

**AN INVESTIGATION OF THE IMPACT OF THE FUNDING STRATEGY
OF GOVERNMENT ON THE SUSTAINABILITY OF NGO WORK IN THE
HEALTH SECTOR: A CASE OF THE EASTERN CAPE PROVINCE IN
SOUTH AFRICA.**

By

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DECLARATION

I, Miriam Vhutuzah hereby declare that this research study is my own work. It has not been previously submitted to any other academic institution for the same purpose as this.

M. Vhutuzah

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DEDICATION

I dedicate this thesis to my father Mr Aaron Vhutuzah, my husband Costa Hofisi and my two sons James and Blessing. May God bless you.

List of Acronyms

ADM	Amatole District Municipality
AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
ARV	Anti-Retroviral
BCP	Black Community Programmes
CBO	Community Based Organisation
CEDAW	Convention on the Elimination of all forms of Discrimination Against Women
DoH	Department of Health
DoSD	Department of Social Development
ECNGOC	Eastern Cape NGO Coalition
EU	European Union
GEAR	Growth Employment and Redistribution
HIV	Human Immune Deficiency
JSC	Joint Strategic Committee
Idasa	Institute for Democracy in South Africa
NACOSS	National Coalition for Social Services
NAMDA	National Medical Dental Association
NEDLAC	National Economic Development and Labour Council
NDA	National Development Agency

NGO	Non Governmental Organisation
NLDTF	National Lottery Distribution Trust Fund
NWF	National Welfare Forum
ORAP	Organisation of Rural Associations for Progress
RDP	Reconstruction & Development Programme
RRC	Relief and Rehabilitation Commission
RULIV	Rural Livelihoods
SACP	South African Communist Party
SAIRR	South Africa Institute for Race Relations
SANGOCO	South African NGO Coalition
SAP	Structural Adjustment Programme
SARS	South African Revenue Authority
PBA	Public Benefits Association
PLWHA	People Living With HIV and AIDS
TB	Tuberculosis
TNDT	Trans National Development Trust
UDF	United Democratic Front
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UNSNA	United Nations System of National Accounts

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ABSTRACT

Under the apartheid regime the blacks suffered from social exclusion whereby the state sought to provide social services to the white community. Blacks used NGOs to fight the apartheid regime after the banning of political parties by the government. The government tried to quell the social unrest by instituting restrictive legislation to the NGOs. However, the NGOs managed to survive by getting funds from external sources that were anti-apartheid and the funding was camouflaged. While the blacks used the NGOs as frontiers to fight apartheid, they also provided services like health, education and others. The white NGOs managed to thrive unabated.

After the fall of apartheid, many leaders left the NGO sector to join the government. It has been of great concern to note that after the apartheid, NGOs failed to assume the position that they used to possess during apartheid. The major objective of the study was to assess the funding strategy of the government in relation to the sustainability of the work of NGOs. This was achieved through analysing the guiding principles and pre-requisites of the government in terms of procedures of disbursing funds to NGOs and how this affects NGO operations.

The research made use of one major approach in the social sciences which is qualitative. The use of a qualitative technique reflects an attempt to ensure an in-depth understanding of the phenomenon in question. This is what was needed by the question under study, to understand the institutional environment of NGOs by looking into their operational experiences and holding in-depth interviews with NGOs and government officials in order to understand their views about the existing funding strategy.

The study found out that the pre-requisites of the funding organisations can be met by NGOs which previously thrived under the apartheid government. Due to their more sophisticated nature, it is these types of NGOs that interface most effectively with the donor community and are major beneficiaries of the bulk of donor funding. It also discovered that the rural-based NGOs are not networked and only rely on government funding which is short-lived. Some of the well established NGOs manipulate the existing

opportunities to pursue private interests. Moreover, donors are mainly interested in funding popular activities like AIDS but they target well established organisations.

In view of the above findings, the study recommends that the pre-requisites for NGOs must be streamlined to the rural-based NGOs and communication from the government should be improved especially for the rural-based NGOs where forms of communication are limited. There is need to establish an independent body, mandated by the government to carry out NGO issues .The government should also introduce incentives to the donors that fund rural-based NGOs and also encourage donors to fund TB activities by introducing incentives. Moreover, there is need for the government to adopt institutional development principles which emphasises on internal organisational development by training NGO members in order to improve their skills. Externally, the institutional impediments like inherited legal instruments that were pro-apartheid should be addressed. Lastly, there is need for the government to engage NGOs in the policy making process.

CHAPTER ONE

1. 1 BACKGROUND

Non-governmental organisations (NGOs) in South Africa are funded by the government through the National Development Agency (NDA), the National Lottery Distribution Trust Fund (NLDTF) and various government departments. This development followed the 1994 democratic elections prompted by the expectation that NGOs, as agents of development, would assume a prominent role in development alongside the government. These expectations were legitimately founded on the fact that NGOs played a pivotal role of delivering help to the poor during the apartheid era.

1.1.1 The health sector under apartheid government.

Until the late 1980s, apartheid institutionalised such inequalities through labour laws and highly unequal investments in services for different racial groups. Apartheid was more than a state policy; it was a culture and a system of beliefs and actions that profoundly affected every person in the nation, especially the black population in terms of social services. According to Christopher (1994) racism was pervasively informed by the belief that anyone other than the whites was inferior and therefore was not entitled to meaningful human rights and protection. In addition to that, the white-black disparity worked to perpetuate apartheid (Christopher, 1994). Private health services and insurance service providers often pegged prices that were too high for the blacks to afford. Efforts like subsidisation for the black people who worked in the government to access decent health care services in the private sector were spurned by the government.

This was further exacerbated by the fact that there was an intentional construction of a racially organised caste biased health care system. This system offered excellent and sophisticated services to the whites. This can be traced from the record that South Africa was the first country that performed a successful heart transplant in 1967 by Christiaan Barnard. However, the same health sector offered services that were inferior to the blacks and other races outside of the whites. As a result, a minority of the

population enjoyed the privilege of good health care whilst the majority poor blacks were denied proper health care (Schneider & Gilson, 1999).

According to Rojas & Lackan (2008) in 1981, there was 1 physician for every 330 whites but one for every 91000 blacks. Infant mortality was 20% for blacks compared to 2.7% for whites. In 1980, life expectancy was 55 years for blacks, 58 years for coloreds, 65 years for Asians and 70 years for whites. Tuberculosis incidence per 100 000 in 1980 was 211 for blacks, 429 for coloreds, 80 for Asians and 18 for whites. Moreover in the economic sector, 10% of the population accounted for 51% of the income earned in South Africa whereas the poorest 40% accounted for 4% of the annual income. These figures clearly paint the picture of the disparities created by the apartheid government. The creation of a sound private health sector pulled most of the health professionals to choose to work in the private sector rather than the public sector. As a result, from 1992-93, 59% of the doctors, 93% dentists and 89% pharmacists worked in the private sector (Rojas & Lackan, 2008). These figures are a manifestation of deliberate actions from the apartheid government which was operationalised through the law.

In 1983, the government separated the administration of health services into different provincial health departments for the different races which were black, coloured and Indians. This system paved the way for the policy makers to allocate funds that were unequal since they were informed by the apartheid ideology. The worst victims of the apartheid system were the blacks who were homeland dwellers (Christopher, 1994).

Like the administration, the health sector patterned after the same. As Christopher points out, this bureaucratic fragmentation fostered the maintenance of racial discrimination in the health care sector. Different races were offered different care even if they visited the same hospital. The government would only choose to offer health services at will and most of the times it was not enough. This was done in accordance with the Native Custom which deemed homelands as “able to take care of themselves”. The Native Custom was an assumption by the apartheid government that blacks can govern themselves given that they used to have their own traditional system of governing themselves. This was only cited by the apartheid government to justify its

neglect of offering basic services to the black community. As a result of this, the health status of the blacks deteriorated such that even the curable and avoidable diseases went unaverted due to lack of medication. This was so because most homeland dwellers relied upon migrant labourers' wages that only provided a little to sustain their families due to unfair labour compensation laws. A result of this neglect was high death rates among the poor (Christopher, 1994).

With the democratic transition in 1994, the formation of a strong partnership between the government and NGOs was regarded as a realistic expectation, given the Reconstruction & Development Plan which envisaged a developmental role for NGOs. Northern donors with similar expectations directed overseas development aid from NGOs to government departments which was also noted by Bond (2003) in his work. A good proportion of this aid was designed to partnerships with NGOs and the private sector.

NGOs also underwent a transition during the period of the shift of political leadership. Many NGOs became absorbed into institutions of the new state, those that were not assimilated into state structures repositioned themselves as NGOs with a complimentary role to the state by undertaking partnerships with the government departments in the policy development and welfare service provision (Habib & Taylor, 1999). Other NGOs that did not want to be assimilated into government structures remained as watchdogs of the new state with the intent of strengthening civil society; others became redundant and closed down. Through the aid of the RDP the South African NGO Coalition (SANGOCO) was formed which is an umbrella body for all affiliated NGOs. The RDP was drawn up by the ANC led alliance in consultation with key mass organisations and assisted by a wide range of NGOs and research organisations. The outcome was that NGOs must be empowered to continue playing a role in development hence the formation of SANGOCO (Habib & Taylor, 1999).

Although the government's efforts were benign in terms of funding the NGOs, they came costly on the NGOs because they did not manage to grow and it affected the poor grossly. Schneider & Gilson (1999) point out that the issue of incompetence was

instrumental to the funding crisis. They argue that the new government inherited a chaotic administration that had little institutional experience of conventional development aid. Other authors like Bond (2003) argue that the new government was inexperienced in handling large amounts of grants.

1.2 Statement of the problem.

The problem of this study is that the funding strategy of the government has got rudiments in it that might be the cause of unsustainability on the part of NGOs in rural areas that assist the poor with HIV/AIDS and TB. At The moment, NGOs in rural areas are facing a funding crisis whereby some are closing down and others are scaling down their activities. This has been complex in that most of the victims who receive help from these NGOs have limited alternatives that they can resort to for survival. Moreover, there is a noticeable difference between urban-based NGOs and the rural ones in terms of accessing government funding. While the majority of urban-based NGOs were established during the apartheid era, and received state support, they managed to establish strong institutional organisations. Those in rural areas were often made up of blacks and were shunned of funding but managed to endure. After the democratic government came into power with the aim of emancipating the poor by affording both classes of NGOs equal opportunities, rural-based NGOs are facing a funding crisis.

The major question that this study seeks to answer is whether the government's funding strategy ensures the sustainability of the work of NGOs. According to section 4 (2) (a) the NDA holds the right to continue funding NGOs (NDA Act of, 1998). This gives government the right to control the work of NGOs and this process undermines their autonomy.

The Social Service Professions' Bill 110 of 1978 also gives the government the right to cut down or withdraw funding from NGOs without consultation. These pieces of legislation have only acted to the disadvantage of NGOs. Although NGOs efforts were spurned by the apartheid government, they had a certain level of autonomy to source funds and that allowed them to survive despite the restrictive legal instruments. It is

therefore surprising to note that after the installation of a democratic government, the NGOs further lost their privileged position that they used to have in the society of the poor.

One can further question whether there are problems with the new structures that deal with NGO funding. This question emanates from the observation that NLDTF requires the NGOs to be registered as NPOs and are required to provide three years of audited financial statements before they can receive funding. This system prevents some NGOs which come from poor backgrounds and lack capacity to meet its requirements from receiving funding despite the fact that many of these NGOs are very effective in delivering services at community level. At the same time the system is of greater benefit to the well established NGOs which were established during the apartheid and the majority of them are urban based and provide services to the middle class.

Another question in relation to this challenge is whether the new members of government now regard the role of NGOs as redundant since they were the ones who used them to fight the apartheid regime. The legislations mentioned above are reminiscent of the apartheid policies that forced NGOs to account to government and at the same time limited their access to funds. It also reflects a lack of engagement on the part of government in terms of consulting the NGOs. This stance is put forth against the background that NGOs are people centred organisations that pursue the interests of the poor and disadvantaged and therefore, if they are deprived of the means to perform, the poor will continuously be marginalised.

With the rising prevalence of the AIDS pandemic and TB among the poor, it is worthwhile to engage NGOs. NGOs have proved to help fight HIV/AIDS as well as TB. Cases of the success of NGOs in fighting AIDS in Uganda are some of the examples which South Africa can learn from. When the government seem to fail acknowledging the important role that these organisations play, one can question if they lack political will.

1.3 Objectives of the study.

The major objective of this study is to assess the funding strategy of the government in relation to the sustainability of the work of NGOs. This has been achieved through analysing the guiding principles and prerequisites of the government in terms of procedures of disbursing funds to NGOs and how this affects NGO operations. The organisations responsible for the disbursement of funds to NGOs that this study examined are the NDA, the NLDTF and the DoSD.

1.4 Significance of the study.

It has been discovered that government funding is short-lived to the sustenance of the life of NGOs in the rural areas studied. The majority of them are faced with prospects of closure or scaling down of services to the detriment of their beneficiaries. Moreover prerequisites put forth by the government for NGOs to meet are difficult to meet from the rural-based NGOs. On the other hand, urban-based ones are major beneficiaries of government because they can meet the requirements of the government DOSD(2005). This can be attributed to the fact that most of them have a strong institutional capacity to handle the complexity of the pre-requisites since they have been established during the apartheid era and have therefore amassed experience DOSD(2005). The plight of the rural-based NGOs is also exacerbated by the fact communication between them and the government is poor.

This study has unearthed the root causes of problems encountered by NGOs because it identified areas of weakness in the government's funding strategy. Among other findings, the study managed to get the opinions and perceptions of the affected NGOs and how they want to be assisted. This will help give recommendations to policy makers in making changes to the existing policies that are detrimental to the sustainability of NGO work. Moreover it is essential in eliminating any legal instruments that are reminiscent of the apartheid that promoted separate development. In addition, the findings from this study will help contribute to the existing body of knowledge and give a platform for further research.

Such information is of paramount importance to the DoSD, NDA, the Directorate, researchers, NGOs and other civil society organisations that work closely with NGOs.

1.5 Delimitations of the study.

This study has looked into selected NGOs in South Africa, in the Eastern Cape Province with specific interest on the NGOs in the health sector. These are Alice Hospice located in the Alice town, near the University of Fort Hare in Nkonkobe Local Municipality under the Amatole District Council, Ethembeni located in a poverty stricken area of Seymour under the Nkonkobe municipality in the Amatole District and Laphumikwezi which used to operate in the Fort Beaufort area. Mida is in Idutywa in the OR Thambo District, Sinikuthando is in the Amathole District Municipality in Mnquma Local Municipality and Sakhubunye is located in Butterworth in Ibika in the OR Thambo District. The choice of these NGOs was because the study was targeting organisations that have their core purpose as helping communities at the local level through health projects. In addition, it is not all NGOs that have been affected by the financial crisis. Most white-run NGOs that were formed during the apartheid era were not affected by the financial crisis under discussion.

1.6 Ethical considerations.

Every effort has been made to ensure that data collected is used purely for academic purposes as was intended. The researcher adhered to the ethical principles of the University of Fort Hare that requires among other things that identity of respondents must remain confidential.

1.7 Summary.

The South Africa government face the responsibility of affording rural-based NGOs an opportunity for them to be sustainable through its funding strategy. The research seeks to delve into the matter by engaging a theory that has been suggested as a panacea to the challenge of the funding crisis. The following chapter will be explaining at length the theoretical solutions that can be implemented.

CHAPTER TWO

2. NGOS AND DEVELOPMENT: A THEORETICAL AND EMPIRICAL REVIEW.

2.1 INTRODUCTION

NGOs are increasingly being recognised as crucial actors in social, political and economic development. Rising interest in NGOs is partly a response to growing awareness of the limitations of the state as an agent of development Tvedt (1998). Increased attention to the voluntary sector is also due to the success stories of some NGOs in ameliorating the plight of the poor at grassroots level (Gibbs et al,1999).

NGOs have been instrumental in developing countries in the fight against HIV and AIDS. Such success stories like Ghana have been quoted as shining examples Parkhurst and Lush (2004). NGOs have evolved from different angles in society, however, of point to note is their influx after independence in many developing countries (Tvedt, 1998). It is therefore worth tracing the evolution of NGOs in Africa.

This chapter explains the historical evolution of NGOs in the first sub-section. This is followed by conceptual issues in the subsequent section which closes the chapter with a theoretical framework of the study.

2.2 The evolution of NGOs in Africa: An African perspective.

In Africa, the development of the institutionalised voluntary sector is the legacy of foreign organisations, especially the European Christian missions (McFubara, 2002). In the colonial era, the voluntary associations, which were the most essential feature of colonial society, were encouraged. For instance, the Mutual Aid Society and Ijaye Relief Committee were formed to send Christians to care for the children evacuated during the Ijaye war between 1860 to 1864 in Nigeria (McFubara, 2002). However, while this could be seen as a benign initiative of the Europeans towards blacks, on the other hand the

same intervention could be used as an agenda of resource mobilisation. For instance in the case of South Africa, in the colonial era, orphans were put in missions so that they could be used as slaves (Wilson & Ramphele, 1989).

Although the formal voluntary sector is associated with colonial activity, it was not a new phenomenon to the African society. As Fafunwa in Mc Fubara (2002) points out, the responsibility for the upbringing of young Africans is traditionally shared by the entire society. To further demonstrate that voluntarism is not a new phenomenon to Africa, the author states that Africa has a long history of collective (voluntary) action. The communitarian African philosophy espouses an inclusive principle of mutual responsibility whereby members of a society pursue values they hold in common and mutually. For instance, in Zimbabwe an initiative that demonstrates the principle of mutual responsibility in the extended family is through a system whereby the main form of support for households coping with incidents morbidity and mortality comes from the extended family members (McFubara, 2002).

In the same manner, McFubara indicates that the extended family, the lineage and, in some instances, the more inclusive clan define a person's immediate social networks and obligations. The philosophy of communitarianism provides for a network of families, an opportunity to contribute what they can towards the development of the extended family and the community at large (McFubara, 2002). In addition, the principle of mutual responsibility ensures that the suffering or happiness of one member is shared among the other family members. Due to the institutional nature of a family within society, mutual responsibility can also be said to be institutionalised. In such groups, individuals receive welfare support not as a favour but as a right. According to McFubara, help becomes a right because according to communitarianism, helping the needy was a responsibility of every member of the society. Therefore, it is these principles in the sustained extended family systems that have enabled the institutionalisation of the voluntary sector in Africa. Moreover, it is the same principle that will sustain the NGOs despite the fact that common knowledge among people is that NGOs are organisations that are out there to simply offer their help as a favour.

2.3 The Western influence on the emergence of NGOs in Africa.

Generally, the evolution of NGOs can be traced back to the history of the post-World war era. Some of the first NGOs include the Catholic based CARITAS and Save the Children Fund which gained currency during the end of the Second World War. Nevertheless, prior to these, some NGOs were in existence like OXFAM which was formed in 1942, the Catholic Relief Services in 1943 and the American Cooperative Agency for Relief Everywhere (CARE) in 1945 (Clark, 1991). These gained relevance by providing relief and welfare services in war torn countries in Europe and America. After bailing out the needy, and the end of the war, they shifted their attention to Africa to provide welfare services. By offering relief services in order to deal with the poverty issue, NGOs discovered that they were only dealing with symptoms of poverty by providing short lived services. They therefore decided to increase the capacity of the poor to meet their own needs with resources they controlled (Clark, 1991).

In pursuit of the new idea of providing help, NGOs shifted from feeding points to villages and slums where they were set to initiate projects Clark (1991). As a starting point, NGOs came with development work that heavily borrowed from a modernisation school of thought Clark (1991). Their aim was to help the poor to become like their home countries (developed countries). This endeavour was problematic to their objective of poverty eradication because of being oblivious of local structures and conditions. NGOs went about setting their own projects with little or no input from the beneficiaries. When they realised that participation from intended beneficiaries was a key factor to development, such NGOs as Oxfam made a policy decision to move away from financing missionary organisations and other organisations to support indigenous efforts (Clark, 1991).

The change of direction of funding opened up more opportunities for local organisations to receive funding. This period which was in the 1970s-1980s witnessed a mushrooming of NGOs, with some rising to national level institutions in their countries which served as intermediate organisations, channelling assistance from the international NGOs to the grassroots level (Clark, 1991). The influx of NGOs during this period was not only

influenced by a policy shift of international NGOs, but the advent of independence in African countries also provided for the setting up of more NGOs.

In terms of the public goods theory NGOs exist to satisfy the residual unsatisfied demands for the public goods in society Tvedt (1998). The author further argues that the state tends to provide public goods only at the level that satisfies the median voter. Where a significant minority wants a kind or a level of public goods for which majority support is lacking, the government cannot help and NGOs step in to fill the gap. In some instances, some parts of the population may need more public goods than the government is willing to provide. They can access these public goods by mobilising themselves and form an organisation that can articulate their needs which is the NGO (Tvedt, 1998).

In the contemporary situation, although the state has not been as aloof as the colonial regimes, the impact of global economic downturn in developing countries has found developing countries turning to NGOs as partners in social welfare provision. Engden-Pedersen in McFubara (2002) posits that after the structural adjustment programmes, African countries witnessed an extension of non-state actors as an option in the provision of social services after the cut-backs in the state's expenditure in social welfare provision.

According to social contract theorists, in such circumstances, NGOs emerge where ordinary contractual mechanisms fail to provide the public with adequate means to assess the services from firms' procedures. This lack of adequate information to control procedures in this way is called contract failure. Therefore, when contracts are difficult to define, people will trust NGOs more than commercial firms because NGOs are perceived as having fewer incentives to take advantage of the consumer's ignorance (Tvedt, 1998).

Arguably, in the South African context, the abandonment of the RDP by the Mandela administration and the adoption of Growth Employment and Redistribution (GEAR) as a development programme were responsible for the extension of the marginalisation of the poor. GEAR which is informed by neo-liberal theorists, argues for the de-regulation

of the market. Whilst these principles may be perceived as benign, they do not cater for the provision of social welfare. Rather, GEAR contributed to the further marginalisation of the poor where the poor were left at the mercy of market forces. Pieterse (2003) is of the opinion that GEAR contributed to the unemployment of many unskilled poor. Under such circumstances where a vacuum is created, the poor tend to look to NGOs for help.

Nevertheless, despite their importance, some authors dismiss NGOs as organisations that exist to further the interest of the developed countries. These countries seek to gain economic interest by using the carrot and stick tactic. They do so by manipulating weaker developing countries for instance, Bond (2003) quotes an example where the South African government was stopped from supplying Syria with weaponry by the American government because the Americans regarded that country as undemocratic. This was because the action that South Africa had taken was detrimental to American interests. The Americans went on to threaten to withdraw aid that they had extended to the South African government. In the end the aid was viewed as more beneficial to the Americans than to the South Africans. To show that the American government had power, the deal to Korea was not carried out and yet this country had previously assisted South Africa in their fight against the apartheid regime.

Moreover, NGOs have also been accused of being instruments of developed countries to facilitate the spearheading of regime change. In Zimbabwe, several NGOs were forced to close their operations due to a conflictual relationship they had with the government. It was alleged that NGOs were influencing the public to push for a regime change. The reality is that it was due to the authoritarian nature of the Zimbabwean state that forced NGOs to challenge the status quo. In other cases, the states perceive NGOs as a threat. Such suspicions arise in cases where NGOs work to help the disadvantaged to whom the government would be failing to deliver. However, this study is of the conviction that NGOs still remain relevant in development in developing countries especially if the state appreciates their relevance.

NGOs have also been accused of corruption whereby their members design project proposals to get aid that never gets to the intended beneficiaries. Mcfubara (2002) also

raises the same question. He is of the opinion that in developing countries especially in Africa, the voluntary sector is yet to make a recognisable impact due to allegations of corruption. According to Mcfubara, where NGOs make an impact, information about them is scanty. Uganda is an example where information on the success of NGOs was not available.

Despite their influx in the 1980s, the impact of NGOs is yet to be realised. Notwithstanding, NGOs do not operate in a political vacuum. As a result, where the government is intolerant of them; there will be little achievement that they can make. For instance, in Zimbabwe NGOs work has made little inroads where NGO officials are vulnerable to torture and harassment by state security agents. Another example is the South African case in the pre-1994 era where the apartheid regime was hostile to the proliferation of NGOs. In another contrasting example, in countries where NGOs have made strides, the state was in a position to accommodate NGOs and to work together with them, for instance in Ghana NGOs worked with the state to ameliorate the Aids pandemic.

It is the government that creates the legal and political landscape within which NGOs work and their relations with the state may take many forms. In South Africa the government has tax provisions exempting NGOs from taxation and has encouraged public contributions, in other countries governments are very suspicious of NGOs as competitors in service provision or as agents of international donors or as critics of state programs. Under such circumstances governments only work to the detriment of NGOs operations. For instance, the NGO bureau of Bangladesh sometimes decertifies NGOs, culminating in their access to external resources being cut off.

NGOs remain relevant partners in development because of their dynamic nature. Davids (2005) acknowledges that while governments are deeply engrossed in diverse interests to attend to, NGOs remain focused on singular or limited objectives. This advantage that they have enables them to implement their projects and equips them with the potential to realise their objectives especially if the government is in support of such work. However, in some instances, NGOs and government cooperate to expand

the impact of joint programs ((Brown & Kalegaonkar, 2002). Therefore, one can effectively agree that NGOs exist to compliment the government in service delivery despite the disadvantages that NGOs espouse.

2.4 Conceptual Issues.

2.4.1 Defining NGOs.

One of the key terms that need definition is Non Governmental Organisation. The definition around the term is shrouded in obscurity, with authors taking different meanings and definitions to it.

Dauids (2005) describes NGOs as private, self government, non-profit organisations promoting people centred development. They are responsible to their donors and to the communities they work for. Their primary objective is to render assistance to individuals or development at grassroots. Dauids' definition alludes to the issue of a private and self governing non-profit organisation. This is important in distinguishing NGOs from government entities. It also helps in delineating the level at which NGOs engage with the government. Principal to this definition is the idea of communitarianism. In this case, help is not perceived as a favour but as a right. This aspect is important in institutionalising NGOs in a society. It gives NGOs an obligation to treat its beneficiaries as family members whose fate is in their hands and it also helps the government to realise that the need to support NGOs cannot be overemphasised.

On the other hand, Michael (2004) defines them as independent development actors existing apart from governments and corporations. They operate on a non-profit or not-for-profit basis with an emphasis on voluntarism, pursuing a mandate of providing development services, undertaking communal development work or advocating development issues.

The idea of autonomy of NGOs as reflected in these definitions is an indication that although these organisations do not operate in a political vacuum, they are a separate entity that is created outside the government and in most cases, are governed by their own constitutions. Another point to note is the idea of specificity of services provided by

individual NGOs that, whilst some engage in lobbying and advocacy, others in service delivery, they all have their mission statement as development.

Having said this, this study will adopt Tvedt's (1998) definition which sees NGOs as a common denominator for all organisations within the aid channel that are institutionally separated from the state apparatus and are non profit distributing. This decision is based on the opinion that any justification for the NGO claim to advance the public interest should be demonstrated in their ability to provide relief and deliver services to their beneficiaries. The extent to which this obligation is fulfilled can be determined by how much of an NGO's money goes into good causes (Brown & Kalegaonkar, 2002).

For instance, a study carried out by the Manchester Business School found that, in 1992, 80% of charity (NGO) money was spent on charitable causes. By 1997 this had fallen to 67% (Benjamin in Brown & Kalegaonkar, 2002). In other circumstances, NGOs spend a large amount of money to produce glossy publicity materials; whether to outshine others in the field or to attract public approval, is not clear (Brown & Kalegaonkar, 2002). In the absence of statistics on NGO spending may be open up opportunities for embezzlement of aid. For instance, in 1995 at the first National Health Summit in Nigeria, the Health Minister noted that 80 %per cent of recurrent subvention goes to personnel costs whereas less than 5 per cent was spent on patient care (Brown & Kalegaonkar, 2002).

As was observed from the example above, the issue of non-distributiveness means that NGO operators are not personally interested in their organisation's property. McFubara (2002) tells how men in Sierra Leone hoped to use their womenfolk to secure foreign NGO funding for their private palm-oil business. The author further record how African women's groups obtained foreign funds for sewing machines. At first these machines were used to sew uniforms for school children at a minimum profit (which was shared among members). But when funds ceased to arrive and the machines needed parts to be replaced, coupled with strong competition from a local entrepreneur, the group could not continue. The remaining machines that were still functional were distributed among members.

However other authors define NGOs in different ways. Schmale (1993) does not refer to them as NGOs, but as local organisations which are indigenous, non governmental as well as non-profit organisations among whose principal function is to promote development activities for the benefit of the poor and disadvantaged people within society.

Again, another term that needs attention in this study is the community based organisation (CBO). Michael (2004) defines CBOs as organisations that originate within a community to meet its specific needs. As compared to NGOs, they tend to remain focused very locally and operate with little formalised structures, using time and resources of community members to undertake their activities. CBOs are geographically limited and usually need not register. As asserted by Davids (2005) CBOs refer to a wider ranging number of community organisations that are distinctive in that they usually have a clear membership base, an elected leadership, and they define their role in relation to a specific geographical area within which their members reside. In terms of this broad description, civic organisations, sewing co operations, cultural associations, sports organisations and stokvel associations are all examples of CBOs. These organisations, despite their seemingly passive role in development they remain crucial in development. In some cases the NGOs build upon CBOs in development. They, therefore, have remained crucial partners with NGOs in development.

2.4.2 Classification of NGOs.

This study will focus on three conceptual frameworks of NGOs. The first category comprises the classification used by the United Nations System of National Accounts (UNSNA). The second one is the world acclaimed framework of Liebenberg (2000) and the third framework is a nationally derived definition of NGOs in South Africa.

