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STRUCTURAL RELATIONSHIPS BETWEEN GOVERNMENT AND CIVIL SOCIETY ORGANISATIONS

A REPORT BY THE ADVISORY COMMITTEE

Prepared for the Deputy President

The Honourable Mr Thabo Mbeki

MARCH 1997

TABLE OF CONTENTS

		PAGE NO.
ACKNOWLEDGMENTS		1
EXECUTIVE SUMMARY		1 - 6
TABLE REFLECTING OPTIONS		1 - 4
PART 1	INTRODUCTION AND BACKGROUND	1 - 3
PART 2	PROCESS AND METHODOLOGIES ENCOUNTERED BY THE COMMITTEE AND LIMITATIONS	4
2.1	Process and Methodology	4 - 5
2.2	Limitations	5 - 6
PART 3	THE SCOPE AND SCALE OF THE DEVELOPMENT PROBLEM IN SOUTH AFRICA	7 - 10
PART 4	THE SCALE AND DIMENSIONS OF CIVIL SOCIETY ORGANISATIONS IN SOUTH AFRICA	11
4.1	Size of the Sector	11
4.2	Diversity is a Strength	11
4.3	Complementarity of NGOs and CBOs	11 - 12
4.5	Legal Categories	12
4.6	Other Categorization	13
4.7	CSO Impact	13
4.8	CSO Sector and Quality Control	13 - 14
4.9	Taxation and Registration	14 - 15
PART 5	THE SIZE AND SCALE OF FUNDERS OF CSOs IN SOUTH AFRICA	16 -18
PART 6.	INTERNATIONAL EXPERIENCE OF RELATIONSHIPS BETWEEN GOVERNMENT AND CSOs	19
6.2	Philippines	19 - 20
6.3	India	20 - 21
6.4	Kenya	21
6.5	Sweden	21 - 22

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TABLE OF CONTENTS
CONTINUED

		PAGE NO.
PART 7	KEY FINDINGS AND PROPOSALS FROM SUBMISSIONS	23
7.1	International Experience	23 - 24
7.2	The South African Experience	24 - 26
PART 8	ADVISORY COMMITTEE OBSERVATIONS AND RECOMMENDATIONS	27 - 28
8.9	Transformation of the IDT	28 - 29
8.10	Transformation of TNDT	29 - 31
8.11	Line Ministries and Various Tiers of Government ..	31 - 32
8.12	A New Independent Statutory Body	30 - 36
PART 9	MANAGING THE TRANSITION	37 - 39
PART 10	CONCLUDING STATEMENT	40
END NOTES		
ANNEXURE 1 : TERMS OF REFERENCE.....		1 - 5
ANNEXURE 2 : ADVISORY COMMITTEE MEMBERS.....		1
ANNEXURE 3 : LISTING OF SUBMISSIONS.....		1 - 2
ANNEXURE 4 : TIMEFRAME FOR OPERATIONALISING THE NDA		1
LIST OF ACRONYMS		1

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Prepared for the Deputy President the Honorable Mr Thabo Mbeki

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ACKNOWLEDGMENTS

The Advisory Committee is grateful to the Executive Deputy President, Mr Thabo Mbeki and Cabinet for the privilege of undertaking the task of such fundamental importance in the history of our country.

The Committee is deeply indebted to PACT South Africa and the Gauteng Provincial Government for providing the support for professional and administrative secretariat which competently and diligently enhanced the capacity of the Advisory Committee to carry out its task.

The Committee's task would not have been adequately discharged without the technical and logistical support of the Swedish International Development Cooperation Agency (SIDA), United Nations Development Programme (UNDP) and Liberty Life Foundation.

STRUCTURAL RELATIONSHIPS BETWEEN GOVERNMENT AND CIVIL SOCIETY ORGANISATIONS

A REPORT BY THE ADVISORY COMMITTEE

Prepared for the Deputy President the Honorable Mr Thabo Mbeki

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

1. BACKGROUND

1.1 The key aspects on which the Committee was charged to advise the Deputy President on were :

- **the appropriate and functional relationships that could be evolved between government and organs of civil society with respect to the provision of capacity for the implementation of the RDP;**

- **the feasibility of an appropriate funding mechanism that would enable a co-ordinated approach to the funding of civil society organisations, the relationships of such a mechanism with current development funding players and other transitional mechanisms;**

- **a mechanism to promote a sustainable partnership between these organisations with government.**

2. KEY FINDINGS OF THE COMMITTEE

After careful consideration of all pertinent factors, the Committee established that :

2. 1 In spite of broad support for the RDP, there is no coordinated approach to tackling poverty. Government has been able to attract aid and has not found it easy to use such large funding owing to processes of change management and the processes of setting up local government infrastructures. Concomitant with these issues is the lack of management skills at the Government levels.

