument of creativity and innovation, the IDP processes initially stunted this. However, the differentiated and targeted process adopted by the DPLG in 2004 has gone some way to allow for small incremental and informed adoptions.

- As a civic instrument of developmental local government, expenditure shifts toward historically disadvantaged communities has occurred. But this has probably entrenched social and spatial patterns of the quality from towns to townships.

The National Development Plan (NDP) Priorities

The NDP[32] is summarised into twelve points, these being:

- **An economy that will create more jobs**
  South Africa needs an economy that is more inclusive, more dynamic and in which the fruits of the growth are shared more equitably. Promoting more rapid, job-creating growth means tackling challenges in an honest and open manner

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[31]Harrison, P. (2001).*The Genealogy of South Africa's Integrated Development Plan*, in Third World Planning Review 23 (2), pp. 175-193.
[32] National Development Plan (NDP) (2013). Executive Summary.

- **Improving infrastructure**
  To grow faster and in amore inclusive manner, the country needs a higher level of capital spending in general and public investment in particular. Gross fixed capital formation needs to reach 30% of GDP by 2030 to see a sustained impact on growth and household services

- **Transition to a low-carbon economy**
  South Africa needs to move away from the unsustainable use of natural resources. With a realistic strategy and global partnerships, South Africa can manage the transition to a low-carbon economy at a pace consistent with government's public pledges, without harming jobs and competitiveness

- **An inclusive and integrated rural economy**
  By 2030, South Africa's rural communities should have greater opportunities to participate fully in the economic, social and political life of the country. These opportunities need to be underpinned by good quality education, healthcare, transport and other basic services. Successful land reform, job creation and rising agricultural production will all contribute to the development of an inclusive economy

- **Reversing the spatial effects of apartheid**
  Settlement patterns should meet the needs and preferences of citizens taking into account broader social, environmental and economic interests. Reversing the country's spatial inheritance from the apartheid era, even with sound and sensible policies, is going to take decades. In rural areas, settlement patterns must balance the social, cultural and agricultural needs of families with then need to provide cost-effective services to households

- **Improving the quality of education, training and innovation**
  The quality of education for the majority of black learners remains poor. Poor-quality education not only denies many learners access to employment – it also affects the earnings potential and career mobility of those who do get jobs, and reduces the dynamism of South African businesses

- **Quality health care for all**
  Long-term health outcomes are shaped by factors largely outside the health system. Good health is essential for a productive and fulfilling life. By 2030, the health system should provide quality health care for all, free at the point of service, or paid for by publicly provided or privately funded insurance

- **Social protection**
  Effective social protection and welfare services are an integral part of our programme for inclusive economic growth and central to the elimination of poverty and reduction of inequality

- **Building safer communities**
  When people feel unsafe it is hard for them to develop their capabilities, pursue their personal goals, and to take part in social and economic activity. By 2030, people living in South Africa should feel safe and have no fear of crime. The South African Police Service and metro police should be a professional institution staffed by skilled, disciplined, ethical individuals who value their work and serve the community

- **Reforming the public service**
  A plan is only as credible as its delivery mechanism is viable. A capable state is an essential precondition for South Africa's development. A capable state has to be painstakingly built, brick by brick, institution by institution, and sustained and rejuvenated over time. It requires leadership, sound policies, skilled managers and workers, clear lines of accountability, appropriate systems, and consistent and fair application of rules

- **Fighting corruption**
  High corruption levels frustrate society's ability to operate fairly and efficiently and the state's ability to deliver on its development mandate. Political will is essential to combat this scourge. In addition, corruption should be fought on three fronts: deterrence, prevention and education

- **Transforming society and uniting the country**
  A united people and a more cohesive society are not only national objectives; they are also means to eradicating poverty and inequality. Strong leadership is needed to promote the vision of the Constitution. A formal social compact may help strengthen the alignment between growth and development and nation-building, generating a virtuous circle.[33]

National Planning Commission partnerships with Civil Society

After consultation with various stakeholders and academics the National Planning Commission (NPC), published its report in 2012 and makes some specific references to a potential partnership to civil society which is captured here under:

Citizens active in their own development
Civil society promotes development and community cohesion. In many poor communities, welfare non-governmental organisations (NGOs) and other community-based organisations deliver vital social and development employment programmes.

Proposals to create vibrant urban settlements and revive rural areas include
Developing neighbourhood spatial compacts which will bring civil society, business and the state together to solve problems.

Proposals to building safer communities
Building community participation. Civil society organisations and civic participation are needed to establish safe communities. Community safety centres should be considered.

Leadership and responsibility throughout society
The successful implementation of this plan requires strong leadership from government, business, labour and civil society. The report notes that:

> Civil society leaders represent citizens on issues closest to their hearts and must be taken seriously. These leaders are responsible for ensuring that criticism and protest are conducted with dignity and maturity. Although civil society leaders sometimes only represent narrow interests in a broad and diverse society, they form an integral part of a vibrant democracy that involves people in their own development.

Environmental sustainability and resilience
An independent Climate Change Centre, in partnership with academic and other appropriate institutions, is established by government, business and civil society.

Social protection
Create an effective social welfare system that delivers better results for vulnerable groups with the state playing a larger role compared to now. Civil society should complement government initiatives.

LOCATING THE MDGS IN THE SOUTH AFRICAN DEVELOPMENTAL CONTEXT

Government's Medium Term Strategic Framework (MTSF, 2009-2014) identifies the development challenges facing South Africa, outlines the strategy to address them, and guides government planning and resource allocation at national, provincial and local levels. The MTSF identifies five over-arching development objectives, which are linked to ten priority areas. The strategic objectives are:

- Halve poverty and unemployment by 2014
- Ensure a more equitable distribution of the benefits of economic growth and reduce inequality
- Improve the nation's health profile and skills base and ensure universal access to basic services
- Build a nation free of all forms of racism, sexism, tribalism and xenophobia
- Improve the safety of citizens by reducing incidents of crime and corruption.

The eight MDGs have been domesticated into this set of strategic priorities. The MDG Country Report therefore includes a number of additional, domestic indicators

to measure progress relating to this broadened development agenda. While recognising and supporting this integrated approach, however, this review focuses on information relating directly to progress under the MDG targets.

Progress in South Africa towards the MDGs

As with the previous reports, progress reports on the MDGs were prepared by the Government – led by Statistics South Africa, which hosts the MDG Secretariat – with contributions by United Nations agencies and others. As is acknowledged in the report itself, the participation of CSOs was very limited – essentially consisting of a validation workshop held in the "dying minutes of finalising the report".

For each MDG, government's assessment was given on the status of progress under each indicator, followed by a brief discussion and conclusions from the government perspective. Each MDG concludes with a sample of comments and views expressed by South African CSOs and others before, during and/or since the Millennium Summit.

CSO perceptions in South Africa on achieving the MDGs

During workshops held with CSOs in 2011,a brief perception survey was conducted at each workshop by the attendees. Each participant was asked to score on a ten point scale, their individual perception of progress made on the eight goals.

The table reflects the participants' viewpoints:

Table 1: Participants' Perceptions on Achieving MDGs

Millennium Development Goal	Average Perception
To eradicate extreme poverty	3
To achieve universal primary education	4
To promote gender equality and empower women	5
To reduce child mortality	4
To improve maternal health	4
To combat HIV/AIDS, malaria and other diseases	5
To ensure environmental sustainability	4
To develop a global partnership for development	4

Whilst average progress was recorded for goals on gender equality and combating HIV/AIDS, all the other goals were measured as below average. Whilst apartheid historically contributed to the skewed development of South Africa, this defence can

hardly be used by the democratic government in an assessment of its own progress in achieving these aims.

Civil society has a vital contribution to make on achieving the goals despite the problems of measurement and lack of statistics. The development goals also are just that; developmental goals and if South Africa is serious about achieving them the international reporting and league tables should be an accelerator for politicians, policy makers and government to see to the realization of the MDGs. Local participation and empowerment are the best routes to achieving the goals. Targeted funding can help the country push back the apartheid deficit and achieve the aspirations of the democratic developmental state.

Like many other East Asian states, South Africa sees the construction of a developmental state as a panacea to the country's social, economic and institutional problems. The question which still remains is whether the state and civil society can become successful partners in fighting poverty and numerous other teething problems. It is noted that the construction of a developmental state will be determined by the institutional reforms, transformative institution. An active, informed and viable civil society is essential to the consolidation of pluralistic democracy and the pro- motion of sustainable development. These have a role to play in determining the course of a democratic developmental state's capacity to formulate and implement policies despite the complexities that may come along with creating a state - civil society shared agendas. In a public debate[34] between Business Leadership South Africa represented by Mr Bobby Godsell and Mr Jeremy Cronin, Deputy Secretary-General of the South African Communist Party, the debaters agreed that the National Development Plan was a pathway to future development in South Africa which should be implemented through a partnership amongst all the stakeholders such that South Africa became a developmental society rather than a developmental state.

POST-DEMOCRATIC CIVIL SOCIETY FUNDING IN SOUTH AFRICA

There is a plethora of funding resources available to CSOs in South Africa. However, since 1994, a proliferation of CSOs has led to additional organisations competing for ever-dwindling funds from international and local development agencies. South African CSOs have relied far too heavily on historical resources for their funding. A feeling of entitlement, and the accompanying false sense of financial security it brings, has seen many CSOs fail in sustaining themselves in the long term.

Corporate Social Investment (CSI) funding in South Africa

The private sector development funding, includes giving by individuals and companies. It is important for the ideals of this report to disburse information on CSI. Meaning that, private sector contribution to civil society must be notarised and must be seen within the context of South Africa's developing state. This is required so as

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[34]Engineering News 27 May 2013.

to demystify CSI and understand its contribution toward development as a whole in SA's civil society.

Certain companies within South Africa's private sector have a history of being involved with less fortunate communities. Examples of such captains of industry would be the Oppenheimer family; Raymond Ackerman and Donald Gordon. More recently, individuals such as Patrice Motsepe; Tokyo Sexwale and Cyril Ramaphosa have also entered this sphere. However the charitable side of many private companies was not well-documented, nor was it regulated, formalised, monitored and evaluated. The advent of the term Corporate Social Investment (CSI) in South Africa brought with it the ability for welfare and private and any interested party for that matter to evaluate the size, scope and impact of private sector donations to less fortunate people. CSI was lauded as the vehicle with which funds toward the CSO sector in South Africa would be delivered.