The United Nations System of National Accounts uses a financial definition for NGOs that emphasises the source of income of an organisation. In terms of the UNSNA, for an

organisation to qualify for NGO status, it must receive its income not from the sale of goods and services in the market, but from the dues and contributions of their members and supporters. According to the UNSNA, an organisation that receives more than 50% of its income from government is regarded as part of the government (Tvedt, 1998). This distinction is crucial in that it brings out the idea that an NGO is sustained by income derived from donations. This helps to define the divide between the for-profit NGOs and the non-profit group. However, although this classification is crucial, it does not adequately define the position of NGOs in South Africa because most NGOs receive their donations from international donors through the government.

On the other hand, Liebenberg (2000) identifies five broad classifications of NGOs comprising, the evolutionary classification, the organisational, the functional, the geographical and the membership classification. The first one, the evolutionary classification, follows a sequence of relief and welfare; small scale self reliant local development; sustainable systems development and public conscientisation.

The rationale behind these stages is that each generation becomes void as the organisation starts to perform the functions that are required of it in the next evolutionary stage. However, Liebenberg cautions that it is important to realise that although these generations follow each other, this might not be the case in practice. An NGO might, for instance, be busy with a feeding scheme which can be classified as the first generation type of activity and simultaneously implement a public awareness campaign, which could be classified as the fourth generation activity.

The second classification is the organisational category. In this classification NGOs can embrace any one of the following forms, voluntary organisations, public service contractors, people's organisations and governmental and non-governmental organisations. The voluntary organisation in this regard pursues a social mission in terms of a commitment to shared values, while public service contractors function as non-profit organisations that serve public purposes. People's organisations in turn represent the interests of self reliant social groupings. Within the context of organisational classification, Liebenberg in quoting Jeppe (1992) also distinguishes

what he terms service delivery organisations, which aim at providing a developmental service to a specific community. It could be argued that the organisational traits of each of these categories are not mutually exclusive, but representative of all the organisational needs and functions of any development organisation (Liebenberg, 2000).

The third classification is the functional one which identifies four types of functions of NGOs, comprising the specialised NGOs, welfare NGOs, developmental NGOs and advocacy NGOs. The specialised NGOs engage in human and physical development activities by focusing on technical training, housing, agriculture and others. The Welfare NGOs specialise in relief and welfare actions. The developmental NGOs' primary focus is on human development and development of physical infrastructure. Advocacy NGOs devote their time in providing communities and individuals with specialised facilitation or consultation services.

Under the same classification, Liebenberg in quoting Cross (1994), identifies two main classifications, namely, political and goal oriented NGOs. Political NGOs are politically aligned and function according to a political agenda, while goal oriented NGOs are functionally aligned with the interests of a specific group. This classification tries to group NGOs according to the work which is crucial in identifying organisations.

The fourth classification is geographical. This one groups NGOs into four geographical classes, which are, international NGOs, regional NGOs, national NGOs and local NGOs. The international NGOs are based in the northern hemisphere, but they may have offices in the developing countries and provide development assistance throughout the developing nations through financial assistance and personnel aid. Regional NGOs are restricted to a particular region, and provide more or less the same kinds of development assistance as international NGOs. National NGOs restrict their development to a particular nation or state while local NGOs function at community level and are composed of local members (Liebenberg, 2000). However, it needs to be pointed out that the definition given by Liebenberg in identifying international NGOs is problematic because the term "international" is used in reference to Northern NGOs.

Arguably, NGOs from Asia or Latin America operating in Africa, for instance, are international NGOs but they are not located in the north.

The last classification which is the membership classification categorises NGOs according to their membership profile. In this regard, some NGOs may be set up to benefit their own members, for instance, cooperatives and sewing clubs. Other organisations might be set up to benefit the general public. This classification is important and relevant in the study because it does not make a distinction between CBOs and NGOs. This is the classification that will be adopted by this study.

Liebenberg's classification accommodates important organisations in South Africa that under other circumstances would not be regarded as NGOs. Such organisations are stokvels (group of people contributing money into a pool for social capital), burial societies, religious organisations, and cooperatives. Although these organisations could be seen to contradict the non-profit criterion they are an important component of the social capital of many societies (Swilling & Russell, 2003).

In the South African situation, the Non-Profit Act of 1997 defines an NGO as a trust company or other association of persons established for a public purpose and the income and property of which are not distributable to its members or office bearers, except as reasonable compensation for services rendered. Although the definition given by the Act is important in bringing out the significant concept of public purpose of NGOs, it does not specify the definition of public purpose in the Act (Swilling & Russell, 2003). This gave rise to the further definitional problems in the year 2000 when the tax exemption legislation was being drafted.

Granting exemption was problematic without the definition of public purpose. This led to a new term, 'public benefit association' (PBA), which was defined in the Taxation Laws Amendment Act of 2000 as an organisation engaged in "public benefit activities". However, instead of defining these activities, the Act provided for the registration of public benefit activities as schedules to the Act within 12 months of its promulgation. At the end of the day there was more confusion in explicitly defining the NGOs. Therefore

it is important to clarify between the for-profit and non-profit divide because it is not all organisations that engage in public benefit activities that are not for-profit.

2. 5 INSTITUTIONAL DEVELOPMENT: A THEORETICAL ANALYSIS OF NGOS IN SOUTH AFRICA.

2.5.1 Sustainable Development.

Sustainable development has been variously conceived in terms of vision, expression, value change, moral development, social reorganisation and transformational process toward a desired future or better world. The core idea was defined most influentially by The World Commission on Environment and Development (i.e., The Brundtland Commission) as development which meets the needs of the present without compromising the ability of future generations to meet their own needs (1987).

In its broadest sense, this definition has been widely accepted and endorsed by thousands of governmental, corporate, and other organisations worldwide. The concept of sustainable development has captured the public and political arenas more than other development concepts. It is intended to embrace the idea of ensuring that future generations inherit an earth which will support their livelihoods in such a way that they are no worse off than generations of today (Pearce & Atkinson, 1998).

There are two approaches to sustainable development. The first one proposes that sustainable development can be achieved within dominant western development models of continuous growth. Secondly, there is the notion that the achievement of sustainable development must be allied to a fundamental shift in our understanding of what constitutes development. The second approach was born out of criticisms of the approaches offered by the United Nations, World Bank as well as other reputable organisations.

In terms of the United Nations (UN), the concept of sustainable development grew out of the world's realisation that human activities impact seriously on natural resources and also threaten the depletion of these resources WCED (1994). This prompted the UN to establish the Brundtland Commission which was tasked to look into the causes of the depletion of resources. The Commission was also mandated to find solutions that could help nations to curb the serious depletion of resources through engaging key organisations and member states in solving this problem for a sustainable future. In 1987, the Brundtland Commission came up with a definition of sustainable development as mentioned above, however, the Commission has been regarded as inclined towards free market principles that have since been regarded as redundant in terms of coming up with strategies that can help the poor.

Similarly, Oldfield & Shaw (2002) argue that a concept of sustainable development that does not fundamentally question the status quo and that supports, or rather barely challenges global capitalism will surely find favour among politicians and publics, particularly those in the affluent part of the world. The above quotation was drawn after a careful observation of the conceptualisation of sustainable development according to the United Nations and World Bank.

The United Nations Conference on Environment and Development (UNCED) which was held in 1992 in Rio de Janeiro came up with a resolution best known as Agenda 21. According to principle 12 of this Agenda, the importance of ensuring economic growth is imperative. In addition to this, principle 16 underlines the role of economic and financial instruments in helping to address environmental issues. The principles above clearly show the inclination of Agenda 21 which defies the apparent burden of the social inequalities that they decry (Oldfield and Shaw, 2002).

Furthermore, Agenda 21 envisions market oriented approaches to sustainable development and it recommends that those who are not familiar with such approaches should improve their understanding of sustainable development economics (UNCED

section 8:37 quoted by Oldfield & Shaw, 2002). These approaches are available through commercial channels and international business through technology transfer. Their confidence in technology transfer disregards the fact that in international political economics, environmentally sound technology is expensive and most poor countries are forced to export natural resources which in turn promote environmental degradation. Moreover, the poor communities might have the environmentally sound technology but they may not be compatible with the capitalist modernisation that the Commission embraces. As a result, the same degradation and social exclusion mentioned in the World Bank, 2003 report will be exacerbated. Some authors point out the weakness of the Commission in that it did not adequately address the issue of social control over capital, whether through the government or through other institutions like NGOs (Oldfield & Shaw, 2002).

Although some authors like Gladwin et al (1995) regard the notion of sustainable development as contestable and ideologically controversial for some period to come, it is still feasible to draw some principal elements of sustainable development that are crucial to the problem under study. This study subscribes to the second notion which adopts the view that sustainable development should be understood in terms of what constitutes development. Therefore, the standpoint of this study is that sustainable development is a process of achieving human development through some fundamental initiatives which present the poor with choices in an inclusive, equitable, connective and secure manner. Inclusiveness implies meaningful human development over the shortest possible time within the constraints of what the government can offer. In addition, equitability touches on the fair distribution of resources and property rights both within and between generations which is central to the concept of sustainable development (Gladwin et al, 1995).

Security in terms of the conceptualisation shown above, is seen as an important element for protection from life threatening and chronic threats. In the words of others, sustainable development is generically a human construct, targeted at

.....ensuring a safe, healthy, high quality of life for current and future generations (Gladwin et al, 1995: 879-880).

On the other hand, connectivity suggests that problems should be perceived as interconnected. As the authors concluded

.....the concept of sustainable development is based on the recognition that a nation cannot reach its economic goals without also achieving social and environmental goals - that is, universal education and employment opportunity, universal health and reproductive care, equitable access to and distribution of resources, stable populations, and a sustained natural resource base (Gladwin et al, 1995: 879).

Therefore under this case, the problem faced by the poor can be deemed to be a factor that derails economic development in that if the poor are not helped, they resort to costly means of survival that do not foster sustainable development.

In consonance with the Commission, Schmale (1993) defines sustainable development as the continuation of benefit of flows to people or communities at the grassroots level. Sustainable development can be deemed to have been achieved when an initiative can have a lasting impact to its beneficiaries.

Taking the matter further, Allen, in Elliot (1994) takes sustainable development as development that is likely to achieve lasting satisfaction of human needs and improvement of the quality of life, while Coomer in Elliot (1994) defines it as a society that lives within the self perpetuating limits of its environment. Coomer continues to point out that that society is not a 'no growth' society, but, it is rather a society that recognises the limits of growth and looks for alternative ways of growing. From the above discussion, it is clear that whilst Allen is concerned with human needs as central to sustainable development, Coomer points to the issue of limits. Both definitions are reminiscent of the Brundtland Commission's definition.

In broad terms the concept of sustainable development encompasses, among other issues, the idea of self-reliant development within resource constraints. The notion that

beneficiary centred initiatives are needed is because they are left with no option but to destroy their environment. Tolba in Elliot (1994:3) further elaborates that there are elements that encompass three main ideas as follows:

- self reliant development within natural resource constraints
- cost effective development using differing economic criteria to the traditional approach , that is to say development should not degrade environment quality nor should it reduce productivity in the long run and
- the great issues of health control , appropriate technologies , food ,self reliance clean water and shelter for all.

From the above definitions it can be noted that the Brundtland Commission's definition is essential in this day of depletion of natural resources due to human activities. The definition embraces crucial features of development that are relevant to the study. In the South African context, one can argue that the country is endowed with resources that can sustain its citizenry if it were to employ sustainable measures in its development initiatives. This is essential because authors like Elliot point out that if the poor are not helped, they will be forced to use unsustainable measures for them to make a living.

Therefore, sustainable development in this study will be taken to mean the definition given by the Commission because it points out the fundamental issues that are being looked at by this study. This study seeks to establish that sustainable development should be people centred and should provide the poor with a lasting solution to their plight. The rationale behind this definition is that after an injection of help which can either be funding or expertise, the intended beneficiaries must be able to carry on afterwards and the project must have lifelong impact.

2.5.2 Institutional Development.

Furthermore, it is the view of this study that the issue of sustainability of development cannot be separated from the question of sustainability of organisations and institutions that are involved in development. This process that is concerned with strengthening and capacitating institutions is known as institutional development. Institutional development

is a concept that grew out of sustainable development. It is envisaged as a measure that helps organisations to attain sustainability. This study finds institutional development as an appropriate measure in addressing the challenges faced by NGOs in South Africa. This is prompted by the fact that institutional development proffers for the strengthening of an organisation to achieve its set goals (DFID, 2003).

The assertion above is relevant given the fact that institutions govern individual and collective behaviour. They may be formal like legal systems, property rights, and enforcement mechanisms or informal in form of customs and traditions DFID (2003). They may operate at different levels like, for example the World Trade Organisation rules, or national (constitutions, laws), or social traditions (norms of conduct, status of women) and family (inheritance rules) (DFID 2003). Institutions can also be referred to as 'rules of the game'. Concerted efforts directed at organisations to help them to improve their performance have been made by several actors in development. The elements of this wider environment are known as 'institutions' which elaborates their distinction from organisations. It is the institutions that allow or enable organisations to improve (DFID, 2003). Knowing the distinction between organisations and institutions is important in that it helps development practitioners to know where they should direct their effort.

Furthermore, McGill (1995) suggests that to 'institutionalise' is to infuse with a value beyond the technical requirements of the task at hand. This implies that an institution is an organisation that is valued by persons over and above the direct and immediate benefits they derive from it. The author further reiterates that institutions are central to sustainable and beneficial development. They create the policies, mobilise and manage the resources, and deliver the services which stimulate and sustain development. Development is not likely to be sustained if institutions which guide it are dysfunctional. Thus, sustainable development lies among other things in the ability of institutions to filter and guide the development process (McGill, 1995).

Buyck in McGill (1995) regards institutional development as the creation or reinforcement of the capacity of an organisation to generate, allocate and use human

and financial resources effectively to attain development objectives, public or private. McGill (1995) further stressed that what makes institutional development relevant is its dynamic nature. It caters for the internal factors like organisational strengthening and restructuring as well as the external issues that concern the process which allows the organisation to respond to its development environment. Moreover, it is concerned with the policy context within which the organisation performs.

Institutional development gained much recognition in South Africa after the democratic elections and the inauguration of the government of national unity Taylor (2000). The need for institutional development was of paramount importance given the imbalances of wealth distribution that were created under the apartheid regime and the pre-1994 political situation which was not conducive for black NGOs to thrive.

Although the government came up with ways of ensuring partnerships with the NGOs through the promulgation of laws, NGOs found it difficult to operate (Habib & Taylor, 1999). Some institutional impediments like complex tendering procedures inherited from the previous regime that favoured the private sector contributed to the failure of NGOs to operate viably. NGOs found themselves in a neo-liberal environment where they were operating under the market dictates that are reminiscent of capitalism and therefore did not promote the social welfare of the poorest of the society. As a result some NGOs charged user fees, others closed down and their role became less relevant in the South African development context. Therefore, the effect of this was a continuous marginalisation of the poor.

Lack of institutional capacity has prompted some authors to regard the 1980s as a lost decade in terms of development. McGill (1995) suggests that, institutional weakness constitutes a roadblock to development in developing countries. This problem of institutional weakness is reputed to be most severe in sub-Saharan Africa.

At this point institutional development can be chosen as an important concept that best addresses the situation in which the NGOs in South Africa find themselves. This is also supported by Davids (2005) who defines institutional development as an intervention characterised by lasting permanent social regulations. He is of the opinion that once

institutional development is introduced to a particular community or organisation, it will become part of the community's regulations hence sustainable development will be ensured in the process.

The same idea is reiterated by Booy, in Schmale (1993), who defines institutional development as a strategic learning process whereby an institution's environment, structure, management, resources, ideology, strategy and performance or output are developed and empowered so that it becomes of greater value to the community it serves.

From the definitions above, it is clear that the common denominator is that beneficiaries are the most important part in ensuring sustainability. This is so because it is the values, environment and resources of institutions that are considered as crucial to empower the poor. Institutional development in this case is the strengthening of an organisation to empower the community it serves.

An organisation becomes institutionalised when it acquires a social value and stability and if its purpose goes far beyond the organisation itself (Schmale, 1993). Therefore, the strength of NGOs lie, among other things, in the relevance of and effectiveness in achieving their goals; in their responsiveness to needs and their ability to mobilise resources to maintain their services. Relevance is measured against the needs and perceptions change of people over time. Effectiveness and responsiveness are in part functions of organisational efficiency and effectiveness but also levels of response (participation) of the communities (Abugre, 1994).

In current development thinking, one of the critical development constraints is seen in the low capacity of local organisations to absorb aid and efficient implementation development programs. As stressed by Kiggundu et al. (1983), over 70% of the world's population lives in developing countries and administrative impediments continue to stifle efforts directed at fostering sustainable development. These efforts include community development at grassroots level initiated by the poor. The correlation between institutional development and project sustainability is essential in ensuring longevity of project life (McGill, 1995). Thus institutional development is hinged on the

ability of both the government to create an enabling environment and the NGOs to develop a strong organisation that can sustain the poor.

Consequently there is increasing emphasis on the strategy of institutional development. The reason why institutional development is being hailed by this study and other development practitioners as appropriate is the idea that it is based on analysis of the benefits of using local organisations in development projects. These potential benefits include local organisations as facilitators for the use of indigenous (technical knowledge), programs can be more appropriately adapted to local conditions on the basis of information through local organisations on actual needs, priorities and capabilities. Local resources can be mobilised and the degree of self reliance can be increased.

Moreover, through NGOs grassroots presence, communication with the communities and participation of communities in development activities (including planning and goal setting) is enhanced. Institutional development is linked to a discussion of the most appropriate form of (technical) assistance government can give to local organisations. Honandle & Sant in Schmale (1993) for instance, distinguish between the following behavioural modes of technical assistance: performance (which focuses on production of service) substitute (expatriate does the job while local gets training; teacher (expatriate not in decision making but rather advisory function and mobilise).

The DFID (2003) came up with some elements of institutional development that are essential in institutional analysis. These elements help to identify the root causes of problems in an organisation. One of the elements is institutional framework which helps to map out objectives of an organisation. In addition to that, it is essential in highlighting the importance of having developmental outcomes. It gives a clear understanding of the institutional framework including the roles of stakeholders. As a result it introduces you to the main diagnostic tools in the appraisal of the organisation and how to probe for underlying causes of institutional weakness.

Heltberg (2001) also contends that institutional development consists of three variables which comprise functional, structural and performance variables. Functional variables include operational rules, which directly affect the use of resources like input rules, allocation rules, monitoring and sanctioning rules, incentive structure, fines and penalties to deviant behaviour. It may also include technology to be used or tools that can be used in harvesting and collecting of natural resources.

In the case of South Africa, there are variables that govern the operations of NGOs. These are discussed in the subsequent section.

2.6 The Legislative Framework Relating to NGO Registration.

2.6.1 Common Law.

Under common law, a minimum of three people can agree to establish a voluntary association either by written or verbal agreement. Common law is law that is founded upon customs and previous court decisions. NGOs established under common law can be regarded as unregistered but they have a legal identity. They are also governed by their own constitution and exist on their own right regardless of membership. The property of such organisations is held separately from their members.

2.6.2 The Non-Profit Act of 1997.

The Act provides for the registration of NGOs with the NPO Directorate within the Social Development Department. It was instituted as a replacement to the legislations that were pro-apartheid. It allows for the registration of different types of NGOs in order for them to have an NPO status which has benefits that go with the registration. While the pro-apartheid legislation like the Fundraising Act of 1978 made it impossible for NGOs that were anti-apartheid to operate as legal entities and to have access to funding, the NPO Act of 1997 allows for registration of all NGOs regardless of whom they serve.

2.6.3 Companies Act of 1973.

In terms of Section 21 Companies Act of 1973, NGOs are required to register with the Registrar of Companies within the Department of Trade and Industry. An NGO is required to have at least seven members and at least 2 directors governed by a

Memorandum of Association and Articles of Association. These two documents must set out the activities and objectives of the organisation and its basic rules of operation according to a particular standard. A Section 21 Company may solicit funds by fundraising, it may invest funds with recognised institutions, it may not distribute funds and profits but may pay remuneration for services rendered. Upon dissolution, any remaining funds or property of a section 21 company must be donated to another organisation with the same objectives. The reporting requirement of a section 21 company is similar to that of profit making organisations.

2.6.4 Trust Property Act of 1988.

The Act allows organisations to register a Trust with the Master of the Court in their districts governed by the Department of Justice. The organisation's founding document is a Trust Deed. This Deed together with the Trust Property Control Act and the common law lay down the rules of the operations of the Trust. Supervision of the organisation is emphasised on appointment of Trustees, but not over their activities, by the Master of Court who also requires notification on changes on structures of the organisation. Rules over trading and dissolution of the organisation are specified by its own Trust Deed but generally follow a particular format in the case of NGO trust similar to the standard of Section 21 companies. Organisations are required to submit documents for registration as follows:

2.6.5 The requirements for NPO registration.

All NGOs registered under various legislative frameworks must fill in the NPO application form together with different requirements depending on the type of the organisation in order to get the NPO status.

The NGOs established as Section 21 companies and as a Trust used to exist as legal NGOs before the introduction of the NPO Act of 1997. These were the NGOs that managed to thrive during the apartheid era and they used to receive official aid from the government through the legal structures that existed then.

2.6.6 The Process of registration.

During the process of registration, the Directorate captures the applications into the NPO system and they also sent a letter of acknowledgement to the applicants. After this stage they will check for compliance on the documents submitted by the applicants. After compliance is completed and is satisfactory, the information of the applicants will be captured into the NPO database. The Directorate will issue the applicant with an NPO status which culminates into the printing of the certificate and the granting of the NPO number and the name of the organisation will be added into the database of registered NGOs.

After the successful registration of NGOs, which takes approximately two months, the Directorate requires that NGOs report to it. As for NGOs that are registered but without funding, they are required to submit a sworn affidavit, bank statements for that financial year and a narrative report. According to the NPO Act of 1997 sections 17 and 18, all registered NGOs must supply the NPO Directorate with an annual report within nine months of the financial year end. If an organisation does not comply it will be issued with a non-compliance notice. If reports are not submitted within thirty days then the organisation will be deregistered. If the concerned organisation is not happy with the Directorate's cancellation, it can appeal to the Arbitration Tribunal.

The advantages of registration as provided by the DoSD are that donors are more willing to provide funding to organisations that are registered with a public body as this assures that the organisation can and will be held accountable for its activities by stakeholders. This also promotes better governance in organisations and thus promotes the good image of the sector. Moreover, registration with a central body helps the sector to better mobilise itself as communication with registered organisations is made easier. For an organisation to receive tax benefits it must be registered as an NPO. Such an organisation can seek government contracts and is eligible for government subsidies (Morgan, 2005).

2.6.7 The Application Process for funding.

After acquiring the status of a registered NGO, the next step is to apply for a supplier number to the DoSD so that the NGO can be credited as a supplier within the provincial office. This is followed by an assessment process conducted by the local municipal authorities to see if they are satisfied by the condition of work carried out by the NGO. Should the authorities be satisfied, a letter of support will be written. If the authorities are not satisfied they will write a report stating why they are not satisfied. This procedure is also done to verify the existence of the NGO and to give the local authorities a sense of ownership and responsibility over the work done by the NGO. An assessment report is written by the social development officials who are responsible for the running of the NGO and are working in that area. The report details the progress of the work of the NGO and it helps the DoSD to decide if it is worth it to provide funding. The on-site visit report is also compiled by the DoSD officers, stating the condition of the site as it is. The area manager responsible for the constituency served by the relevant NGO from the DoSD will also write a report on the work done by the applying NGO. After this process, there should be a service level agreement. This is a document that confirms agreement between the NGO and the funding government department. It stipulates the confines within which the NGO will operate and how it will use its money.

The application will then go for screening to see if the applicant has the capacity to handle what they would have asked for by considering what is stated in the submitted documents. After screening, some NGOs may qualify for funding while others may not make it. An application for funding should be submitted a year in advance.

2.6.8 Structural Variables.

At the second level, structural variables refer to the nature of collective choice rules which consists of information about the structure of local institutions, (decision making body), decision making process, mode of presentation in decision making and the socio-economic status of the leader.

2.6.9 Summary.

As portrayed by the theory of institutional development, the South African government has not been effective in putting forth policies that can help the rural-based NGOs to sustain themselves. At the same time, urban-based NGOs have been major beneficiaries of government strategy on funding. On close examination, one can observe that the government has not fully eliminated policies that previously disadvantaged the poor in that the urban-based NGOs are those organisations that were supported by the apartheid regime and as such they have accrued experience and have managed to institute strong organisational principles. Simultaneously, rural-based NGOs which were marginalised by the apartheid have been further disadvantaged by the current funding strategy. The following chapter embarks explaining at length the relations between governments in Africa and NGOs. This will raw a broader picture of problems encountered by both parties and some solutions might be found by looking into examples of how other governments handle its relationship with NGOs in development.

CHAPTER THREE

STATE-NGO RELATIONS IN AFRICA

3.1 INTRODUCTION

Africa is one continent that hosts a number of NGOs that work as development partners. The relationship between the host country and NGOs is the one that determines the scope which NGOs can reach. However in Africa the relationship between the state and NGOs has been challenged by lack of mutual trust Campbell (1996). In some instances the state promulgates a plethora of legal instruments targeted at curtailing the activities of NGOs Jalali (2008). NGOs are accused of being responsible for foreign penetration based on allegations that they pursue political interests of their home countries or those of the international community as their agenda. At the same time NGOs also accuse governments of corruption, malgovernance and autocracy, pointing at these as the main factors that hamper development, thereby justifying their existence.

Africa has been classified as the poorest continent in the world. Its inhabitants are plagued by civil wars, the HIV-AIDS pandemic, tuberculosis, hunger and preventable diseases like cholera malaria and other chronic threats that call for help from other actors other than the government itself Shah (2009). According to Shah (2009) infectious diseases continue to blight the lives of the poor across the world of which the biggest chunk of the affected are in Africa. An estimated 40 million people are living with HIV/AIDS, with 3 million deaths in 2004. Every year there are 350-500 million cases of malaria, with 1 million fatalities. Africa accounts for 90% of malaria deaths and African children account for over 80% of malaria victims worldwide. Gibbs et al. (1999) also observes that the state itself has demonstrated failure to address these problems. It is in the face of these alarming threats that NGOs came on the platform to help the poor. Some NGOs arose from within these plagued states while others came from European states as helpers.

NGOs remain relevant actors in developing countries because most of them offer services in critical areas like health, education, agriculture and other fields where the government cannot help Tvedt (1998). What is of concern is the relationship between states and NGOs in Africa which is lamented as a setback in the face of an afflicted people.

Mostly, NGOs are welcome where the state and government do not perceive them as threats. In some instances, the state will not be in a position to offer social services. A good example is that of war zone areas which often allow NGOs to offer relief services like food and shelter Cannon (2000). In other instances like in an autocratic state, NGOs that offer advocacy services tend to be viewed as political opponents hence they are unwelcome Jalali (2008). Therefore, the type of a regime in place plays an important role in giving or denying NGOs space. On the other hand NGOs tend to be confidential in terms of divulging information about their finances to government, in turn; government can introduce laws that ensure accountability on the part of NGOs Moroso (2005). On the same note the government can control NGOs where they are perceived to be pursuing foreign agendas in the host country. However, the need for a partnership between these two can never be overemphasized given the background of growing poverty in Africa.

3.2 NGO-State relations in Africa under different regimes.

The presence of NGOs in Africa dates back to the pre-colonial era where they provided social welfare services to those people who were neglected by the state. In the colonial era, NGOs found their niche in providing social services that the colonial state failed to offer (Michael, 2004). The colonial leaders had no commitment to finance state welfare programmes. Government social services for the Blacks were minimal and social policy was geared towards ensuring the integrity of the structures of colonial rule. In fact, it was designed to secure a sufficient quality of labour to guarantee a reasonably efficient exploitation of the colony (Manji & O'Coill, 2002).

These NGOs have long provided health and education services to the poor and they were best known as missionary society-based. Because they met with little opposition,

these NGOs managed to offer services largely unhindered by the state if their role was not perceived as political opposition. In countries like South Africa, some NGOs that offered health services in the Black homelands that were neglected by the state were not perceived as a threat to the state although at times they were subjected to state scrutiny. Largely, many local NGOs (especially church-based ones) played a significant role in ameliorating the misery of the poor.

After the colonial period, Africans inherited authoritarian states that were primarily concerned with the extraction of revenue. This was due to the fact that the competitive nature of the colonial powers in contest for Africa required colonising nations to have a strong physical presence in their colonies to exclude rival powers (Michael, 2004). Such an ideology was maintained by the imposition of centralised and authoritarian state structures as an imperative. At independence, it was this autocratic and patrimonial extractive state that Africans inherited and maintained whose balance of power between the state and society was skewed towards the state.

As Michael notes, authoritarianism, coupled with socialism in Africa cemented the power of the state over society. Socialist leaders in most African countries expressed the need for pursuing a socialist ideology to improve the lives of the previously neglected poor people through equality of citizens Michael (2004). These needs were to be achieved through a single party state. The single party state was proclaimed as the embodiment of the socialist principles and as the return of these newly independent countries to egalitarianism which is seen as the traditional African form of governing. As a result, it is these ideologies that thwarted the good relations between the state and NGOs because under this type of regime, no organisation was supposed to exist outside of the state.

Furthermore Michael continues to point out that most governments feared the outbreak of civil wars along ethnic lines, hence they formed centralist states with the aim of taking total control of activities happening in their countries. Dispersed populations, ethnic, regional, religious or linguistic divisions posed serious threats to governments. These conditions made the governments to restrict pluralist activity. This monopolisation of

political power reduced the ability of NGOs to obtain access to the state and state actors and to impact directly on the state decision making process. As a result, it allowed the government to increase its dominance in the lives of people (Michael, 2004).