2. 2 Organs of civil society involved in development work in South Africa remain a rich inheritance for the Government of National Unity. These institutions, generally referred to as Community Based Organisations (CBOs) or Non-Government Organisations (NGOs) span a wide variety of the development landscape.

These organs of Civil Society seek to fuel the development agenda of South Africa through participation in the RDP, but have often found themselves frustrated by the lack of clear policy and connecting points with Government in general.

2. 3 Experience from other countries show that the role of CSOs in development and the sustenance of democracy is a key feature of

advanced democracies. Foreign research proved that cooperation between CSOs and various tiers government has often produced positive results. Owing to their affinity, empathy and proximity to the broader populace CSOs have always proved to be effective in meeting the basic needs of the population they serve.

2. 4 The initial energizing force for development which broadly funded the CSO sector has transformed. Local development funding institutions have developed a new focus and business approach. The Kagiso Trust and the IDT are gearing themselves to operate as development implementation institutions as against solely the funding of development and the facilitation of funding for development initiatives.

2. 5 Foreign aid funding, money which was historically marked for CSOs, is largely being directly channeled to Government. This source of funding has progressively declined since the 1994 elections. Indications are that this pattern is likely to continue as erstwhile traditional International Aid donors prefer bilateral funding arrangements with government. Corporate grant funding which in any case has always been limited to the CSO sector will continue to flow to corporate programmes and will remain a significant factor to this sector.

2. 6 Development CSOs operate within a restrictive environment in respect of taxation and registration.

2.7 There is broad and significant support for a positive structural relationship and a coordinated funding mechanism between CSOs and Government to promote the objectives and principles of the RDP.

2.8 The need to establish a channel of communication between CSOs and government. Through this mechanism, government and CSOs would be able to agree on RDP and development.

3. EXISTING FUNDING MECHANISMS

The committee reviewed the existing funding mechanisms which are associated with government namely, IDT, TNDT and government departments. It was felt that it would be necessary to make adjustments such as that the funding function and the implementation function is not carried out by the same body.

The government must enhance its own capacity to fast-tract delivery and therefore an instrument such as the IDT needed to be transformed to play a different role.

CSOs that perform specialised functions for particular Government Departments continue to get funding from relevant line departments.

3.1 TRANSFORMATION OF INDEPENDENT DEVELOPMENT TRUST (IDT

The IDT must be transformed into a Government Development Agency, that will implement projects which are commissioned by government departments. It must cease to be a CSO, an independent agency or a funding agency. The IDT should further be requested to contribute some of its invested capital towards the establishment of an institution which will be dedicated towards the funding of CSOs.

Through this adjustment, government will enhance and fast-tract its delivery capacity. the Board of the new IDT will be appointed by the government (for detail see 8.9 of Report).

3.2 PHASING OUT OF TRANSITIONAL NATIONAL DEVELOPMENT TRUST (TNDT)

It is recommended that the TNDT should be phased out and all its assets transferred to the new funding mechanism.
(for detail see 8.10 of Report).

3.3 GOVERNMENT AND LOCAL DEPARTMENTS

The Committee recommends that the funding of CSOs by national and provincial government as well as by line departments, be maintained. This funding should be given to CSOs that provide special services to the given sector.

Assistance should be offered to enable local government, in particular those who are located in the most disadvantaged communities, to work with local CSO to provide the essential services (see 8.11 of Report).

4. KEY RECOMMENDATIONS OF THE ADVISORY COMMITTEE

On the basis of information obtained from literature survey, opinions expressed by relevant stakeholders, and a rigorous analysis of the same, the Committee recommends **the**

establishment of an institutional mechanism for the funding of CSOs by Government.

The Committee presents two options, and recommends the second option.

4.1 **Funding Option One**

Disbursement by Ministry of Finance

Establish a funding disbursement unit located in the Ministry of Finance to finance CSOs recommended by a joint committee of government departments and ministries, together with CSOs. The Funding Disbursement Unit will be accountable to the Executive Deputy President's Office. In this option the Executive Deputy President's Office will have full responsibility for policy coordination and decisions on allocation of funds.

or

4.2 **Funding Option Two**

Statutory body or National Development Agency (NDA) - Recommended

This option proposes the establishment of a funding statutory body or National Development Agency (NDA). This institution will be located in the office of the Executive Deputy President and will report to Parliament. It will coordinate policy consultations and disperse funding. This statutory body will have a governing board appointed through public hearings and/or by public nominations. This Board should have the latitude and authority to elaborate the details of this structure including the appointment of the Chief Executive.