CSI spend per development sector in Rand value between 2000 and 2012

Table 2: Rand Value of CSI Expenditure in South Africa between 2000 and 2012*

Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Arts and culture	73,6m	81,6m	66,0m	23,5m	96m	106m	86,4m	123m	153m	162m	200m	224m	200,1m
Community and rural development	92m	102m	154m	117m	168m	-	-	-	-	-	-	-	-
Education	699,2m	775,2m	36m	916,5m	936m	980,5m	950,4m	1,271b	1,581b	2,052b	2,782b	2,432b	2,967b
Environment	73,6m	81,6m	88m	94m	96m	79,5m	86,4m	246m	306m	324m	324m	288m	310,5m
Health	165,6m	183,6m	286m	352,5m	36m	450,5m	518,4m	451m	969m	918m	918m	1,056b	800,4m
Housing	55,2m	61,2m	22m	47m	24m	26,5m	28,8m	41m	51m	54m	54m	16m	117,3m
Job creation	184m	200,4m	242m	329m	240m	212m	345,6m	533m	663m	378m	432m	-	-
Safety and security	55,2m	61,2m	44m	47m	72m	26,5m	57,6m	82m	102m	108m	108m	108,8m	151,8m
Social development	128,8m	142,8m	220m	235m	168m	397,5m	432m	656m	816m	486m	956m	1,088b	1,055b
Sports development	110,4m	122,4m	88m	94m	72m	106m	115,2m	164m	306m	216m	516m	217,6m	172,5m
Training	202,4m	224,4m	220m	235m	168m	265m	345,6m	533m	306m	702m	648m	-	-
Food security	-	-	-	-	-	-	-	-	-	-	-	281,6m	476,1m
Enterprise development	-	-	-	-	-	-	-	-	-	-	-	275,2m	365,7m
Other	-	-	-	-	-	-	-	-	-	-	-	288m	96,6m
Overall Total CSI Budget	**1,84b**	**2,04b**	**2,2b**	**2,35b**	**2,4b**	**2,65b**	**2,88b**	**4,1b**	**5,1b**	**5,4b**	**6,2b**	**6,4b**	**6,9b**

Tracking CSI spend between 2001 and 2012 is central to this research. Howeverthe reporting undertaken by Trialogue does not afford a direct comparison between the sectors that are funded. Table2 above,provides a comparison of the rand spend in

the key development sectors between 2000 and 2012.The Tableclearly shows a steady increase of funds disbursed by CSI is a testament to their goals of achieving sustainable development in South Africa. CSOs have received billions over the last twelve years from CSI, yet this is only ONE source of funding. This begs the following two questions: Is their poor financial management by CSOs presently facing funding crises? Are there too many CSOs in critical sectors duplicating each other's work thereby making it seem as if CSI expenditure is not enough?

An INTERFUND/SANGOCO study of the South African CSO sectorin 2001 reported that the sector is relatively well-resourced, employing just over half a million people and generating income in excess of R10 billion per year. Despite perceived tough times, more than half the responding CSOs experienced an increase in their budget over the last financial year. 16% experienced a slight decline in funding due to foreign or local funding, and for some, finding that works on government projects were more costly than anticipated.[35]

However the 2012 Trialogue Survey of the CSO sector showed mixed fortunes. When asked, whether their income had decreased or increased over the past year, more NPOs had experienced a decrease (38%) than an increase (33%), with 30% reporting that income had stayed the same. But the report notes that if inflation is taken into account, this income increase represents a net real decline. Therefore it can be concluded that all CSOs experienced a net real decline in revenue in 2012.[36]

The data shows that over the past twelve years, three vital sectors of the CSO sector, (education, social development and health), have received billions of rand from CSI alone.

Even with the annual CSI spend, the public education system is struggling to cope now more so than it hasbeen in the past twelve years. With millions of learners receiving an inadequate public education, and adding to the unemployment burden in South Africa, it begs two questions: How have CSOs working in these three sectors managed their funds? Why are corporates not holding the CSOs they fund to account?

In 2001, the CSO sector received R2, 04 billion. In 2012 the CSO sector received R6, 9 billion. Over a twelve year period, funding to the CSO sector by business alone has TREBLED.

Furthermore, according to Trialogue 2000, many NPOs responded to the survey by looking at long-term financing options such as income-generating activities, mobilising resources, and forging partnerships with the commercial sector. Most NPOs surveyed however, feel that they could not survive solely on this self-

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[35] Ibid

[36] The Corporate Social Investment Handbook, 15[th]ed.(2012), A *comprehensive reference guide to corporate social investment in South Africa.* Cape Town: Trialogue Publications.

generated income. The very nature of development work does not enable all organisations to generate a high level of their own income.[37]

Comparatively, according to Trialogue[38] in 2012, with limited resources to properly evaluate programmes, development practioners find it difficult to measure their progress. Others felt they cannot afford to invest financial resources in communication or developing skills in the area.

In the 2001 Trialogue Survey, of the 75 NPOs surveyed, 30% have 1 to 5 donors. And 9% have more than 15 donors. Increasing the number of donors an NPO has,creates a donor pool which thenreduces the chances of NPOsnot facing a donor crisis.[39]

Comparatively, according to Trialogue[40] in 2012, a higher number of donor relationships leads to funding stability through diversity, although it is likely to take more effort to service these relationships. On average the NPO's surveyed had relationships with 13 corporates, compared to 6 trusts/foundations and 3 South African government entities.

The NPOs surveyed by Trialogue in 2001, acknowledged that it is extremely important to provide recognition to donors for their involvement in projects and almost 40% of NPOs acknowledged that corporate grant-makers are not getting sufficient recognition for their CSI-related activities. And these are the bigger and more sophisticated organisations so it is likely that as a general rule corporates are not getting the recognition they deserve.[41]Comparatively, according to Trialogue[42]by 2012, NPOs and corporates were asked to list up to 3 companies that are perceived to be achieving the most developmental impact through their CSI programmes. Out of 236 NPO responses, a total of 117 companies were named. Those companies mentioned most often by NPOs were Anglo American, Nedbank and Old Mutual. The companies mentioned most frequently by the 99 corporates surveyed, were Anglo American, South African Breweries, Nedbank and Vodacom.

Trialogue in 2001 noted that the 100 corporate grant-makers researched are contributing R1 billion to community development in South Africa. The reality is that only 5% of the leading companies are contributing 30% of the total sample budget. And on the other end of the spectrum three-quarters of the sample of 100 corporate grant-makers are contributing less than a quarter of the budget.[43]Comparatively,

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[37] Ibid

[38]The Corporate Social Investment Handbook, 15thed.(2012), A *comprehensive reference guide to corporate social investment in South Africa.* Cape Town: Trialogue Publications.

[39] Ibid

[40]The Corporate Social Investment Handbook, 15thed.(2012), A *comprehensive reference guide to corporate social investment in South Africa.* Cape Town: Trialogue Publications.

[41] Ibid

[42]The Corporate Social Investment Handbook, 15thed.(2012), A *comprehensive reference guide to corporate social investment in South Africa.* Cape Town: Trialogue Publications.

[43] Ibid

according to Trialogue[44] in 2012, the top 100 companies accounted for R4.78 billion. Just 32 companies accounted for more than R3.45 billion, which is 49% of total CSI expenditure for 2012.

Table 3: Percentage of CSI budgets disbursed to development sectors between 2000 and 2012

Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Average
Arts and culture	4	4	3	1	4	4	3	3	3	3	3	3.5	2.9	**2.9**
Community and rural development	5	5	7	5	7	-	-	-	-	-	-	-	-	**5.8**
Education	38	38	36	39	39	37	33	31	31	38	33	38	43	**36.4**
Environment	4	4	4	4	4	3	3	6	6	6	6	4.5	4.5	**4.5**
Health	9	9	13	15	15	17	18	11	19	17	17	16.5	11.6	**14.4**
Housing	3	3	1	2	1	1	1	1	1	1	1	2.5	1.7	**1.5**
Job creation	10	10	11	14	10	8	12	13	13	7	8	-	-	**10.5**
Safety and security	3	3	2	2	3	1	2	2	2	2	2	1.5	2.2	**2.1**
Social development	7	7	10	10	7	15	15	16	16	9	14	17	15.3	**12.1**
Sports development	6	6	4	4	3	4	4	4	3	4	4	3.4	2.5	**3.9**
Training	11	11	10	10	7	10	12	13	6	13	12	-	-	**8.6**
Food security	-	-	-	-	-	-	-	-	-	-	-	4.4	6.9	**5.6**
Enterprise development	-	-	-	-	-	-	-	-	-	-	-	4.3	5.3	**4.8**
Other	-	-	-	-	-	-	-	-	-	-	-	4.5	1.4	**2.9**

The CSI budget percentage is relevant to the research as it indicates trends in what the business sector feels the CSO sector should be focusing on. Table 3 shows what corporates spend their CSI budgets on over a twelve year period:

Consistently, an average of 36, 4% of CSI spend has been on the education sector. In 2007/8, the spend dropped to 31%, but spiked to 43% in 2012. In the health sector, the average spend was 14, 4% from a low base of 9% in 2000, it increased to 17% in 2009 and 2010. The social development sector witnessed a slightly lower average spend of 12, 1% but peaked to 16% in 2007 and 2008. Consistently, an average of 8, 6% has been spent on training, between 2000 and 2010. In 2011 and 2012 no such spend was recorded. Since 2011, three further categories of measurement have been developed by Trialogue. These are: food security, enterprise development and a miscellaneous category of Other. The average spend in these categories over the two years has been 4, 4%. The other categories covered include the following: arts and culture; community and rural development; environment; housing; job creation; safety and security; and sports development.

The data in Table 3clearly shows that CSI has done excellent work over 12 years. On average, corporates have provided more than 50% of their CSI budgets to two vital development sectors: Education and Health.

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[44]The Corporate Social Investment Handbook, 15[th]ed.(2012), A *comprehensive reference guide to corporate social investment in South Africa.* Cape Town: Trialogue Publications.

As a resource for NGO funding, CSI funds make a vital contribution to civil society in eighteen different sectors. This is a laudable contribution in the context of a middle-income country and indicates that corporate social responsibility is well-developed in South Africa.

Tracking CSI expenditure over the last 12 years clearly shows the shifts in focus by corporates. Education and Training stood out above all other development sectors in terms of corporate spending. Tax deductibility of donations to formal education institutions as well as the direct needs of the business sector dominated thinking. During the mid to late 1990s there was an increased diversification into other sectors such as job creation, and more recently health and welfare.[45] However, in recent years as can be seen in Table 2, some corporates have changed priorities and re-focused their giving into other sectors.

The complexities of the CSI-CSO interface in South Africa

A deeper understanding by the business sectorof the CSO sector is required moving forward. An associated concern of good corporate citizenship is the debt being incurred by poorer communities. Evans argues that:[46]

> 'While the private sector gives with one hand, too often it is busy taking back with another. This is especially true when it comes to unrealistic debt levels, which are encouraged in poor communities but counteract any good achieved by CSI and companies in general. Good corporate citizenship includes businesses respecting individuals, communities and their environment in ways that are reflected in their product offerings.
> Credit opportunities and the marketing of these should be responsible, and not trap the poor in debt. South Africa's future security relies heavily on job creation. However, if salaries are continually being sucked into debt repayments on consumables (as opposed to assets), then the poverty trap remains and there will be nothing left for personal and familial investment into future generations through education or asset acquisition. As CSI practitioners move into more strategic positions in companies, it is to be hoped that their efforts are not undermined by some of their very own colleagues.'

The manner in which credit is given to poorer people should be responsible as well as thoroughly and transparently explained to the potential borrower. The launch of the Consumer Protection Act in 2011 has re-examined the way in which debtors borrow to credit-seekers, especially from poorer communities.

CSI can do more to protect poorer communities from the credit trap, by not luring poorer, uneducated consumers into a false sense of financial security. This merely exacerbates cycles of poverty in these communities, and nullifies contributions made toward these communities through CSI initiatives.

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[45] Ibid

[46] Evans, B (2011). *How debt undermines good corporate citizenship.* CSI The Human Face of Business: A Showcase of South African Corporate Social Investment. Johannesburg. Creative Space Media.

Business should assist poorer communities through skills and knowledge transfers which are tangible and relevant in a globalising world. The nation needs to move away from being passive by-standers, to proactive information and skill-sharers so as to lift the poor out of poverty and develop the nation in a harmonious and sustainable manner. Hornby contends that:[47]

> Development is an interesting concept and development is actually about human growth, about supporting and transforming people as they evolve into caring citizens, able to participate in the economy and contribute meaningfully to shaping our new society. The increasing poverty levels should offend us, and galvanise us into asking the hard questions about our approach to community development. There are people in communities across our country that has strengths, skills and expertise – yet these remain largely untapped or underestimated. The traditional needs-based approach has not served the poor well and there is growing interest in an asset-based approach that recognises that communities do have capabilities, knowledge and expertise that has been suppressed by hardship. Once communities are conscious of their assets, they have value and it leads them to investing in projects that are worth defending and caring for. The most sustainable community projects are those where communities have invested their own resources. Being empowered as a partner makes a different relationship possible between development agencies and communities, and the asset-based approach recognises that individuals have inherent power and resources.'