As the state continued to enjoy a certain degree of dominance, it introduced rural development programmes at community level for popular mobilization programmes such as Harambee in Kenya and Ujamaa in Tanzania Michael (2004). Initially, participation at grassroots level was high, however, as these programmes became highly politicised, participation waned and at the same time NGOs were dwindling in their numbers due to an unfriendly environment.

Braathen & Palmero (2001) in using Mozambique as an example, argue that the country inherited a state without civil society, and that when Frelimo took over, it maintained the legacy of their former coloniser. Frelimo, introduced initiatives called grupos dinamizadores (dynamizing groups) which were aimed at opening a channel for participatory development. Although the idea seemed brilliant, institutional impediments plagued this channel between the government and the people. Soon the idea was fraught with corruption and it was regarded as tools of the Frelimo party for dominance. Moreover, Frelimo had made itself a one party state hence the participation from other actors like NGOs was absent.

Braathen & Palmero further point out that lack of participation of NGOs in development emanates from the fact that the inherited state does not allow for participation of NGOs in policy formulation. Rather, policy formulation is heavily guarded as a highly political activity where NGOs are not supposed to come in. NGOs are only invited to come in and pursue what the government outlines. The authors posit that while most NGOs continue to play an important role in landmines activities, children's rights, health, and social reintegration for former combatants in Mozambique, NGOs are still marginalised by the government. There is lack of an entry point for NGOs due to some institutional stumbling blocks, for instance, the lack of participation of NGOs in policy formulation.

In the same manner, Mungate (1993) concurs with Braathen et al by stating that although the government in Zimbabwe recognises the role played by NGOs as important, there is lack of entry points and the government determines the scope and scale where NGOs can reach through institutionalisation of laws that do not allow participatory development. Although the above authors assume that the government recognises the importance of NGOs, it sounds like a political gimmick used by the politicians because they are the ones who are instituting the stumbling blocks that NGOs are facing hence the questionable commitment.

Michael, (2004) notes that the legacy of the state inherited by the post-colonial regimes which is reinforced by their subscription to African socialism has had a negative impact on the NGO-state relations in Africa. This resulted in the encroachment of a strong and bloated centralised government into NGOs and the resultant weakening and marginalisation of NGOs. The author further states that NGOs in Africa have been rendered weak and that this weakness is evident in the absence of material, organisational and ideological means required for NGO activity. NGOs lack the participation, coordination and leadership necessary to fulfil the organisational and ideological dimensions. The difficulties of planning and coordinating across competing ethnic linguistic, and religious communities for instance have plagued the NGOs. In addition, there is lack of access to high quality human resources. The tendency is that most qualified graduates prefer employment in governments or the private sector rather than in the NGOs. On this factor Michael concurs with Julie (2009) who has also observed that graduates prefer working somewhere else rather than with the NGOs. They can only work in NGOs if they do not have a choice. This is partly due to the fact that jobseekers often prefer long contracts unlike those of NGOs where contracts are shorter.

It is not too far fetched to argue that the efforts of the weak African states to consolidate their power led them to control and restrict NGO activities. This has had an effect on constraining the ability of African NGOs to develop capabilities needed to bring about development. Michael adds that NGOs in Africa, in particular Tanzania, Zimbabwe, Senegal and others reflect a lack of power to seriously assume a role in development.

The author continues to argue that what is of paramount importance in this scenario is the fact that most African states never got the opportunity to offer their citizenry basic services in a sustainable and distributive manner.

It is against the background of this malgovernance by African states that the World Bank and IMF came up with structural adjustment programmes (SAPs) which were targeted at realising economic growth through deregulation of state enterprises, social welfare expenditure cutbacks and the globalisation of local markets. The argument behind SAPs was that government spending leads to economic inefficiency hence the drastic reduction of government expenditure (SAPRIN report, 2004). These reforms were geared to curb deficits and increasing revenues and also achieving large scale changes in the role of the state in the economy.

The core objective of SAPs was a radical shift away from the role of the state as a provider and guarantor of universally accessible social services to one of providing essential services in a targeted manner only to those on the margins. The reductions were said to be aimed at bringing about economic growth which would have “trickle down” effects to the poor thereby improving their lives. However SAPs brought devastating results on the poor that further exacerbated their conditions. These effects of SAPs reduced state capacity to offer the little that they used to offer before. Therefore it became apparent that NGOs were needed as important actors in development (Campbell, 1996).

Despite the fact that the state could not offer services to its citizenry, NGOs were not embraced as a partner for development by most governments. The state tried rather sluggishly to allow territorial access to NGOs, a process which is fraught with problems which still haunt their relations with the government to date.

3.3 The different type of regimes under which NGOs operate in Africa.

Swilling & Russell (2003) came up with different regime types in their study of the scope of NGOs in South Africa comprising the liberal regime, the social democratic regime, the corporatist regime and the statist regime. Accordingly, these regime types have a role in determining the scope of NGO activity in a given environment. The liberal regime is

characterised by low government expenditure on development, coupled with a well developed non-profit sector. It grows under conditions where there is a strong middle class which prefers social development via the non-profit sector.

The second type is the social democratic regime which has a strong government expenditure on social development and a weak non-profit sector. This regime emerges in a state where there is a strong middle class that has gained political power to foster development. The social democratic state, to some extent resembles the South African state. The third type is the corporatist regime, where the state works with the non-profit sector to offer services to the people. This regime often arises where elites in power must accommodate NGOs. The form of states mentioned above resemble mostly the developed countries where most government allow pluralist activities without fear that their legitimacy is at stake.

The fourth type of regime mentioned is the statist regime. This type of regime is characterised by low levels of social development expenditure, without the concomitant development of a non-profit sector with significant capacity to substitute for the state's neglect. This regime arises where there is an authoritarian state which is self-serving and faces no obligation to offer social services to the poor because most philanthropic activity would have been thwarted in order to eliminate opposition.

In Zimbabwe, the attitude of the government towards NGOs soon after independence was that of mistrust, hostility, reticence and indifference. This kind of relationship can be attributed to the lack of knowledge of handling NGOs and was fuelled by political turbulence in some parts of the country. Moreover the government had inclinations of a one party state. NGOs like Organisation of Rural Associations for Progress (ORAP) underwent considerable strain. Furthermore, the state's ideology of development which emphasised development planning by the state ran contrary to that of NGOs who stressed the participatory approach with little interference from the government.

Of importance to note is that in some developing countries the notion of sovereignty tends to be overemphasised, especially by autocratic leaders. This situation often happens where the legitimacy of the state is at stake. In such circumstances, NGOs

normally are treated with suspicion and can be regarded as instruments of the enemy that seek to overthrow the government. Where the state suspects no threats and it is assured of its legitimacy, its relationship with NGOs usually works better.

For instance, in Zimbabwe during the early 1980s the government's legitimacy was at stake as was manifested by symptoms of civil wars. During that time the state treated NGOs with suspicion and NGOs underwent considerable strains. The government started to openly appreciate the role played by NGOs after its legitimacy was established when the Zanu PF government won the elections by majority in the late 1980s. In his speech, President R.G Mugabe said.....

A task of developing in Zimbabwe..... is an operation that must be tackled by the people themselves with government providing and/ harnessing all resources at its disposal. Government appreciates that NGOs can and do play a pivotal role in development, with the proper vision and approach and with good and open communication and collaboration with government; they can act as valuable partners in the development process. Silveira House has lived to this image for it has worked hard with the people for many years and has successfully built up a valuable grassroots network that readily facilitates further development.....(Mungate, 1993: 27).

Later in his speech the president quickly provided guidance on how NGOs should pursue development. This displays an element of mistrust whilst at the same time the government needed the help of NGOs. Mungate reiterates the same point when pointing out that the government lacked mutual trust on NGOs. This was also expressed by the late vice president Muzenda who raised the issue of security in 1987. In his speech, he gave a warning to NGOs that if they interfere with politics they will be subject to government intervention.

The attitude of government leaders displayed above is as a result of lack of policy that outlines the operations of NGOs. Some NGOs in Zimbabwe felt that the government should relax its regulations to allow state-NGO partnerships. The lack of policy on NGOs by the government has led to NGO frustration where they feel that they are

excluded from consultation in the formulation of development plans (Mungate, 1993). At times the lack of a policy framework allows political influence to overtake the development agenda.

However, in some instances, NGOs are valued as partners when they complement government rather than substitute it. For instance in Kenya, the Emergency Drought Recovery and Oxfam have become a respected adviser to the government on community management of water and pastures in arid areas (Gibbs et al, 1999). Under such circumstances of sound relations, the government often acknowledges that NGOs have a comparative advantage.

It would seem like in new areas of development where the government lacks knowledge and expertise, they are more likely to embrace NGOs as partners and to give them the leverage to take the lead. Moreover, in a single party state NGOs can be welcome because they ease the burden of the state by providing social services (Campbell, 1996). Although they are allowed to operate, their operations are restricted to service provision only. They tend not to challenge government ideology on development and the degree of sensitivity of NGOs often depends on the geographical location within which they operate. However, in both war zones and single party states, if NGOs work with an opposed or excluded group, they may experience restrictions.

Under an authoritarian regime, the government is more likely to restrict activist NGOs. Although most states in Africa subscribe to international human rights movements and have even ratified some treaties like The Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), the state still continues to limit mobilisation outcomes. States like Egypt, Tunisia and Yemen used the threat of Islamist terrorism to suppress human rights activists' access to international organisations and by instituting travel bans (Jalali, 2008).

Generally, dictatorships or single party states are often hostile to NGOs. The political history of Ethiopia also illustrates that NGOs under dictatorships experience a multiplicity of operational hurdles. When under Mengistu Haile Mariam's military regime, NGOs in Ethiopia were subjected to the extreme state control of the government. They

were not allowed to work in conflict areas. In addition to that, most projects were supposed to be registered with the Relief and Rehabilitation Commission (RRC) and then cleared by the relevant ministry. Their relationship was characterised by state repression and reticence. Since the Ethiopian government denied NGOs an opportunity to work with the people, the country was denied aid by donors on the account of human rights abuses. Aid donors preferred to fund NGOs to provide relief services only (Campbell, 1996).

However state repression is not a phenomenon confined to the African continent, similar circumstances occurred when Prime Minister Indira Gandhi imposed emergency rule in India. A number of NGO officials, political leaders and political activists were imprisoned. As a follow up, information about NGOs with foreign ties was demanded and in 1976 the Foreign Contribution Regulation Act (FCRA) was passed. The passing of the Act was supported by the argument that there was need to control foreign intervention that could destabilise the country (Campbell, 1996).

Moreover, when the Junata party in India got into power after two years in 1978, it was committed to restoring democracy but their efforts were short-lived because the Congress Party of Prime Minister Ghandi gained power again. When in power, Gandhi sought to increase insight into the activities of NGOs by instituting changes to the FCRA of 1976. A commission was set up to investigate misuse of funds and punitive measures were put in place to control NGOs. The relationship was characterised by hostility and suspicion. However, to show that a type of regime shapes the relations between the state and NGOs, when her son Rajiv Gandhi took over, he restored democratic principles. He also increased funding for NGOs and changed some restrictive sections of FCRA Act of 1976 (Jalali, 2008).

This shows that a transition from authoritarian to liberal democracy can also pose serious threats to the cooperation between the government and NGOs. As Campbell points out, when going through a transition, 'transaction costs' may hamper relations of NGOs and the state. There can be uncertainty of nature and extent of political reform which can reduce prospects for cooperation. Even though the reform process may be

intended for increasing political space for NGOs, conflict can arise as NGOs and the state flex out their muscles in the new political environment.

For instance, when going through a transition, many changes occurred in Ethiopia. NGOs grew in number from 60 to 250 as a result, a board was established to ensure cooperation between the state and NGOs. However, new challenges arose that jeopardised the state-NGO relations. The transition coincided with the implementation of SAPs. As the state became more sidelined by the SAPs, there was uncertainty at the central level about which state institutions are responsible for coordinating NGOs. At the grassroots level, the local government institutions were dismantled due to SAPs. Consequently, the requirement to register with the Ministry of Justice made NGOs reluctant to enter into co-operation with the government. The NGOs complained that they were better off under the dictatorship than with the new democratic government. On the other hand, an increase in resources channelled to the NGOs also raised government's eyebrows who viewed NGOs as competitors because they expected funds to be channelled through the government (Campbell, 1996).

As Ethiopia settled politically, there was considerable evidence that NGO relations with the government had improved. By 1995, NGOs had come to accept that the government is entitled to coordinate NGO activities and to support the policy that promoted development.

From the above illustration, one can observe that as democracy took root in Ethiopia, government legitimacy increased hence NGOs were not perceived as a threat. At the same time, NGOs finally realised that the new government did not mean any harm by requiring them to register. This goes to show that to a certain extent, mutuality between NGOs and the state can be established in an environment that is stable and democratic.

Conversely, there are instances in the relationship between government and NGOs where governments can appreciate the willingness of NGOs to do unpopular things. Such areas include working with HIV/AIDS, control of sexually transmitted infections and prevention from parents to child transmission programmes. An example in this regard is that of the Kenyan government when they expressed their support for NGOs

that work on these sensitive problems especially among the marginalised groups such as prostitutes and intravenous drug users (Gibbs et al. 1999).

At times NGOs are appreciated when they fill the gaps in the provision of essential services where the governments fail to provide. Jalali (2008) points out that in India, NGOs are becoming common and accepted mechanisms for the maintenance of public investments in rural water and sanitation systems in Maharashtra and Uttar Pradesh. However, in other instances, if NGOs provide services where the government is failing due to misuse of funds, the government tends to react in a harsh manner by using its power anyhow to drive out NGOs in fear of exposure to the international community. For instance, NGOs were not welcome under the Mengistu dictatorship in Ethiopia. However, with the outbreak of a major famine in 1983/5 NGOs started to flock in offering relief services. The state also seized the opportunity to show the international community that it was committed to assisting its people although it was a mere political rhetoric.

From the above exposition it can be inferred that the relationship between governments and NGOs is a political question that impinges on the legitimacy of various types of institutions to exercise power. There is competition for who has the right to assert to leadership, to organise people, and to allocate resources in the development enterprise (Campbell, 1996).

3.4 NGOs and political instability.

Having said the above, it nevertheless needs to be noted that the genuineness of government can be contested in accommodating NGOs. Going back to the Zimbabwean situation, during the height of political turbulence when the incumbent party Zanu PF was defeated by the Movement for Democratic Change (MDC) party in the March 2009 elections, relations between government and NGOs soured. Some of the NGOs were being accused of supporting the opposition party MDC. Even some leaders of NGOs like the Zimbabwe Peace Project were under Zanu PF spotlight, being subjected to harassment, abductions and at times leaders were thrown into prison and being accused of banditry or treason. In some cases NGO leaders who were involved in

advocacy were jailed without any charges levelled against them, undergoing torture and interrogation.

In addition, NGOs offering important services like food aid were ordered to halt their services in the midst of hunger and extreme poverty which was exacerbated by the economic sanctions imposed on Zimbabwe by the international community over the incumbent regime's authoritarianism. This stands as proof that if the government lives in fear people will entrust NGOs as service providers rather than the government itself, relations can be sour because the people might organise into a powerful political party. This is in concordance with the views of Campbell (1996) who in concurrence with Mungate (1993) states that NGOs engaged in grassroots development work are more likely to provoke hostility. This is particularly true if NGOs pursue a development ideology that is different from that of the state which, in most cases, is participatory development. Moreover, the idea of people's empowerment is likely to cause adversity between states and NGOs where a government is under threat of unpopularity.

In situations of political instability, NGOs also live in fear because their protection can not be guaranteed. In Uganda, the work of AVSI, an NGO in health, is continuously threatened by political violence caused by recurrent incursions by rebels in Congo. As a result, NGOs are forced to restrict their work to humanitarian intervention with scanty hope to scale up. Rather, most of the times the AVSI staff keep their bags ready for evacuation due to the violence (Moroso, 2005).

NGOs can also come under criticism by changing their functions from service provision to advocacy. States can regard that as lack of adherence to the contract terms particularly in a repressive state. Emphasis is often given where NGOs would have gained access on the merit of their functions. For instance, after the drought in Ethiopia, the Mengistu dictatorship allowed NGOs to provide social development services only. As a result, a French NGO was expelled after it criticised the government for its resettlement policy (Campbell, 1996).

In other instances relations between the NGOs and the state can be plagued by lack of commitment from the side of the government. Cannon (2000) concurs with this point by

giving an example of Uganda where NGOs assumed a leading role in providing services to the people while the government withdrew its own services. The staff of a Ugandan NGO called The Aids Support Organisation expressed displeasure when told that “we the ACP are the brains and you TASO are our arms” by an official of the Aids Control Programme, a government organisation. A relationship like this does not boost morale for the NGO staff, neither does it promote development. Gibbs et al (1999) argues that at times NGOs help the state to put services within the reach of all through augmenting the initiatives of the state. Moreover, money withdrawn from offering services as intended can be embezzled by government employees.

On the other hand, NGOs can also be blamed for causing bad relations. An NGO in Uganda raised suspicions of government by refusal to divulge its financial matters to the government officials. The NGO was supported by the World Bank in its STI/AIDS programme. The Bank then advised the NGO to apply for funding through the relevant ministry. A potential source of tension was identified as the lack of transparency on the part of the NGO. District medical personnel in Uganda also expressed unhappiness due to the unwillingness of NGOs to share information about their budgets and work plans. A director of Ugandan NGO further confirmed their unwillingness when he was quoted as saying ‘we will tell the district about our activities, but we will discuss money only with those who gave us money’. Underlying these sentiments is the unanimous consensus of the NGOs to divulge information on their activities only. It is also under these circumstances that the government can begin to doubt the transparency of NGOs.

Furthermore, a government can be offended by NGOs who by-pass relevant authorities in the implementation of their projects. In Uganda, an NGO that embarked on maternal child health operating in ten districts offended the ministry of health when it by-passed them. Although the NGO defended itself by arguing that the running of the project was under the management of the district officials, national government found it unbecoming.

In most Africa countries after the devastating effects of SAPs, NGOs took over the roles that used to be primarily the domain of the government. They operated through the

state institutions or directly to the people. This has been referred to as the “internationalisation of public welfare” (Campbell, 1996). Tendencies of bypassing state institutions have been attributed to the disintegration of local governments under SAPs. This observation has been made by several authors, Campbell (1996:9) in quoting Palmer & Rossitter (1990) argues that:

The state is withering away at a local level in countries such as Mozambique and Zambia, though not quite in the manner that Marx predicted. Gallantly stepping into the breach come the [northern] NGOs [NNGOs]... Whole districts or sections of once-functioning government ministries are handed over to foreigners to run, especially in health and social services. This process is enhanced as structural adjustment programmes bite ever deeper... The more NNGOs are prepared to move in, the easier it becomes for governments to reduce support... But NGOs have notoriously short time frames; they are rarely able (even if willing) to commit themselves for more than 3 years ahead... The example of Mozambique is instructive. There, discovering an absence of (southern) NGOs, many NGOs responded by setting up their own operations, rather than working through the existing government structures... This clearly represents a process of institutional undermining rather than institution building... Surely it is a self-fulfilling prophecy when NGOs then say that they are forced to become operational because of weak government structures.

Governments have become increasingly suspicious of NGOs and this can lead to reticence. This behaviour often occurs when NGOs feel that they can replace the government through the services that they will be offering to the poor. According to Sinclair (1990) the idea that NGOs are more effective engines for social progress and economic development than government is almost universally popular and their importance have been popularised by international donors. At times this popularisation of NGOs shapes their behaviour whereby they undermine government authority. Under such circumstances friction is most likely to take place if the government feels threatened with the presence of NGOs because their existence, and the weakening of local government structures already poses a threat to the government.

On the same note, one can blame the government for lack of a policy that defines the entry point of NGOs. In Zambia, Collier (1996) narrates an experience of the work he carried out as a leader of a project in the height of the drought. His role was to engineer a “food for work” project where the local people were supposed to repair the roads and get maize in return. This project was oblivious of the government’s plans for the repair of the road. And the government had actually budgeted for the repairs. This resulted in a clash and duplication of services causing unnecessary confusion.

Other situations that can cause suspicion on the part of NGOs are their practices. Cannon (2000) gives an example of an NGO in Uganda where mobile AIDS home care in Mosaka district had to drop two counties due to insufficient funds but went on to add two counties in Rakai district because DANIDA was going to fund the programme. In this particular case, NGO officials seemed to be interested in the money more than providing services to the poor (Moroso, 2005).

3.5 NGOs as key actors in participatory development: a sustainable development perspective.

NGOs play various roles that can assist the poor in developing countries because they operate from a community development perspective shaped by the interests of the destitute, illiterate, abused and powerless. Other authors who are heavily influenced by the ideologies most prevalent in developed countries view NGOs as having two functions. Lillehammer (2003) states that NGOs have a pluralist function. By organising themselves, people gain political power by exerting pressure on the state to achieve their needs. This helps to bring about equitable distribution of power between the state and the people. The second function is educational. By taking part in democratic processes, people gain experience and education on development processes and the rights that they can exercise.

NGOs can complement the state by acting as agents in filling the gap left by the public service. They can also act as reformers. In this case they act as agents of advocacy and contributors to policy dialogue. Lillehammer (2003) adds that NGOs can also represent the interests of the people they work with and hence ensure that policies are

also adapted to real life. In this way policies are legitimised. The net effect of these efforts is that there will be a generation of informed public judgement as NGOs will be acting as a medium between the state and the masses. The third role is when NGOs oppose the state. NGOs will be acting as watchdogs by holding the state accountable. In addition, NGOs can represent groups that are adversely affected by government policy (Clarke, 1991).

In conclusion, the major role of NGOs should be to bring about a change to the poor through collaboration with the government. Lillehammer (2003:7) in quoting Thomas (1992) reiterates that

the aim should be to empower ordinary people to take charge of their lives, to make communities more responsible for their development, and to make government listen to their people. Fostering a more pluralistic, institutional structure-including NGOs... is a means to these ends.

Given the fact that the public and private sectors are imperfect in terms of meeting public demands, NGOs could be an alternative. The poor who have a weak purchasing power can be given a window of hope through NGOs to free themselves from the affliction of poverty. Their interests are more likely to be neglected by the state and the private sector due to their lack of a voice through which they can articulate their interests. As for the private sector and the government, economic policies, provision of services and infrastructure, regulations, and market mechanisms are rarely targeted at addressing the needs of the poor and vulnerable (Clark ,1993). This situation was further exacerbated by the introduction of SAPs.

Furthermore, the work of NGOs remains essential in developing countries despite the state's attitude. NGOs have long been regarded as participatory development pioneers in Africa because of the way they perceive development. Tandon (2001) appreciates contributions made by NGOs as crucial in bringing about pluralist activity in some closed societies where the grassroots people were left out in development initiatives.

When NGOs started growing, they were identified with grassroots level development because of their approach. They are non-hierarchical, flexible whereas states tend to

take the form of large bureaucratic hierarchies with centralised and paternalistic notions of development. In fact, the attention of the aid providers like the World bank shifted from governments to NGOs due to their efficiency in development projects, their ability to reach the poor communities and remote places, ability to operate at low cost, identify local needs, build on local resources and to introduce new technology. The World Bank also acknowledges the important role played by NGOs by funding their activities. As a result, World Bank supported projects increased dramatically from 20% in 1989 to 46% in 1997. Overall 38% of the Bank' projects in its active portfolio make some provision for NGO involvement (Gibbs et al, 1999)

Conversely, as argued by Gibbs, NGOs also have weaknesses that can hamper their efforts without the interference of other factors. They have limits in sustaining themselves, sometimes different NGOs end up replicating services due to lack of communication among themselves, lack of technical capacity and they have a narrow context for programming. Despite their weaknesses, NGOs remain relevant because they are diverse, their performance is variable and their readiness to work with the government.

In Africa, NGOs provide significant portions of health care services and are generally seen as being of high quality. In Ghana as of 2002, NGOs provided 40% of clinical care needs, 27% of hospital beds and 35% of outpatient services. In Tanzania, NGOs provide half of all hospitals and beds and receive half of all curative visits. In Zimbabwe, they supply 35% of all hospital beds and 96% of all NGO facilities are located in disadvantaged rural areas (Leonard, 2002).

For instance, Oxfam supports a mental health programme in Uganda and it works with traditional healers with success. Oxfam also supports an innovative approach to medical education with a community based health care programme in collaboration with the medical school in Mbarara. Medical students come to reside in rural areas where they undertake health research and education (Cannon, 2000). From the above illustration of contributions made by NGOs, one can note that the participation of NGOs

facilitates sustainable development. Sustainability in this regard means qualities that ensure meeting the demands of the people and securing them from threats of ill-health.

In another dimension, NGOs, by merely taking part in development initiatives of the government through advocacy and service provision may force the state to shed some of its harmful practices like kleptocracy which benefits the elite who are in power. By so doing resources can be shared equally among the citizens.

In contrast to the above arguments, authors like Arnove & Christina (1998) argue that the increased funding of NGOs is part of the 'New Policy Agenda' promoted by the powerful donor agencies like World Bank, USAID, and British Overseas Development Administration. According to them this policy is targeted at strengthening civil society for the purposes of achieving political pluralism and democratic forms of governance and achieving greater efficiency by subjecting social programmes to market forces. The aim of the international community in this case can be regarded as an attempt to weaken the state in order to make way for the unfair trade practices set from the trade laws reflected in the World Trade organisation.

Arnove & Christina(1998:46) lament the ugliness of the role of NGOs as that of weakening the state and undermining its sovereignty. However one thing critical that they downplay is the gruelling poverty that most poor people suffer in Africa. In their own words they argue that

The obverse of strengthening the civil sector is the dismantling of the role of the state in providing basic education and health services. We argue that the state cannot be replaced and that there are certain indispensable things that it must do. The issues of facing marginalised and systematically discriminated against populations in most societies (women, children, ethnic minorities, the working class and the peasantry) require a strategic response at the macro societal level, changes in laws and in the workings of major institutions.

Although the above authors regard NGOs as agents that are fast replacing the government, there is a need to have a pact between the government and NGOs so that NGOs can be allowed to pursue development especially in these days where

governments do not have resources. The adverse effects of SAPs curtailed the ability of governments to offer the basic needs of the majority of its population. It is in this view that NGOs came in to help to address the situation of destitution created by SAPs.

In some instances like alluded above, governments could help build on the efforts of NGOs in pursuit of addressing the alarming poverty that has been fuelled by SAPs. In India, Sarvodaya Ashram in Uttar Pradesh demonstrated how sodic lands could be cost-effectively reclaimed where government and other larger organisations had repeatedly failed. Also in Brazil the AIDS/STI projects control and the Kenyan STI projects succeeded due to the pioneering work of NGOs in reaching target groups. The participatory elements of EDRP and Arid Lands Resource Management in Kenya were built on models built by Oxfam and other NGOs.

Nevertheless, the operations of NGOs should not encroach into the political interests of the state. It must be appreciated that NGOs do not operate in a political vacuum but there are issues of national sovereignty, political power and identity of a nation that must be jealously guarded by the state itself. Thus, harmony should be established between the two actors where the NGOs should respect the above mentioned elements while the state is also should to open up avenues for NGOs where necessary through establishing a conducive legal environment and adopting participatory methods of development.

As a key factor to development, participation is essential in channelling public opinion at a local level in order for both NGOs and the state to get the precise remedial measures for local needs. In Uganda, there is an NGO working in the health sector that identified the major hindrances to the implementation of an HIV/AIDS programme. Although the NGOs in Hoima, a town hardest hit by AIDS, implemented programmes aimed at reducing the rate of infection in the area, their efforts did not improve the negative effects of AIDS in the area. However, this NGO managed to make a breakthrough by revisiting its approach to helping the AIDS victims. Their new strategy was that of proposing HIV tests to pregnant women. Working in collaboration with local clinics in the district, pregnant women were referred to clinics following a pre-test counselling

session. Those women that were discovered to be positive were given Nevirapin drugs capable of reducing by 50% transmission to the child just before birth and after the birth of the child they were given antiretroviral drugs (ARVs). A follow up was made on these mothers during breastfeeding phase in order to reduce risk of virus transmission to the child. In the process, food parcels were handed to the family as well (Moroso, 2005). Findings related to the success and hindrances of the project were made by the NGOs working closely with the people at grassroots level and these NGOs were in a position to advise the government to strategise on effective ways of eliminating these barriers that hindered the implementation of programmes.

From another dimension the proliferation of NGOs has been accompanied by a new generation of social movements that are seeking to transform societies in every country (Jalali, 2008). Their target was to raise issues that the traditional society of Africa neglected as not essential for development. These issues include gender, children's rights, natural resource conservation and protection of minority groups. Without raising the issue of feminism, NGOs played a significant role in areas like awareness of women's health which includes family planning, health and sanitation. Other NGOs through lobbying and advocacy made strides in bringing awareness to policy makers on the need for attention to the particular needs of women. Women are said to be the ones who are prone to poverty in most African countries. This is because men enjoy a certain degree of luxury as they work in towns where they can access better health facilities and a better diet while women till the land at a rural farm for subsistence.

3.6 NGO-State relations: towards a sustainable partnership.

Within this globalising world, the state has been made to share its power with other actors. These actors shape the agendas of the state in areas of rules of law, population policy, and policy for women's equality, technical standardization and environmental issues (Jalali, 2008). Other authors view this development as the process of dismantling the African state for the benefit of the powerful donors to plunder resources in Africa. Jalali in quoting Matthews (1997) argues that national governments are not simply

loosing autonomy in a globalising economy but they are sharing powers including political, social, and security roles at the core of sovereignty with NGOs. However, it must be stressed that NGOs evolved largely as a consequence of government's inability to provide social services. The dissatisfaction derived from the government's inability among the citizenry prompted the formation of community activism. This activism demands a degree of political power which is often times viewed as threatening to vested public sector interests by the government (Sinclair, 1990).