The Executive Deputy President's Office to oversee the work of the NDA instead of direct coordination as in option one.

A table providing graphic detail of options is attached.

The NDA Committee submits that the Executive Deputy President and Cabinet should seriously consider Option Two, as :

- It offers both government and CSOs a critical platform for policy discussion and joint propriety/action that will have

positive impact on the RDP and will lead to involvement of various CSOs in the implementation of the RDP.

- It offers government a degree of influence while ensuring a degree of independence for CSOs. the independence will enable the *new funding mechanism* to broaden the funding base beyond government.

- It is likely to fast-tract the delivery of development programmes as this will be one of its key functions.

- It is unlikely to be caught up in the conflict often experienced by institutions that act both as implements and funders of development activity.

- It is unlikely to inherit historical problems, misperceptions and animosities faced by the current operating mechanisms such as the IDT and the TNDT.

- It opts for lessened political involvement at ministerial and other levels and provides for a high-level of accountability to civil society and potential beneficiaries who will be on the centre of decision-making.

- It has the potential for a reduced level of bureaucracy and ministerial red tape and can be operated at the provincial and or local levels.

- It does not add burden to the already overstretched office of the Executive Deputy President, yet remains accountable to an overarching office.

- It can be put in place by using current ministerial and departmental RDP budget savings, TNDTs non-expenditures and savings as well as the possibility of recalling IDT un-allocated investments.

- The NDA should not replace bilateral funding relations between CSOs and donors.

- It has been widely advocated for by all key stakeholders.

- It is informed by successful international experience.

- The prospect for success in our context is high.

- Its implementation is likely to create the least problems for all key stakeholders.

- Similar institutions have found this framework to be most enabling e.g. Swedish International Development Corporation Agency (Sida), Overseas Development Administration (ODA) - UK, United States Agency for International Development (USAID), Norwegian Aid Development (NORAD).

5. PROPOSED FINANCING OF THE NEW CSO FUNDING MECHANISM

- The government
- State Lottery
- donors including the private sector.

OPTIONS FOR FUNDING OF CSOs

	OPTION 1 FUNDING UNIT WITHIN THE MINISTRY OF FINANCE	OPTION 2 ESTABLISH A STATUTORY BODY / NATIONAL DEVELOPMENT AGENCY
LOCATION OF A FUNDING MECHANISM	• Establish a CSO Statutory Body in the Ministry of Finance. • Staffed by finance and development personnel. Responsible for allocating funds and monitoring grantees.	• Establish a Statutory Body that will coordinate development policy formulation and allocate funds to CSO. CSOs and government form the NDA to be accountable to the Executive Deputy President. Located in it's own premises. • NDA monitors and evaluates grantees.
DEVELOPMENT POLICY FORMULATION	• Establish a Development Policy Unit at the Executive Deputy President's office which will include both government departments and CSO representatives.	• A development policy process is coordinated by the NDA involving both government and CSOs, accountable to the Executive Deputy President. • Associations/organisations to be funded will be decided by the NDA in accordance with agreed development priorities. • NDA does not implement
ROLE OF THE TNDT	• TNDT to phase out and hand over assets to the new Statutory Body.	• TNDT to phase out and hand over assets to NDA.

	OPTION 1 FUNDING UNIT WITHIN THE MINISTRY OF FINANCE	OPTION 2 ESTABLISH A STATUTORY BODY / NATIONAL DEVELOPMENT AGENCY
IDT TRANSFORMED TO GOVERNMENT IMPLEMENTING AGENCY	• IDT ceases to be independent or an NGO • IDT becomes a statutory body responsible for facilitating and implementing government programmes commissioned by departments • IDT investments handed over to the Funding Unit. Except that which is needed for the new IDT • Surplus funds also handed over to the Funding Body • Collaborate with local CSOs and build local capacity whenever deployed by departments • Participants in the Development Policy Formulation Unit in the Executive Deputy President's Offices • Government to appoint Board New IDT will be • Accountable to the Executive Deputy President • Funded by Commissioning Departments • Evaluated and monitored by commissioning departments • Funded from a Statutory Body/Funding Unit for administration and broad development projects e.g. capacity-building in a local authority. • Located preferably in Pretoria	• IDT ceases to be independent or an NGO • IDT becomes a statutory body responsible for facilitating and implementing government programmes commissioned by departments • IDT investments handed over to the Statutory Body/NDA. Except that which is needed for the new agency. • Surplus funds also handed over to the Statutory Body/NDA • Accountable to the Executive Deputy President • Funded by Commissioning Departments • To collaborate with local CSOs and build local capacity whenever deployed by departments • Can be funded by NDA for administration and broad development projects • Located preferably in Pretoria • Government to appoint the Board.