A massive role is played by communities in lifting themselves out of poverty and sustaining such a feat. It is a tough task, and there are many mitigating factors, however with an understanding and flexible donor, the beneficiaries may soon be able to thrive without donor assistance if projects are well-planned and have foresight. This is where a transfer of good business sense and wherewithal may provide the key to breaking the cycles of poverty which continue to plague South Africa.

CSI initiatives must be better-documented and corporates must begin opening up the channels of communication between themselves and CSOs, in order to better scrutinise stakeholders in the CSO-CSI interface. Prangleyargues that:[48]

> 'Business leaders and CSI departments are culpable in a charade when they position the company as a non-social entity with a small charitable arm. This line of debate is captured by the statement, "The business of business is business", where creating shareholder wealth is the goal. If business leaders position their organisation this way then they significantly limit the potential of business to make a contribution to our society. Business needs to see itself as the provider of goods and services that society needs. These goods and services, the wages paid to employees and the building of a skilled workforce are the core areas in which business makes a contribution to the social good.
> Michael Porter recently suggested that companies should move from corporate social responsibility (CSR) to corporate shared value. He sees the CSR agenda as a zero-sum game, where no value is created. With corporate shared value, the business sees its role as creating innovation in the social sector and encouraging efficiencies and greater impact. He suggests the debate on the role of business in society has been poorly constructed. CSI is important but needs to be strategic to the performance of the firm over the long term. Too often CSI is delinked from firm performance and is run out of a

[47] Hornby, D. (2011*). Let people use their assets.* CSI: The Human Face of Business. A Showcase of South African Corporate Social Investment. Johannesburg: Creative Spaces Media.

[48]Prangley, A. (2011). *Why business must be more than business*. CSI: The Human Face of Business. A Showcase of South African Corporate Social Investment. Johannesburg: Creative Spaces Media.

side office. CSI professionals see themselves as "do-gooders" immune from the pressures that face the rest of the business. Where CSI is linked to corporate strategy it can be further leveraged for greater impact.

CSOs and Business sectors need to work more harmoniously together in order to contribute in a valuable way toward social development as a whole in South Africa. The CSI-CSO interface needs better regulation, better reporting, and consistent monitoring and evaluation. Such suggestions may improve the accountability within this interface, and encourage all stakeholders to be more transparent and responsible within the CSI-CSO landscape.

Black Economic Empowerment (BEE) Partnerships

The democratic government in an attempt to transform management and ownership of enterprises has negotiated and legislated for black economic empowerment. In various sectors black economic forums have been established and negotiated the transformation of these sectors. In its procurement policies, government departments at all spheres of government, including state-owned enterprises have adopted policy regulations to ensure that preference is provided to companies achieving higher BEE scores.
Considering CSI budgets, Mofokeng[49] is of the view that:

> South African corporations can use their CSI budgets on projects that will earn them Socio-Economic Development (SED) points to help improve their BEE compliance. Non-profits, classified as legitimate recipients of SED funding are in a better position to derive maximum benefit.

Keeton[50] confirms this position stating that:

> Non-profits may find support from two areas of BEE activity:First, the programmatic community-based activities that sectors like mining have to undertake is part of a new license to operate. These systematic large-scale investments are linked to detailed budgets and roll-out plans. Most of the activities are pre-set and there is little scope for adjustment. Activities consist mainly of infrastructural development, support for local government and training. It is unlikely that there will be much scope for new, project-based initiatives to be considered for support unless they align directly within the chosen focus. Secondly, there are certain companies that have set up community trusts as a mechanism for broad-based share ownership. Some of these community trusts have pre-selected non-profits as their beneficiaries; others have chosen a more pragmatic approach. Some are tied to local communities associated with their businesses, whilst others have a national focus. Governance structures also vary, most of them are new to the development space and have trust deeds drawn primarily to reflect legal and political objectives.

Keeton[51] however, cautions that:

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[49]Mofokeng, M-A. (2012). *An Analysis of what makes a Non-Profit Organisation Sustainable: Specific Reference to Revenue Diversification.* Research Report in partial fulfilment of the requirements for the Masters in Business Leadership. University of South Africa (UNISA) Graduate School of Business Leadership, Pretoria February 2012.
[50]Keeton, M. (2010).*The Sustainability Challenge: Pressures and Opportunities for South African NGOs*.
[51] Ibid

It may take them time to develop clear funding routines and focus areas but this is an important sector for non-profits to research, as opportunities for new funding may arise quickly in certain areas.

The financial crisis of 2008 and the global and local recession have had a major impact on the number and character of BEE deals and the benefits that NPOs may derive from such deals.

MAJOR FUNDERS OF CIVIL SOCIETY ORGANISATIONS IN SOUTH AFRICA

The National Development Agency

The establishment of the NDA was an outcome of social dialogue between the government, civil society, business and funding agencies to ensure that a formal facilitative platform is created to support a development paradigm whose centrepiece is people driven in partnership with government.[52]

The aims of the NDA are:

- **Funding**: to provide financial support to programmes and projects that will continue directly to the enhancement of the asset-base of the poor
- **Capacity Building:** to build the leadership, technical expertise and management capabilities of civil society organisations that help to eradicate poverty
- **Fundraising:** to build relationships and income streams with significant donors that work to eradicate poverty and its causes.
- **Research and Policy:** establish a broad and reliable database of civil society organisations and poverty eradication institutions and organisations for the purpose of developing partnerships and sharing them with the state and other stakeholders
- **Policy Dialogue:** to promote dialogue between government, intergovernmental organisations and government departments at all levels to influence policy change and development action. Document and conduct regular seminars, conferences and policy forums on poverty eradication to guide policy discussions and policy formulation in government and civil society partnerships.
- **Impact assessment**: vigorously conduct impact assessments on programme activities of the NDA.[53]

Table 4: Grant Disbursement to Projects approved by the NDA in Rand terms from 2000 to 2011*

Year	Total number of projects approved	Total Grant Commitment per year
2000/01	-	196 016 437
2001/02	-	77 685 076
2002/03	-	40 686 172

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[52]National Development Agency (2003), *Outlining the NDA Disbursement and Performance since inception 200 – 2003*.National Development Agency. Johannesburg: NDA

[53] Ibid

2003/04	-	104 772 958
2004/05	74	92 643 000
2005/06	104	68 700 000
2006/07	95	110 969 560
2007/08	78	89 886 109
2008/09	79	85 811 686
2009/10	77	95 003 148
2010/11	43	42 954 009
Total	**78.5**	**1 005 128 155**

Source: These figures are extracted from various NDA Annual Reports.[54]

The NDA seeks to alleviate poverty and to sustainably develop poorer sectors of society through projects and programmes run by CSOs. However, a major constraint on the NDA is the availability of funding provided by Treasury, the credibility of the NDA grant-making processes, past fraudulent activities, and the lack of board governance continuity and institutional memory.

National Lottery Distribution Trust Fund (NLDTF)

The National Lotteries Board (NLB) uses the NLDTF as a distribution agent for its disbursement of funds to the CSO sector. The National Lotteries Board (NLB) was established in terms of the Lotteries Act (No 57 of 1997) to regulate the National Lottery as well as other lotteries, including society lotteries to raise funds and promotional competitions.The NLB also advises the Minister of Trade and Industry on policy matters relating to the National Lottery and other lotteries.Members of the NLB are appointed by the Minister of Trade and Industry and hold office for a period of five years, after which they may be reappointed.NLB members are also trustees of the National Lottery Distribution Trust Fund (NLDTF), into which National Lottery proceeds that are intended for allocation to good causes are deposited.The NLB does not adjudicate applications for funding or make allocations to organisations. This is done by committees known as distributing agencies which are also appointed by the Minister of Trade and Industry, in conjunction with other relevant Ministers, after a process of public nomination.

The NLB provides administrative support to the distributing agencies.[55]The National Lotteries Board (NLB) disburses funds from proceeds of National Lottery ticket sales. The NLB in turn set up the NLDTF to disburse the surplus of funds to CSOs within South Africa.

The NLDTF has recently released a 10 year analysis on the funding which it disburses. Non-profit organisations within these sectors benefitted from the NLDTF's efforts: Arts and Culture and National Heritage Sector; Sports and Recreation Sector; and Charities Sectors. The release of this 10 year analysis is to allow any interested party to become aware of monies which flow into and through CSOs or NPOs in South Africa per annum since the NLDTF's inception. The following table details the Rand value in millions of this disbursement:

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[54]National Development Agency (2011), *Annual Report 2010/11*. Johannesburg: NDA Publication.
[55]www.nlb.org.za/ourmandate accessed on 25/04/13

Table 5: Payments to the beneficiaries of NLDTF Funding (in Rand terms)[56]

Year	Arts, Culture and National Heritage	Charities	Sport and Recreation	Miscellaneous Purposes
2000/2001	-	-	-	4,102,000
2001/2002	25,421,318	69,529,474	21,615,127	-
2002/2003	40,183,385	174,512,912	62,590,876	9,600,000
2003/2004	140,316,712	305,819,513	149,483,493	17,420,370
2004/2005	190,672,331	631,744,840	226,903,596	633,000
2005/2006	176,292,907	526,842,745	304,949,519	9,250,000
2006/2007	82,321,519	409,435,518	291,831,712	4,539,351
2007/2008	96,397,943	326,567,923	211,207,395	-
2008/2009	168,480,623	480,878,351	298,268,994	950,000
2009/2010	468,011,398	1,102,259,612	371,547,062	-
2010/2011	875,411,305	1,802,794,774	710,577,734	169,007,938
Total	**2,263,509,441**	**5,830,385,668**	**2,648,975,508**	**215,502,659**

Total payments made from the NLDTF to CSOs: R 10,958,373,276

According to the NLB Stakeholder Indaba 2013, the following resolutions were put forward by delegates as preferred mandates from the CSOs:[57]

- Accelerate decentralisation of operations to all provinces to ensure better access to services
- Strengthen partnerships with organisations that enhance capacity building of beneficiaries
- Audit all the infrastructure and beneficiaries' assets acquired through the NLDT-funded projects
- Develop and implement norms and standards for grant funding
- Endorse and align NLDTF-funding with the National Development Plan with focus on poverty alleviation and job creation
- Facilitate a process of mentoring and coaching of new organisations established by old ones
- Absorb about 1000 graduates through projects funded by the NLDTF.

Independent Development Trust (IDT)

The vision, mission and purpose of the IDT are stated respectively as follows[58]:

> To be the leading knowledge-based development agency
>
> The IDT, together with strategic partners, will enable poor communities to access resources, recognises and unlock their own potential and continuously improve their quality of life. The principal purpose of the IDT is to operate as an anti-poverty and redistributive agency, which invests in finding innovative

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[56]National Lotteries Board.(2011). *Aligning NLDTF to Development Needs of our Country.Cumulative Payments to NLDTF Beneficiaries.* Johannesburg: NLDTF.

[57] National Lotteries Board (NLB) (2013). *Newsletter to Stakeholders.*April 23 2013, Johannesburg.

[58] Independent Development Trust (IDT) (2013). www.idt.org.za/our_vision accessed 25/04/13

ways of meeting the core challenges of poverty and inequality and expends its capital base in pursuit of workable strategies and programmes that can be shared and replicated.