On the other hand NGOs can be used to carry out clandestine activities. According to Lillehammer (2003) there are some criminal activities that operate in the name of NGOs. For instance in Benin, some NGOs have been accused of smuggling minerals, game, and ivory by camouflaging their true intentions. In other instances people form a false organisation for the sake of getting funds and disappear afterwards. Consequently, some governments have become suspicious of NGOs.

Another identified issue of discontent is the view that NGOs can be used by the international community to pursue other interests. One example here is that of Zimbabwe, where a world renowned NGO was forced to halt its services after distributing bags of mealie meal with red cards inside. These red cards went in line with the slogan of the opposition party, the MDC, which goes 'give Mugabe a red card'. Apparently, the action of the NGO coincided with the standpoint of the international community which was vying for the stepping down of the President and it went onto put economic sanctions which were targeted at pushing for his removal. Although one can not rule out the allegation that at times NGOs pursue the interests of the outsiders, merit should be given to those NGOs that are genuinely offering help to the needy in Africa. This study does not advocate for downplaying the role of the state or that of NGOs but it seeks to proffer for a balanced relationship between the two actors because both do have a role to play in helping the poor.

The relationship between the government and NGOs is complex as governments are often driven by a political agenda that often deviates from the strict priorities of development (Sinclair, 1990). When political interests take centre stage, NGOs are

often explained away as instruments of the outsider. Major issues like poverty and hunger are often sidelined with governments complaining that their sovereignty is at stake. Under such circumstances, the government must allow other actors to help without totally losing its power.

In the developed states, the absence of NGOs can be explained in terms of a powerful state that can offer social services to its citizenry. In any case the history of some NGOs like Oxfam emanate from the post-world war period when most countries like Germany were experiencing an economic downturn. NGOs rose to help the poor until a point where the states managed to recover in terms of giving services to their people. Therefore both actors have a role to play in as far as development is concerned.

The major role of the state includes giving a foundation of law, a friendly policy environment for NGOs, investment in people and infrastructure, protection of the vulnerable and protection of the natural environment (Clayton, 2007). It is the one that has the power to open up avenues for other actors to gain access to local people. Even locally mobilised groups should be recognised by local authorities to operate. According to Krasner in (Jalali, 2008), domestic structures (political culture, political institutions, and civil society) and the links between them not only determine the impact of NGOs but also influence their institutional structures. Multinational corporations also require the approval of the state to secure territorial access and their existence depends upon property rights that are created and maintained by states (Jalali, 2008). Therefore, a variety of state actors depend on the institutional structures of the host states for their functioning.

These authors argue that although states do not have the resources, they still have the power to implement legal instruments that can either promote a partnership or harm it altogether. In Zimbabwe, all NGOs (both national and transnational) operate within the confines of the legal requirements laid out by the government. If NGOs fail to comply with the legal requirements that regulate their activities, the state can take legal action which can include the withdrawal of operational licences.

In addition, the state still possesses the power to protect its security. Most states still exercise control over their foreign policies with respect to defence as compared to issues concerning health or economies. Defence remains the ample domain of a state and protection of citizens and territory must exclusively remain under the control of the state. Similarly the issues concerning ethnic minority rights, given that they overlap with demands of territorial rights, are perceived by states as threatening to national interests in a manner that women's rights are (Jalali, 2008). Therefore, the involvement of NGOs in such areas should be treated with caution because serious questions of sovereignty will be at stake. For instance, although China and India differ in terms of domestic structures both of them do not allow foreign funding for minority groups such as Tibetans and Muslims respectively. This must not be interpreted as lack of NGO help but if territorial access puts the state's security at stake, the state tends to restrict funding towards that area (Jalali, 2008).

However transnational actors like Amnesty International which does not require territorial access to further its goals have rendered central governments weak because they have the right to access any country in protection of human rights. In addition, technological advancement has eroded the power of state control in some sensitive areas. With the advent of internet and radio transmissions, states are unable to control the flow of information as they used to (Krasner in Jalali, 2008). Although these developments can work for the good of the people in a repressive state by exposing cases of human rights abuse, the same technology can penetrate state security in the hands of the enemy and work for the destruction of the whole population, hence the relevance of the state (Campbell, 1996).

On the other hand, states have often demonstrated the unwillingness to work with NGOs to the detriment of the poor like the Zimbabwean situation where NGOs were forced to halt operations thereby depriving orphans, HIV/AIDS victims and poor people in the midst of a drought compounded with inflation. There is deep consensus for the need for a government that encourages a philanthropic NGO sector to step in and help in areas where it needs help, given that most states in developing countries have been ripped off of their capacity to offer social services. Concurrently, Mercier (1998) is of the

opinion that NGOs have become important players in development. There is a shared consensus that NGOs have become popular with the donor agencies as channels because of the qualities that they have. These range from diversity, efficiency and ability to reach the grassroots people and mobilization of them for sustainable development on the use of natural resources as shown earlier. Jalali acknowledges that the volume of aid to NGOs has been on the increase, with the Organisation for Economic Cooperation and Development (OECD) giving between 15% and 20% of total overseas development aid channelled to NGOs.

Given the fact that NGOs do have resources, a partnership between the government and NGOs can realise sustainable development through working together. The task of the government should be that of providing a favourable legal environment for NGOs to operate and working in collaboration with NGOs in service provision in critical areas.

3.7 The South African context on NGO-State relations.

Non-governmental organisations in South Africa used to operate under the repression of the discriminatory apartheid government. Whilst most NGOs serviced whites without encountering operational difficulties; NGOs which were serving the black communities were discriminated against through state apparatuses that made it hardly possible for them to operate (Habib & Taylor, 1999). As a result, the NGOs that served black South Africans were few in number.

It was only those NGOs which offered health and welfare services that were allowed to operate, especially in the white communities. During this period the white government was antagonistic towards black NGOs. This was due to the fact that these NGOs articulated the suffering and social exclusion of the black population because of the apartheid system. At this time, the government had banned communism and liberation movements in an attempt to quell unrest. As a result, political activists that were affected chose to continue the fight by operating in the form of boycotts and mass protest organisations (Abugre, 1994).

As far back as 1950, when the cold war was at its apex, the South African parliament passed the Suppression of Communism Act, which was intended to crush any attempts

at basic political and economic change. This piece of legislation outlawed political parties like the South African Communist Party (SACP) but it was also used against the leaders of African National Congress (Duggard, 1992). All these efforts were aimed at quelling the social unrest among blacks due to the social exclusion they suffered which relegated them to abject poverty. At this point, several NGOs fought apartheid in their respective fields. NGOs operated in various forms as formal and informal organisations. Others operated overtly in the form of boycotts and mass protest actions or covertly through making organised claims on the state and self help activities (Abugre,1994).They were responding to the oppressive rule of the apartheid regime, thus their main thrust was to gain political power and to also have access to resources (Schmale,1993).

In an effort to suppress black activism, the government made the political environment very complicated and hostile administratively, politically as well as legally. The relationship between the government and the anti-apartheid NGOs can best be described as antagonistic (Habib & Taylor, 1999). The government sought to curtail the activities of anti-apartheid NGOs through the promulgation of laws that gave the state the leverage to control the NGO sector. Tax laws were hostile to corporate sponsorship and the Fundraising Act of 1978 made it a crime to solicit funds or receive donations unless it was directed by the Director of Fundraising. Moreover, it was a prerequisite for NGOs to have a fundraising number obtained from the government which they used to receive funding from the government (Davids, 2005). This forced anti-apartheid NGOs to develop a range of measures to camouflage their funding sources, most of whom received funding from external sources that were also anti-apartheid. Given their antagonistic relationship, anti-apartheid NGOs could not obtain the fundraising number. Mainly, it was the white serving NGOs and a few black serving that ended up receiving funding. This directly promoted selective development which grossly affected the black South Africans (Habib & Taylor, 1999).

Other than the Fundraising Act of 1978, other legal instruments that the apartheid government came up with to curtail anti-apartheid NGOs efforts included The Affected Organisations Act 31 of 1971, which prevented all organisations involved in anti-

apartheid activities from receiving funds from outside South Africa. Another one was The Disclosure of Foreign Funding Act 26 of 1989. This required organisations to report all funds received to government. This ensured that NGOs accounted for their funds to the government. Therefore the anti- apartheid NGOs were not in a position to receive legitimate funding and, as a result, they could not operate viably without funding (Davids, 2005). Given this context, very few welfare and health organisations were thriving under apartheid, pursuing 'safe' apolitical work which was catering for the concerns and often the needs of the white community.

Administratively, there was a sustained racist discourse of state ideology in South Africa that justified neglect of black social development by reference to the ability of blacks to look after themselves in their own areas and in accordance with the Native Custom (Swilling & Russell, 2003). The government intentionally neglected the blacks by deliberately demarcating black areas and putting them under black administration with meagre allocation of resources that were not sufficient to cater for their welfare. The South African government promulgated a series of legal instruments that were targeted at separating black areas from white areas. Such laws for instance were the Group Areas and Separate Development Act of 1966. This resulted into demarcation of areas into homelands where they were being centrally controlled by the white government. This law forced many blacks into unproductive lands through forced removals by the police. Many people were forced to live on wastelands with inadequate water supplies and sanitation and no compensation was offered to the removed people. As Nauta (1998) states, from 1961, 3,5 million people had been forcefully removed from their land and the hardest hit were those from the Eastern Cape province.

The homeland economies were extremely poor and they suffered from growing dependence on migrant labour. These homelands developed into poverty stricken fiefdoms, ruled by well paid politicians who demonstrated little tolerance to opposition (Eade, 1999). Although independence was granted to the homelands under the Native Custom, homelands remained under the administration of white government. Resources to maintain these black areas were meagre, thereby relegating the black population into

a cycle of poverty where there was no hope for them to liberate themselves. Moreover, the government put the black South Africans as leaders of the homelands and the system allowed corruption as a token which detrimentally disadvantaged their fellow poor blacks due to maladministration. They therefore acted like puppets of the apartheid government. It was an expensive, inefficient and authoritarian system that encouraged corruption, rather than service to the public and concerned much less with social delivery than with maintaining a political system (Christopher, 1994).

In 1984, the apartheid government established a tri-cameral parliament which separated Indians, coloureds and whites into different chambers to debate legislation. The net effect of this was that the blacks lost their rights to influence policy direction. This exposed the blacks to survive at the mercy of the apartheid system which was grossly cruel and which as Nauta (1998) wrote, created a poor health sector for the black South Africans whose remnants still haunt them to this day.

3.7.1 NGOs under the apartheid government.

Blacks formed self-help organisations in response to deprivation resulting from the racially biased allocation of resources by the apartheid government. In the health sector there is a history of NGOs providing health services to communities such as the Zanempilo clinic in the Eastern Cape Province which was built and run by the late Steve Biko and Dr Mamphela Ramphele. Another effort in the provision of health was the mobile clinics of the Black Community Programmes (BCP) which was a project of the Black People's Convention Mazibuko (1990). Further, the author points out that health services were in the form of trailers which were equipped with medical instruments which volunteer medical personnel used to help poor communities who were not provided for by the government. These services came in handy for the black population who were neglected by the apartheid government.

Although these NGOs were allowed to operate, they were facing constant harassment by the state (Habib & Taylor, 1999). On the other side, NGOs that served whites were allowed to operate freely thereby creating a safety net for those poor whites. This is evidenced by the research carried out by Swilling & Russell (2003) which found that the two NGO sectors which thrived unaverted were the white-run NGOs in health and environment. Although some of the urban-based NGOs had some operational bases in the homelands, they did not have the same access to resources and expertise as the white, urban based NGOs therefore quality of service was poor.

Other organisations that were active in opposing the apartheid government were the National Medical Dental Association (NAMDA) which was an affiliate of the United Democratic Front (UDF) led by Alan Boesak and Patrick Lekota. Together with the Pietermaritzburg Child Welfare Society, NAMDA worked to resist apartheid after the banning of the African National Congress (ANC). Also, Nauta, 1998 expresses that NAMDA used to train people for first aid.

3.7.2 NGOs relations with the government after 1994.

As Bond (2003) points out, the normalisation of politics when a democratically elected ANC party won the 1994 elections led to a number of major changes in donor flows to South Africa. For the anti-apartheid NGOs this meant a mission accomplished. With a change in the political environment, the aspirations of the NGOs also changed in pursuit of development and democracy (Taylor, 2000). When the new government took over, there was an effort to overhaul all institutions to pursue development in an enabling environment.

Given that the anti-apartheid struggle was rooted in social movements opposed to gross socio-economic injustices and inequalities, it is not surprising that the first democratically elected government committed itself to an extensive state-funded social development programme to meet the backlog of needs (Atkinson, 1996). Using the Reconstruction & Development Programme (RDP) as a recovery policy, the government repealed all the legislation that inhibited NGOs from delivering their mandate of development. There was widespread consensus that the NGO sector was sufficiently

robust and autonomous to guarantee itself a pivotal role in the post-apartheid era (Julie, 2009).

The Non Profit Act of 1997 was passed under which NGOs were officially recognised. The Act created a system of voluntary registration and provided incentives in exchange for NGOs and Community Based Organisations (CBO) undertaking proper accounting and providing audited financial statements. Registration was meant for NGOs to access funding and for tax exemption through the Taxation Laws Amendment Act of 2000. The Lotteries Act of 1997 was also established to provide for the introduction of funding from the lottery and an independent board to ensure that funds were allocated for public purposes which is the NLDTF. Money raised through the sale of lotto tickets and scratch cards is distributed in the following manner: 50% goes to prizes, 20% as profits to the operating agency and 30% to charity (NDA, 2009). The NLDTF has been criticised for giving much attention to the profit making matters while attention to the NGOs has been minimal.

A temporary funding body, the Trans National Development Trust (TNDT) was also established in terms of the RDP Act of 1994, with the mandate of receiving both domestic and foreign aid and to channel it to different organisations, among them, NGOs (Bond, 2003).

Government commitment was overwhelming; this can be evidenced by a speech made by Mr Skweyiya, the then Minister of Social Development quoted from (Habib, 2003:227) who stated that ...

The basic twin expectations of the government are that NGOs will firstly continue to act as monitors of the public good and safeguard the interests of the disadvantaged sections of society.

Under the TNDT, NGOs were called upon to submit project proposals so as to receive aid (that is if their proposal meets TNDT's requirements). In addition to this, NGOs could receive funding annually subject to renewal for at least 2-3 years. This funding was

meant to kick-start operations, after which NGOs are expected to be on their own. The TNDT took long to operate from its period of inception and, to put it in the words of Bond

...The TNDT emerged in a bureaucratic and tardy manner; during the intensifying funding crisis immediately following the first democratic elections in 1994. It is generally accepted that the establishment of the TNDT and NDA represented belated and inadequate responses to the decline in funding. Perhaps the two most widely held concerns on the establishment of a conduit of funding from government to civil society are the long delays in these structures becoming operational, resulting in lengthy funding gaps... (Bond, 2003:32).

By the time the TNDT took off there was a financial crisis for NGOs. In a move to combat the crisis, the government formed the National Development Agency (NDA). The NDA was formed as an entity that was meant to address the financial crisis; however, it was unlikely to compensate for the shortfall of funds from the international community because there was a backlog of funds that were supposed to be given to the NGOs and at the same time the NDA was facing a financial crisis where the available funds were not sufficient to bail out many NGOs that relied on foreign aid. Meanwhile, the funding crisis deepened with many weak and strong NGOs failing to face the tide and collapsing. The government departments were also becoming notorious of having unspent budgets while the NGOs suffered. SANGOCO also lost its credibility in the long run. By 2009, research forecasts predicted that only 2% of NGOs would remain sustainable in the long run, particularly given the current global financial crisis that has gripped the world (Julie, 2009).

3.8 An overview of the government's capability to offer services to the poor

South Africa is a better off country in Africa in terms of its economy. It is a middle income country with a population estimated at 49, 32 million (STATS SA, 2009). When the democratic government assumed power in 1994, it inherited a strong economy, modern infrastructure, strong educational and health services and a sound legal

system. In addition, South Africa's income level which is far above that of its African neighbours renders it capable to offer social development services to the poor.

Paradoxically, despite South Africa's considerable wealth, it has performed poorly on improving social access. The infant mortality in South Africa by 2009 was 45,7 per 1000 live births (STATS SA, 2009) a figure which is considerably higher than those of countries with lower levels of income like Argentina which has 13,4, Malaysia, 8,9 and Mexico, 16,7 (CIA World Fact Book, 2009).

After its accession to political democracy, South Africa became a favoured nation for many bilateral and multilateral agencies providing aid to developing countries Schneider & Gilson (1999). This aid was given in the form of a transitional support under which donors aimed to support the institution of a new democracy on a short term basis. However, donors have maintained their presence in South Africa despite their pledges to withdraw within a given time frame (Bond, 2003).

The continuous presence of donors in South Africa, coupled with its wealth must have rendered South Africa the capability to offer social development. However, major institutional hurdles hampered these prospects. The major factor derives from the apartheid legacy that created an affluent white society as well as a pauperised black population. When the apartheid government was in power, it used its monopoly over political, economic and military power to advance and to plunder indigenous resources, disrupt their social structures and to impoverish them. The government policies, institutions and resource distribution were also skewed towards supporting apartheid.

There are problems in that although South Africa is a middle income country, people still remain poor. As mentioned earlier, the government was faced with the challenge of reconciling distribution of resources by correcting these sticking issues of inequality. According to Schneider & Stein, (2001) policy implementation in South Africa has been shaped by two factors agreed to in the negotiations preceding the assumption of power by the ANC. Firstly, the protection of jobs of civil servants for a period of five years after 1994. Secondly there was the establishment of a quasi-federal political system to satisfy the political interests of the minority. The consequences of these agreements meant

that the new government inherited an intact apartheid administration. In addition, the quasi-federal political system worked to maintain the apartheid system. The people who possess the bigger share of the wealth belong to the business sector. Thus given the fact that the policy making system is almost a three tier system that has excluded other actors like NGOs, The business sector has had an upper hand in steering policy direction to its own benefit through NEDLAC (Habib & Taylor, 1999).

3.8.1 Inequality.

In a bid to correct the apartheid legacy, the new South African government came up with a new constitution which got international reputation as the most democratic constitution both in Africa and world wide. The legal and political empowerment of Blacks did not convert into socio-economic empowerment. Although there is a presence of the black middle class, it is only a few of them. According to Seekings (2007) there remained pockets of poverty especially in the former Bantustans where there is little prospects of formal employment. Most of the dwellers in these places are still relatively uneducated, unskilled, without formal jobs and they are deprived of information about their rights enshrined in the constitution

Although education seems to give prospects of a better future for the younger generation, there are no reasonable prospects of finding a reasonable job given the rate at which South Africa is cutting down jobs especially the unskilled. Moreover, Seekings (2007) argues that the government tried to curb high unemployment by introducing tertiary institutions like ASGISA where people could gain skills for employment. This endeavour did not go a long way because the skills were suitable for high paying jobs, meaning only a few were able to be absorbed. The poor are the hardest hit in the process.

It is under these conditions that the poor often organise themselves into community organisations with a vision of helping themselves. The condition of the poor in South Africa is exacerbated by the fact that they lack assets such as infrastructural services and there is a scarcity of opportunities for them. An important factor that has

continuously rendered the poor weak is that civil society organisations in their communities are either poorly organised or non-existent (Terreblanche, 2002). In redesigning the NGO-state relations, many NGOs were pushed off the platform while the survivors became commercialised. As a result South Africa has remained the second country after Brazil to have a wide gap between the rich and the poor. Much of the wealth of South Africa is in the hands of the few elite (Seekings, 2007).

3.8.2 Health.

Similarly, the public health in 1994 was racially fragmented into fourteen different operating authorities, a system which grossly promoted apartheid. Basically, the system was skewed towards urban tertiary hospital care. In 1992/93, 44% of the total public health care expenditure was concentrated in a handful of tertiary and academic hospitals while only 11% was spent on primary health care. In the same period, 60% of the total national health expenditure was occurring in the private sector care servicing 23% of total population in South Africa (those with medical aid) and employing 62% of all doctors in the country (Schneider & Gilson, 1999). Moreover, in 1992/3 South Africa spent 8.5% of its gross domestic product on health.

After 1994, the government made efforts to reach out to the poor by reprioritising allocations in the national budget expenditure. In the health sector there was an increase to 12,3%, education 26,2%, social security 2.3% (Hirsch, 2005). It is therefore disappointing to note that the increase in budgets by the new government was using a wrong approach to address poverty. The long outstanding issues of racial disparities that remained stubborn in government institutions was left unabated.

As apartheid provided social services to the white poor as a safety net, blacks formed NGOs which found their niche in providing services that the government was denying them. These NGOs were instrumental in the establishment of democracy because they were fighting the apartheid system too. Their sustainability was not questioned due to their previous role of being anti-apartheid. The RDP, which is a welfarist recovery policy, opened up opportunities for the NGOs to receive funding through the RDP Act. It also provided for the participation of NGOs as well as other social movements. Despite

increased social spending, which demonstrated a considerable redistribution of income from whites to blacks, the legacy created and maintained by the apartheid regime over a long period was much stronger than realised by the state. The public sector was designed to serve the white community and the task of restructuring the public sector was a mammoth one for the government because it lacked the capacity to do so (Terreblanche, 2002).

The ideology of RDP was that of welfarism, where the state was supposed to assume a leading role in providing social welfare services. In the process NGOs also shedded their oppositional nature that they had during the period of fighting the apartheid. However, RDP did not live long to realise its goals. At this time, South Africa adopted SAPs in form of GEAR. In the wake of GEAR, poverty worsened and South Africa shedded more than 500 000 jobs where the state was compelled to increase social welfare grants. In fact GEAR only fuelled a crisis that had been created by apartheid in the previous years. The government through its policies failed to get rid of the direct consequence of the racist social engineering of the apartheid in such a manner that the poorest were the blacks (Terreblanche, 2002).

It is therefore more saddening for the poor people to note that NGO government relations in South Africa have not been fruitful enough to ameliorate the misery of the poor. The legal requirements instituted by the government for NGOs failed to assist the NGOs especially those that are rural-based. At the same time, Swilling & Russell (2003) discovered that 53% of the NGOs are unregistered and the majority of them are rural-based. Most NGOs that meet the requirements of the government are the white-run, urban based NGOs which have previously been supported by the apartheid government. Consequently, the government has maintained an apartheid legacy in oblivion by supporting the already affluent people behind NGOs in the middle class because they have expertise to use funds sustainably.

3.8.3 Summary.

From the literature above, it can be noted that the relationship between governments and NGOs in Africa is bedevilled by lack of mutual trust. While governments blame

NGOs for being agents of foreign nationals who seek to pursue political interests, NGOs also complain that governments are not willing to open up avenues for them to operate as development agents through a promulgation of prohibitive policies.

It has been concluded that governments can not solely tackle the issue of development with the reality dawning that governments in Africa are failing to provide their citizens with basic needs. It is under these circumstances that NGOs came in handy. The need for these two parties to work together cannot be over emphasised. The coming chapter dwells on testing the institutional development theory, whether it confirms or refutes the research questions by analysing the data collected from the field using the theory. The way forward will be drawn from the findings.

CHAPTER FOUR

Research Methodology and Findings.

4.1 Introduction

This study is an assessment of the funding strategy that the government has employed to fund NGOs. The assessment was based on the guiding principles and pre-requisites of the NDA, the Department of Social Development, the Department of Health and the National Development Trust Fund in terms of disbursement of funds. In operationalising this, the study has used questionnaires and in-depth interviews with three NGOs namely Alice Hospice, Ethembeni and Laphumikwezi. Other organisations interviewed were the NDA, the Department of Social Development officials and the Eastern Cape NGO Coalition, Rural Livelihoods (RULIV), Community Chest and World Vision. Three other NGOs were taken as case studies from a report compiled by RULIV including Mida, Sinikuthando and Sakhubunye. Discussions with NGO and government officials allowed the researcher to gain insight into the views of the officials from NGOs and the government in relation to the viability of the funding strategy. Moreover, the use of organisations that are outside the government also helped the researcher to get independent views that helped to establish the reliability and validity of the study by not relying on one source.

The study used a historical approach of analysis. A historical approach is a systematic and objective location, evaluation and synthesis of evidence to establish facts while drawing conclusions about past and present events (Cohen & Manion, in Machenjedge 2008). The historical approach is crucial because of its stability, exactness and breadth of coverage and it does not change unless tempered with. This approach was useful for this study because it helped the researcher to establish the history of the funding of NGOs and their success and failure as well as their prospects for funding. The sources of data of the historical analysis included NGO reports, textbooks, journals, government policies and documents. In order to accomplish this task, the study assumed a case

study method of qualitative research. The purpose of using this method was to construct a detailed description of the funding history of NGOs.

This chapter discusses the methods used to gather data. These include the qualitative approach, a detailed description of the population and the sample and their strengths and weaknesses. The limitations of the study as well as the ethical issues are discussed. The chapter closes with a presentation of the findings and an outline of experiences encountered during the period of data collection.

4.2 Research Methodology

4.2.1 The qualitative technique

The research made use of one major approach in social sciences, which is qualitative. As stressed by Denzin & Lincoln (2008) the use of a qualitative approach reflects an attempt to ensure an in-depth understanding of the phenomenon in question which is what is needed by the question under study, namely, to understand the institutional environment of NGOs by looking into their operational experiences through holding in-depth interviews with NGO and government officials so as to get their views about the existing funding strategy.

4.2.2 The Case study design.

This is a case study based assessment of NGOs in the health sector from the Eastern Cape Province. A case study is an object of study and an exploration of a bounded system (Vaus, 1990). It is an exploration of a bounded system over time through detailed and in-depth data collection. The bounded system is bound by time and space. Furthermore, according to Bryman (2004) a case study entails the detailed and intensive analysis of a single case. Such analysis is concerned with the complexity and particular nature of the case in question. Cases could be a single community, an organisation or family. Kironde & Neil (2004) used the same design when they were studying the involvement of NGOs in tuberculosis treatment in highly burdened areas of Cape Town

Furthermore, data collected using the case study design can be used to draw conclusions of the larger entity. Neuman (2000) posits that a case study helps researchers to connect the micro-level, or the actions of the individual people to the macro-level or large scale social structures and processes. Thus, a case study allows the researcher to draw conclusions about the larger population upon the data collected from a representative sample. Hence, case studies are most compatible with the qualitative approach. This holds true because in qualitative studies, the researcher seeks to construct representative cases based on in-depth detailed knowledge of the case (Neuman, 2000).

4.2.3 Target Population.

Population refers to the total number of subjects the researcher wishes to make inferences from. Bryman (2004) defines population as basically, the universe of units from which the sample is to be selected. In terms of this study, the target population comprises NGOs in the health sector with specific interest in NGOs that offer TB services as well as HIV and AIDS care. These have been selected from the Eastern Cape Province among the NGOs that receive funding from the government and are located in the poverty stricken areas of the Buffalo City District Municipality. In addition, other organisations which were the target population were those organisations which work closely with the NGOs. Government departments that disburse funds to NGOs are also important informants.

The reason for the selection of NGOs in the health sector is because one of the basic objectives of sustainable development is about meeting the needs of the people without compromising the future generations from meeting theirs, therefore, health is one of the basic needs that the present generations need to meet (The Brundtland Commission quoted in Elliot, 1994).

The reason the Eastern Cape Province has been chosen is due to the fact that it is the poorest province in South Africa and also, poor people struggle to meet their basic needs including health.

4.2.4 Sampling and the population sample.

In holding interviews, the purposive sampling technique was used. Purposive sampling is a form of non-probability sampling whereby the researcher picks the units for study using their own judgement on which subject best fits their criteria of the study (Neuman, 2004). When the desired population for the study is rare or very difficult to locate and recruit for a study, purposive sampling may be the only option. It is best suitable when dealing with small numbers of instances to be researched.

Neuman further indicates that the advantage with purposive sampling is that it permits the selection of interviewees whose qualities or experiences permit an understanding of the phenomena in question and are therefore valuable.

In agreement with this view, Bryman (2004) defines a sample as a segment of a population that is selected for investigation. This study therefore, in consonance with the case study design, has selected a sample which reflects the population accurately so that it is a microcosm of the population. The research used purposive sampling to handpick NGOs. These NGOs are Alice Hospice, Ethembeni, Mida, Sakhubunye, Sinikuthando as well as Laphumikwezi. In addition, an organisation which works closely with NGOs, namely, World Vision was part of the target population. The NDA, the NLTDF and the DoSD were selected as they are a conduit for funding from government to NGOs. Also, the Eastern Cape NGO Coalition was selected for its role as an umbrella body that represents NGOs. Lastly, an organisation called the Community Chest was also selected because of its interaction with NGOs and the government as well as the corporate sector. The researcher held in-depth interviews with key informants from the selected organisations.

Since two thirds of the NGOs did not have many members of staff, it was easy to pick the respondents. For Alice hospice, the respondents that were interviewed were the treasurer and two volunteers comprising a retired nurse and a retired teacher who are involved in the daily running of activities. For Ethembeni, the researcher had to interview two staff members available and who were part of the organisation from its inception. Lastly, Laphumikwezi, (which has ceased operations) only one member of the

former organisation was interviewed. These were the NGOs that were interviewed. As for information on Mida, Sinikhutando and Sakhubunye, a report compiled by RULIV was used.