	OPTION 1 FUNDING UNIT WITHIN THE MINISTRY OF FINANCE	OPTION 2 ESTABLISH A STATUTORY BODY / NATIONAL DEVELOPMENT AGENCY
ROLE OF GOVERNMENT DEPARTMENT NATIONAL/PROVINCIAL	• To continue to fund their preferred CSOs. • Will be part of policy-making body. • To monitor and evaluate their grantees. • Funding will be funding will be sensitive to overall development priorities. • To commission the IDT as preferred.	• To continue to fund their preferred CSOs. • Will be part of policy-making body. • To monitor and evaluate their grantees. • Their funding will be sensitive to overall development priorities.
ROLE OF LOCAL AUTHORITY, LOCAL CSOs ESPECIALLY IN DEPRIVED AREAS	• Local government to fund local CSOs according to determined policy. • Local CSOs in poor communities to be given propriety by local government and the new funding mechanism. • Enhance capacity of local CSOs to apply for and manage grants. • Local government to monitor and evaluate grantees.	• Local government and NDA to fund local CSOs according to determined policy and criteria. • Local CSOs in poor communities to be given propriety. • Enhance capacity of local CSOs to apply for and manage grants. • Local government/NDA (where necessary) to monitor and evaluate grantees.

KEY DIFFERENCES

OPTION 1	OPTION 2
• Establishes a unit within the Department of Finance linked to the Executive Deputy Presidents office. • Funding Unit handles funding **only**, policy is located in the Executive Deputy Presidents office • Screening and decision on grantees is done by the Policy Unit in the Executive Presidents office. Statutory Body in the Finance Department is responsible for function and best practice. **DANGER :** The two units could become cumbersome and could easily fall into a trap of being run as government departments. The mechanism is likely to be too prescriptive to NGOs Unequal levels of competencies amongst different tiers of government and ministries would be a major constrain.	• Establishes a Statutory Body being accountable to the Executive Deputy President • Both funding and policy are handled by the Institution and accountable to the Executive Deputy President. • All processes are handled by the Statutory Board. **CHALLENGE :** The need to continuously balance the needs and goals of both parties i.e government and CSO organisastions. **STRENGTH :** NDA will be managed as a parastatal with all advantages associated with that NDA gives a degree of independence. NDA would be less prescriptive while operating within government framework

SIMILARITIES

In both cases :

- Implementation and funding are separated
- Government appoints governing boards
- IDT is transformed into a government implementing agency.
- The transformed IDT takes responsibility for capacity building whenever it implements government programmes
- Role of Local Authorities as development facilitators and the importance of enhancing local NGOs is emphasised
- Overall authority is in the office of the Executive Deputy Presidents, in particular, policy formulation
- National and Provincial governments are enabled and encouraged to support targeted NGOs.

1. PART 1: INTRODUCTION AND BACKGROUND

1.1 In April 1996, the Cabinet passed a resolution to appoint members of Civil Society and certain Government Ministers to advice the Deputy President on a possible structural relationship and/or mechanism that the Government of National Unity (GNU), led by the African National Congress (ANC) might develop with organisations of Civil Society with the view to advancing the principles and objectives of the Reconstruction and Development Programme (RDP).

1.2 The appointment of this Committee was initially motivated by the then Minister without Portfolio - Mr Jay Naidoo. This task was subsequently transferred with all other functions of the RDP office to the office of the Deputy President.

1.3 The management and co-ordination of the work of the Committee was done by Ms Sibongile Mkhabela through the NGO liaison office within the Deputy President's office, sponsored by the Private Agencies Collaborating Together (PACT) - a United States based Private Voluntary Organisation (PVO) with a South African field office based in Johannesburg. The objective of PACT is to strengthen the capacity of NGOs and CBOs in South Africa as well as to seek ways to assist Government structures in achieving the objectives and principles of the RDP.