The IDT's Annual Report[59] for 2007/2008 on page 37 the IDT reports:

> The IDT's core business is focussed on supporting government in the delivery of its development programmes. The organisation has extensive expertise in the delivery of basic social infrastructure using labour intensive methodologies. As such it thus offers its clients, provincial and national departments, a model which simultaneously addresses their mandate to reduce infrastructure backlogs as well as their mandate to be responsive to the national social policy objectives such as reducing poverty; increasing employment levels by promoting small, medium and micro-sized enterprises; promoting BEE; and increasing access to basic services. Our model of social infrastructure delivery is an example of balancing output with outcomes targets as reflected in the table below:[60]

Table 6: IDT's Social Infrastructure Delivery for 2007/08

	2007/08 Targets	2007/08 Delivery
Turnover	R1.4 Billion	R1.4 Billion
Value of programme spend	R1 billion	R1.167 billion
Number of classrooms constructed	908	1589
Number of community-based facilities constructed	1126	3012
BEE spend as a % of Programme Budget spend	50%	57% of target (R662.4m)
Women spend as a % of Programmes Budget spend	10%	10.5% (R121m)
% of women contractors engaged in IDT managed projects	10%	8%
Number of women's organisations/initiatives supported	400	849

Impressive progress has been made by the IDT in assisting government in pushing the frontiers of poverty and making lives of the ordinary South African that much better. The highlights of the IDT achievements in 2012 are:

- Programme management spend of R1,157 billion, largely on social infrastructure
- R481 million spent on local labour and contractors
- R121 million spent on women contractors
- 532 000 jobs created
- Over 2000 co-operatives and enterprises supported under the Jobs for Growth Programme
- Eight Local Area Plans (LAPs) completed in eight municipalities
- Leveraging of a R2, 7 billion allocation by national treasury for the eradication of the mud schools and undesirable structures over 2008/09-2010/11 MTEF period pursuant to the R150 million investments in the eradication of mud schools programme by the IDT

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[59] Independent Development Trust.(2008). *Annual Report 2008*. Midrand: IDT Publications.
[60] Ibid

- Signing of a Programme Implementation Agreement with Department of Justice and Constitutional Development for a portfolio of over R1 billion over a two to three year period
- The increased delivery of social infrastructure realised in 2007/08 will without doubt, make a visible dent on the service delivery backlogs that beset many areas in our country
- An increased trust in the capabilities of the IDT to deliver social infrastructure programmes has resulted in it being given the responsibility to construct social infrastructure programmes worth over R4 billion over the next two years.

High Net Worth Individuals (HNWI) giving to CSOs in South Africa in 2010

There are grave misconceptions regarding HNWIs in South Africa. These being, that they are perceived by middle and lower income earners as bourgeois; too arrogant and unapproachable. Perhaps these misconceptions may be argued to a certain degree; however one cannot argue that HNWIs are giving toward the charities of their choice through their companies' funds/trusts or through family/personal funds/trust funds. Some of the major findings from BoE's The Giving Report[61] are as follows:

Table 7: Total income of respondents in 2010 (n = 400)*

Total income in 2010	Percentage of respondents
<R 1, 5 m	31, 7
R1, 5 m – R5, 0 m	58, 0
R5, 0m – R10, 0 m	7, 0
R10, 0 m >	1, 8
Met criteria but refused to disclose	1, 5

Source: Table from the BoE Giving Report 2011.

Table 8: Demographics of respondents: (n = 400)*

Race of Respondents	Percentage of Respondents
Asian/Indian	8, 5
Black	12, 5
Coloured	1, 8
White	77, 2

Source: Table from the BoE Giving Report 2011.

The dominant race involved in giving is indeed the white race at a staggering 77, 2%. However, interesting to note that out of the previously marginalised groups black people are giving more back to CSOs than coloureds and Indians combined, as their incomes improve.

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[61]The Giving Report (2011),*A survey on the Philanthropy practice of high net worth individuals I South Africa.* BoE Johannesburg: BoE Publications.

Table 9: Approximate Rand value of cash giving: (n = 374)*

Value of Rand (s) disbursed	Percentage of the Respondents
No cash given	4
R1 – R25, 000	53, 1
R25, 000 –R50, 000	19, 9
R50, 000 – R75, 000	11, 3
R75, 000 – R100, 000	5, 4
R100, 000 – R250, 000	4, 0
R250, 000 – R500, 000	0, 8
R500, 000 – R1m	0, 5
R1m – R3m	0, 5
Refused to disclose	0, 5

Source: Table from the BoE Giving Report 2011.

This data shows the reader that almost 75% of HNWI gave back to CSOs, amounts ranging from R1 to R50, 000 in the 2010 year.

Table 10: The reason or motivation for giving: (n = 374)

Motivation Reasoning of Respondents	Percentage of Respondents
Want to make a difference	43
Care about the cause	30
Want to give back to my community	29
Religious beliefs	19
Family tradition of giving	9
Want to set an example for my family or children	7
To remedy issues affecting me or someone close to me	7
To contribute to organisations I am involved in	6
Ideological beliefs	4
Asked by a friend or family or a business associate	2

Source: Table from the BoE Giving Report 2011

South Africa has an eclectic spread of funding resources from the corporate world, to state agencies, government departments, as well as individuals. This is further supplemented by the European Union, foreign philanthropic organisations, embassies, and various international civil society organisations present in South Africa. The United Nations and its various agencies have also become fairly active in South Africa since 1994. Given the different accounting periods as well as inconsistent reporting, it is not possible to estimate the total sums of money being generated for the sector and/or the different components of such funding. Save to say that certain areas of funding have diminished such as human rights and governance, others have increased such as health, and HIV/AIDS and new sectors have emerged such as environmental protection. No national study exists of the amount of funding being disbursed or its impact in South Africa. Similarly, pockets of monitoring and evaluation exist, however this too is not combined together to present a holistic picture. It is the opinion of CORE that this profile of funders and funding

could only emerge if state agencies such as… (CIPC) were able to record the sources, amounts and beneficiary numbers in a reporting structure as exists in other countries. There is some urgency that this is undertaken as a national priority so that a comprehensive picture can emerge of the funding and its impact.

RESEARCH FINDINGS ON CSO FUNDING SURVEY

South African CSOs have been a part of the DNA of this democracy since 1994. The subsequent transformation of government in this country has been praised and commended the world over. That transformation was a combination of good work by the incumbent government membership; civil society; and the outgoing government membership.

The Concise Oxford dictionary defines "constraint" as: "To restrict severely". "To restrain or confine forcibly."[62]

Another popular definition of "constraint" is:

> Constraint is the element factor or subsystem that works as a bottleneck. It restricts an entity, project or system (such as a decision-making process) from achieving its potential with reference to its goal. It can also refer to optimising goals by specifying relevant restrictions and solutions[63]

The Oxford dictionary defines "challenge" as: "An invitation to prove or justify something.To dispute or deny something."[64]

A popular definition of "challenge" is:

> A challenge is a general term referring to things that are imbued with a sense of difficulty and victory. It may also refer to a difficult task, especially one that the person making the attempt finds more enjoyable because of that difficulty. Finally, a challenge may be seen as that which encourages someone to do something they would not otherwise do.[65]

A comparison of 2001 and 2011/12 surveys

In 2001, the Cooperative for Research and Education undertook a survey on behalf of the South African Non-Governmental Organisations Coalition (SANGOCO). Thisstudy was a product of a major co-operative effort. According to the report "Two Commas and a Full Stop"[66]:

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[62]The Concise Oxford Dictionary. 1995 9th Edition, Clarendon Press, Oxford.

[63]http://en.wikipedia.org/wiki/constraints accessed 25/04/13.

[64] Ibid

[65] Ibid

[66] Cooperative for Research and Education (CORE), Institute for Democracy South Africa (IDASA) (2001). Two Commas and a Full Stop.South African Non-Governmental Organisations Coalition (SANGOCO), Johannesburg 2001.

The Civil Society Index was conceptualised as an international comparative projectbyCIVICUS, the World Alliance for Citizen Participation. Countries in every major region of the world were identified to test the proposedmethodology in a series of pilot projects, including South Africa. The SouthAfrican Non-Governmental Organisation Coalition (SANGOCO) wasselected as the national lead organisation for the project, and they in turn,through a competitive process, decided to commission the Cooperative forResearch and Education (CORE) as well as the Institute for Democracy in South Africa (IDASA), to jointly implement the project. This review of the post-1994 experience has provided CSOs with an impetus to consolidate present gains, recognise existing weaknesses,and set goals for strengthening our organisations and maximising positive impact on people's lives in the future. The study results provide an important baseline against which to measure civil society's progress.

The survey sought to explore whether sources of funding remained the same, were different, which were yielding positive results and which were not. Not surprisingly, the survey shows that there was a slight growth (6%) in CSOs' providing services to other CSOs. That fees-for-services from government as well as business fell by 10%. Similarly, the percentage of income from national provincial or local grants also fell. Membership dues and bequests also fell and so did subscriptions for publications or products. Much of this decline can be explained that the euphoria of a democratic dividend has diminished significantly. The fact that real poverty and unemployment has increased substantially and that disposable household income has also not increased may be explanations for this decline.

International private donors, governments have also rapidly diminished. A small increase (12%) was experienced from inter-governmental organisations. When the original survey was undertaken in 2001, seven years into a new democracy, many of these inter-governmental organisations had yet not established offices in South Africa and were still exploring modalities of grant-making. Subsequently, a number of them have established offices and procured funding to be able to provide assistance to the South African government as well as civil society.

Perceptions of Levels of Financial Sustainability

Table 10: The perception of the level of financial sustainability among CSOs in 2001 and 2012

Perceptions	2001	2012
Permanently sustainable (e.g. with an endowment)	2%	10%
Good prospects for long-term sustainability (e.g. with good balance of fees for service and diversified donor base)	22%	14%
Average prospects for medium-term sustainability (with some income generating activity and likely donor support for at least five years)	20%	15%
Fair prospects for short-term sustainability (with donor funding for up to three years but uncertain beyond)	27%	12%
Existing from hand to mouth, i.e. from short-term contributions; on the verge of closing	22%	44%

CSOs canvassed in 2012 claim a higher degree of permanent degree of sustainability however there are dramatic declines in confidence in whether CSOs have good prospects for long-term, medium, or short-term financial sustainability. If compared to the Business Confidence Index (BCI) in South Africa this is not surprising at all. The global climate for giving has diminished dramatically and South Africa is no exception. A bleak picture emerges, that civil society will operate in the future on increasingly limited support. The novelty of partnership agreements between business and civil society will blur the boundaries between business and civil society. This may lead to a diminished independence of civil society or in a worst case situation, even the capture of the independence of civil society by corporates.
The phenomenal growth in the number of CSOs operating on the margins of short-term contributions is a reflection of current developments and its not expected to improve in the short term. As both business and government re-align priorities and decide on what activities they will undertake directly will undermine the contributions they will make to development funding.

If civil society organisations continue to provide services in this climate, it will prove their resilience and independent ethic. This is vital to an emerging democracy and therefore all stakeholders involved need to agree that a vibrant independent civil society must be encouraged. Whilst many civil society organisations have reached a desperation pitch and have often had to make internal arrangements of working on short time or providing only part-time work, many of these arrangements are being made outside of the formal employment contracted and by-passes labour legislation. Should this become a permanent feature of civil society life, this can only add to unhealthy competition and unsustainable contractual obligations, which will only increase poverty in the sector as an employment forum.