4.2.5 Research Instruments.

The study made use of open-ended questions in order to allow respondents to expound their views and feelings in their answers. Closed ended questions were also used in order to get biographical information from respondents and questionnaires were administered in a structured interview. The greater proportion of the questionnaire was composed of open-ended questions hence the researcher made use of a tape recorder in order to capture the information divulged during the interview. Moreover, the study used reports from strategic meetings as well as other sources of literature for case studies.

Questionnaires were administered to officials who are directly involved in the implementation of programmes from the NGOs. In-depth interviews were open and flexible therefore they allowed the researcher to get more information through probing.

Additional data was collected from secondary sources. The sources of written materials were annual reports of NGOs about the funding problems, as well as annual reports. Textbooks, journals and government publications were also used as sources of data.

A documentary analysis was conducted to achieve a contextual understanding using the reports of NGO meetings. This approach was useful in getting information on the historical background of the funding of the NGOs. Documents are reliable due to their exactness especially if unaltered and they do not change over time. As Greef (2005) notes, unlike surveys or experiments where respondents are aware of the fact that they are being studied, producers of documents do not necessarily anticipate the analysis of their documents at a late stage. The contents of the documents were thus not affected by activities of the researcher. The reports obtained were recorded from a meeting of NGOs discussing their crisis. This was helpful in that the views that were expressed by NGOs were not subject to artificiality since the participants of the meeting were not in an interview environment.

4.2.6 Interviews.

In-depth interviews were used as part of data collection. This method reduces the probability of the respondents being influenced by others to give answers that are not coming from their own ideas. For instance, questionnaires that are posted to respondents are prone to such biases whereby different people may contribute in answering one questionnaire. In-depth interviews were especially appropriate for this study because they allowed the researcher to clarify matters to the respondents.

In all the instances an explanation was given to the respondents clarifying that data collected will be used purely for academic purposes. The ethical clearance obtained from the University of Fort Hare was also shown to them. In order to alleviate the fears of some respondents, an assurance was given to them that a copy of the thesis would be made available to them if they so desired.

4.3 A brief background of the selected organisations.

4.3.1 Alice Hospice

Alice Hospice is located in the Alice town, near the University of Fort Hare in Nkonkobe Local Municipality under the Amatole District Council. The organisation started operating in 1999 and was registered in 2003. The services that the organisation is providing are home based care, counselling, HIV/AIDS awareness campaigning, pre and post bereavement counselling and medical drug and food supplements. The organisation is made up of 17 members. Although they do not have a clear cut constituency that they help, people come from the surrounding areas which have a population of about 200 000 people. The beneficiaries of their programmes are more than 800 people. Of these people, more than 340 are on ARV treatment while the rest benefit through other services that they offer. Although Alice town has middle income people, they are few and they come from the University of Fort Hare and the local municipality. The majority of the people that they help are people who survive on government grants and some do not have a source of income, save for remittances from close relatives. The organisation won a community builder of the year medal in 2007 at provincial level.

Alice Hospice receives its funding from three sources, namely, the ADM from 2005 to date with the contract renewed on an annual basis. The DoH, from 2005 to 2010. The European Union from 2009 to date and the contract is reviewed on an annual basis. According to the Alice Hospice, all the contracts for funding can be terminated if the funded NGO fail to account for the usage of the funds to the satisfaction of the donor. These funders have different templates they use for the application process.

4.3.2 Ethembeni

This NGO started to operate in 2000 as volunteers and they were registered in 2007. They are located in a poverty stricken area of Seymour under the Nkonkobe municipality in the Amatole District. The organisation used to have 34 members in 2009 but some members have left and by the time the researcher visited the organisation, they were not yet sure about the number of members since some were still leaving. They used to have 11 volunteers. They serve twelve villages and the number of their beneficiaries is 250. Their core services are home based care, material support and they also run a soup kitchen for orphans. Their services are targeted at assisting the HIV/AIDS victims who include orphans and the bedridden patients.

Ethembeni is only under government funding from 2008 up to 2010 after which they will have to fund themselves. According to the DoSD, the funding is only meant to kick-start projects. Ethembeni receives R500 000 per year which comes in tranches through DoSD but for the year 2010/2011 the NGO will get only R200 000. Ethembeni members said that they were only told that they were going to get that amount without prior communication from the DoSD for the financial year 2010/2011.

4.3.3 Laphumikwezi

This organisation is now defunct but it used to operate in the Fort Beaufort area. It operated from 2000 until 2005. The members of the organisation used to provide food parcels to People Living With HIV and AIDS (PLWA) and they used to carry out home visits. However the organisation did not manage to register and could not access any funding and they disbanded.

4.3.4 The Case study NGOs.

The other NGOs that are in the findings were sourced from a report compiled by RULIV. These are Mida, Sakhubunye and Sinikhutando. According to RULIV Report (2007) these NGOs are located in the OR Tambo and Amathole Districts. Mida which is in Idutywa in the OR Tambo District concentrates on advocacy and identifying and caring for orphans. Mida received R500 000 from the DoSD for a period of three years but the report did not give details of the specific years that the NGO received funding. Sakhubunye, located in Butterworth in Ibika also in the OR Tambo District, provides services to TB patients, HIV and AIDS patients, and the mentally ill as well as orphans. Sakhubunye is the only one that does not have funding from any government agency and are operating without a source of funding.

Sinikhutando is in the Amathole District Municipality in Mnquma local municipality. It has 23 volunteers and it helps 52 HIV positive, 75 TB patients, 27 disabled people and 120 orphans through care and support as well as counselling. In total its clientele is 274 persons. Sinikhutando also received funding from the DoH but the report did not give details of the period.

4.3.5 Eastern Cape NGO Coalition (ECNGOC)

As an umbrella body, the organisation works closely with NGOs. It is a collective NGO operating in the Eastern Cape Province. The ECNGOC supports advocacy, leadership development, and learning. It is also helping to mobilise civil society to lead socio-economic transformation within their communities. ECNGOC is located in East London under the Buffalo City Municipality.

4.3.6 The Department of Social Development

The Department is a government ministry which is established in each of the nine provinces. According to the website of NDA, the Department of Social Development (DoSD) supports the poor, vulnerable and excluded people of society to ensure that their basic needs for food, shelter, education and health care are met. Some of the

vulnerable people for which these services are intended include individuals, families and communities affected and infected by HIV and AIDS.

Of the total national DoSD budget for 2009/10, R599 million was allocated to the HIV and AIDS programme (10%) and R161 million (3%) to the Family Care and Support programme (NDA, 2009). All nine provincial government departments rely heavily on NGOs to help provide such services to the community. Each year between 50-60% of the total social welfare programme budget is therefore allocated to NGOs working in the field of HIV and AIDS, vulnerable children and youth. NGOs providing services for any of the vulnerable groups identified above may qualify for government assistance. The Department of Health also provides funding for NGOs that are offering TB, HIV/AIDS and other health related activities.

4.3.7 Rural Livelihoods (RULIV)

RULIV is a government agency which, among its core activities, mainstreams HIV and AIDS mitigation measures in their focal areas. They also train NGO members in critical skills like financial management and project management. RULIV is situated in East London in the Buffalo Municipality. RULIV acts like a government's arm. Its role is to implement government programmes.

4.3.8 World Vision

This is a Christian international NGO that operates in most developing countries. World Vision in Seymour also has HIV services that they offer in the Seymour area in the Nkonkobe Municipality. They implement HIV and AIDS programmes in Seymour and they work closely with Ethembeni which does the same activities as World Vision. In their operations, World Vision also identifies areas of weakness within NGOs and helps them through training and other services.

4.3.9 National Development Agency

The government of South Africa funds NGOs through various organisations. The National Development Agency is one of the conduits between the government and NGOs, funding mainly NGOs that look into poverty eradication. A choice to study this

organisation was informed by the fact that it is regarded as the main funder of NGOs and it is also a government entity. The National Development Agency (NDA) was established in November 1998 through an Act of Parliament and is mandated to carry out the following:

- Grant funds to civil society organisations (NGOs) for the purpose of meeting the developmental needs of poor communities
- Strengthen the institutional capacity of NGOs for long-term sustainability
- Proactively source funds
- Promote consultation, dialogue, and sharing of developmental experiences
- Debate and influence developmental policies
- Develop strategies to collaborate with local community development trusts, foundations, government clusters and NGOs

The NDA's two overarching programme focus areas include economic development and food security, with issues such as HIV and AIDS, the care of orphans and vulnerable children, gender and disability constituting important cross-cutting themes. In order to reach as many beneficiaries as possible, the NDA has been decentralised and each province has developed its own strategic priorities

As stated on its website, even though an NGO is not registered as an NPO it can still qualify for funding, but there is need to clearly show that an organization does not distribute grants to members or office-bearers, except as reasonable compensation for services rendered (NDA, 2009). NPO is a term used in government circles which refers to NGOs.

4.3.10 The National Lottery Distribution Trust Fund

The National Lottery Distribution Trust Fund (NLDTF), established in terms of the Lotteries Act of 1997, is the distributing agency for funding from the proceeds of the National Lottery. Each week the licensed operator of the National Lottery transfers funds generated for good causes to the NLDTF. This amount is calculated using a pre-determined formula based on ticket sales in terms of the licensing agreement. Under

the current operator, Gidani, 34% of the revenue is paid to the NLDTF, up from an initial 2%. Six percent of revenue is paid as retail commission, 10% is retained as operational costs and 50% is paid in prizes (NDA, 2009). In addition to the category of reconstruction and development, the Lotteries Act of 1997 identifies the following three broad categories as potential beneficiaries of these funds:

- Charities
- Sport and recreation
- Arts, culture and national heritage

The financial year of the National Lotteries Board and the NLDTF runs from 01 April to 31 March. Funds generated for good causes in a particular financial year are only available for distribution in the following year.

4.3.11 Community Chest

The Community Chest is a registered NGO that was established in 1997. The organisation is a conduit between the corporate sector and the NGOs that assist the poor. They receive donations in cash or kind and they redistribute these to relevant organisations. The services offered by the organisation include providing funding to social welfare NGOs in the Buffalo City Municipality, King Williams Town, Mdantsane and Queenstown. They also provide feeding schemes to disadvantaged children in schools. Its beneficiaries are 34 000 persons. They receive an average of R235 000, 00 per year from the corporate sector. They account to the Board of Directors as well as to their donors. They are located in East London and their work is mainly concentrated on NGOs within the Buffalo Municipality.

4.4 A Field Report On the Findings.

The major objective of this study was to assess the funding strategy that the government is currently offering to fund the NGOs. In order to achieve this, an analysis of the guiding principles and prerequisites of the government was carried out in terms of disbursement of funds to NGOs. In addition, experiences of NGOs were studied, looking at the impact of the funding strategy on the operations of NGOs. This section entails a

report on the data collected from the field as well as case studies of NGOs found in literature. The report first gives an overview of the legal framework that guides NGOs and then outlines positive and negative experiences of NGOs under study.

4.4.1 Background of the guiding principles and requisites for NGOs.

The registration of NGOs is carried out by the Non-Profit Organisations Directorate created through the NPO Act of 1997. Under the apartheid era, most NGOs operated by blacks worked as informal organisations while those serving the needs of whites were registered through the Department of Trade and Industry and the Supreme Court as Section 21 Companies under the Company Act 61 of 1973 and under Trust Property Control Act 57 of 1988 respectively. According to the NPO Act of 1997, the functions of the Directorate are to register NGOs and to receive their reports as well as to help develop an NGO policy and to put it into action. The purpose of the Act is to encourage and support organisations in the wide range of work that they do to develop organisational skills that enhance their capability to implement their work.

According to the Act, organisations that are eligible to apply for registration as NPOs are voluntary associations, that is, non-profit, community based organisations and faith-based organisations. Others that can apply are trusts and Section 21 Companies.

4.4.2 Experiences of NGOs in registration: Information Communication and Accessibility.

In terms of communication, Alice Hospice indicated that accessing information on registration was not difficult because their organisation is made up of professionals who knew beforehand where to access information on registration. The Hospice stated that the form was not difficult to interpret therefore they managed to comply with the requirements of the Directorate.

Ethembeni in Seymour indicated that they registered in 2007. Information on registration was available to them through the knowledge of other members of the NGO. Ethembeni members expressed that the application process was difficult. Their feeling is that the

form is complicated to fill in. However, they managed to register with the assistance of the local DoSD office in Seymour. A member from the DoSD office in Seymour added that most NGO members come for assistance to fill in the form. She admitted that they also do not understand the form and that they at times consult their area office for assistance. Also, that while the language is not complicated the form is longwinded and difficult to interpret.

Laphumikwezi on the other hand indicated that they did not know that they could register. They also did not know where to go for them to be registered.

4.4.3 Drafting the founding documents.

Alice Hospice expressed that they did not encounter any challenges in coming up with the founding documents. The Hospice is made up of professionals some of whom come from the University of Fort Hare and are in the board therefore, drafting the documents was not a challenge and the hospice is of the feeling that accessibility of model documents online is within their reach.

Ethembeni was of the opinion that the drafting of the founding documents was problematic in that the process is too complicated when it comes to writing the documents. However, the NGO indicated that they managed to come up with these documents with the assistance of model documents that they got from the DoSD office.

4.4.4 Waiting period for certification.

Alice hospice indicated that they waited for a period of three years for them to receive their NPO certificate. The Hospice indicates that compliance to the application was not problematic but the problem was on the side of the Directorate who took too long. However, Ethembeni said that their certificate did not take long to come. It was stated that the process of waiting for certification can even take longer periods if the application is returned for corrections.

When the Directorate takes long to process the NPO certificate, NGOs will be affected. According to a respondent from the DoSD, an NGO can get funding without an NPO certificate by using the postage receipt that shows that they applied for the certificate. In

such cases the funding is not treated like a normal fund like that of an NGO with a certificate because it is for a stipulated period, after which they can terminate funding if the certificate delays.

4.5 Perceptions of NGO respondents on the registration process

4.5.1 The prospects and challenges of registration.

The process of registration was discussed with mixed feelings by different respondents. Alice Hospice stated that registration enabled them to function as a legal entity, thus, they can lobby for funding from the corporate sector and the government. The Hospice acknowledged that they have managed to attract funding from international donors like the European Union. They indicated that the government cannot help if an NGO does not have a registration certificate. Their feeling is that it is not difficult to comply with the requirements for registration. Information on how to register was available to them.

However, the Hospice felt that the delay of certification was unnecessary and further, they are not happy about it. They stressed that they cannot do anything about it since the government is their boss. The Hospice also pointed out that although the government says that NGOs must register in order to get funding, it does not always work out as intended. They related an incident where at some point they did not get funding that they had been awarded. Their application had been approved and they were awarded R350 000. They were then given the initial R88 000. When applying for the rest of their funding they were just told that they were not going to get it. Upon inquiring, they were told that some NGO that was receiving its funding from the same donor with the Hospice had misused the funds that they had received and disbanded. In trying to follow up the members of this NGO, it was discovered that they had given false physical addresses. The Hospice was of the feeling that the incident was unfortunate for them because they were disenchanted by the fraud and as a challenge it seriously affected their operations for that financial year.

Ethembeni was of the view that registration is of little significance to them because they can not find donors who can fund them even though they are a registered NGO. Although they were registered, they felt that it took long for them to access funding

despite the fact that registration is meant to facilitate an NGO to get funding. Ethembeni members added that they are located in remote areas where they can not get donations from the corporate sector and that they are not exposed to any form of media which could help with marketing and fundraising. Furthermore, the respondent added that the government is not assisting them with fundraising skills so that they can source funds on their own.

World Vision, an international NGO operating in the same area with Ethembeni was of the feeling that there is little interaction among NGOs operating in the same areas despite the existence of an NGO database which is created through registration. World Vision was of the feeling that the database of NGOs created by the DoSD is not being utilised to promote partnerships among NGOs. As a result, they operate in oblivion of each other. World Vision complained that at times their services overlap with those of Ethembeni. The problem posed by this is that some people suffer while others benefit from more than one organisation. For instance, the two NGOs offer the same services, lack of interaction among them has led to incidences where one orphan will be a beneficiary of both NGOs while other orphans will not be receiving help at all. The World Vision expressed the need for a comprehensive database of NGOs which it said will also help NGOs to get funding. They suggested that the government must act as a conduit between the donors and NGOs by encouraging donors to fund NGOs.

Although there are challenges associated with registration, some of the NGOs acknowledged that registration has helped them to operate as formal organisations. The business sector and other international donors managed to access them because they were registered. From a report of NGO experiences compiled by RULIV in 2007, most NGOs appreciated that registration was good for them because they managed to get government funding and assistance from the corporate sector and international donors. One of these is Alice Hospice which got ARV drugs and technical assistance from the European Union.

Despite the availability of information, some NGO members still complained that the information is not available to them. Others indicated that registration is not in place for

them. Information is scarce to those NGOs that operate within remote areas where information is limited because some of the information is accessed from internet. Moreover, most of the members were not educated enough to know the procedures required by the government (RULIV Report, 2007).

A member of the Laphumikwezi stated that they could not register as an NGO because they had no information on how and where to register. They had to transfer their beneficiaries to another NGO that is doing the same work as they were doing. In order to provide for their beneficiaries, they had to use money from their own pockets to buy food parcels. As a result they could not continue and had to stop working. The former NGO member stressed that those people whom they used to help were suffering because they ceased to operate. This is so because some of the people could not be taken onto the programme of the NGO that took over their beneficiaries. They pointed out that their challenges were compounded by the fact that they lacked knowledge on the registration process. Swilling & Russell (2003) indicate that 53% of NGOs remain informal and reside in the remote areas. As a result, it is those urban-based NGOs that access help while those in the rural areas continue to face challenges of funding.

4.6 Experiences of NGOs in the process for funding: An overview.

In terms of the NGOs interviewed, there was no problem in meeting the requirements of their funders. However, the RULIV Report outlines the experiences of NGOs they have interviewed. The report indicates that during the application process, business plans go through screening. There are some who failed to access funds due to poor business planning but some got assistance to reapply. Those who met the standards of the funder got their funding either through the district municipality, which is an indirect way, or they can get their funds deposited directly into their bank accounts from the funder.

4.6.1 Challenges posed by the funding process.

Although NGOs managed to meet the requirements of their funder, they were not happy with the terms of the process of receiving their funds. These challenges include those encountered by NGOs interviewed and the case study NGOs from secondary sources and are as follows:

4.6.2 The Service Level Agreement (SLA).

Ethembeni complained that the service level agreement is rigid and at times puts them at a disadvantage. The nature of the disadvantage as narrated by Ethembeni is that if a particular NGO stated in its business plan that it needs a certain amount of money for them to buy food parcels it must stick to the request. If for instance, they decide to use the money to buy uniforms, they are required to write a letter to explain the change. In some extreme cases where the funder will not be happy with the change of the NGO, the funder can ask them to deposit the money back to its bank account or the funding can be withdrawn altogether.

The feeling of Alice Hospice on the issue of the service level agreement is that although the service level agreement infringes on the flexibility of NGOs, it also promotes institutional development in the sense that it encourages NGOs to develop proper accountability skills and it minimises opportunities for misuse of funds.

4.6.3 The Third Party.

NGOs seem not to be happy about the involvement of the third party in the disbursement of funds. There was an outcry from the NGOs who complain that they are being taken advantage of by their third parties. They stated that at times, by the time that their budgets reach their funder, they would have been inflated. They indicated that the blame often goes to the NGOs when such incidences occur.

NGOs quoted in the RULIV Report complained that the modus operandi is not clear where the third party is involved. They indicated that they do not understand how they are supposed to work with the third party because at times they see some NGOs receiving funds repeatedly while others do not get it. The third party is associated with high bureaucracy where there are delays in the processing of applications. The NGOs complained that they do not get enough financial resources therefore, they end up underperforming and with an image of an underperforming sector and yet their problem is financial rather than capacity (RULIV, 2007).

4.6.4 The decision making process.

Alice Hospice complained that at times they face unanticipated changes which compel them to reprioritise in order for them to be responsive to the needs of their beneficiaries. Some changes include the government's recommendation that PLWHA should start taking life prolonging medication when their cd4 count is at 350, a shift from 200. These changes considerably added more beneficiaries to Alice Hospice which witnessed a rise in the number of people seeking medication. The Hospice complained that although the government makes such recommendations that affect their budgets, there is no consideration to increase funding.

The feeling is that the decisions made by the government are top down in that it is government that makes decisions on the amount of money that should be given to NGOs. There is no dialogue between the government and NGOs in terms of awarding funding.

Ethembeni reiterated the same complaint stating that the 2010/2011 financial year will be a difficult one because the government decided to give them R200 000, a instead of the usual R500 000 which they say was not even enough. Their feeling was that they have been left out in the decision making because they were not consulted about the change. Their worry was that the government is decreasing funding in the face of increasing beneficiaries that they have to care of.

4.6.5 Waiting period for the application process.

NGOs are of the view that the waiting periods and delays in the application for funding are a hindrance to efficiency and proper service delivery. During data collection, a complainant emphasised that, "in the time of the various boards and the previous operator of the NLDTF, our experience was that the time between submitting an application and actually receiving payment was about 1 year (this occurred in the case of 3 applications). In the application submitted in May 2007, we were eventually only informed of the outcome in August 2008 and received payment in February 2009. For the application submitted in November 2008, all we have is an acknowledgement of receipt, 7 months later. What has caused the doubling in turn around time? Have the

number of applications increased so much? Has the capacity of the administrative staff decreased significantly?”

As funds keep delaying, another NGO member was suggesting that NGOs must resort to fundraising or to privatise. If NGOs start to charge user fees then the divide between for-profit and non-profit will be shrouded in obscurity.

4.6.6 Capacity building.

In terms of capacity, Alice Hospice indicated that they do not lack skills. Their volunteers are trained by the EU. They were of the feeling that they have the necessary skills to care for bedridden patients. Besides that, they boast of having a professional medical doctor who helps with the administration of ARVs. As for finances, they said that they have a qualified member who assists in the drawing of the different business plans that they write every year. The Hospice also stressed that their board comprises of professional members so they do not lack in any aspect where skills are needed.

Ethembeni acknowledged that they do not have skills to lobby for funds in the corporate sector. They expressed fear over the fact that they have to look for funding on their own because they said that the government never assisted them to acquire the skills. They mentioned that World Vision is the only organisation that has helped them so far with capacity building by training their volunteers on home-based care for bedridden AIDS patients. They also indicated that some of their members were sent to Johannesburg for training on financial management by the World Vision in 2009. Despite the support that they got from World Vision, Ethembeni still feels that they need to be trained on financial management as well as conflict management and resolution.

4.7 The disbursement of funds.

4.7.1 Delays in the disbursement of funds.

In the disbursement of funding, NGOs complained that funds delay reaching them. They indicated that the delays affect them in that at times they will be forced to halt operations to the detriment of beneficiaries. Ethembeni mentioned a unique case where

their money was deposited into the wrong bank account of an NGO which has a similar name as theirs. They indicated that their operations were negatively affected, with their soup kitchen being the worst affected because they had no supplies.

According to the RULIV Report, NGOs complained that at times when the funding delays caregivers leave the organisation and they will have to recruit again.

In the same vein, complaints have been raised by civil society over the operations of NLDTF. The issues being queried are that the six members of the National Lottery Board earned at least R1.2 million each during the year 2008, while available funding was not disbursed. In the 2008/9 financial year, only R948 million of an available R3.3 billion was disbursed, in the 2007/8 financial year only R634 million of R2.9 billion was disbursed and in the 2006/7 financial year, only R792 million of R2.1 billion. Delays in payments were being based on the fact that board members are not full time and only meet twice a month to make decisions. It takes several months between a board decision and the implementation of that decision by administrative staff. Respondents indicated that they were informed last year that there was a delay of several months.

Also, funds that go via municipality instead of being directed to organisations have been reported to be delaying. As members pointed out, they do not benefit from the interest that is being generated from their funds. Another problem that emanates from the use of a third party is that the third party has the power to alter the budget of NGOs. NGOs said that they live in fear of budget breakdowns without them being informed by the third party.

The fear of NGOs was that the fact that their budget goes through the municipality might promote mismanagement of funds and thereby disadvantaging them. They said that they do not understand the criteria used for funding because some NGOs get funding repeatedly while others do not get it at all. Moreover, they associated the third party with high bureaucracy where the process of funding takes longer and as a result carers resign.

The fact that funds at times go through a third party was met with mixed feelings. A respondent from Alice Hospice complained that disbursement of funds in tranches is problematic due to its rigidity. He stressed that the money that they receive in tranches is always insufficient and they have to halt their operations while waiting for the next tranche. The organisation feels that the process does not speak to the needs at grassroots level and that the system of funding should be supportive of their work.

Although there was heavy criticism of indirect funding, other NGOs from the RULIV report remained positive. They were of the opinion that indirect funding eliminates conflict of interest because their funds will be handled by the third party. Others reiterated that it institutes proper monitoring of funds, networking information sharing skills, skills guidance and instant correction of errors. Although there are some positive elements of indirect funding, the majority expressed displeasure in the way funds are handled.

4.7.2 Insufficient Funding.

There are also some peculiar challenges that are faced by the NGOs as they do their operations. Ethembeni narrated that due to lack of sufficient funding, they find themselves having to leave out some orphans in their two soup kitchen programmes that they run for AIDS orphans. The children who are left out often suffer because they come from some of the poverty stricken areas where they do not have any source of income. With the weakened social fabric in societies, extended families tend to shun those whom they regard as not their responsibility, this is exacerbated by poverty.

Alice Hospice also mentioned that they are facing the challenge of growing numbers of people who come seeking for help in the face of a budget that does not allow them to scale up. This increase was influenced by the government's decision that HIV positive people must start taking life prolonging drugs when their cd4 count is 350, a mark up from 200. This implied that all the people who had a cd4 count that was 350 had to start receiving treatment. Consequently, Alice Hospice experienced an influx of people seeking their services.

In addition, Alice Hospice is struggling to scale up income generating projects which include sewing and vegetable gardening for their patients who are not on government grants.

4.7.3 Rigidity of the funding strategy.

Alice Hospice indicated that they initially get 10% of the total amount of their awarded funding. After the use of the first tranche they have to account to the funder and write another proposal in order to get the rest of it, which is also distributed in tranches. Failure to properly account for the use of the first tranche might lead to the rest of the money being withheld. They were of the feeling that the strategy is rigid in that the payment of the funding in tranches is not informed by their needs, it does happen that sometimes the money is insufficient to cater for their needs.

Despite the fact that they apply for funding and it is awarded, the continuation of their services is not necessarily guaranteed. This is indicated by the fact that the DoH has terminated the contract for funding in which they were awarded R100 000 for the fiscal year 2009/2010. To begin with, the money was delayed and when they requested for the second tranche, after the initial 10% they were told to use their own money and that the DoH was going to reimburse them. They did not have own funds to use and the DoH cancelled the contract.

NGOs are required to account to the government after every financial year. With regards to this issue Alice Hospice was of the feeling that the accounting process is too demanding because they have to give account of each tranche before they can access the next.

4.8 Successes of NGOs.

4.8.1 Providing material support and care for HIV/AIDS victims.

All NGOs that received funding from government indicated that they managed to make considerable inroads in helping the people that they work with. World Vision which is working with Ethembeni stated that the NGO started to be visible after the DoSD funded

them. As a result, they have managed to provide material support to children who are made vulnerable by HIV/AIDS.

The Hospice won an award of the community builder of the year in the year 2007 due to its commitment to HIV/AIDS care. Although they do not admit terminally ill patients, the volunteers provide home based care in the communities of their beneficiaries. They also provide counselling to the families of the patients. Currently they operate with ten care givers. They have approximately 340 patients who are on Anti-Retroviral (ARV) treatment and they were the first to offer ARVs to people even before the government started through the links that they have with the EU which also trains their volunteers. Some people who were at the point of death have recuperated through their ARV programme. The number of their clientele is more than 800 persons.

The Sakhubunye group also won the community builder of the year award in 2007 for their commitment to fighting HIV/AIDS. Moreover, it is one of the two NGOs out of the seven samples that also cater for TB patients which makes it unique because of its wholesome approach to HIV/AIDS given its interrelatedness with TB. It has a clientele of 450 in Butterworth whom they serve through caring and providing support to HIV/AIDS people, mentally ill, TB patients and the orphans. On the other side of the spectrum there is also Mida, who through their material support, have also reduced the number of suffering children who are poor in Idutywa in the OR Tambo District.

4.8.2 Raising Awareness about HIV/AIDS in remote areas.

Ethembeni indicated that they have managed to raise HIV/AIDS awareness in the remote rural areas of Seymour where media communication about HIV/AIDS is limited. They stated that they have also managed to address the issue of stigma against HIV/AIDS patients and orphans. Most beneficiaries in the areas that they serve were stigmatised because they were receiving support from their organisation but they have managed to address the issue.

Alice Hospice indicated that they have made inroads in penetrating the rural areas and holding awareness campaigns. Although they acknowledged that some HIV positive people still live in denial until they die, they pointed out that they have also managed to

convince many who are on their programmes and they are recuperating. Mida and Sakhubunye also have been holding awareness campaigns which they feel have contributed towards reduced rates of infections in the areas that they operate in.

In addition to these common successes shared by the NGOs there are some unique achievements that they have made in their operations. Alice Hospice, from its inception got a donation of a house from the University of Fort Hare and furniture from Nkonkobe Municipality. “We started with virtually nothing but we have managed to acquire something”, said one of the respondents.

4.8.3 Poverty alleviation and Employment Creation.

Mida, which has a clientele of 789, has its own successes as well. They have managed to employ some people in their projects that they run thereby creating employment. They have contributed to poverty alleviation through their vegetable gardens, poultry and bakeries by employing people and feeding orphans.