1.4 The Committee was constituted by 17 members. These members represent a wide body of knowledge, experience and expertise in the field of NGO and CBO development, policy formulation, financing of NGOs and CBOs as well as labour and business experience. Certain Government departments and ministries were also represented in the Committee. Key amongst these were the Minister of Public Works, Mr Jeff Radebe, and staff person Mr Bongani More - a Director in the Department of Public Works, and senior management staff of the Welfare Department Mr Graham Block and Ms Sarghoona Gordhan, Chief Director and Director of NGO related affairs, respectively.

The Committee was chaired by the Deputy Minister of Trade and Industry Ms Phumzile Mlambo-Ngcuka. Other Committee members brought international experience from the United Nations Development Program (UNDP), the Swedish International Development Cooperation Agency (Sida) as well as the United States Aid for International Development (USAID). Committee members' names are reflected in Annexure 2 to this report.

1.5 The Terms of Reference for the Committee require the Committee to advise the Deputy Executive President and the Cabinet on :

1.5.1 The appropriate and functional relationships that must be developed between members of CSOs with respect to the provision of capacity for the implementation of the RDP.

1.5.2 The structure and precise functions that must be developed to achieve same.

Details of the Terms of Reference for the Committee are reflected in Annexure 1 to this report.

1.6 The establishment of this Committee to advise the Deputy President and Cabinet on the above factors was born out of several factors including;

1.6.1 The recognition and appreciation by the Government of a rich inheritance of CSOs in South Africa after the 1994 elections.

1.6.2 The role that CSOs have hitherto played in accelerating and sustaining the process of social and economic change .

1.6.3 The need to involve the beneficiaries of development in development initiatives in order to achieve the maximum development impact possible.

1.6.4 The recognition that CSOs often have direct links and relationships with community groups which Government may not always have. This empathy and proximity of CSOs to communities can often assist Government in its efforts to alleviate poverty.

1.6.5 Government is determined to enhance partnerships between itself and those CSOs involved in development. This is in the interest of both Government and the general South African population especially the disadvantaged.

1.6.6 The need for the rationalisation and re-organisation of existing funding delivery mechanisms to create a functional and sustainable interface between Government and CSOs.

1.6.7 Previous attempts initiated by the Minister without portfolio, Mr Jay Naidoo and the then deputy Finance Minister, Mr Alec Erwin to encourage a merger between the Industrial Development Trust and the Kagiso Trust (KT).

1.6.8 The need for a development finance framework made up of focused institutions to ensure amongst other things, grant funding for the development sector.

1.6.9 The endorsement and subsequent establishment by Cabinet in October, 1995 of the Transitional National Development Trust to respond to the immediate needs of CSOs in the development field[1]. At the material time, Cabinet also resolved to seek ways to create a long-term institutional arrangement for the future support of Civil Society, to be known as the National Development Agency (NDA).

[1] This was a transitional mechanism set up by the RDP Office and involving participation of NEDLAC, the South African NGO Coalition, the CBO Network, the Independent Development Trust and Kagiso Trust.

PART 2: PROCESS AND METHODOLOGIES ENCOUNTERED BY THE COMMITTEE AND LIMITATIONS

2.1 Process and Methodology

Notwithstanding the fact that the process was initiated in April, the Committee only began its operations after final resolution to appoint the Committee was passed by Cabinet in July 1996 the process having been started in April of the same year. In its attempts to give the Deputy President and Cabinet the best advice possible, the Advisory Committee engaged in several processes. These are;

2.1.1 The review of literature on the subject in order to develop an understanding of the latest views and notions about the role of CSOs in development. This literature review also sought to define in clear terms the exact nature of CSOs that are likely to establish or are needed to establish a relationship with Government in the promotion of sustainable development.

2.1.2 Reconnaissance visits to Sweden with the purpose of obtaining first-hand knowledge of experiences of how to open democracies, promote partnerships between Government and CSOs in carrying out development activities. The Committee has also envisaged other emerging economies such as visiting India, Kenya and Brazil and compare experiences. This intention was not accomplished as time and resource constraints limited against this possibility. That being the case, the Committee had to rely heavily on expert opinion and literature surveyed.

2.1.3 Conducting meetings on a one on one basis with specific institutions which had a vested interest in the outcome of the process. The Mvula Trust, IDT, TNDT, National NGO Coalition and the CBO network were amongst the key institutions with which discussions were held.

2.1.4 Oral and written submissions were also received from a wide spectrum of our society. The Ministry of Health, Public Works and Welfare were amongst the key Government departments that made submissions. Other submissions came from NEDLAC, the NGO Coalition, individual NGOs, Community Liaison Officers (CLOs), the IDT and the TNDT. International bodies particularly those within the UN system such as the UNDP, the UNICEF and UNFPA, the European Union and other

donors also made oral submissions. A listing of all written submissions is attached - see Annexure 3.