Length of funding agreements

Table 11: The average length of funding agreements between the listed sources and CSOs in 2001 and 2012

| Source | None | | Length in Months | | | | Length in Years | | | | | |
| | | | 1-6 | | 7-12 | | 1-2 | | 3-5 | | 6 > | |
	2001	2012	2001	2012	2001	2012	2001	2012	2001	2012	2001	2012
Government	47	87	6	0	20	13	10	0	4	0	7	0
Business	63	87	14	0	7	0	3	13	2	0	2	0
S.A Donors	38	87	7	0	24	0	16	0	6	13	1	0
International Donors	31	61	5	0	9	13	23	13	22	13	3	0
Other NGOs	70	74	7	0	6	13	5	13	3	0	1	0

The CSOs have become short-term intermediate service providers to the behest of government or donor agencies. This is not a pragmatic solution and will lead to manifest corruption, short-termism, and delivery in spasms rather than in a sustainable fashion. This short term situation cannot build certainty or sustainability

of funding agreements and as such, life-spans of service-delivery-oriented CSOs are cut short to the detriment of South Africans.

This will also create staff uncertainty and change the employment relationship from one of permanent employment to the casualization of labour and all its attendant problems. This will also mean that employment benefits will diminished or curtailed such that labour and pension benefits will not be provided. Workers in the sector will therefore find they experience greater stress levels as they are no longer able to make long-term domestic financial arrangements.

Gross Revenue of Surveyed CSOs

Table14: Comparison of gross revenues of sampled CSOs between 1997 and 2011

Range (R)	Gross Revenue (%)					
	1997/8	1998/9	2000	2009	2010	2011
Up to R250, 000	11	20	20	64	56	58
R250,000 to R499,999	11	6	4	-	2	5
R500,000 to R999,999	16	11	14	-	15	5
R1,000,000 to R1,999,999	23	20	20	8	5	4
R2,000,000 to R4,999,999	39	43	6	2	2	4
R5,000,000 to R9,999,999	-	-	-	6	2	-
More than 10,000,000	-	-	-	4	2	-
Do not know	-	-	-	16	14	-

Whilst previously civil society organisations were experiencing a healthy growth rate and increasing funding levels, year-on-year, this has significantly diminished in the past three years of the current survey. Of the civil society organisations surveyed none reported a gross revenue exceeding R5 million per annum. With a gross revenue of under R5 million civil society organisations will be constrained to provide greater services, expand their services and/or employ larger numbers of staff. They would need to curtail their fixed operating costs and not be able to keep up with technological changes in the marketplace. Whilst many would aspire to use social media most others would be constrained in providing an adequate service through this method.

Approximate Size of Annual Budgets

Table 15:Comparison of Annual Budgets between 2001 and 2012

Range (R)	Annual Budgets	
	2001	2012
Up to R250, 000	11	20
R250,000 to R499,999	11	6
R500,000 to R999,999	16	11

R1,000,000 to R1,999,999	23	20
R2,000,000 to R4,999,999	39	43
R5,000,000 to R9,999,999	-	-
More than 10,000,000	-	-
Do not know	-	-

It is clear from the statistics that whilst CSOs might aspire to larger budgets, there is a reality check of what can be offered as services against what income can be generated. This displays a pragmatism, but indicates that civil society organisations are not able to expand their services or their outreach. If they continue in this fashion they will jeopardise their long-term sustainability. To survive, civil society organisations will have to consider down-sizing their operations, making staff redundant, merging with like-minded organisations, or changing their focus and/or mission. Given that most middle or lower-level staff in civil society organisations are semi-skilled workers with a limited formal education, the opportunity for them to find new areas of employment in the sector, in government or in the corporate environment is very limited.

In terms of the research contract, CORE had also undertaken to canvass civil society organisations through an online survey using its database of over 1 700 organisations. To ensure successful response the questions were brief and the survey was short. Responses were gathered by CORE, merged into common areas of concern or topics and are synthesised here under. It must be emphasised that this is but a snapshot survey and some caution needs to be exercised on how the results are applied. The fact that much of the material gathered has a resonance in other work undertaken by CORE, we remain confident that this material is valid. When compared to the results of the original CORE research for the CIVICUS Index on Civil Society, many of the findings then repeat themselves in the current survey.

The online survey was undertaken in the early months of 2012, following the signature of the contract and the last provincial meeting held by the NDA in Gauteng. The following four main areas were canvassed with civil society respondents: these were: Legislative Regulatory Framework, Resource Mobilisation, CSO Challenges and a fourth category Miscellaneous requested participants to express their views and provide information on any other matters of interest or concern to them.

Legislative regulatory framework

The NPOs reported that the NPO Directorate is not timeously responsive, often loses documents and delays are encountered in obtaining responses from designated officials. It was also reported that there are inconsistent responses between officials at the provincial level and the national level.

The NPOs reported that there is limited contact with the NPO Directorate after receiving the NPO Certificate. Where an NPO registration application is rejected, no suggestions are made to remedy the declined applications. Provincial officials are not able to assist constructively. Lawyers charge high fees fro registration processes and

these are not affordable by newly emerging CSOs. There is also said they don't know how to appeal when applications are rejected.

In some locations, NPOs are confronted by registered cooperatives providing duplicate services often for a fee. This duplication causes conflict and affects the credibility of all organisations concerned.

NPOs Boards

Many Board members are enthusiastic initially when appointed, but do not retain interest once they realise that their functions are voluntary and without remuneration. Boards have policy-making functions and if they do not meet regularly or make timeous decisions they render the organisation impotent or dysfunctional. They do not support the CEOs/Managers and often there is no clear demarcation of roles between the Board and Management leading to confusion and conflict. Blurring of roles and conflicts, leads to disenchantment, lack of motivation, defiance and often resignation from both management and Board members. It was suggested that the NPO Directorate provide clarification on the distinction on the responsibilities of Boards and Management and that the NDA provide guidelines and training on this. In some instances there is mismanagement of donor funds by Board members and/or senior managers and neither Board members nor management have any recourse within the NPO Act to deal with these matters. State mechanisms such as recourse to the criminal courts, the police, the Prosecutors, or the Public Protector are often inadequate and did not provide requisite resolution within specific timeframes.

Reporting Requirements to NPO Directorate and SARS

Many complaints were recorded that filing of documents are tedious, lengthy and not user-friendly. Many CSOs do not have access to state-of-the-art computers and programmes and therefore are not able to provide online filing of documents. Often the documents are not clear and are not accompanied by user notes. The compliance requirements are not clear. Often when enquiries are made, these compliance requirements are often misinterpreted by officials. Lengthy forms are a challenge to most CSOs and more so to Community Based Organisations (CBOs) which have lesser capacity and resources and are often at great distance from provincial offices.

SARS requirements are also complex and often require very strict reporting conditions. Where SARS assists with the completion of documents, this is very time-consuming and requires hours of attendance.

Compliance issues such as submitting reports on time, misinterpretation of compliance requirements, and lengthy forms is a challenge to most NPOs.

Annual reporting to Department of Trade and Industry (DTI), the DSD and SARS is very costly and especially more so when donors require that they comply with auditing provisions in terms of their grant-making contracts.

Respondents appealed that there should be a universal accounting procedure that would be simple and cheap which would comply with the conditions and principles of transparency and accountability. It was also pointed out that the recent changes to the CIPIC Reporting requirements have became very onerous and inaccessible. Often Board members resign or leave an organisation, without completing the necessary legal requirements and when changes have to be made to the CIPIC registration, these are virtually impossible to comply with. This creates an additional reporting burden on CSOs and leads to many disputes with donors seeking compliance with the legislation.

It was also suggested that DTI, DSD and SARS come together and devise a universal reporting system in which they assist CSOs with their compliance requirements.

It was also observed that CSOs are expected to be sustainable and yet they are not able to retain surpluses for the future. Some careful consideration needs to be made between the different departments as to what is a realistic amount that CSOs can retain to remain sustainable. The present rules of thumb vary from individuals and departments, and perhaps should be regulated that at least 75% of a CSO's annual budget should be retained at all times without incurring taxation.

Some CSOs also noted in the Survey that municipal by-laws and requirements were often confusing and were changed without consultation leading to confusion and frustration when attempting to register Early Learning Centres, Shelters and Hospices.

Lack of Capacity Building

This was a constant refrain in the Survey that government departments, state agencies and donors were not providing capacity building for civil society activists. Often services which are provided by CSO and/or commercial consultancies were beyond the reach of most CSOs. It was argued that SETAs should provide this type of capacity building training through their different grant mechanisms. The content of such training needed to be relevant to the participants and be provided at an entry-level, intermediate level and advanced level. This type of assistance should also be spread throughout the provinces and not be confined to metropolitan areas. The training also needed to be of an in-depth nature, as there were many complaints of superficial high-cost training which did not satisfy participant's requirements. Some also suggested that such training needed to be certificated to provide career-pathing to participants.Training on how to develop policies, norms and standards for NPOs to become more efficient allowing for far less duplication.

CSOs also boldly suggested that they were not often compliant with labour legislation, DSD regulations and/or donor requirements. They suggested therefore that guidelines be developed o provide policies, norms and standards for NPOs to become compliant and efficient in their practices. This would assist them also to act

within the provisions of various legislation, regulations and local municipal requirements.

PFMA requirements

It was noted that CSOs are unfamiliar and lack training in terms of the application of the policies surrounding the PFMA. It was suggested that there should be an improved sharing of resources and provision of skills to the CSOs to apply the PFMA such that its original intentions were realised.

CSO Staff Remuneration

There was a universal and plaintive cry that CSOs were not able to retain staff and staff turnover was caused primarily by poor remuneration. It was also argued that many staff gained experience in CSOs and were then poached by local provincial or national departments. Similarly, may staff members were also attracted to work in international NGOs operating in South Africa, or sought occupation with various corporate or foreign private or government donor agencies. This lack of retention was also further exacerbated by the fact that in terms of cutting cost few if any CSOs are able to provide medical or pension benefits to their staff. Housing loans provided by government departments are also a cause for defection. Many South Africans have also found new career and employment opportunities in international agencies such as the Commonwealth and United Nations, due to their improved remuneration and benefit conditions.

It was recommended that staff remuneration should be improved to retain skills. It was further suggested that the issue of salary parity needed to be pursued, finalised and implemented in various job categories in various sectors.

Resource mobilisation

Numerous complaints were recorded in this section of the Survey. It would appear that civil society organisations need a current database of sector-specific donor funding. Whilst a number of commercial directories exist it wold appear that CSOs require a current electronic database which would provide information on conditions for funding in the various sectors. It was also recorded that due to the difficulties experienced in raising funds from local and international sources, NGOs were no longer sustainable.

Better education and training should be provided to NPOs to encourage alternate fundraising approaches.

Whilst this was a constant refrain, within the scope of the present Study, it is not possible to see who should undertake this activity and provide leadership on it. It is incumbent on each successive generation of CSO staff to find new fundraising methods and avenues.

Board members to assist with fundraising.

It appears that there is a limited appreciation of Board members in assisting with fundraising efforts. This needs to be corrected. Board member induction and training should provide clear guidelines on the engagement of Board members to assist in fundraising.

Criteria for applications for funding.

Some respondents also complained that various corporates have different methods and approaches to receiving funding proposals. This often led to a dissonance between the CSI programme and the recipient agency. Whilst the individual needs of corporates can be accommodated it is not possible to imagine that a universal application system could prevail given the diversity of funding sources, agencies, staff and personal interests. Included in this section, several remarks were made that little to no provision could be made for capital costs or maintenance costs of buildings, equipment, vehicles or machinery.

Late payments to NPOs cause service delivery delays.

Due to late payments by donors, including corporates, state agencies and government departments, many civil society organisations were experiencing cash low problems. This leads to uncertainty within the organisation and personal stress to the employees. Many volunteers also experienced disenchantment as they received a stipend instead of a full salary and are discouraged by the inconsistency of such payments. A lack of timeous communication with regard to the donor system of disbursing funds as well as adhering to the contract conditions and unilateral decisions about the quantum of funds being provided were also cited as frustrations. A further complaint was that there was no standardisation between provinces with regard to funding criteria either through provincial authorities and/or national agencies which provided funds.