Sinikuthando is imparting skills to the unskilled through knitting, sewing, beadwork and vegetable garden projects. They have also managed to alleviate the plight of the poor in Centane by giving them advice on the disability grant. The information was given to those who had no information concerning their privileges and are affected by HIV/AIDS. The group obtained land near Walter Sisulu University in the OR Tambo District for a garden project. This project contributes towards poverty alleviation by providing employment to the poor and HIV positive people.

4.9 Challenges experienced by NGOs in their operations.

There was unanimity among the NGOs surveyed that the funding from government is inadequate to cover the expenses incurred. These organisations have both common challenges and unique experiences that they encounter in their operations.

NGOs like Ethembeni and Alice Hospice do face the challenge of a high rate of poverty and so do Mida, Sakhubunye and Sinikuthando. These NGOs operate within poverty stricken areas where some people do not have any source of income. If an HIV/AIDS

patient is unemployed that person cannot afford a decent meal which is good enough to give them good health and they need proper provision in terms of food supply.

4.9.1 Immobility.

Immobility is one of the challenges that Alice hospice raised. They do not have the means of transport to go to villages and hold campaigns so as to raise awareness to the people who live in remoter areas. In the same manner, Ethembeni does not have transport to do the same. Both NGOs need transport that they can use to visit the bedridden patients and the orphans. Ethembeni is worst affected because it operates in the remotest areas where public transport is not available. In trying to overcome these hurdles, both NGOs indicated that volunteers use their own stipends to travel to visit their beneficiaries

4.9.2 Conflicts.

Another major challenge that most respondents raised is that NGO members often encounter conflicts among themselves. This emanates from the lack of conflict management skills. These conflicts often derail progress in the work of these NGOs and the beneficiaries suffer the consequences. There are instances where conflict emanates from the promulgations of the government, for instance, the principle that the maximum number of ten members with Matric passes must get a stipend of R1000, 00 per month. This has caused conflicts in Ethembeni. In this organisation, there were more than 10 members with Matric but because of the ceiling put forth by the government, some get less than that. The criteria to give the R1000, 00 became complicated and a conflict arose.

Other than financial challenges, the hospice said that they have tensions with the local clinic. The conflict is coming from the fact that the Hospice have a partnership with EU. According to the Hospice, the clinic officials feel that they should also benefit from the money that they receive from the international donors. As a result one of the doctors they were working with from the clinic had his services terminated. The Hospice was of the opinion that their tension is exacerbated by the reason that HIV positive people prefer to go to the Hospice for help because they say the government run clinics are not

friendly to the patients and they do not get quality service. As a result, the perception is that the officials from the government clinic display hostility to those NGOs that are helping people.

4.9.3 Remuneration for NGO staff.

Ethembeni was of the feeling that the stipend that the government is giving them is too little. They added that although the stipend that they get is for personal upkeep, they use it for travelling purposes when they do visitations to beneficiaries. The RULIV Report also indicated the same complaint among NGOs, and upon this basis, RULIV advocated for the government to increase the amount to between R2 500, 00 and R3000, 00 per month because they were of the opinion that a volunteer is an overworked person who is always travelling around to visit.

In the same vein, the sentiment in the Alice Hospice is that the government is not paying professionals who are working in the NGOs properly. Their dissatisfaction is that their members are professionals but they only claim a stipend for work done and felt that the stipend is a far cry to the work that they do. The Hospice was of the opinion that everyone must be paid in tandem with their qualifications.

4.9.4 The need for working facilities.

Upon observation and through interviews the researcher discovered that Ethembeni does not have proper offices to work from. They added that they needed furniture as well as transport.

Sinikuthando on the other hand emphasised that they need a home-based care kit which they need to use for HIV positive patients. They also raised the need for a Voluntary Counselling and Testing satellite in their area so as to shorten the distance that people should travel for testing. As for Sakhubunye, they need their own hospice in order to give their patients proper care.

As it is, Alice Hospice lacks materials for holding campaigns. This was observed by the researcher who visited the NGO a day before it held a campaign. For instance posters

were handwritten using water markers and this issue was also expressed by some NGO members in as indicated in the RULIV Report.

4.9.5 Volunteer high turnover.

Alice Hospice narrated that its challenges emanate from high turnover of volunteers. According to them, this is caused by the fact that they (volunteers) do not receive any form of remuneration hence when they get an opportunity somewhere else they leave. They have, from time to time, to recruit new volunteers and to train them through the European Union (EU).

4.9.6 Sustainability of funding.

The issue of the sustainability of funding instilled fear in NGO members. Ethembeni members expressed that donors are not known to them. Their worry was that they reside in remote areas and lack the exposure to media or the corporate sector. Ethembeni said that they are worried about their beneficiaries for the financial year 2010/2011 because the government has cut down their funding by more than half. They stated that their work has already been affected because the government has told them to cut down the number of volunteers that the coverage of their beneficiaries is going to be difficult for them. There was hesitation in the group on whether to pursue their work beyond 2010/2011 financial year because that is their final year of receiving funding from government. They said that they do not know what is going to happen to them once the funding ends because they have no donors outside of the government. Although the group is aware that the government encourages NGOs to look for funding elsewhere, they indicated that they lack the skills to do so and funding agencies are unknown to them.

Alice Hospice lamented that in the face of economic recession, they do not know how they are going to survive. The Hospice stated that although they get some donations from the corporate sector they do so at will and such donations are not sustainable. The Hospice expressed worry over the fact that they cannot scale up income generating projects due to budget constraints.

In corroborating the views and feelings of the NGOs, a respondent from the NGO Coalition narrated her experience with some NGOs that receive funding from the DoSD. She said that the main problem is that DoSD can unilaterally decide to reduce or stop funding without consulting the NGOs even though there is no defaulting. Organisations like the National Welfare Forum and others have also expressed their discontent with the way the government is handling the funding for NGOs through the Social Service Professions Bill.

4.10 Views from funders.

Most respondents from the corporate sector as well as the government agencies expressed their views on the funding strategy of the government. One of the serious issues upon which they unanimously agreed is that there is a serious problem with funding. However, they looked at the challenges from different angles which shed light on the complexity of the registration and funding matters.

4.10.1 Registration: Information Communication.

DoSD indicated that knowledge about registration is available especially to urban based NGOs that are well established and those that established themselves during the apartheid era. To those NGOs that reside in the rural areas, information is scarce but some NGOs manage to get the information from the DoSD. However, the information that they can access is somehow limited and this is evidenced by their inability to meet the requirements for registration, which is compounded by the inability of the members to interpret the forms.

According to the DoSD, 57% of the Voluntary Associations got assistance in filling out the applications forms. Others made use of model documents like the constitution and the codes of good practice which they accessed from the DoSD website. The majority of NGOs that needed no help in applying for registration are the Trusts and NGOs registered under the Companies Act. This was mainly due to the fact that they made use of professionals like lawyers and accountants to do the registration for them.

According to the DoSD, among the applications that needed re-submissions, Voluntary Associations and Cooperatives were the majority but they acknowledged that they got

assistance from the DoSD. The major problem encountered by rural-based NGOs is that they lack the capacity to fill in the registration forms and they regard it as complicated. There are some NGOs which did not want to register as NPOs because they indicated that the process was complicated while others did not even know that they could register.

However in some instances applications made by some NGOs were returned for a resubmission. One DoSD official admitted that once these NGOs send application forms that are wrongly filled in, the Directorate will return them and the process becomes longer. In terms of the established NGOs, the registration process seems to benefit them better than small and emerging NGOs. Concerning the submission of financial reports, the DoSD indicated that 73% of Trusts managed to comply with reporting as well as 69% of Section 21 companies. Of the smaller NGOs, Voluntary Associations registered with DoSD were 44% and Cooperatives were 46%. According to the Directorate (2009) between September 2008 and February 2009, they received 11082 new applications. Of these new applications, 10028 were selected to be processed. Out of them 3097 were registered and 997 were rejected.

Accordingly, the professionalism and capacity of NGOs correlate with the knowledge about registration. Seventy five percent of the Section 21 companies and 84% of Trusts indicated awareness on the Act and its objectives while 58% of registered Voluntary Associations understood the Act. This level of understanding also determines the registration experience of NGOs.

According to the DoSD, 73% of Trusts and 59% of Section 21 companies managed to access model documents while 57% of Voluntary Associations and 40% of Cooperatives got assistance through model documents like constitution, codes of good practice and others accessed from the DoSD website. Therefore, most of the Trusts and Section 21 companies were successful in getting certificates without re-submission because of the use of information coupled with the fact that they use lawyers and accountants in applying.

DoSD indicated that most Trusts and Section 21 companies have the privilege of accessing information and they use it to their own advantage in adaptation to the funding crisis. According to the DoSD, there are some NGOs with dual or triple registrations. As a Section 21 or a Trust, an NGO can facilitate fundraising while receiving tax exemption. For instance an organisation was discovered which had registered as a Cooperative (meaning it can distribute profits to its members) and as a Trust (for fundraising) and also as a PBO with SARS (to receive tax exemption).

The registration process of Trusts and Section 21 companies assists more established NGOs in that before registration, the size and level of income of an NGO determines their registration. With the Trusts and Section 21 companies, an organisation must pay an application fee for registration unlike the DoSD registration which is free. From inception organisations operate from different levels although they are required to report the same. Because of high income levels, Trusts and Section 21 companies have the ability to perform more effectively as compared to the majority of voluntary associations by employing qualified staff. According to table 4.1 in appendix 4 in the appendices, 73 Voluntary associations had annual revenue of 0-50 00 while only 8 Trusts had the same revenue. For those NGOs that had revenue of more than 1 million, there were only 2 voluntary associations while Trusts were 34 which was the highest figure.

4.10.2 Administrative challenges and delays.

The registration of NGOs has challenges that were relayed by organisations that work with NGOs. The Non-Profit Consortium (an NGO that assists NGOs with registration as NPOs as well as helping them to get tax benefits) reported that it has been receiving reports about administrative difficulties that NGOs experience when registering with the NPO Directorate. The complaints were that the process takes longer than the stipulated period of two. They do not receive letters of acknowledgement as proffered by the Directorate.

One respondent from the DoSD pointed out that the Directorate has serious challenges because at times an application can be returned for corrections about minor issues. For instance, an application was returned because the NGO members did not put

information on the extra members as the application form did not have space for the seventh person.

Furthermore, the DoSD acknowledged that the registration form is difficult to interpret for them as well. The respondent added that at times they have to phone their higher offices for assistance on filling the form. The challenge according to the DoSD is that the form is long winded and that some NGO members who have only Matric find it difficult to complete it.

According to the DoSD, there are some funders who require NGOs to be registered as NPOs before they get funded. If the registration delays and the delay interferes with planned time lines of the funders, especially those that abide by the time lines of the fiscal year, funding may be deferred. DoSD felt that delays in disbursement of funds also delay the implementation of NGO programmes.

However, the DoSD handles the issue of delays differently. For them, in the event of delays in granting of certification, the DoSD can give an NGO 50% of its allocated funds. If the certificate further delays, the DoSD will not disburse the rest of the funds until the certificate comes. According to the DoSD, delays within the Directorate can be attributed to a number of factors. The Directorate leadership is involved in various activities. They participate in several fora in the promotion of volunteer work and they have been participating in two Presidential Projects along with other Directorates within DoSD. In addition, the Directorate has its main areas of output which are

- Registering NGOs
- Monitoring compliance and update register for non-compliance
- Institutional strengthening
- Benchmarking
- Providing support face to face, over the phone and through correspondence and
- Contributing to the transformation of funding and monitoring of NGOs.

The Directorate is experiencing considerable strain in terms of delivering its services given the fact that it has only 29 members of staff. The number of the staff is a far cry when considering the work that they are supposed to do. Of the 29 members of staff 5 are devoted to capacity building while 18 are devoted to registration of NGOs and monitoring for compliance and 3 of them are obligated to creating and maintaining an NPO data base and managing the call centre.

The staff for registration expressed that the greatest work that they do is related to registration hence other areas of need are left unattended because it exerts more stress on the already understaffed Directorate. Moreover, carrying out monitoring and evaluation of NGOs requires staff members to move out of office and by so doing there will be an increase in the backlog on registration.

4.10.3 Inadequate resources.

In elaboration of the above challenge, the DoSD indicated that the NPO Directorate lacks adequate resources to ensure the smooth running of the registration process. The DoSD stressed that staff members from the Directorate indicated that at times they do not have time to do some of the duties that they are mandated to do like monitoring for compliance because it requires them to get out of office while the registration process eats most of their time. The number of staff is too little given that they serve the entire country.

The problems highlighted by the DoSD on the crisis within the Directorate have been attributed to a lack of adequate resources. The budget of the Directorate is allocated as part of the DoSD budget and the Directorate is not a priority area within the budget of DoSD. They were of the opinion that lack of adequate resources affects the Directorate because they are failing to increase their staff in order for them to meet their target.

In terms of registration only, the DoSD indicated that there are wide disparities between received applications and registered NGOs. According to figure 4.2 in Appendix 5, between the year 2008 and 2009, the Directorate received 3 400 applications for registration for the Eastern Cape Province and 500 NGOs were registered. In summary, all the provinces had a small fraction of their applications registered.

The DoSD acknowledges that lack of resources for the Directorate has contributed to its inability to fully implement its duties as prescribed in the NPO Act of 1997. For instance, the Directorate was holding workshops which focused on the registration process and reporting requirements with NGOs. Due to limited funds and capacity, the Directorate could not go further to help NGOs on equipping them with reporting skills. The DoSD indicated that the Directorate itself acknowledged that poor reporting skills on the part of NGOs is a reflection of poor financial practices which in the end will not improve the legitimacy of NGOs especially in the face of prospective funders.

4.10.4 Inherited practices that affect NGOs.

The DoSD feels that the NPO Act of 1997 inherited some prescripts of the Fundraising Act of 1978 which does not specify nor give the Directorate authority if there is misuse of funds by NGOs. They further explained that the question of strengthening versus controlling NGOs becomes fundamental because the Act only emphasises on non-compliance which does not foster sustainability. In their own opinion, registration has become euphemised due to the implications that result from the prescripts of the Act.

Another area of concern identified was that of partnerships. Government's tendering and procurement policies and procedures were improved to some extent in 1999/2000. The National Treasury formulated a new framework for Public Private Partnerships. According to the DoSD, the changes were technical in nature and did not address the crucial issue of the attitude of the government officials towards partnerships with the NGOs. Government has been focusing on the business sector for partnerships or well established NGOs. Other NGOs have been relegated to the role of project implementers or training providers rather than partners in policy formulation.

4.10.5 Complicated Reporting Requirements.

Furthermore, the DoSD indicated that the reporting requirements are complicated for smaller, less capacitated organisations to comply with. The Act expects NGOs to incur expenses for financial reporting and the smaller NGOs can not do that. These small NGOs operate with little or no resources, therefore they have financial records that do not match the required standard of the government.

The DoSD was of the standpoint that reporting has become more complicated for them even when they use finances because they, at times, use informal means of travelling like hiking. It is difficult because one does not obtain a receipt from hiking. According to the observation of the DoSD, small NGOs can not afford the services of an accounting officer and as such the process has become unsuitable for them. Due to lack of effective communication some organisations are not aware that without financial records they are allowed to submit a sworn affidavit or a bank statement in lieu of audited statements, as a result, some NGOs have had to choose to deregister in order to do away with the burden of financial reporting. To further elaborate the complicatedness of reporting, the Directorate provided some statistics. According to data collected between September 2008 and February 2009, NGOs required to report to the Directorate were 44 508. Out of the total number of those required to report, 36 570 did not submit which is 80%. The total number of those NGOs that submitted their reports is 7 938. Of those that submitted 40% were deemed compliant.

4.10.6 Unequal opportunities between rural and urban-based NGOs.

According to the ECNGOC, international donors are more willing to work with established NGOs and they do not necessarily require registration except for government agencies. Their feeling was that the current registration process is conducive for those established NGOs which have the absorptive capacity. The rural-based small organisations are therefore sidelined.

The DoSD also added that the NGOs in the health sector are the worst affected because most less established NGOs are in health and HIV/AIDS category.

According to the DoSD, the factor that has contributed to the slowed growth of NGOs in the health sector is due to the fact that benefits for NGOs have been marginal. DoSD stressed that most NGOs expected increased funding and taxation benefits, however actual benefits have been accruing to larger and more often, registered primarily section 21 companies or Trusts. In their own observations, some NGOs regard the registration for tax exemption with SARS as difficult and time consuming while the established organisations are the ones who are able to benefit from such opportunities.

In other instances the DoSD indicated that it has noted that some small rural-based NGOs prefer to deregister because they regard the process of compliance as complicated for them. As a result these NGOs fail to benefit from opportunities that can make them to grow.

While the NDA indicated that registration was good, it identified some loopholes which in its own opinion were hindrances to progress. The NDA stressed that the modus operandi is not streamlined, and that NGOs do not have the knowledge of how to comply with the requirements while the government does not communicate these requirements to the NGOs.

Community Chest also indicated that at times the issue of registration has been confusing to them. They expressed that they do not understand how the system works because the government can also fund NGOs without registration if the NGO has a running programme. However, they were quick to point out that the system might open up chances of mismanagement of government funds if there is no registration.

4.10.7 Application for funding: Business Planning Capacity.

Respondents from NDA, Community Chest, RULIV, World Vision and DoSD acknowledged that NGOs seriously lack skills to write a good proposal. Therefore, during the application process they are bound to fail.

World Vision indicated that Ethembeni which they work with lacks capacity to write a quality proposal. The respondent further elaborated that most NGOs fall victim to skills shortage. Despite the fact that these NGOs are helping the government they often do not get assistance on capacity building.

Lack of capacity is a major hindrance that also affects the ability of the organisation to write a good business plan. A respondent from RULIV emphasised that most NGOs cannot meet the requirements of the government. He said that NGO members compare the application process to that of filling in IMF forms. Also that, "As a result NGOs struggle to access funding despite the fact that they are doing what the government

should be doing”. RULIV further pointed out that the consequences of lack of training are that NGOs stumble along the way and the government blames NGOs for corruption and mismanagement of funds.

According to World Vision, the onus is upon the government to budget for training of NGO members before they can start applying for funding. They stated that government does not budget for the training of NGO members in handling of finances, capacity building, conflict management and other relevant skills. They emphasised that the government should start prioritising skills development before giving money to NGOs.

Furthermore, World Vision was of the feeling that the guiding principles of the government are missing the target. In an explanation, the respondent highlighted that although the government requires quality proposals, at times some NGOs fail to write quality business plans that qualify them to receive funding, which such organisations would be doing good work. Concurrently, a respondent from NDA reiterated the same opinion and added that the system of the application process needs serious revision.

According to the RULIV report, NGOs lack skills in proposal writing and business planning which are crucial elements for access funding.

4.10.8 Decision making in the application process.

The Community Chest highlighted that the government makes the final decision in terms of the amount that an NGO can get. Although NGOs suggest the amount of money that they need, the government can ask the applicant to rework its budget to the tune of what it is willing to offer. According to Community Chest, the system does not help the government in terms of future planning because the government's records will not reflect the extend to which it is successful or not in meeting the needs of NGOs.

4.10.9 Awarding of funding.

After acquiring the registration status, NGOs can then apply for funding. NDA indicated that in the year 2008/2009 they received 150 applications. Out of them, 50 managed to get funding in the entire Eastern Cape Province. In the opinion of the respondent from the NDA, the problem is that their organisation has requirements that they expect

applicants to meet before they can get funding. However, these requirements are not known to the NGOs. In an explanation, the respondent highlighted that NGOs are not taught about the requirements. As a result, most NGOs fail to qualify for funding.

Community Chest expressed that they also noted that a little fraction of the applicants managed to access funding. To them, it posed some questions as to why it is that provincial government departments can return funds to the National Treasury while many NGOs are facing financial crisis, especially in the rural areas. According to the Community Chest, there is need to revisit the way the awarding of funding is done in order to assist NGOs.

When it comes to funding from international donors, NGOs were of the feeling that more donors, especially US-based ones, require NGOs to subscribe to combating terrorism and may also require them to take positions against controversial issues such as abortion.

4.11 Disbursement of funds.

4.11.1 Delays in disbursing funds.

According to RULIV, delays in the disbursement of funds derail the progress of NGOs. The respondent from RULIV expressed that he did not understand why it takes long for NGOs to get their money when budgets are allocated in time. He further stated that at times funds are disbursed and government Departments require NGOs to report within a short period.

Furthermore, the disbursement process stipulates that NGOs should get 10% of their total funds and the rest will be disbursed in tranches throughout the financial year. The NDA regarded the disbursement as problematic because the delays in the disbursement of funds affect the work of NGOs. NDA further lamented that the pace at which NGOs get funds often delays their progress. In the opinion of the respondent, the process is not informed from the grassroots. The NDA stressed that the system should be supportive to the NGOs that they are helping instead of inhibiting them.

Another interesting finding from RULIV was that NGOs are used to the project type of funding. To the respondent, a project is a short lived endeavour while a programme is long term and sustainable. He argued that the government's approach of funding heavily borrows from the short-lived project cycle. The respondent was of the opinion that the government should consider funding NGOs for a long term until an NGO is in a position to be financially able to sustain itself.

4.12 The Need for Materials for Holding Campaigns.

According to RULIV, 90% of the 117 NGOs interviewed in Amatole District do not have materials to hold campaigns. The materials include videos, audio tapes and posters. Besides the shortage of these materials, RULIV also indicated that NGOs expressed the need for HIV positive educators to help them in holding campaigns. The NGOs were of the feeling that the government should pay these educators so that they feel motivated to assist them when they hold their campaigns.

Moreover, RULIV added that most of the small NGOs do not have HIV/AIDS workplace policies and occupational health and safety standards which are crucial in protecting those who handle bedridden patients.

4.13 Lack of leadership for the NGO sector.

Community Chest was of the opinion that the reason why the system is not supportive to NGOs is that the government is the sole decision maker. In the opinion of the respondent, there is need for the government to open up avenues for the NGO sector to participate in matters that concern them.

NDA was of the feeling that NGOs tend to accept their situation because they feel that they can not bite the hand that feeds them. NDA stressed that NGOs are scattered and they need to come together and voice their concerns.

There are some organisations like the National Welfare Forum (NWF) and the National Coalition for Social Services (NACOSS) which represent the majority of subsidised social welfare NGOs in the country. Along with many unsubsidised organisations and in partnership, they work together to address social service delivery provision in South

Africa as the Joint Strategic Committee (JSC). These organisations indicated that the government's conduct with NGOs is not promoting sustainability. In their deliberations, they argued that the effects of the Social Service Professions Bill were adversely affecting NGOs. The Bill allows the government to withdraw or reduce funding to NGOs without prior notice or consultation.

On this issue, Community Chest said that the Bill puts NGOs at a disadvantage in that, as a result of insufficient time for public consultation, 99% of NPOs signed a bill that gave the government the autonomy to decrease funding or even cancel it without consulting NGOs. The JSC requested the assistance of the Minister of Finance to provide critical emergency funding to the sector through the Adjustment Appropriation Bill.

On 28 August 2009, the JSC took it to the streets in the form marches in almost all provinces countrywide, with strong support from trade unions in some regions. In all cases, the call was for a new dispensation for the funding of essential social services delivered by NGOs, on which government is reliant for the delivery of most of the country's social services.

According to the JSC, many organisations countrywide are threatened with closure or with having to terminate or cut back essential services that are required by the Constitution and numerous laws and policies. They said that, "such a situation clearly undermines the fundamental rights of the poorest and most vulnerable members of our society".

In a report compiled by Beulah Lumkwana, the chairperson of NWF, a feature of the crisis is a continuous and massive loss of staff of NPOs, resulting from the huge gap between salaries earned by social service practitioners and support staff and those earned by their counterparts in the public service. In addition to being fundamentally unjust, this gap has a catastrophic impact on the ability of the NGOs to deliver effectively. Hence, a central call was voiced for funding increases to allow workers to get equal pay for equal work.

4.14 Capacity building.

World Vision was of the opinion that the government does not prioritise training of NGO members to handle finances. They indicated that it is their organisation that assisted Ethembeni with some of capacity building skills. Concurrently, NDA also reiterated that areas that need improvement for NGOs are financial management, cooperative governance, reporting, monitoring and evaluation, accountability and the provision of audited statements of accounts.

RULIV also indicated that NGOs lack capacity to perform competitively. They said that even though they help with the training, their efforts are doing little to help NGOs. RULIV was of the feeling that it is unfortunate that NGOs often end up with a tainted image after they have failed to deliver services and yet the blame does not solely lie with them.

RULIV identified areas that need improvement among NGOs. According to the organisation, NGOs need training in community outreach, needs assessment, electronic communication and designing communication materials.

4.15 Challenges and prospects of the grant-making model.

NDA stressed that the grant making model is flawed and divorced from the grassroots level. The respondent from NDA further explained that while the funders expect the NGOs to meet their requirements, NGOs also lack the knowledge of the requirements of the funder. Most NGOs revealed that they lack the knowledge of what the government requires of them. The NDA expressed that during the application process, if an organisation requires an amount that exceeds what the government is willing to offer the NGO will be asked to rework the budget to the tune of the amount that the government will give. NDA complained that in most cases NGOs get funds that are a far cry from what they would have requested. NDA described this process as limiting.

NDA further expressed that NGOs are forced to do what the funders require them to do at the expense of what they believe in. The respondent was of the feeling that the government is using a top down approach and that the approach is a disadvantage to NGOs.

Furthermore, the NDA indicated that disparities among government funders as well as other donors pose challenges to those NGOs that lack expertise to comply with different requirements. There are too many actors with different grant making models. Different departments within the government are not aware of the prescriptions of the NPO Act hence they design their own strategies to fund NGOs. According to the NDA, these different models are different from each other and impact differently on NGOs that are in the same field, also that NGOs in the same sector may not deliver the same quality of service.

Community Chest was of the opinion that the government should scale up its effort in supporting NGOs. They pointed out that at times the departments return money to the National Treasury which was intended for helping NGOs. The organisation felt that funds budgeted for NGOs must be put to maximum use unlike the situation where funding is returned and yet some NGOs are facing funding challenges.

4.16 Summary.

From the findings, one can note that the government has managed to repeal some legislation that inhibited some NGOs to operate through the NPO Act of 2007. This Act allowed for voluntary registration which has benefits which include tax exemption as well as access to funding from the government. Several NGOs have managed to register and access funding. As a result, they managed to help AIDS victims and other needy people.

However, although the government demonstrated its commitment to help NGOs, there are problems associated with its strategy. Most voluntary associations struggle to meet the requirements of government and they indicated that they are too complex for them to meet. Most of the NGOs benefiting are Section 21 companies, Trusts and others with a strong institutional capacity. It is observable that in meeting requirements for registration, funding and reporting they do not struggle and this corresponds with their income.

NGOs in poverty stricken areas are characterised by lack of skills essential for running their organisations as well as lack of donors outside of the government. Lack of skills is

attributable to the inability of the Directorate to train NGOs despite the fact that it is mandated to do so.

Moreover, the NGO sector lacks leadership that is able help NGOs to make their petitions heard by the government.

Effort has been made to transcribe notes from the recorder into report. Data presented was obtained from fieldwork and literature. The next chapter dwells on the analysis of data presented in this chapter.

CHAPTER FIVE

Analysis of findings

5.1 Introduction

Since the Paris Declaration of 2005, there has been increased emphasis by both donors and governments on the need for bilateral donors to engage the government by channelling funds to NGOs through the government. This emphasis follows the realisation by donors that aid is not ameliorating the lives of the poor. The Paris Declaration of 2005 is an agreement between governments and donors to maximise aid effectiveness through increased involvement of the government. The Declaration was in line with the position of the South African government which, since 1994, started to encourage bilateral donors to channel funds to NGOs through it as a transitional support. Funds to NGOs since then have been disbursed through various government departments and agencies. Although this was done in the name of aid effectiveness, there are more challenges encountered. Many NGOs are failing to scale up their activities while others are faced with the prospects of closure as funding is reaching a minority of the total number of NGOs. As ECNGOCO reiterated, funding is not getting to NGOs as it should. In a bid to survive, some NGOs are privatising while those which cannot face the tide are closing down. Consequently, the poor are the hardest hit because they do not have the resources to fend for themselves.

5.2 An analysis of rules governing the operations of NGOs.

According to DFID (2003) an analysis of roles of stakeholders is essential in appraising an organisation in order to diagnose the root causes of failure. As Heltberg points out, the functional variables include rules that directly affect the functioning of organisations. This chapter will therefore start with an analysis of the rules that govern NGOs.

5.2.1 The requirement of registration: Information communication.

The government of South Africa requires that NGOs must register before they can apply for funding. The communication process between the government and the NGOs has been useful to those who managed to access it. As indicated by the findings from the respondents interviewed, some NGOs only come to know that they have to register in order to receive funding from the government when they will be looking for funds. The fact that poor NGOs do not have access to information is in contrast to the prescripts of sustainable development. According to World Resources Institute (1994) sustainable development is a process of achieving human development through some fundamental initiatives which present the poor with choices in an inclusive manner. The manner in which government communicates must be inclusive in that it must ensure that all NGOs are in a position to get information that is important to their work.

Mechanisms in place through the DoSD are designed in such a way that established NGOs are the ones which make use of information available for NGOs. Of the NGOs interviewed, the ones composed of professionals like Alice Hospice stated that they knew in advance that they need to register in order to function as a legal entity. Therefore, those that do not have such professionals hardly benefit from such privileges.

The consequent effect of poor communication has been a disadvantage to the NGOs located in the rural areas. Such NGOs may not be aware of the benefits that they can reap out of registration like tax exemption. According to institutional development, poor information communication does not help NGOs to be sustainable. According to McGill (1995) institutional development is hinged on the ability of the government to create an enabling environment and on the NGOs to develop a strong organisation that can sustain the poor. In this case, the government through the DoSD has not been able to create an enabling environment to the NGOs in the rural areas.