2.1.5 Consultative workshops in all the Provinces were conducted with various CSOs as key stakeholders in this process.

2.1.6 The Committee also held regular meetings and working sessions to review, consolidate and determine direction.

2.1.7 Various briefs, consultations and correspondence was held with NEDLAC Development Chamber in order to keep them informed of the progress of the Committee and encourage the Chamber to make input in the process.

2.1.8 The workshops, reconnaissance visits, and literature review were graciously and generously sponsored by the UNDP, SIDA, and the Liberty Life Foundation.

2.2 Limitations

The Advisory Committee encountered a number of limitations in the performance of its functions. These can be articulated as;

2.2.1 The long and protracted process of approving the Committee by Cabinet. This has effectively shortened the initial time-frames contemplated by the Committee to undertake the task. Instead of the 8 months i.e. April to December, the Committee had to operate from July and finish its work by December 1996.

2.2.2 The state tender procedures for the procurement of consultant services seriously delayed the implementation of provincial workshops. These workshops were considered critical by the Committee as they would help shape the outcome of the inquiry given the fact that the envisaged respondents were a reservoir of essential information. Secondly, ignoring these constituencies would render the whole investigation illegitimate.

2.2.3 Deadlines and budgeting constraints led to restricted access to relevant players from other countries, particularly those in emerging economies which may have enriched the experience of the Committee thereby

improving the quality of advise to the Deputy President and Cabinet.

2.2.4 In spite of these limitations, the Committee attempted to be as extensive as was possible in exploring the scope and complexity of the task it was charged with. Needless to say, these limitations do not invalidate the opinions submitted in this report.

PART 3: THE SCOPE AND SCALE OF THE DEVELOPMENT PROBLEM IN SOUTH AFRICA

3.1 South Africa's new government inherited enormous social challenges generally experienced by most developing countries. These challenges include inter alia,

3.1.3 the imperative to build strong economies — characterized by quality jobs as well as national and household productivity that would improve incomes and generate resources for economic and social investment;

3.1.2 the task of attracting and building investment infrastructure for economic development thereby improving the quality of life of all its populations;

3.1.3 developing strategies to address large scale urbanization, coupled with intensifying poverty, as well as extreme lack of services and a poor quality of life in rural areas;

3.1.4 and recently, the daunting challenges posed by the ever-expanding HIV and AIDS crisis and the intensifying environmental problems.

3.1.5 According to the UNDP's "*Human Development Report 1996*", in most developing countries poverty is increasing. In the developing world, 1 person in 3 lives in poverty and 1 billion people go without basic social services such as health care, safe drinking water and adequate nutrition.

3.2 South Africa's problem of poverty and social deprivation is fundamentally shaped by the experience and legacy of apartheid and the systematic racial discrimination of old. Thus, while according to the UNDP's categorization, South Africa is a middle-income country with a human development index rating better than 79 other countries, its black population rating is however equivalent to that of Congo (52 from the bottom of the table), while the white population is equivalent to that of Canada (with the best human development rating).[2]

3.3 The country faces huge backlogs in educational provision, housing, health, water and sanitation. The Reconstruction and Development Programme Base Document (1994) described

[2] See October Household Survey, April 1995, conducted by Community Agency for social inquiry under the auspices of the RDP.

poverty as the 'single greatest burden of South Africa's people'. The programme identified 'meeting basic needs' and 'developing human resources' as the most important development objectives of the country. It argued that 17 million people live in poverty, with 11 million of these based in rural areas. The housing backlog was estimated at 1,3 million and set to rise. More than 12 million people lacked safe drinking water and 21 million people lacked adequate sanitation. Approximately 5 million people have no education at all).[3]

3.4 The end of apartheid and the installation of a democratic government meant the use of state power to mobilize resources for new priorities — including tackling poverty and eradicating apartheid. Of course, such strategic possibilities in themselves fueled expectations of quick solutions to poverty and of the immediate improvements to standards of living.

3.5 Although government has been able to redirect resources through an RDP fund and through accessing bilateral aid, resources remain constrained. It has been calculated that the country needs approximately R60 billion to erase urban development backlogs and in the region of R30 billion for rural development. The problem of insufficient resources is further exacerbated by:

3.5.1 the "governments" macro-economic goals to reduce its deficit from 5.8 to 3 percent and the consequent public expenditure cuts that may be required,

3.5.2 the overhang of internal debt generated in the last years of apartheid that absorbs some 18% of revenues in the form of debt servicing;

3.5.3 the cost of financing the "sunset clause" which protects for a prescribed period of time, the tenure of bureaucrats inherited from the old order.