Monitoring and Evaluation

Several CSOs complained that there were various monitoring and evaluation requirements between DSD, state agencies like the Lotto and the NDA and corporate donors. They desired a universal system which would allow them to monitor systematically and report universally to all the stakeholders. This would also assist in providing annual reports as part of their accountability requirements. A further complaint made by respondents was that practical monitoring and evaluation tools are not accurately communicated at the start of a project to the recipient organisation. This often leads to confusion, anger and frustration and a perceived non-realisation of the project objectives.

It was suggested that the monitoring and evaluation capacity of CSOs improve through further training and skills development.

Challenges experienced by CSOs

SLAs are unfairly skewed toward government departments.

It was observed that CSOs are contracted by government departments and donor agencies to provide specific services contained in contracts or Service Level Agreements (SLAs). It was agreed that these were unfairly skewed with little or no input from CSOs being appreciated by the contractor. It was also observed that agencies do not share sufficient information resulting in haphazard and fragmented services.

Pressure relating to service delivery.

Many respondents reported that CSOs were under enormous pressure relating to deliver on behalf of donors. They reported that these donors however were very slow in responding to crucial matters affecting CSOs. This often resulted in confusion and frustration amongst all stakeholders and in turn negatively affecting service delivery. Many challenges faced by CSOs such as offices, equipment, staff, transport and working conditions were not acknowledged by donors nor was there an attempt in assisting NGOs in the challenges they faced.

Communication

A basic refrain was that there was poor communication between parties in terms of general requests and confirming deadlines. Accountability between and amongst staff members was also poor.

Cost of De-registration

Several organisations reported that insufficient communication was received from state agencies regarding their registration status and as a consequence, funding for re-registration to comply with legislation was a costly unbudgeted endeavour.

Insufficient Funding

It was reported that CSOs did not receive sufficient funding or funding was exhausted before programmes were fully implemented. Unilateral decisions by provincial DSD and/or the NLDTF as to who they would fund for what periods, in what sectors was also problematic. It provided no clear strategy, was disruptive and did not take into cognisance the vital basic services which needed to be provided in certain sectors such as child welfare, the old age sector, or the disability sector. It was also argued that the artificial distinction made between rural and urban projects and programmes was not a well thought out strategy as the majority of the South African population lived in key metropolitan provinces. A further complaint was that an improper distinction was made in the health, education and welfare sectors that assistance should only be provided to bona fide South Africans. This has led to two unintended consequences: first, that services are not provided to migrant populations requiring those services and second, an unhealthy illegal trade in false Identity Documents.

Key constraints facing civil society

Table 11: Comparison of Survey Results on Sources of Funding between 2001 and 2012

Sources	None		1-25%		26-50%		51-100%	
	2001	**2012**	**2001**	**2012**	**2001**	**2012**	**2001**	**2012**
a. Fees for service provision to other NGOs	52	62	32	38	60	0	2	0
b. Fees for service provision to government	51	74	23	13	11	13	3	0
c. Fees for service provision to business	60	87	23	13	4	0	2	0
d. Government (National, Provincial and Local) grants	47	87	24	13	10	0	5	0
e. Membership dues from individuals and/or organisations	56	74	30	13	4	13	1	0
f. Private individual donations, bequests	48	74	34	13	8	13	2	0
g. Subscriptions for publications or products	67	74	25	0	2	0	0	13
h. South African donors (e.g. business, trusts, foundations)	31	87	33	13	13	0	9	0
i. International private donors	39	87	19	13	13	0	13	0
j. International governmental donors	50	87	17	0	15	13	8	0
k. Inter-governmental organisations	74	74	10	13	4	13	2	0

Funding

Funding is indeed problematic for when you apply to the donors they want audited statements. Their criteria is not for the organisations that are non-funded and are not income generating projects and they fund organisations that have got money, larger organisations are favoured over smaller organisations. You cannot be audited if you have no money and are not being funded. The funding environment is ever-changing too and this causes problems for us CSOs. For example, donors allow global trends to affect their decision-making. We are funded by the NDLFT. We are only funded the organisation once a year and after that it takes a long time for the organisation to be funded again, it is not possible for the organisation to be sustainable in that manner. Support from governments, private sector and development implementation agencies is tough to receive in South Africa unless you are a well-advertised CSO. There are no funds that could be accessed now from foreign donors.

Human Resources

Human resources such as qualified and educated and skilled individuals allows for better management of CSOs. Salary guidance or direction to staff is sorely needed within the HR structures within CSOs in South Africa. HR departments of CSOs must be more specific according to what they require from potential employees, for example education levels. Shortage of personnel within our sector is critical. Staff Technical support form management is sorely lacking. Trained Xhosa speaking trainers for ECD training are lacking in our NGO. There is a lack of cohesion amongst the staff in our CSO.

Infrastructure

Computers, printers, internet, telephones are lacking within our CSO. Electricity, basic equipment and technology are missing within our community organisations. Fixed assets such as vehicles are sorely missed in the CSO for which I work. Land where our CSO may build a shelter is sorely missing and this hampers our productivity. ICT structures are missing in our community and this affects our timely distribution of services. Security of tenure of the land we are currently occupying is missing. Solar borehole pumps and gravity fed water systems for all community gardens need replacing. Transport for water tankers for households as (municipal water is too expensive). Training manuals need to be purchased for development of staff and management.

Marketing

Accreditation of our organisation must take place as soon as possible. We are losing out on potential business. Cheap bulk kraal feed is important to our CSO, yet we cannot afford it. Co-ordination amongst our partner organisations is lacking. Documentation safe-keeping and solving policy challenges needs attention. Marketing capacity for our services is required. The inequality between salaries creates large dissatisfaction among employees of our partner organisations. We lack a structure to capacitate our NGOs. Provide services for co-operatives and other partners yet our marketing strategy is non-existent. We need to better sell our services to the communities who need these services in the surrounding areas.

Integrated processes and services

Organisations seemed to have been experiencing a problem regarding duplication of services in their communities. CSOs were unhappy with the DSD regarding re-registration delays of our NGO. "If we are not a registered organisation we cannot and will not provide services, leaving our beneficiaries to struggle on their own, which in my view is unacceptable practice".

Key challenges facing civil society

From the Survey results, it is clear that the following are amongst key challenges facing civil society currently in South Africa:

Inadequate Board Governance

Effective board governance is central to enhancing the capacity of civil society organisations. The Non-Profit Organisation Act (Act No. 71 of 1997) was decreed as part of the government's effort to create a regulatory dispensation in conjunction with a self-regulatory structure that pose enormous tasks to all those interested in a strong civil society in South Africa. Accountability and good governance are of extreme importance to any regulatory system. The issue at stake is the degree of commitment exerted by various boards governing South African civil society

organisations. Are they really accountable to the constituency they serve? Do they have the requisite skills to drive the vision of the organisations they represent? Are they operating within the adequate standards of governance – with accountability, transparency and codes of ethical practices taken into consideration? The question of compliance with the basic requirements of good governance in terms of the NPO Act is another source of worry. In a research that was conducted by the Department of Social Development on Impact Assessment for NPO Act in 2005, it was revealed that there was a general lack of capacity within NPOs to manage their affairs including upholding good governance practices for the organisations. Board governance structures within civil society organisations need to possess not only the required expertise, but also the drive to commit themselves to the tremendous challenges facing the sector.[67]

Lack of Adequate Management Skills

There is a huge concern regarding the issue of management in particular and, leadership in general within South African civil society organisations. Individuals equipped with the capacity to manage requisite resources (human and financial) are lacking within the non-profit sector. Existing literature has elaborated more on the switch of personnel from civil society organisations to take up positions in government following the demise of apartheid. More ideas and propositions on how to improve managerial capacity within the non-profit sector still need to be done. Management and leadership are like two sides of the same coin. A good management strategy will obviously lead to a well synchronised leadership setting enriched with skilful staffs. It is important to note that effective management is only possible with adequate financial and human resources.

The shortage or lack of either of these elements might affect the upholding of good managerial standards. This might be detrimental to the entire leadership structure in the sense that when managers lack requisite human capacity, certain loopholes (such as service delivery gaps) within organisations becomes more apparent. This in itself affects the full working structure of organisations within the third sector. The vibrancy of civil society organisations within such conditions remains questionable. There have been concerted moves in a number of countries on strengthening capacity and building a more vibrant civil society cadre. One way of doing this is possibly through the development of a code of conduct for chief executives within NPO sector.[68]

Another possible channel is by enabling organisational staffs or the available human resource to understand organisational behaviour and functioning. This can be implemented through a variety of ways including:
- Educating staffs on managing organisations through planning;
- implementing and monitoring activities strategically;

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[67]Department of Social Development (2009).*Developing Good Governance Practices within the South African NPO Sector*: Benchmark Study Report.

[68]Swilling M & Russell B (2002), A Study on the size and scope of the Non-profit sector in South Africa.Graduate School of Public and Development Management (P&DM), University of the Witwatersrand and the Centre for Civil Society, University of Kwazulu Natal.

- improving staff performance; build effective management systems;
- policies and plans to improve long term sustainability and
- resource mobilisation.[69]

Deficiency in Budgeting

Lack of managerial capacity will consequently affect the way budgets are being designed and used. Poor budgeting is one of the major problems faced by the South African NPO sector. Another possible constraint that may arise from inadequate budgeting is limited levels of narrative and financial reporting skills within organisations. A general difficulty in meeting the appropriate financial reporting requirements standards will seemingly affect the cash flow. Budgeting is something that also requires technical knowledge on how it is designed. The priorities set forth by any organisation are some how determined and attained by an effective budget plan. If an organisation lacks the necessary financial management skills and capacity to draw a concrete budget plan and how to effectively implement it to suit the desired ends of the organisation - what follows is either over or under expenditure.

This might obviously affect performance in certain departments while other areas might be on a good footing.[70] Procurement policy for the NPO sector is also an important aspect that managers should take into consideration. The purchase of goods and services is necessary for the smooth running of every organisation. The aim of an internal control system for the supply of goods and services is to ensure that orders are handled by individuals who possess the requisite skills to evaluate what purchases are required from suppliers to ensure purchases made do not exceed the budget provided, as well as ensuring that they correspond with the quantity and price specified in the order. Handling such tasks need some form of training and skills, which apparently is what many civil society organisations are lacking, and they need funds to start training their staffs on how to properly balance their budgets to enable them attain their stated objectives.[71]

Lack of Staff Capacity

Many organisations within the NPO sector in South Africa are experiencing shortage of funds. Lack of adequate funding affects the smooth running of organisations, particularly if it has reached a point where staffs can no longer get remunerations for the services they render. The level of performance is obviously going to be affected under such circumstances. Good performance leads to organisational growth and, this can only be backed by financial incentives that keep the staffs motivated in discharging their responsibilities. Many organisations are reducing the size of their staff while others are shutting their doors due to the lack of funds to manage the

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[69] How we are perpetuating our own skill shortage? Available at: http//www.askinyathelo.org.za,accessed on 05- 04- 2012.

[70] Norton, A & Elson D (2002). What's Behind the Budget? *Politics, rights, and accountability in the budget process.*Overseas Development Institute 2002. Available at: http://www.odi.org.uk/resource/docs/2422.pdf, accessed on 05/04/2012.

[71]Organisation for Economic Cooperation and Development (OECD). (1996).*Budgeting and Policy-Making.* SIGMA Papers No. 9, OECD/GD (96) 110, Available at: www.oecd.org/puma - accessed on: 05 – 04 – 2012.

activities and programs. Such circumstances do not seem to be encouraging for a vibrant civil society. A vibrant civil society requires a more informed citizenry, especially citizens that are informed about policy related strategies that can be effectively implemented to improve the lives of grassroots people.