Moreover, central to the concept of sustainable development are elements of equitability which touches on the fair distribution of resources and property rights both within and

between generations. The fact that the well established NGOs are the ones in a position to benefit contradicts the standpoint adopted by this study.

5.2.2 The challenges posed by fragmented registering bodies.

As noted in the findings, there are different government Departments that are responsible for registering NGOs. The Trusts under the Ministry of Justice, Section 21 companies under the Department of Trade and Industry and Cooperatives under the Department of Agriculture have unique features which render them to operate at different levels and give them unique advantages in particular, Trusts and Section 21 Companies function like private entities because they can carry out fundraising activities. Under the Department of Agriculture, cooperatives can share proceeds of their produce with tax exemption.

An example of triple registration was found in the DoSD report which indicate that an NGO registered as three entities, namely, a section 21 company (to be able organisation to carry out fundraising activities), as a PBO (to acquire the public benefits from SARS for tax exemption) and as a cooperative (to be able to distribute its profits among its members). To crown it all, this organisation was operating as a restaurant. These irregularities require a revision of the legislative framework in order to curb activities such as these NGO members who are exploiting the loopholes within the system. The reason why cooperatives are allowed to distribute their proceeds is because there is a provision by the Department of Agriculture that cooperatives are those organisations where poor people join hands and do farming so that they can share their produce. Therefore, some people take advantage of such circumstances to make profit and share it while they also enjoy the benefits of being exempted from paying tax in the name of a PBO. An establishment of a single body which can carry out registration activities can help to curb such activities.

The challenge associated with the fragmented registration bodies is that they are more likely to put rural-based NGOs at a disadvantage. Urban-based NGOs are in a position to grow due to their proximity to information and the ability to manipulate opportunities, unlike the rural NGOs who often rely solely on government funding. When it comes to

funding, any donor would prefer to give funding to an established organisation which they trust. Further, the state of the law that is governing registration is not what NGO authors subscribe to. Clayton (2007) in particular, argues that the role of the government is to give a foundation of law and friendly policy environment for NGOs because it is the one that has the power to open avenues for them. In addition, Heltberg (2002) stresses that functional variables are the one that determine outputs. Therefore functional variables in form of fragmented registering bodies are not bringing favourable outputs.

5.3 The relevance of registration to NGOs.

While the government says that registration is a pre-requisite for funding, NGOs without registration can still apply for funding provided they have a running programme and they are also in the process of registration. In some cases corrupt NGOs have tainted the reputation of other NGOs because they get money from the government and misuse it. This has created a relationship of distrust between the government and NGOs. According to Moroso (2005) cases of mistrust between the NGOs and the government are not new to South Africa, in Uganda a certain NGO made the government to be suspicious when it showed its unwillingness to be accountable to the government on financial matters.

The registration process as it stands is benefiting the well established NGOs. Opportunities offered by the DoSD are reachable to those NGOs that are viable. As noted by the findings, there is a correlation between the type of NGO and the ability to meet the government requirements. Most of these NGOs are the Section 21 companies and Trusts and a few voluntary Associations. These NGOs are able to make use of the available information and they do not face difficulties in complying with the needs of the government. These disparities have rendered NGOs to function at different platforms.

The sectors which receive most of government's funding are characterised by well-developed, formal NGOs, which tend to be more active in established, urban working class and middle class communities than in the poorer communities. Forty seven percent of social services NGOs and 42% of health NGOs were concentrated in the

middle-income socio-economic categories DoSD (2005). There might be a distortion that government funding is benefiting the poor whereas one can observe that NGOs in the development and housing sectors are concentrated at the poorer levels of South African society, and that the government is a significant funder of development and housing.

This is not necessarily the case for the health and social service sectors, which also receive a lot of government money. Many of the NGOs in these sectors are concentrated in the middle-income categories and were established before 1994. They catered more for the white sector of society, and possibly still do. According to Swilling & Russell, (2003) this is not to say that health and social services NGOs do not meet the needs of the poor, but rather to suggest a possible trend that may raise concerns about who benefits from government funding support for the health and social service sectors. The health sector got R634 million from private sector donors, development and housing R585 million, and education and research R490 million but the authors did not give the year in which this money was given (Swilling & Russell, 2003).

Swilling & Russell are of the opinion that government funding is benefiting the poor given the increase in the allocation of funds despite a noticeable trend that funding is going to the NGOs that used to thrive during the apartheid. However, there is clear illustration that the poor cannot benefit from the existing system because most of the NGOs in the sectors that received increased budgets are the middle urban-based and white-run who have been benefiting before the new government came into power. However, there has been widespread consensus that NGOs working with the poor have succeeded in ameliorating their poverty. What is of concern is the relationship between states and NGOs in Africa which is lamented as a setback in the face of an afflicted people. Michael (2004) stated that these setbacks emanate from the state which was inherited by most African governments which were primarily concerned with the extraction of revenue. This was due to the fact that the competitive nature of the colonial powers in contest for Africa required colonising nations to have a strong physical presence in their colonies to exclude rival powers (Michael, 2004). Such an ideology was maintained by the imposition of centralised and authoritarian state structures as an

imperative. At independence, it was this autocratic and patrimonial extractive state that Africans inherited and maintained whose balance of power between the state and society was skewed towards the state.

Although the government through the RDP committed itself to bring about equal opportunities between the blacks and whites by funding all NGOs irrespective of their background, their efforts are being stalled by inherent institutional impediments. The government did not make an attempt to address the challenges faced by rural based NGOs where the poor live. These smaller community-based NGOs have not been recognised because most existing databases have not been designed to capture them (Swilling & Russell, 2003). This substantial sub-group is believed to have an important contribution to make to poverty alleviation by responding to immediate problems at community level far more quickly than any more formal structures, particularly the government. Anecdotally, their response would be particularly effective for the HIV/AIDS crisis, as they would be providing support and care to the poorest of the poor, who have few other channels of assistance (Swilling & Russell, 2003). It therefore should be of major concern to the government given that the majority of these organisations remain informal and reside in rural areas. Moreover Jalali (2008) argues that the government often appreciates NGOs when they fill the gap in provision of essential services hence the government should appreciate the services being rendered by NGOs by supporting them.

The fact that some NGOs end up with double or even triple registration is also a pointer to bigger conceptual issues entailed in the NPO Act of 1997. Such conceptual confusion has opened up avenues for some NGOs to make profit. According to the adopted definition of NGOs, non-distributiveness is stressed as one of the landmarks of the voluntary sector. In this case, it brings confusion whereby NGOs distribute profits among members. Moreover, Brown & Kalegaonkar (2002) argue that the extent to which an NGO provide help is determined by how much of its money goes towards helping the poor. Triple registration is also contrary to the United Nations System of National Accounts' classification of NGOs. According to UNSNA, for an organisation to

qualify for NGO status, it must receive its income not from the sale of goods and services in the market, but from the dues and contributions of their members and supporters. Given that some these organisations have been operating as restaurants as stated by the DoSD Report (2005) brings the definition of NGOs into obscurity. This problem derives from the fact that the NPO Act of 2007 has been facing difficulties in trying to define what constitutes an NGO.

5.4 The Importance of Organisational Strengthening.

Shepherd (1998) posits that key institutional components include among others, the need for government to prioritise funding for NGOs. This often requires effective decision making because decision-making structures make institutions more or less supportive of the poor. In this case the government must take into account that NGOs need to be trained in order to be able to use resources effectively. The fact that NGOs in the rural areas fail to meet the requirements of the government is an indicator that there is a gap that the government needs to fill. This gap requires the government to prioritise training for NGO members to acquire necessary skills so that resources are used effectively. This challenge is in consonance with findings in literature where Michael (2004) states that most NGOs in the rural areas battle with the problem of lack of competent members therefore, if this problem is common to NGOs in the rural areas, the government should be on the guard to help such organisations.

The government cannot do without the NGOs in rural areas. These NGOs need proper training in areas such as book keeping, monitoring and evaluation of projects, project planning, conflict resolution and many other skills that are required for sustaining a programme. If the conditions set by the government remain constant, most NGOs in the poor areas will be defunct. The people in the rural areas are an asset to the government. As shown by institutional development theorists, an asset-based approach to development is sustainable. The approach advocates for the use of assets available to achieve development goals. In this case, the assets that are referred to include NGO members. Despite their commitment to help, they need training in order for them to work sustainably.

The need for training of NGO members can not be over emphasised. A common trend was observed that the urban-based NGOs make use of lawyers and accountants to carry out the registration for them. On the other hand the rural-based NGOs sought assistance from the DoSD officers while others had to close down because they did not know that they can register. The rural based NGOs were the ones who complained that the registration process was too complicated and longwinded. The use of professionals proved to be an advantage because most applications which were returned for resubmission were from the voluntary associations and cooperatives. This is evidenced by a respondent responsible for the registration of NGOs who admitted that the form is complicated for them too and that at times they have to call their seniors from a higher office for assistance.

As NGOs lack requisite skills for running their organisations, they often struggle to improve their conditions. These organisations are often at a disadvantage because they can not access technical knowledge and information especially through consultants because it is unaffordable for them. Most NGOs admitted that it is a very competitive venture to write a good business plan that can secure funding. Even though they might succeed in registration, they often struggle to come up with a good project proposal. Therefore the possibility of these NGOs closing down is high given that the government is not offering assistance for training to these NGOs.

The assertion above can be held true given that the Social Development report of 2005, shows that they deregistered some NGOs because of defaulting in abiding by the conditionalities of the DoSD. Defaulting constitutes the inability of an organisation to comply with the reporting requirements of DoSD. While deregistration of defaulting NGOs sounds like a noble decision, it is worth it for the government to investigate the reasons why these NGOs are defaulting. As the study has indicated earlier, the government does not budget for training of NGO members. Rather, NGOs get training from other self sufficient NGOs like Ethembeni which got training from the World Vision in Seymour.

Michael (2004) on this matter states that NGOs in Africa have been rendered weak and that this weakness is evident in the absence of material, organisational and ideological means required for NGO activity. NGOs lack the participation, coordination and leadership necessary to fulfil the organisational and ideological dimensions. In addition, there is lack of access to high quality human resources. The tendency is that most qualified graduates prefer employment in governments or the private sector or well established NGOs rather than in the rural based NGOs. On this factor Michael concurs with Julie (2009) who has also observed that graduates prefer working somewhere else rather than with these NGOs.

As Mc Gill (1995) stresses, skills are an essential part that is needed to ensure sustainability of an organisation. Institutional development entails organisational development which emphasises the internal strengthening of the organisation. In organisational development, an organisation can only thrive if efficiency is established in the organisation. Efficiency is whereby every resource is put to its maximum use through applying relevant skilled personnel. However, this is not the case with some of the NGOs under study.

The fact that the writing of business plans is considered as a measure to evaluate the capacity of NGOs to handle funds together with all other requirements is sometimes problematic. While it is needy to write business plans, the government should value the commitment of the NGOs in helping the poor given that these organisations are doing what the government should be doing. In particular, Laphumikwezi in Fort Beaufort closed down because of lack of funding despite the fact that they were giving food handouts to the HIV and AIDS victims. This is a lamentable discovery given that sustainable development is development that is likely to achieve lasting satisfaction of human needs and improvement of the quality of life as argued by Allen, in (Elliot, 1994).

Further, government should work with NGOs with the notion stated by Gibbs et al (1999) that NGOs help the state to put services within the reach of all through augmenting the initiatives of the state. According to Leonard (2002) NGOs in Africa

provide significant portions of health care services and are generally seen as being of high quality. In Ghana as of 2002, NGOs provided 40% of clinical care needs, 27% of hospital beds and 35% of outpatient services. In Tanzania, NGOs provide half of all hospitals and beds and receive half of all curative visits. In Zimbabwe, they supply 35% of all hospital beds and 96% of all NGO facilities are located in disadvantaged rural areas.

5.5 Participation as a key component of institutional development.

Participatory development often argues that development must start from the grassroots. The lack of knowledge of how to fill in the application form is an indicator that some NGOs are not aware of what is required of them of by the government. Furthermore, these NGOs do not even know the advantages of being a registered organisation. There is a necessity for the government to help NGOs through workshops where government officials explain the advantages of registration and what is expected from them.

Institutional proponents like McGill (1995) argue that for an organisation to function effectively there must be a policy that speaks to the needs at the local level and that there should be a level of participation established. Participation is lacking between NGOs and the government about the registration process, its advantages as well as what is required of them. Other NGOs actually decide to forfeit their NPO status because they can not cope with the process of accounting to the Directorate which they consider tedious. As NGOs lack the opportunity to participate by engaging with the government of what is expected of them, Braathen & Palmero (2001) identified the problem as the inherited state which does not take NGOs seriously.

Further, the lack of a policy that speaks to the registration of these NGOs might be due to the fact that in the formulation of these policies, the government does not engage NGOs. As stated in literature, Braathen & Palmero point out that lack of participation of NGOs in development emanates from the fact that the inherited state does not allow for participation of NGOs in policy formulation. Rather, policy formulation is heavily guarded

as a highly political activity where NGOs are not supposed to come in. NGOs are only invited to come in and pursue what the government outlines. According to Habib (2003) the policy making process in South Africa was supposed to be composed of the business sector, the labour, the government and the civil society as the National, Economic, Development and Labour Council (NEDLAC). Surprisingly, the civil society has been sidelined and hardly contributes to the policy making process. However, Lillehammer (2003) is of the opinion that NGOs can represent the interests of the people they work with and hence ensure that policies are also adapted to real life. In this way policies are legitimised. The net effect of these efforts is that there will be a generation of informed public judgement as NGOs will be acting as a medium between the state and the masses.

5.6 Delays within the government.

The NGOs have also raised a complaint of delays by the government and how it has affected their work. In registration, Alice Hospice indicated that it took them more than three years to receive their NPO certificate. Others also indicated that it takes longer than the two months that the Directorate stipulates. Some respondents expressed their disappointment with the Directorate but they said “what can you do about the government, that is how it is and they are our boss”. Such expressions might be a pointer to the type of a relationship between the two development actors whereby the government sets the pace of development and the NGOs have no say in it. The entire process of registration has weaknesses that need serious revision in order to consolidate the process. This problem is analogous to the Zimbabwean situation raised by Mungate (1993) who states that the government tend to set the pace of development which often runs contrary to the ideology of NGOs who believe in participation and dialogue.

Besides delays in registration, NGOs expressed that there are problems in the disbursement process. According to the NGO Pulse (2009) complaints are coming from civil society that the NLDTF goes for long without distributing funds due to fact that the board that sits for the selection of NGOs does not meet frequently because they are not full time employees. The delays have been questioned because the same members get

R1.2 million per year. Some NGOs complained that the amount going as remuneration for the board members was too much given the fact that there are millions of voluntary workers who sacrifice the little that they get to visit orphans and AIDS victims for R12 000 00 per year. At the same time, more than 500 000 needy South Africans, many of them women and children, could be plunged into further desperation as many NGOs face a funding crisis. NGOs, which represent 30% of social services in the country, had R3 billion less to spend on crucial development issues in 2009 because of the recession (Bately, 2009). On the contrary, institutional development is of the notion that institutions are central to sustainable and beneficial development. They create the policies, mobilise and manage the resources, and deliver the services which stimulate and sustain development. Development is not likely to be sustained if institutions which guide it are dysfunctional. Thus, sustainable development lies among other things in the ability of institutions to filter and guide the development process (McGill, 1995). Therefore the way in which NLTFDF operates is not in line with institutional development.

In one extreme case, the money which was awarded to one NGO got lost because it was deposited into another NGO's account because their names being similar. Such cases although isolated demonstrate lack of effective verification measures on the part of funders.

5.7 The Decision-Making process.

The government reserves too much autonomy by having the power to decrease or withdraw funding from NGOs without consultation or defaulting on the part of NGOs as according to the Social Service Profession Bill 110 of 1978. In addition, the Bill discriminates against NGO members by giving them stipends that are a far cry from their needs. Moreover, the stipend is used by NGO members for travelling when they visit bedridden patients and orphans. The Bill stipulates that only 10 members with a Matric pass can get R1000 00 per month and the rest get R600 00 per month. Although the motive of the government is not clear by so doing, the ceiling has caused conflicts. In Ethembeni there were more than 10 members who had Matric. They experienced conflicts within the organisation as members struggled to decide on who should get the stipend of R 1000, 00.

NWF and NACOSS expressed their displeasure on the way in which the government is discriminating against workers. In comparison to the government staff, members who work in the NGO sector get far much less than their government counterparts hence the JSC advocated for “equal work for equal payment”. On the contrary, the voluntary sector is shaped by the ethics of voluntarism which are usually based on benevolence. It is therefore founded on voluntary assistance as opposed to the public or private sectors that are founded on salaries and wages. It becomes complicated if NGO members would want equal work for equal payment because that argument runs contrary to the fundamental ethics of the voluntary sector.

The voluntary sector should be exclusively founded on voluntarism as reiterated by McFubara (2002) who states that the sector is founded on mutual responsibility, a phenomenon that is well established in Africa as communitarianism where the responsibility of a clan member is shared throughout the clan. In this light, help is not regarded as a favour but as a right and those who give it should do so on the basis of compassion.

The funding model of the government seriously lacks substantial tools to measure sustainability. This is so because the government only gives what it feels it can give, for instance one NGO got R50 000 00 after asking for R347 000 00. This makes it difficult for the government to measure sustainability, neither is it going to know if there is need to increase or decrease funding because the funding is not informed from below. Development can be deemed to be meaningful when the basic needs of the poor and marginalised are met through empowering them with lasting solutions that will make them self sufficient (Schmale, 1993).

In a nutshell, the grant-making model that the government is using is not streamlined. The model does not speak to the needs of the people while NGOs are not quite informed of the modus operandi of the whole system. The need to translate the model into simplicity cannot be over emphasised. This is very crucial because NGOs will continue to grope in darkness while the government will also have a bad image with NGOs and this constitutes to an institutional weakness. McGill (1995) suggests that,

institutional weakness constitutes a roadblock to development in developing countries. This problem of institutional weakness is reputed to be most severe in sub-Saharan Africa.

Another indirect effect of the existing principles is that the required pre-requisites which are business planning and accountability can easily be met by NGOs that were already thriving under the apartheid rule. In most cases these NGOs are urban-based. Although some might have operational bases in rural areas, they have little impact to the poor. Since the existing funding strategy is better understood by this calibre of NGOs, the poor will continue to be marginalised because funding is falling into the wrong hands.

Mercier (1998) is of the opinion that NGOs have become important players in development. There is a shared consensus that NGOs have become popular with the donor agencies as channels because of the qualities that they have. These range from diversity, efficiency and ability to reach the grassroots people and mobilisation of them for sustainable development on the use of natural resources as shown earlier. Jalali acknowledges that the volume of aid to NGOs has been on the increase, with the Organisation for Economic Cooperation and Development (OECD) giving between 15% and 20% of total overseas development aid channelled to NGOs. Although NGOs have become popular with global donors who wish to assist African countries in development as evidenced by the Mercier and Jalali, this has not been the case in South Africa. Although aid is being channelled, the beneficiaries are well established NGOs who have the ability to meet the requirements of the funding strategy.

Two NGOs that receive money from the DoSD claimed that they got approximately R550 000 per year despite their submissions of business plans that indicated their financial needs. This money is disbursed without the consideration of the needs at grassroots level, a reflection of lack of serious consultation and engagement at the grassroots level. This should not be the case because NGOs are founded on the need to assist the poor and powerless therefore funding should not be rigid but speak to the needs of those that need assistance because if they do not get assistance they may resort to unsustainable means for survival.

Another complaint raised by the NGOs is that the government gives 10% of the funding as an initial payment. After this the NGO will have to account for the money before they can ask for the next batch. Moreover for them to get the next tranche, they must submit another application stating what they want to use the money for. This sounds like a replication given the fact that the NGO would have already submitted a business plan stating their needs. This replication is time consuming and also taxing on the part of NGOs.

Some NGOs further complained that the service level agreement which they have to enter into gives too much autonomy to the funder. In cases where the NGO encounters unforeseen expenditures, it becomes difficult for the organisation to manoeuvre. It also portrays a picture of mistrust between the two partners. However the service level agreement is also helpful to both partners because it helps poor NGOs to develop accountability skills. It also minimises opportunities of misuse of funds by the NGOs thus promoting the institutional capacity for them. If the institutional capacity of an NGO is credible it attracts the interests of donors because donors would not be hesitant to fund an organisation they trust.

Under the DoSD, NGOs get funding for a period of three years only after which they are expected to fend for themselves. The funding is meant to kick-start the operations of the NGO so that it acquires the necessary skills to do its own fundraising. This grant-making model is problematic for NGOs and the government itself. The funding system is too rigid to allow NGOs to scale up. The fact of the matter is that while some NGOs might need funding for less than three years to stand on their own, others may need more time being funded to stabilise. It might therefore happen that some needy NGOs would be weaned from government funding and fail to continue after that. Ideally development should be flexible by speaking to the needs at grassroots level. This is in tandem with Booy, in Schmale (1993), who defines institutional development as a strategic learning process whereby an institution's environment, structure, management, resources,

ideology, strategy and performance or output are developed and empowered so that it becomes of greater value to the community it serves.

Furthermore, it needs to be emphasised that development should be dynamic and speak to the needs on the ground. NGOs are currently not getting adequate assistance to run their projects properly. Some have expressed the desire to scale up their income generating projects in order to survive after the funding of the government has ceased, but they cannot do it because of insufficient resources.

The fact that the government provides funding to NGOs for a period of three years as a kick-start is proving to be not effective because the probabilities of NGOs collapsing after the ending of funding are very high. This probability is brought about by the fact that NGO members may go for those three years without acquiring skills to help them continue after the withdrawal of funding. The net effect of this is that more NGOs get funding and collapse while there is no meaningful impact that the funding has brought. Although the government encourages NGOs to look elsewhere for funding, the NGOs lack the capacity to do so. Srinivas (2008) asserts that fundraising activities need skills and knowledge to be effective and successful, which most NGOs do not have. Moreover, these NGOs are located in the rural areas where exposure to the media or the corporate sector is very limited.

5.8 The role of a third party.

The government calls upon the NGOs to submit business plans. Some funders prefer that NGOs' business plans go through the third party. The third party has both advantages and disadvantages. The advantages of indirect funding, for instance, it eliminates conflict of interest among NGO members in terms of the usage of funds as well as eliminating opportunities of mismanagement of funds because NGOs will be operating under the supervision of the third party. The idea of a third party also helps organisations to develop accountability skills, which goes along with internal organisational strengthening which emphasises the need for an organisation to have skilled personnel as stated by McGill (1995).

On the disadvantages, the third party can get the money deposited into their bank account and disburse to the NGO in tranches. Interest therefore accrues to the account of the third party and the NGOs do not benefit from interest. This lacks transparency and it causes a lot of delays for NGOs to access funding. Moreover, in cases where inflated budgets are discovered, it taints the image of the NGOs. The third party was also associated with high bureaucracy by NGOs. The consequent effects of the disadvantages of the third party are that NGOs underperform. When these NGOs fail to meet the standards of the government they often end up with a bad image and at the same time government may not get to know the truth about the causes of underperformance. The institutional framework of the DFID also works to evaluate the underlying causes of the failure by the NGOs to meet the standards of the government.

5.9 The Impact of the donor's demands on NGO work.

NGOs are now worried about how to produce an appealing proposal to the donors. In some sense, this is a compromise on the part of NGOs. They are sacrificing what they believe in for what the donor wants. A certain NGO member said 'we ask for funding from donors like beggars. I find it becoming more and more difficult as the years go by. We have to balance the situation: beg a little, press for our agenda, take a little bit of this and that to bend to the donors demands. Circumstances don't allow us to simply follow what we believe in anymore'. At the end of the day, one can ask the question that Habib & Taylor (1999) have asked "who plays the pipe?" NGO behaviour has been affected by the funding model that is in place because they tend to follow what donors want instead of pursuing their plans as informed by the needs at grassroots.

Although in some cases NGOs can have the technical knowledge to start fundraising activities, most donors are not comfortable with financing small organisations. Kironde & Neil (2004) also noted that the behaviour of donors in giving funds to NGOs have strings attached. At times donors want to fund big organisations or fund popular activities in a bid to attract media attention which might give the organisation tax exemption benefits. This has also been characteristic of NGOs in China as narrated by Lu (2005) where NGOs host fundraising events and also recognise their funders at an

occasion where government officials will be invited and the event will be broadcasted on television.

In another case donors would impose on NGOs that if they have to fund an organisation, it should do controversial activities like abortion. As noted by Penderis (2006) these are often American donors who require NGOs to include such activities on their agenda. Under such circumstances one can observe that NGOs end up pursuing the political agenda of foreign donors and at the same they sacrifice what they believe in for the sake of their donors. It should however be noted that after the September 11 attack in America donors all over the world have been careful in their donations to avoid funding terrorist activities camouflaged as charity work.

The condition of NGOs in rural areas was exacerbated by the fact that the role played by international donors like DFID, USAID and the Belgian government was peripheral. They only supported with technical assistance and their support was concentrated at national level. NGOs now behave like organisations who love money as they beg for assistance. As the crisis deepens, NGOs are now sacrificing what they believe in for the sake of getting funds because donors impose their own conditionalities that NGOs should meet as a compliance measure. Out of the organisations examined, only two organisations were involved in TB services.

Fear of doing unpopular activities could be influencing NGOs. Kironde & Neil (2004) also observed that even NGOs want to do popular activities like HIV and AIDS. To some extent, some bad NGOs have entered the field of AIDS for the sake of getting funds. They have tainted the images of other NGOs which are positively contributing to the well being of the people. Moroso (2005) also lamented the fact that some NGOs are only interested in money more than they would assist the poor. This tarnishes the image of the voluntary sector which is regarded as a sector founded on dedication and compassion known as communitarianism, as stated by McFubara.

Alice Hospice was also complaining that the DoH terminated its contract with them because they asked the Hospice to use its own money and the Department was going to reimburse them. It is lamentable that the Department terminated the contract because the Hospice failed to comply with their demands. Moreover it demonstrates that the government holds the right to terminate funding which is similar to the behaviour of the other donors. This behaviour conforms to the type of a regime that the government is as a social democratic one that is committed to channel its funds through the public sector than the voluntary sector.

5.10 Resource Distribution.

The inability of government to distribute the resources is of concern especially in the face of a funding crisis. Another respondent stated that governments at provincial level will only give money to NGOs towards the end of the year when they are under pressure to account to the National Treasury. In another interview another respondent reiterated that government always complains that it does not have money and yet the DoSD returned R100 million to the treasury in the year end 2008 while NGOs are facing funding challenges. In another interview, it was discovered that applications submitted for funding were approximately 150 but only 50 were receiving funding, meaning only 33% of the applicants qualified for funding. This situation is in consonance with Terreblanche (2002) who notes that most poverty reduction budgets go unspent while people continue in misery.

While institutional development stresses the importance of the rules of the game as essential in achieving the goals of an organisation, in this case the rules that govern NGO funding are not supporting a vibrant and sustainable NGO sector. The inability of the provincial government to spend budgets is the same problem being faced by the National Treasury itself (Bond, 2003:32). Further, Bond shows that the grants and loans that the government received from international donors was not fully committed, disbursed or implemented.

Between 1994 and 1999 the government received vast funds from the European Union (EU) (\$1.75 billion), United States (US) (\$800 million), and Japan (\$550

million). The degree to which funding actually reached beneficiaries has been highly variable with 'delivery' areas like rural water or roads recording very low levels. One report indicated that the aid committed to development received from the largest donor, the EU, was 'abysmal' in part because its ratio of money actually committed to that pledged was just 51 per cent and the amount disbursed compared to that committed was only 13 per cent.' Even by mid-1999, full two-thirds of the previous five years' worth of EU pledges had not been spent. The government could not disburse its own development-related monies (in housing, infrastructure land reform and many other fields) due to lack of absorptive capacity.

Seemingly, the government inherited an administration that was not in order. As Terreblanche (2002) noted, when negotiating for a democratic government, the white minority government agreed with the ANC that minority rights were to be maintained. As a result, autonomous provincial governments were set up. Some of these provincial governments incorporated some of the poorest former homelands that were neglected by the apartheid. With these unresolved setbacks, provincial governments are failing to deliver partly due to those impediments.

As the new government inherited a chaotic administration that was not geared towards development institutionally, it was faced with a challenge of dismantling the racist institutions that had promoted apartheid for decades. This work was not going to be an overnight task given that the government inherited a civil service with employees that were reluctant to effect change (Pieterse, 1997). At the same time while NGOs were affected with a multiplicity of challenges, there was also lack of sufficient resources and time to plan and establish alternative financing in the heat of transition despite the fact that they knew that change was imminent Pieterse (1997). In addition to these factors, lack of a policy that clearly stated the prospects of NGOs in the RDP also haunted the NGOs.

..the government itself was vague about how NGOs could fit and make a useful contribution to the health sector. This was also worsened by the factor of slow

restructuring of the civil service, limited policy direction from the RDP office and the absence of democratically elected local government ...(Pieterse 1997:160).