3.5.4 ongoing financial viability problems at local government level where the culture of non-payment for services weakens strategies for mobilizing revenue for the provision and extension of infrastructure.

3.6 Ironically, government has found it extremely difficult to spend resources released for development purposes. Despite modest increases in expenditure for housing, land reform,

[3] For confirmation of these figures, see du Toit, JB and Falkena HB. 1994. The Structure of the South African Economy, Halfway House : Southern Book Publishers.

education and health, huge chunks of development funds have had to be rolled-over from one year to the next. For example less than 21 percent of the 1995/6 budget for housing was spent and R2 billion of RDP funds for the same year was rolled-over to the next year. Rollovers amounted to R8 billion in the 1996/7 financial year[4].

3.7 Government has also found it difficult to organise itself in such a way as to efficiently utilize foreign funding, made available from the European Union and other donors. This shortcoming was linked to :

3.7.1 a shortage of personnel skilled in development planning and government project management;

3.7.2 delays in local government elections and in the installation of legitimate non-racial local governments; and the lack of institutional capacity; at local government level;

3.7.3 problems of institutional clarity and capacity in provinces.

3.8 The development scene in South Africa also suffers from inadequate overall co-ordination. Although the framework of the Reconstruction and Development Programme is generally uncontested as a national vision and enjoys support, our country continues to suffer from lack of a co-ordinated strategy to combat poverty.

3.9 Where steps are taken in the sector to address the legacy of apartheid, it often unfolds in ways that are unrelated to developments in other sectors and which sometimes conflict. The various players in development, each with their own particular thrusts and priorities, include:

3.9.1 government and its various departments, many of them are the in processes of transforming themselves and preoccupied with the important task of formulating policy guidelines;

3.9.2 parastatals, many of which are also experiencing change, but still managing key resources for infrastructure and research;

[4] Interfund, 1996. Development Update : An Intefund briefing on development and the voluntary sector in South Africa in 1995/96. Johannesburg Interfund.

3.9.3 the private sector, challenged by increasing global competitiveness as well as internal transformation issues : affirmative action, employment creation, involvement in physical development projects, restructuring of ownership and its role in NEDLAC,

3.9.4 the voluntary sector, with its expectations of partnerships with the state largely going unmet, but continuing to deliver necessary services, very often to the poorest and most neglected sectors of society; and doing this with very little resources.

3.10 Civil Society Organisations have, in the years of transition, experienced immense turbulence and change. They have suffered the loss of top and middle leadership to various institutions of the state. They have seen anti-apartheid funding to themselves transformed into bilateral aid destined to be managed by government departments. Many have closed down and, in many cases, vital development capacity has been eroded. As a sector, CSOs have failed to respond adequately. Weakened by losses and by the difficulties involved in managing a large and diverse sector, they have struggled to develop strategies and a coherent voice to assert their role in development. Frequently they have found themselves frustrated by *the lack of clear connecting points* with government, and by ambiguous and differing government responses to their work and plight.

3.11 Given that, the development need is so great that the government cannot answer it alone, there is a clear need to harness the energies and resources of NGOs/CBOs. In general NGOs/CBOs play a role not instead of government, nor in merely helping government cope with pressures of transition; rather, they are partners, without whom — in all developing countries, social problems are difficult to overcome.[5] More specifically, NGOs are, by virtue of their aims and values, the sector most closely aligned to the objectives of the RDP and to any programme set up to address poverty.

3.12 The Committee found that NGOs and CBOs, together with the community initiative that they foster and that sustains them, are indispensable to effectively promote sustainable development. It is widely believed that *a champion is now needed to facilitate an engagement between government's development programme, NGOs and CBOs*. Such a champion,

[5] See : The Commonwealth Foundation 1995. Non-Government Organisations : Gudielines for Good Policy and Practice. (Prepared by Colin Ball & Leith Dunn) London : Commonwealth countries. demonstrates this point.

many argue, needs to be an institution which handles the common concerns between government and civil society about development, as well as harness resources and co-ordinate strategies of both sectors to maximize effectiveness in meeting development needs.