One of the reasons why there is skills shortage in South African NPOs is the failure to attract people with the required skills and experience and to pay what the positions really worth. The reality is, there are currently not enough individuals with key knowledge, skills and competencies to staff all of the South Africa's non-profit organisations. This in effect, implies that many organisations are staffed with individuals who are not qualified to perform their jobs effectively. The quality of service delivered to disadvantaged communities will normally be affected, and millions of Rands in donor funds are utilised inefficiently in the process.[72]

The situation seems to be precarious as the South African non-profit sector is almost conceived by many as a waste ground for people with insignificant skills and education who will outrageously accept low salaries. Such category of people will credibly not be expected to perform their tasks to the extent that their positions warrant them to. Some non-profit organisations are partly held responsible for this trend. This is because they start by underestimating the very skills that are necessary for certain positions. Another area of concern is that organisations also accept low salaries for certain positions from donors. This is because they are afraid of losing that particular source of funding. When this happens, organisations also tend to reduce pay cheques on the positions they advertise to the public. This cyclical funding crisis leads to nothing short of poor service delivery due to the recruitment of people with virtually low skills and education required to shoulder their responsibilities and ascribed roles in non-profit organisations.[73]

Lack of medium-term sustained funding

There is a lack of coherence in policy analysis as to what constitutes medium-term sustainable funding for civil society organisations. Many organisations have emerged out of an apartheid scenario where funding was limited and not retained for future activities. In a post-apartheid democratic era, this area of policy-making has not received the necessary attention or advocacy from the various stakeholders involved. It is acknowledged that not all civil society organisations need to exist for all times. However, there are certain sectors in our society that will always need attention and support, such as the children's sector, the disability sector, the poor, and the aged. It goes without saying therefore that, government and civil society will need to provide assistance on an on-going basis. It is also accepted that once a civil society organisation has accomplished its mission objectives, that it no longer needs to exist.

However, the legislative and tax framework has to be reviewed to ensure the medium-term sustainability of funding. Unilateral decisions cannot be made by staff in various agencies, public or private, that will unilaterally without consultation and

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[72]Unspecified Author (2012).*How are we perpetuating our own skill shortage*? Available at: http://www.inyathelo.org.za accessed on 05/04/2012.
[73]Ibid

agreement withdraw funds from a particular sector or disadvantaged group. It is this dialogue that is urgently required in South Africa presently to align the notion of a developmental state and the achievement of the National Development Plan (NDP).

Ensuring sustainability of civil society

In response to the question, what do you personally believe should be done to ensure the sustainability of civil society organisations, the following responses were obtained:

Funding

Consistent funding from a reliable donor can sustain civil society organisations for longer periods of time therefore delivering more services to our beneficiaries. A rational, coherent, sustained form of funding that offers constant monitoring and support – and that is multi-year in scope from government. (3 – 10 years). Bigger government funding agencies should assist us more often. Corporate funding should assist us further. Diverse streams of funding should take place within NGOs as funding makes civil society sustainable. If we understand the needs of the funder and fundraising skills improve within our CSOs this will certainly improve the funding framework/model within CSOs sector-wide. We need to improve ways of funding and open doors of improving our services. Rather than a donor donating a once-off investment, a phased funding approach over three years with monitoring mechanisms in place will be far more sustainable to our CSOs then any other funding model. Funding to assist with over-heads and expenditures rather than focusing on salaries and workshops. We believe micro insurance and savings alternatives for rural producers/micro producers (safety nets) must be introduced in our rural CSOs. A mental shift towards income generation and diversifying our donor landscape is sorely needed. New funding agencies with better practices and monitoring practices especially are lacking in the sector. Remove perceived competition for funds which would possibly lead to removal of perceived control by funders.

Staff development

We need a better building of leadership capacity within the administration, management and board of directors as this is hampering our delivery of services to paying beneficiaries. Building capacity amongst our staff must be better utilised, for example within the financial management division of our CSO.Capacity building programmes that are sustainable and that lead to qualification/competency for example: business planning, financial management, accounting practices, leadership and management training programmes, marketing/branding packages will all lead to a smoother running organisation. Mentorship/incubator programmes so as to constantly train and build our staff so that they are not stagnant in their growth within the organisation. Ensure capacity building: political education, literacy education allows staff to do their jobs better, resulting in a better working environment.

If within the framework of the developmental state and the National Development Plan (NDP), room can be found for the notion that a democratic state also constitutes a developmental society then policy makers in South Africa need to accept that

academic and further education and training, both formally and informally, needs to be provided at institutions of higher learning. To this end, it is necessary that all stakeholders engage in a dialogue to ensure that a curriculum is developed at key institutions to provide education in the sector such that the sector is a recognised occupation and merits recognition in our society.

Strategic development

Better communication needs to take place within our sector amongst the various stakeholders. This will improve our legitimacy to beneficiaries and donors alike. Building of leadership schools could possibly be a solution to the lack of skilled people in the SA CSO sector. A change of basic values must take place within our sector, for example: focusing on what communities can do to increase their own value rather than what others can contribute in terms of wealth (and even opportunities). Collaborated structures that encourage integration of programmes of CSOs needs to be better utilised. Collaborative banking services between CSOs might enable better usage of funds. A collaborative fund to enable enhanced delivery and impact will create a better quality of services delivered. CSOs need to be very critical on their agenda, work towards being focussed in their own work. Educate more councillors and organisations which will go a long way in ensuring co-ordination and partnership building. Facilitate CSO forums that can lobby/advocate jointly – at local/provincial and national levels. Fund and support the grassroots servant leader (non-political) over the long term is a good idea we believe. NDA must have better research about the functioning of the organisations in which they donate funds to. We must have a civil society umbrella body from the national to province to region in order to be co-ordinated and that structure must be registered and the project must be trained to all levels skills development. NDA should take into consideration the environmental factors and dynamics of individual research and offer some training. Need of skills development training.

Accountability

Accountability is lacking within the sector and also to have self determination to achieve all intended goals surrounding accountability is needed. Consolidation of the CSO sector is sorely required. Enforcing compliance to governance principles through a national summit needs to take place so we as CSOs can improve service delivery to our beneficiaries.

OVERALL CONCLUSIONS

It is evident that South Africa has a vibrant, diverse, articulate civil society, which is the envy of many democracies. It has migrated successfully from an oppressive apartheid era, to a progressive democratic period accommodating the vast transformational needs South African society has demanded. By and large, the sector has retained the welfare services demanded of it, and has integrated such services without great difficulty. It has also met the challenges provided by the democratic Constitution in broadening and deepening democratic rights of all who

live in South Africa. It has met the scourge of HIV/AIDS head-on and evidence is now emerging that South Africa has provided a sterling contribution in this regard. Civil society has also provided a capacity in new areas of engagement such as protection of the environment, upgrading ITC skills and knowledges, established new local networks and participated in international forums.

Presently the size and scope of the sector cannot be established with ay accuracy. The last study conducted with limited resources is almost 20 years old. No accurate data exists within state departments such as the Department of Social Development and Department of Trade and Industry. There is little cooperation and contribution between state agencies such as the NDA, IDT and the NLDTF to present even a recipient profile of organisations currently operating in South Africa. This is further exacerbated by international non-governmental organisations which operate in South Africa under the aegis of registration conditions in their own countries. A number of informal organisations have also emerged in recent times in migrant communities protecting their communal human rights and/or commercial interests. The size and scope of this phenomenon whilst recognised is not measured. The influence of fundamentalist faith groups emerging in South Africa is also unrecorded and unregulated.

In overthrowing the vestiges of apartheid, the democratic government embarked on a number of new legislative initiatives that has witnessed the emergence of the non-profit sector as provided for in the Non-Profit Organisation Act, Amendments to the Companies Act, as well as changes to the Income Tax Act which has seen the creation of Public Benefit Organisations (PBOs). The Independent Development Trust Act was amended, the NDA Act was promulgated and fundraising for civil society organisations was accommodated through the enactment of the NLDTF. In pursuance of these changes, appropriate regulation and staffing was provided in the relevant government departments and agencies.

The progressive debate about creating a new society free of race and class has witnessed first the emergence of the Reconstruction and Development Programme, to the present New Growth Path. Parallel to this engagement, state policy has also evolved to the acceptance of the developmental state and local government. The internationally accepted Millennium Development Goals have also been accepted into the fabric of government policy. In the past two years, through a commission established by the President, the National Planning Commission has produced the National Development Plan. All of these are part of a tapestry to create a society which can deal with the issues of poverty and unemployment and inequality. All recognise the centrality of civil society in addressing these issues.

This Survey has shown that a number of sources of funding exist in South Africa, making a bold contribution to government plans and intentions. It also supports the notion of an independent civil society sector making a meaningful contribution to strengthening democracy. This Report has only in a very limited fashion, examined the contribution that the corporate sector, government agencies and High Net Worth Individuals make to the sustainability of civil society and the contribution CSOs make

to the country. In a society where increasing levels of poverty are experienced, and many remain unemployed, the contribution per capita is astonishing.

Participant responses to the Survey conducted indicate that there is a great diversity of funding available in various sectors and whilst funding has declined in some sectors it has increased in other new sectors. Fees-for-services as a source of income has increased. Government grants at local, provincial and national levels have increased dramatically. However, subscriptions for publications or products have not kept pace. Short-term international private grants have increased especially insofar as inter-governmental organisations are concerned.

Despite the economic recession, short-term corporate funding has provided much-needed assistance. A key concern however, remains which are that there is little coordination in the sector between stakeholders as to who is being funded for what. Amongst civil society organisations, there is also an increasing despondency as to their financial sustainability. A number of factors are identified which require immediate and urgent attention such as Board capacity and volunteer contribution, staff retention and capacity and a lack of career-pathing in the sector. The average length of funding has dramatically declined from multi-year funding to single-year funding creating uncertainty and a lack of long-term planning. Annual budgets have declined and so have gross revenues.

OVERALL RECOMMENDATIONS

Twenty years into a new democracy, it is time that South African policy makers and legislators in conjunction with civil society, establish a permanent review panel to investigate and report on the enabling legislative and regulatory framework. Such a panel should ideally be located in the National Development Plan as it transcends various government departments and agencies.

Promises have been made by various Ministers to amend various pieces of legislation in the coming future. These suggested amendments must be dealt with some seriousness and alacrity to ensure a sound enabling legislative environment. Policy makers and practitioners have acquired a reasonable insight into what works and where the bottlenecks exist.

The size and scope of the sector is not known. The number of workers involved in the sector as well as the financial contributions made to the sector remains unknown. Statistics South Africa should be charged with measuring in its Annual October Household Surveys, the number of individuals employed in the non-profit sector and the contribution each household makes to charity. In addition, SARS needs to set up a database to measure the contribution made by individual taxpayers as well as the corporates to the sector. It is necessary, without being alarmist, that the contribution the sector receives must be recorded in a central database. All stakeholders must be encouraged to voluntarily contribute to this database. Similarly, both DTI and the NPO Directorate must individually or collectively set up a recording system which will measure the sources of funding and three or four broad categories of expenditure which will be identified.

The idea of a database of all stakeholders involved is a value-adding idea as it will strengthen the legitimacy of the sector as a whole, therefore benefitting all involved. Transparency; accountability; good governance and monitoring and evaluation clauses need to be upheld within all sectors of society at all times. However, within the CSO sector all the more, as the sector directly benefits and influences the people which require the assistance the most.

The database of the NPO Directorate within the DSD is a good example of governments attempt at a database of the CSO sector. However as the public and CSOs have come to learn, the wheels of government grind slowly and sporadically. Therefore, a joint venture, preferably a public private partnership should be sought to share information and maintain the database on a regular basis. As the database may contain donor information; government information; corporate's information and CSO information it should be handled by an independent body so as to strengthen the transparency; accountability; good governance and monitoring and evaluation of the entire sector. Such a database will be useful to the public; media; watchdogs; opposition political parties; and potential foreign donors and invaluable to the local CSO sector and its partners.