The most debilitating revelation behind all this is the fact that South Africa, despite being economically viable and in a better position to address the health challenges, some political impediments that are deeply embedded in the government structures contribute to the failure to effectively implement HIV/AIDS and Tuberculosis (TB) programmes (Parkhurst & Lush, 2004:1913). These factors include:

- Strong bureaucratic system in policy (an apartheid legacy that was meant to discriminate against the blacks and other races regarded as inferior)
- A highly centralised leadership relying on political consensus and alliance
- Lack of coherence on various levels of government
- Association of AIDS with previous racist population control programme

The bureaucratic legacy of apartheid regime acts to hinder the implementation of HIV/AIDS and TB programmes. These structures had developed under a system of repression thereby inflexible and resistant to change therefore, the importance of senior political leadership in promoting, supporting and sustaining HIV/AIDS and TB interventions cannot be ignored. The question of leadership is relevant in South Africa especially given the fact that this country is self sufficient with a Gross Domestic Product (GDP) of US \$2941 in 2000 (Parkhurst & Lush, 2004). It is of paramount importance to have a state apparatus that utilise resources for the sustenance of the citizenry more so in South Africa where inequalities in wealth and access to decent health facilities still haunt the poor (Parkhurst & Lush, 2004).

In addition to institutional incapacity, Bond added that inadequate funding from the government exacerbated the crisis. The government for instance pledged to fund NDA an amount R50 million, R165 million and R265 million from its inception and consecutively in three years and continue funding. Nevertheless, this amount was a far

cry in comparison to what was required to sustain the operations of NGOs (Bond, 2003).

As NGOs do their business, they face many challenges that affect the quality of service. This problem derives from the lack of funding as discussed earlier. All NGOs studied emphasised that they lacked funds to scale up services as well as outreach programmes. They needed more support to start income generating projects while others needed a hospice and enough equipment in their service delivery activities.

Another issue of concern is that there is friction in their operations with the government officials due to their partnership with international donors who provide life prolonging drugs through Alice Hospice. According to the Hospice, there is conflict because, in the opinion of the clinic, the Hospice is benefiting from the partnership rather than the officials themselves getting those benefits. This has been fuelled by the fact that patients prefer to go to the Hospice because they say their treatment satisfies them.

A case of arising conflicts between government and NGOs is not new. Jalali (2008) states that conflicts can exist if NGOs provide services where the government is failing due to various reasons including misuse of funds. The government tends to react in a harsh manner by using its power anyhow to drive out NGOs in fear of exposure to the international community.

The net effect of all the challenges faced by NGOs is a slow but sure death of the sector. While the NGOs are failing to stand up against government policies, some instrumental personnel are leaving the sector out of frustration. While people would want to serve the poor, they also want to fend for their families. The government itself is absorbing the staff from the NGOs. The sector will only retain those who do not have opportunities to go somewhere or are fully devoting their lives to their work. It goes without say that NGOs are becoming more and more relevant with the weakened social fabric. With strained resources, most families are concerned with the immediate family while responsibility for the extended family is being shunned. As McFubara (2002)

denotes, in Africa, responsibility for extended family is more of a right than merely extending a favour. As these values are becoming less relevant, the future of orphans and vulnerable people is at risk as NGOs are failing to help because of challenges they are facing.

South Africa is experiencing many street protests as people express their displeasure on service delivery. As pointed out by Julie (2009), people are left with no choice but to take it to the streets, the xenophobic attacks unleashed in 2008 were a sign of discontent among citizens. The probability of them to recur is possible as service delivery is not improving. The street protests are a sign of disengagement between the government and the NGO sector. As they fail to get a platform to contribute towards policy formulation, NGOs have found it easy to protest. According to Habib (2003) NGOs have not been influencing the policy making process and that is the reason why most policies that concern them are divorced from their needs.

Furthermore, some NGOs are privatising or changing their role to become consultants. As NGOs privatise, the poor are continually being marginalised because the existence of NGOs to some extent is to take care of the poor that the government would have failed to reach.

The theoretical framework used in this study has helped to identify the problems bedevilling the NGOs. By using its diagnostic tools, it has been discovered that the legal framework does not offer opportunities for growth and sustainability to NGOs in the rural areas. There are also loopholes that have been exploited by people who seek after personal gains. There is therefore need to find means to rectify the crisis.

5.11. Summary.

According to the theoretical framework used, the funding strategy employed by the government has both advantages and disadvantages. The advantages of the strategy are that it introduced a legal framework within which they have to function. By so doing, NGOs can function as legal entities. Further, the strategy requires NGOs to report to the

Directorate. In the process of compliance, NGOs gain skills for reporting as well strengthening their own skills to run their organisations.

According to institutional proponents, by introducing a legal environment for NGOs, the government was constructing an institutional framework within which NGOs had to work. Although positive, there are some prescripts that posed as serious setbacks to the sustainability of NGOs studied.

These setbacks which are contained in the requirements of the government often pose challenges to NGOs in rural areas. NGOs are called upon to submit applications for registration in order to get government funding. Application for funding is difficult to those NGOs in rural areas as compared to those in urban areas. As a result, urban-based NGOs often become major beneficiaries of government funding. The majority of these organisations are large, well established and thrived during the apartheid. It is lamentable that the Directorate which is mandated to train NGOs lack funds to do so. These urban-based NGOs often have skilled personnel whom they hire to assist with drafting applications. According to institutional development, these functional variables are inhibiting sustainability of NGOs despite the fact that they should be supportive of work being carried. Therefore these functional variables should therefore be rectified.

Chapter six

Conclusions and recommendations.

6.1 Conclusion

The idea of registration is useful in creating a formal NGO sector. The fact that registered NGOs are put in a database also helps the government to look for donors for NGOs provided the database is made use of. Registration also promotes accountability skills to the small and emerging NGOs. However, results from the fieldwork reveal that registration has been an opportunity for well established NGOs to get benefits like tax exemption and government funding. According to the DoSD, due to their more sophisticated nature, it is these types of NGOs that interface most effectively with the donor community and enjoy the bulk of donor funding. Some NGOs have been taking advantage of the loopholes like the fragmented registering bodies to pursue private interests especially where it was found that some NGOs have triple registration. NGOs in the rural areas are at a disadvantage because they lack information on the benefits that they can get out of registration. Therefore registration is of much benefit to the well established NGOs.

The fact that NGOs fail to fill in the registration form is an indicator that some NGOs do not know what they are required to do by the government. This failure has contributed to institutional weaknesses within some rural-based NGOs. It demonstrates the need for the government to teach the NGOs on the necessary skills that they must have prior to operating an NGO. Also, the Directorate should establish effective communication mechanisms with these NGOs so that they do not struggle due to information scarcity.

The modus operandi is not clearly defined. While NGOs are supposed to submit a constitution, business plan and a registration certificate for funding, the same government allows NGOs to access funding without certificate of registration. As a result, many corrupt people have taken advantage of such loopholes by masquerading as NGOs and embezzlement of government funds have been reported.

There are various government agencies that offer funding to NGOs (i.e DoH, DoSD, NDA and NLDTF). Their demands to NGOs vary from one agency to another. This has fuelled confusion for NGOs. NGOs that come from humble backgrounds are falling victim because the grant making model is too complicated for them. Due to the fact that the model is not simplified, many NGOs do not know how to meet the demands of the funders. These models do not speak to the needs at grassroots level. Once the model is not informed by reality, it is difficult to measure success. Coupled with the challenge of lack of skills on the part of NGOs to come up with a good business plan, NGOs continue to fail as the government fails to train NGO members.

The funding model makes the NGOs to do what funders demand instead of them doing what they believe in. As a result, priorities are compromised. There is no mutual relationship between the government and the NGOs. Rather, NGOs have been reduced to beggars. Thus the kind of a working relationship is unfair because NGOs can not bite the hand that feeds them. NGOs have been rendered weak as the government maintains an upper hand because NGOs have been forced into marriages of convenience as government engages NGOs at will. At times they end up being service delivery organisations for the government.

On the other hand, some international donors offer funding to NGOs with conditionalities attached to it. They have made NGOs to carry out controversial activities. This might be a question of pursuing political interests on the part of donors. This is also a compromise on the part of NGOs to carry out activities that they do not have as their initial vision.

In addition, the donors continue to have an upper hand through the Social Service Profession Bill 110 of 1978 because through it, the government reserves the right to withdraw or reduce the funding to NGOs without consultation. As NGOs are failing to sustain their work due to insufficient funding, responsibility for poor performance will be attributed to the NGOs.

Lack of capacity on the part of NGOs derails their progress and in the end their beneficiaries are suffering. At the same time, the government lacks a comprehensive

policy to train NGO members for them to perform. There is a serious shortage of skills in monitoring and evaluation, project management, conflict management financial management as well as auditing. Some NGOs have collapsed while others are underperforming due to lack of these skills. The shortage is also worsened by the fact that most competent personnel are leaving the sector and joining the government or the private sector in search of greener pastures. All these setbacks are detrimental to the life of the beneficiaries who get help from these NGOs.

According to the findings, when the funds of NGOs go through a third party, there are delays which at times forces NGO volunteers to resign because they will not be having stipends to use for their work. Also, interest accrues in the account of the third party and only benefits the third party instead of it being of benefit to the NGOs. There was also complaint that NGOs find their budgets inflated. Such cases may be reduced by using the direct form of disbursing funds.

The funding strategy is failing to help the poor because their requirement can easily be met by the traditional NGOs which thrived under the apartheid era. These NGOs were mostly urban based and were serving the whites. It is possible that the funding is benefiting the same NGOs that serve the minority. Under such circumstances the government can be said to be failing to do away with the apartheid legacy that promoted inequality.

However, there are some positive results brought about by the existing model, the fact that NGOs are asked to account to the government has helped some NGOs to develop accountability skills. Moreover, some NGOs managed to be where they are due to the funding that is coming from the government although they are not satisfied.

The strategy, to a greater extent has negatively affected the work of NGOs because many are in financial doldrums while the modalities for funding are in disarray.

6.2 Recommendations.

As revealed by the study, the operations of NGOs are adversely affected by the existing funding strategy. Therefore it is imperative for the government to engage with NGOs by

supporting their work. Major challenges experienced by NGOs derive from the requirements of the funding strategy.

6.2.1 The guiding principles: Registration.

Registration of NGOs should be carried out in a manner that facilitates NGOs from remote areas to manage to complete forms with little difficulties. It must also not hinder the work of NGOs whereby NGOs fail to access funding because of delays of certification.

The failure of some NGOs to meet the requirements is an indicator that the requirements may be unknown to the beneficiaries. If the conditions are made clear, even the NGOs at grassroots level can interpret them. The existing registration strategy is not simplified because some NGO members are illiterate. They struggle to come with quality proposals that can earn them funding. The strategy does not take into account the capacity of NGO members to complete registration forms without difficulties. There is an uninformed assumption by the government that NGO members have the capacity to do so. Therefore, for the government to ensure that it comes up with a supportive strategy, NGO members must be trained on the requirements needed by the government. In addition, the requirements must be simplified to the lay members. There is also need to simplify the application forms for registration. The forms could be written in the vernacular for those who can not understand the English language.

While the government requires NGOs to have a constitution, a registration certificate and a business plan, it still funds NGOs that do not have registration certificate. Therefore, it is in view of these findings that the researcher recommends that there should be a single set of conditionalities for funding so that it eliminates opportunities for misuse of funds while the registration of organisations should be speeded up. The speeding up of registration is meant to avoid funding unregistered organisations. The DoSD speed up the registration process by channelling more funding to the Directorate so that it can recruit more staff members.

The inability of the Directorate to carry out its functions is a reflection of lack of resources and capacity. There has been increased awareness among other

governments that they cannot handle NGO registration and matters concerning the sector. Such governments have moved on to establish separate entities. In the United Kingdom (UK) regulation of NGOs is done by a Charity Commission which annually reports to the Home Secretary and Parliament. In 2002, in New Zealand, the government approved the establishment of a New Zealand Charities Commission which was assigned to approve and register NGOs, receive annual returns, monitor activities of NGOs and provide advice and support to the sector and to the government. The independence of the body was secured by the establishment of the Commission as a Crown Agency with a separate board (Morgan, 2005).

It is the responsibility of the government to provide an enabling environment for both established NGOs as well as small and emerging rural-based NGOs. When an enabling environment is successfully established, the state will not only engage NGOs in service delivery but also in policy process. This enabling environment can be realised through the establishment of an independent body and the body must strive to distribute resources equitably.

However, there might be some other NGOs that fail to meet the requirements due to some unforeseen reasons. In such cases, it is the responsibility of the government to assist the NGOs to meet the requirements. For instance, there are some NGOs that dwell in the rural areas, whose members are uneducated but they are helping with the little that they have. For instance, Ethembeni in Seymour started to do their work for a long period before the government chipped in with financial assistance.

6.2.2 The Importance of Site Visits.

While it is good for government to assess the ability of NGOs through the proposal that they write, it is imperative too for government to seriously consider their findings from site visits. Although these site visits are carried out, there seems to be overreliance on the evidence from business plans. It is revealed by the study that there are some groups who masqueraded as NGOs only to get money and disappeared. Upon investigation, it was discovered that the addresses provided were false. The site visits, besides curbing corruption, will help the government to identify projects that need help

and the type of help that is required. It is from the site visits that the government will determine the amount of funding that may be needed to help NGOs. Feasibility can also be measured through these visits. Furthermore, the type of help that is required by NGOs in remote areas might be different from those in towns hence emphasis must be placed on giving value to information gathered during site visits. Increased interaction with NGO members through site visits will help the government to identify problems such as skills shortages and areas needing improvement.

6.2.3 Information Communication.

The Directorate has not managed to fulfil many functions that it is mandated to do. The communication between NGOs and the Directorate is not facilitative for NGOs. Most rural-based NGOs do not have the full knowledge of tax benefits as well as knowledge on how to register and reporting. The fact that some NGOs are unaware that they have to comply with reporting standards could be a reflector of lack of information during the registration process. Therefore there is need for the Directorate to improve communication channel between the NGOs and itself in an inclusive manner. While information available on the internet will be made use by established NGOs, the Directorate can also distribute pamphlets written in vernacular to NGOs with members who are less educated and based in remote areas where communication is limited. Moreover, the Directorate can also commit itself to holding workshops, educating and furnishing NGO members with information on their benefits like tax exemption and compliance requirements.

Information is important for partnership as well. According to the Non Profit Consortium, to make the notion of partnership meaningful, grassroots NGOs should be able to access information regarding the legislative and regulatory environment and opportunities for collaboration between the state and non-profit sector. Although the responsibility to keep abreast with information lies with NGOs, government should also ensure that information reaches those who use it for the benefit of the communities and wilfully consider the inputs made by NGOs.

6.2.4 Capacity building.

Small and emerging NGOs lack the skills which are fundamental in the implementation of programmes. The Directorate has not done much to improve the skills of NGOs due to lack of resources. As a result, NGOs have received negative media reports due to their poor financial practices. The Directorate needs to assist NGOs with necessary skills that will enable NGOs to perform sustainably as they are mandated to according to section 5 (b) of the NPO Act of 1997 which states that the Directorate is mandated with institutional and capacity building of NGOs by supporting organisations in their endeavour to register and to ensure that the standard of governance within NGOs is maintained and improved. To achieve this, the government may have to prioritise funding for the training of NGOs by channelling more funds to the Directorate. According to Shepherd (1998) key institutional components include among others, the need for government to be effective in decision making because decision-making structures make institutions more or less supportive of the poor.

6.2.5 The application process and funding.

The fact that a single project must get funding for three years is inflexible and not informed from the grassroots. The duration of funding must be in tandem with the needs of the organisation being funded. While some NGOs might need funding for more than three years to kick-start their work and ensure that it will not be aborted after the withdrawal of funding, some might need funding for less than three years. This is in line with sustainable development which outlines that development should aim to have long term benefits to the people being helped.

Funding should also be determined by the demands that are needed at grassroots. The fact that funding comes in tranches with 10% given to the organisation as initial payment is problematic to NGOs interviewed. Different organisations need funding that must cover their expenses and this differs from one organisation to the other. All these dynamics must be incorporated into the funding strategy.

Due to limited funding which is also short lived, NGOs are in a dilemma because they cannot scale up their activities or start income generating projects. Although the NGO

members expressed the desire to start income generating projects, the funding is too stringent to allow them to do so. At the same time, they also indicated that fundraising is difficult because donors from the corporate sector only commit themselves at their own time, which might derail their work when donors do not give the NGOs funds by the time they need it. There is need to train NGOs on fundraising techniques. The establishment of a new independent body responsible for the affairs of NGOs will be of help to those NGOs that are located in the remote areas by finding donors or encourage them to fund NGOs in rural areas. The government can implement this by making the Directorate an independent body that has a certain level of autonomy as determined by the government and relevant actors to the NGO sector.

To further foster financial sustainability, NGOs should be permitted to engage in fundraising activities nationally and internationally. The independent body must facilitate for small and emerging NGOs to be able to engage in fundraising activities. Moreover, these NGOs must be subject to regulation to ensure standards for public solicitation activities and the provision of information to the public so as to sanction for inappropriate conduct. NGOs should be permitted also to engage in commercial activities provided that their non-profit status is not violated.

6.2.6 The state of participation between the government and NGOs.

The Social Service Professions Bill 110 of 1978 gives the government too much autonomy allowing it to withdraw funding from the NGOs without prior notice. There should be an established dialogue between the government and NGOs in terms of the way that each of them operate. The fact that the government retains an upper hand in terms of determining the amount that is allocated to NGOs and that it can deregister an NGO if it underperforms is reminiscent of a top-down approach to development. There is need for the government to engage with the NGOs in areas of policy making and service delivery. In the policy making process, the government should make policies that are informed by the beneficiaries by engaging the leaders from the sector.

The government should value the contribution made by NGOs in rural areas by ensuring that they benefit from funding just as much as the urban-based NGOs.

According to the World Resources Institute (1994) central to the concept of sustainable development are elements of equitability which touches on the fair distribution of resources and property rights both within and between generations thus there should be fair distribution of resources between NGOs in rural areas as well as those in urban areas.

6.2.7 The challenge posed by the inherited African state.

The challenge of unequal distribution of resources among NGOs also emanate from the inherited state apparatus that was skewed towards segregative tendencies to thwart any anti-apartheid organisation. This problem is common among African countries who inherited states that were not prepared to offer services to the native people. To address this challenge which constitutes a roadblock to development, the South African government can offer NGOs a platform to participate in policy making processes. According to Lillehammer (2003) NGOs can also represent the interests of the people they work with and hence ensure that policies are also adapted to real life. In this way policies are legitimised. The net effect of these efforts is that there will be a generation of informed public judgement as NGOs will be acting as a medium between the state and the masses.

In terms of service delivery, the funding strategy must allow NGOs to pursue development work. So far NGOs tend to do what donors are prepared to fund, as a result, issues like TB prevention are unpopular because donors do not envisage that as a necessary endeavour. The corporate sector must be encouraged by the government to fund such areas. The government can even introduce tax incentives for those who are willing to fund NGOs that are in such areas.

6.2.8 The NGO- donor relations.

NGOs are getting weaker and weaker as they lack the independence to pursue what they believe in. Their behaviour is determined by the demands of the donor. There is therefore need to balance the powers of these actors that are both crucial to development. While NGOs may complain that donors are reducing them to beggars, it should be noted that some measures put forth by donors like the service level

agreement meant to establish accountability on the part of the NGOs are necessary. It is imperative for donors whether government or the corporate sector to see to it that funding is put to its proper use. According to Brown & Kalegaonkar (2002) the extent to which any justification for the NGO's claim to advance the public interest should be demonstrated in their ability to provide relief and deliver services to their beneficiaries and this can be determined by how much of an NGO's money goes into good causes. In the absence of these accountability measures, some NGOs may end up embezzling public funds.

6.2.9 Organisational development

Institutional development has been pointed out as essential in establishing an organisation with lasting effects to the poor. As noted by Michael (2004) rural-based NGOs often struggle due to lack of capacity to run their organisations. The government should enhance the capacity of these organisations by training their members. Further, the mandate of acquiring skills does not solely lie with the government. NGOs can also improve their skills internally by networking with others and introduce codes of ethics which they should abide by. As Mc Gill (1995) stresses, skills are an essential part that is needed to ensure sustainability of an organisation.

Internal strengthening of organisations can be enhanced when an organisation builds a strong vision of success. According to Fetola Mmoho Consultancy (2010), a strong vision acts as a guiding star for important strategic decisions and it resonates with the heart of the organisation and its people. Again, it supports daily management and clearer long-term thinking. A vision can include elements of organisation's operations.

Further, planning is of paramount importance in fostering long term developments. Sustainability can be achieved when organisations have long term plans. As proffered by Fetola Mmoho Consultancy (2010), any planning must go beyond the life of the current leadership. This encourages leaders to see the organisation as bigger than them thereby, eliminating ego driven planning and ensuring longevity of the organisation.

Leadership at organisational level is of paramount importance to NGOs. It helps to create positive impression for the organisation because it is normally the leader that donors and the public deal with. Interpersonal skills on the part of the leader can earn organisations integrity and it instils trust in the potential donors. Therefore, NGO members should exercise caution in choosing a leader for their organisation.

6.2.10 Fundraising

NGOs should also have the right to engage in fundraising activities for the benefit of their members and public. Therefore they should be afforded an opportunity to speak about all public matters and have access to all media outlets to disseminate information about their activities.

Lastly, it should be emphasised that the voluntary sector is founded on the ethics of voluntarism therefore, for the members to expect to be paid salaries would be contrary to the fundamentals of the sector. With the weakened social fabric today, there is need for a people who are driven by compassion to help the helpless and needy.

6.3 Summary.

There is need for a revision of the funding strategy that the government is using to help NGOs. The current strategy has only helped to maintain the principles of apartheid. A law like the Social Service Professions' Bill of 1978 is outdated. It should be understood that NGOs need their own space to operate without hindrances like the above law. These NGOs should be given an opportunity to participate in policy making processes because they also represent the voice of the poor and powerless. While the NPO Act of 1997 was formulated to help all NGOs, its prescripts only support most of the urban-based NGOs which are well established while the rural-based ones struggle to meet those requirements. Therefore, the requirements should be simplified to help those NGOs that are failing to meet the demands of the prescripts. The establishment of a single and semi-autonomous organisation makes things easier for NGOs since the government is grappling with supporting them given that they are relevant development actors.

APPENDICES

Appendix 1

Questionnaire for NGO officials: Budgeting Department

Objectives

The objective of this study is to assess the funding strategy of the government in relation to the sustainability of NGO work.

Caution will be exercised in this study to ensure that information gathered from you and this organisation will be used purely for academic purposes. Confidentiality is also important hence the research will not take names of people interviewed.

Details of the Organisation

1. Name of organisation:.....
2. Services offered:.....
3. Date the organisation started operating:.....
4. Date of registration:.....
5. Size of constituency serviced:.....

The registration of NGOs.

6. How did you come to know that you have to register?
7. What is required of you by DoSD before application?
8. Did you manage to meet those requirements?
9. From the date of application, how long did it take for you to get your NPO certificate?

10. What challenges did you encounter during the process of registration?

11. What do you think must be done to improve the registration process?

Application process for funding

12. How do you get your funding?

13. Is there an application procedure that you have to follow?

14. From the date of application, how long does it take for you to receive funding?

15. What challenges did you encounter during the process of application?

16. Do you think there is anything that needs to be done to improve the process of funding?

Disbursement of funds

17. For how long have you been under this funding?

18. What is the total amount (in rands) you receive annually from the first year you started?

19. What method do you use to receive funding?

20. Are you satisfied with the existing method of receiving funds from the government?
/ please explain

21. Is the funding enough to cover your expenses? / please explain.

22. Have you ever encountered a deficit?

23. Do you have alternative sources of income besides NDA?

If yes please state who it is

If no please explain why

24. Is there anything that you think needs to be done to improve the funding of this organization?

Organisational institutional development

25. Do you think you are growing as an organisation? / Please explain?

26. Other than financial difficulties, are you encountering any challenges in this organisation?

27. From the period you started working with this organisation, would you say you are satisfied with the way you operate?/ please explain?

28. Do you think there is anything that needs to be done to improve?

29. How would you forecast the viability of this organisation in the next five years with the existing funding strategy?

30. In terms of growing as an organisation, how do you think you should be helped? / Please explain who must do it.

31. Is there anything else that needs to be improved?

32. Whom do you account to as an organisation? / please explain.

- THE END -

Appendix 2

NGO OFFICIALS: Senior Management

Objectives

The objective of this study is to assess the funding strategy of the government in relation to the sustainability of NGO work.

Caution will be exercised in this study to ensure that information gathered from you and this organisation will be used purely for academic purposes. Confidentiality is also important hence the research will not take names of people interviewed.

Details of organisation

1. Name of organisation.....
2. Services offered
3. Date the organisation started operating.....
4. Date of registration.....
5. Size of constituency.....

Details of respondent

6. Age.....
7. Sex.....
8. Position held in organisation.....
9. Date of appointment.....

Background of organisation

10. What is the total number of people who are benefitting from your services?
11. Are you able to help all people who seek help
12. Do you have another NGO providing the same services as yours in this constituency
13. From your daily operations, can you say you have adequate equipment you need for the assisting your beneficiaries? / Please explain.
14. Do you have enough personnel?
15. Would you say you are satisfied with your job
16. Do you have sufficient necessities for your beneficiaries?
17. Do you think that the funding that you have is adequate
18. Is there anything else that needs to be done to improve the future of this organisation?

- THE END-

Appendix 3

QUESTIONNAIRE FOR FUNDERS

Objectives

The objective of this study is to assess the funding strategy of the government in relation to the sustainability of NGO work.

Caution will be exercised in this study to ensure that information gathered from you and this organisation will be used purely for academic purposes. Confidentiality is also important hence the research will not take names of people interviewed.

Demographic information

1. Sex (female) (male)
2. Age.....
3. Position held in the
organisation.....

The registration process

4. How do you communicate with NGOs about their registration?
5. Is it all NGOs that manage to get the registration certificate?
6. What do you think are the challenges that NGOs go through when they register?
7. How do you think they can be helped?

Financial background of the organisation

8. How many organisations are you helping?

9. What percentage of the Eastern Cape Province would that be?
10. Why are others not coming for help?
11. How many proposals do you receive from NGOs per year?
12. What are your future plans of NDA in terms of funding NGOs?
13. Do you have any challenges that you are facing in terms of disbursing funds to NGOs? / Please explain.
14. What do you think about the sustainability of the current funding in terms of the future of those organisations that you help? Please explain.
15. What do you have in place to help institutional development of the NGOs besides funding?
16. In your own opinion, what do you think needs to be done to improve this organisation?

THE END

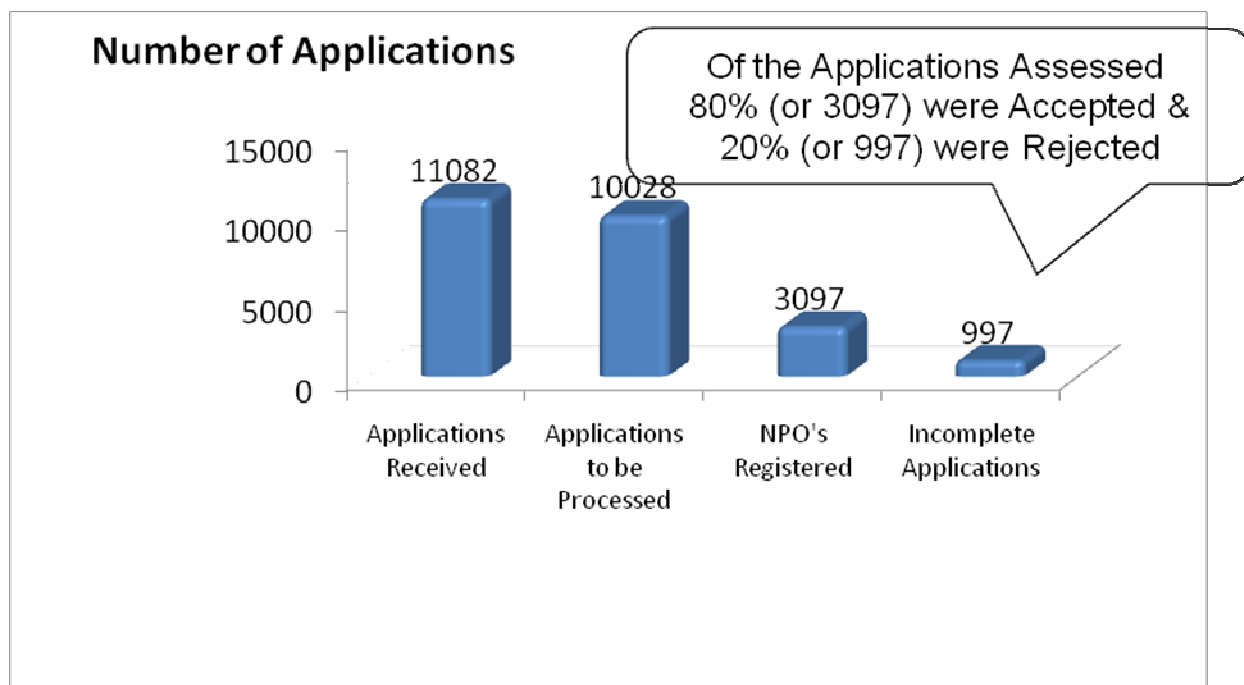
Appendix 4: Table 4.1: Annual revenue percentage

Annual revenue	NPOs registered with DoSD	Voluntary associations registered with DoSD	Organisations registered as Section 21s	Organisations registered as Trusts	Organisations registered as Cooperatives	Unregistered Voluntary Associations
0-50 000	69	73	18	8	74	78
50 000-150 000	14	14	26	37	15	18
150 000-300 000	6	5	15	4	5	2
300 000-500 000	3	2	9	8	1	2
500 000-1 million	4	4	7	10	1	
Over 1 million	4	2	24	34	1	
Total	100	100	100	100	100	100

Adapted from DoSD NPO Impact Assessment 2005

Appendix 5: Table 4.2: Data on new applications

Data on New Applications



Adapted from the NPO Directorate PowerPoint Presentation 2010.

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