The benefits of the sector are also guessed at and not measured. It should be incumbent upon civil society organisations to report in formats which can easily identify their geographical areas and the number of beneficiaries receiving assistance. In addition, such an aggregation should also report on the gender of the beneficiaries. Whilst many naysayers will attack this recommendation as another feature of government control, in many countries such measures are already applied and many nefarious activities are arrested by such disclosure. Each stakeholder party in community development should be encouraged to voluntarily disclose this type of information.

Whilst the CIPIC provides some information on Board members, it is not exhaustive. A cooperative effort must be launched between the NPO Directorate and DTI to be able to establish a comprehensive database of such members. Where members receive remuneration as Board fees, this too should be declared and where required be taxed. Conflicts of interest must be pursued vigorously and exposed such that such practices cease in the sector.

CEO capacity in the sector must be strengthened and enhanced through progressive training and skills development. The interface between Board Chairperson and the CEO must be developed such that trust and accountability is enhanced. In keeping with practice in other countries, a blacklist of flagrant breaches of trust and honesty must be developed so that repeat offenders do not assume powers as Board members or as CEOs.

Donor grant-making capacity must be enhanced and encouraged through self-regulation. Over they years, the South African Institute of Fundraising has developed and refined its Code of Conduct. It should be incumbent upon all staff who enter this terrain of grant making that they voluntarily accede to signature of such or a similar

code. Whilst the South African Grant makers Association may at that time have been a premature development, given the need for transparency and accountability in an increasingly shrinking world of capital exchange, maybe requires revival. No comprehensive directory exists, or exchange of information formally or informally is practiced to ensure that double-dipping should be curtailed.

Staff capacity must be increased such that career-pathing in the sector is enhanced. University-based certification programmes must be established and lifelong learning encouraged so that the full realisation and participation is achieved. Over time, remuneration patterns should be reviewed such that the gap between corporate, government and civil society sectors, become marginal.

Civil society organisations should also be encouraged to merge and work together in networks such that economies of scale can be achieved and learning between and amongst sectors is encouraged. In the absence of an apex civil society organisation, local authorities and provincial governments should encourage sector-based networks of organisations to voluntarily come together in pursuing common interests and perspectives. It is only through such an organic growth that apex organisations will emerge in South Africa.

BEE legislation should also be amended to create an advantage for the civil society sector to compete against for profit organisations bidding for work. Similarly, international NGOs operating in South Africa should be encouraged to partner with same and similar-minded organisations such that transfer of skills is achieved as well as establishing international funding streams to encourage the sustainability of specific sectoral organisations.

Civil society organisations are evolutionary in their making. They will emerge when a need is expressed and when that need is satisfied they need to be dissolved. They cannot exist in perpetuity. South African civil society organisations need to accept this reality. This Report has sought to establish that neither the constraints nor the challenges are insurmountable. If the political will exists amongst all the stakeholders involved in the sector, these like other historical challenges can be overcome. Pragmatism must dictate future action. Parochial personality-based solutions will not assist in overcoming these perceived problems.

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Rand Value of CSI Expenditure in South Africa between 2000 and 2012*

Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Arts and culture	73,6m	81,6m	66,0m	23,5m	96m	106m	86,4m	123m	153m	162m	200m	224m	200,1m
Community and rural development	92m	102m	154m	117m	168m	-	-	-	-	-	-	-	-
Education	699,2m	775,2m	36m	916,5m	936m	980,5m	950,4m	1,271b	1,581b	2,052b	2,782b	2,432b	2,967b
Environment	73,6m	81,6m	88m	94m	96m	79,5m	86,4m	246m	306m	324m	324m	288m	310,5m
Health	165,6m	183,6m	286m	352,5m	36m	450,5m	518,4m	451m	969m	918m	918m	1,056b	800,4m
Housing	55,2m	61,2m	22m	47m	24m	26,5m	28,8m	41m	51m	54m	54m	16m	117,3m
Job creation	184m	200,4m	242m	329m	240m	212m	345,6m	533m	663m	378m	432m	-	-
Safety and security	55,2m	61,2m	44m	47m	72m	26,5m	57,6m	82m	102m	108m	108m	108,8m	151,8m
Social development	128,8m	142,8m	220m	235m	168m	397,5m	432m	656m	816m	486m	956m	1,088b	1,055b
Sports development	110,4m	122,4m	88m	94m	72m	106m	115,2m	164m	306m	216m	516m	217,6m	172,5m
Training	202,4m	224,4m	220m	235m	168m	265m	345,6m	533m	306m	702m	648m	-	-
Food security	-	-	-	-	-	-	-	-	-	-	-	281,6m	476,1m
Enterprise development	-	-	-	-	-	-	-	-	-	-	-	275,2m	365,7m
Other	-	-	-	-	-	-	-	-	-	-	-	288m	96,6m
Overall Total CSI Budget	**1,84b**	**2,04b**	**2,2b**	**2,35b**	**2,4b**	**2,65b**	**2,88b**	**4,1b**	**5,1b**	**5,4b**	**6,2b**	**6,4b**	**6,9b**

Percentage of CSI budget expenditure per development sector between 2000 and 2012*

Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Average
Arts and culture	4	4	3	1	4	4	3	3	3	3	3	3.5	2.9	**2.9**
Community and rural development	5	5	7	5	7	-	-	-	-	-	-	-	**-**	**5.8**
Education	38	38	36	39	39	37	33	31	31	38	33	38	43	**36.4**
Environment	4	4	4	4	4	3	3	6	6	6	6	4.5	4.5	**4.5**
Health	9	9	13	15	15	17	18	11	19	17	17	16.5	11.6	**14.4**
Housing	3	3	1	2	1	1	1	1	1	1	1	2.5	1.7	**1.5**
Job creation	10	10	11	14	10	8	12	13	13	7	8	-	-	**10.5**
Safety and security	3	3	2	2	3	1	2	2	2	2	2	1.5	2.2	**2.1**
Social development	7	7	10	10	7	15	15	16	16	9	14	17	15.3	**12.1**
Sports development	6	6	4	4	3	4	4	4	3	4	4	3.4	2.5	**3.9**
Training	11	11	10	10	7	10	12	13	6	13	12	-	-	**8.6**
Food security	-	-	-	-	-	-	-	-	-	-	-	4.4	6.9	**5.6**
Enterprise development	-	-	-	-	-	-	-	-	-	-	-	4.3	5.3	**4.8**
Other	-	-	-	-	-	-	-	-	-	-	-	4.5	1.4	**2.9**

*Extracted from Trialogue Surveys between 2001 and 2012.

Comparison of Survey Results on Sources of Funding between 2001 and 2012

Sources	None		1-25%		26-50%		51-100%	
	2001	2012	2001	2012	2001	2012	2001	2012
a. Fees for service provision to other NGOs	52	62	32	38	60	0	2	0
b. Fees for service provision to government	51	74	23	13	11	13	3	0
c. Fees for service provision to business	60	87	23	13	4	0	2	0
d. Government (National, Provincial and Local) grants	47	87	24	13	10	0	5	0
e. Membership dues from individuals and/or organisations	56	74	30	13	4	13	1	0
f. Private individual donations, bequests	48	74	34	13	8	13	2	0
g. Subscriptions for publications or products	67	74	25	0	2	0	0	13
h. South African donors (e.g. business, trusts, foundations)	31	87	33	13	13	0	9	0
i. International private donors	39	87	19	13	13	0	13	0
j. International governmental donors	50	87	17	0	15	13	8	0
k. Inter-governmental organisations	74	74	10	13	4	13	2	0

Between 2001 and 2012, there was a **uniform increase** of CSOs which **derived 0%** of their income from all listed sources.

Between 2001 and 2012, there was a **uniform decrease** of CSOs which **derived between 1 and 25%** of their income from **all** listed sources exempting, "Fees-for-services provision to other NGOs" and "Inter-governmental organisations".

Between 2001 and 2012, there was a **uniform decrease** of CSOs which **derived between 26 and 50%** of their income from **all** listed sources exempting, "Fees for service provision to government"; "Membership dues from individuals and/or organisations"; "Private individual donations, bequests"; and "Inter-governmental organisations".

Between 2001 and 2012, there was a **uniform decrease** of CSOs which **derived between 51 and 100%** of their income from **all** listed sources, exempting, "Subscriptions for publications or products".

One may subsequently conclude from the data generally, CSOs in South Africa have steadily derived less and less of their income from all the listed sourcesover an 11 year period.

The perception of the level of financial sustainability among CSOs in 2001 and 2012

Perceptions	2001	2012
Permanently sustainable (e.g. with an endowment)	2%	10%
Good prospects for long-term sustainability (e.g. with good balance of fees for service and diversified donor base)	22%	14%
Average prospects for medium-term sustainability (with some income generating activity and likely donor support for at least five years)	20%	15%
Fair prospects for short-term sustainability (with donor funding for up to three years but uncertain beyond)	27%	12%
Existing from hand to mouth, i.e. from short-term contributions; on the verge of closing	22%	44%

In a period of 11 years, only 8% of CSOs became permanently sustainable. Only 14% of CSOs surveyed believe they have good prospects for long-term financial sustainability as compared to 22% in 2001. The decline is tantamount to CSO funding constraints and challenges, a proliferation of CSOs and poor internal CSO management. Overall, CSOs' perceptions of their financial sustainability in the foreseeable future (short, medium or long term), has declined over an 11 year period.

The average length of funding agreements between the listed sources and CSOs in 2001 and 2012

Source	None		Length in Months				Length in Years					
			1-6		7-12		1-2		3-5		6 >	
	2001	2012	2001	2012	2001	2012	2001	2012	2001	2012	2001	2012
Government	47	87	6	0	20	13	10	0	4	0	7	0
Business	63	87	14	0	7	0	3	13	2	0	2	0
S.A Donors	38	87	7	0	24	0	16	0	6	13	1	0
International Donors	31	61	5	0	9	13	23	13	22	13	3	0
Other NGOs	70	74	7	0	6	13	5	13	3	0	1	0

Of concern to the CSO sector is that over an 11 year period, there was a **uniform increase** of CSOs which had **no funding agreement** with **all** listed sources. Additionally, there has been a **uniform decrease** of CSOs which had funding agreements of **between 1 and 12 months** with **all** listed sources. Furthermore, it is worrisome that**across the board** there has been a **steady decline** of CSOs which had funding agreements for **between 1 to 6 years and beyond**,over a 11 year period.

Comparison of gross revenues of sampled CSOs between 1997 and 2011

Range (R)	Gross Revenue (%)					
	1997/8	1998/9	2000	2009	2010	2011
Up to R250, 000	11	20	20	64	56	58
R250,000 to R499,999	11	6	4	-	2	5
R500,000 to R999,999	16	11	14	-	15	5
R1,000,000 to R1,999,999	23	20	20	8	5	4
R2,000,000 to R4,999,999	39	43	6	2	2	4
R5,000,000 to R9,999,999	-	-	-	6	2	-
More than 10,000,000	-	-	-	4	2	-
Do not know	-	-	-	16	14	-

Comparison of Annual Budgets between 2001 and 2012

Range (R)	Annual Budgets	
	2001	2012
Up to R250, 000	11	20
R250,000 to R499,999	11	6
R500,000 to R999,999	16	11
R1,000,000 to R1,999,999	23	20
R2,000,000 to R4,999,999	39	43
R5,000,000 to R9,999,999	-	-
More than 10,000,000	-	-
Do not know	-	-

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social development
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NDA
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