PART 4. THE SCALE AND DIMENSIONS OF CIVIL SOCIETY ORGANISATIONS IN SOUTH AFRICA

4.1 ***Size of the Sector*** : Figures referring to the size of the sector should be approached with caution. Estimates are widely divergent. The Development Resources Center puts the figure at 54 000 while the Independent Media Services of South Africa punts for the figure of 30 000. This is partly as a result generally of the problem of lack of reliable information about this sector. Obtaining statistics and keeping them up to date is a challenge in all developing countries with numerous competing claims for resources and effort. The inconsistencies in estimates also influenced by the different definitions ascribed to different types of CSOs. The former figure probably includes CSOs such as stockvels and school committees, while the latter figure only refers to organisations which exist for the promotion of development for communities other than members of associations, for welfare or for charitable purposes. What may be said without contradiction is that the sector is enormous. In every part of the country and in every community CSOs exist in one form or another .

4.2 ***Diversity is a Strength*** : As outlined by the Commonwealth Foundation Report[6] the development landscape is characterized by a rich diversity of civil society organisations. They range from highly sophisticated information-driven initiatives that provide specialist services, to community-based (informal) initiatives that seek to pro-actively provide rudimentary employment, or social services to deprived communities. In broad terms, it coincides with the spectrum of organisations - ranging from care and welfare, to change and development. This diversity requires a nuanced and variegated policy framework to ensure that formalisation enhances rather than impede their effectiveness. This diversity is part of the vibrancy in broader society that is vital to the deepening and sustaining of democratic processes.

4.3 ***Complementarity of NGOs and CBOs*** : Some opinion-makers like to draw a solid line between NGOs and CBOs. Although many organisations identify themselves as either

[6] Community based organisations (CBOs), denote membership-based organisations esablished to represent a particular interest group or locality (or organisations established to represent a particular interest group or locality or conglomeration of interest groups and/or localities); and Non-Government Organisations (NGOs) refer to service-delivery organisations comprised or (professionally) trained staff that perform dedicated functions to achieve the specific purpose of the given organisations. These are distinctively non-membership and therefore make interventions on the basis of principles, values, objectives etc., as opposed to their representative status.

one or the other, it is difficult to create neat pigeonholes for each. No characteristics are exclusively attributable to the one category to the complete exclusion of the other; be it in terms of accountability to communities, relationship with donors, or the notion of a service delivery role. In addition, particular roles - for example, training, lobbying or helping communities to organise basic services, are usually filled by both CBOs and NGOs. In this context it makes better sense, it is argued, to move beyond the dichotomous understanding of membership-based organisations on the one hand and professional agencies on the other, typified as CBOs and NGOs respectively in South African terminology.[7]

It is argued that for the purpose of a structural relationship and support of this sector it may be more prudent to speak in terms of a spectrum of civil society development organisations. This approach will assist the development of the relationship between government and CSOs to rather base its policies on an analysis of the different roles that these different institutions play in the development process. These roles and the functions they fulfill, add value to the overall empowerment process in different but complementary ways. The tired debate about who is primary and who is secondary between CBOs and NGOs detracts from an ability to identify capacity in a comprehensive way relative to developmental roles that each type of organisation plays.

4.4 Consequently, an emerging structural institution between CSOs and Government will be to provide appropriate support to all CSOs along the spectrum of development initiatives. Organisations should be assessed on the basis of whether they are making an effective contribution to development or not. This should constitute part of understanding diversity - the potential offered and constraints faced by CSOs.

4.5 ***Legal Categories*** : A legalistic breakdown of the sector indicates four categories:

4.5.1 voluntary associations (established as a product of common law, small and informal community initiatives), which tend to be membership based;

4.5.2 trusts (created under statute and residual common law, including purposes for gain);

[7] Rapoo, Thabo and Shubane, Khehla 1996. Government/CSO Relations : International and Southern African Experiences : Page 9.

4.5.3 section 21 companies (public companies limited by guarantee, with a minimum of seven members), which tend to be service-providing and non-membership based NGOs;

4.5.4 other specific legislated organisational forms such as trade unions which fall under the Labor Relations Act and other associations which can be grouped under the Friendly Societies Act.

4.6 ***Other Categorization*** : NGOs and CBOs are as diverse as the categorization of development problems and the many kinds of development interventions there are. Even within sectoral categories such as education, health and capacity building, they meet different needs. Some define themselves as trainers, lobbyists, providers of resources, community development animators and so on. Others see themselves as a combination of various categories. In addition, even organisations with similar aims use different fund-raising approaches and exist in a multiplicity of shapes and sizes.

This, taken together with the different legal forms, serves to underscore the importance of ensuring that any interlocutor mechanism(s) between government and civil society organisations must be sensitive to diversity if it is to harness the potential contribution of civil society towards national development objectives.

4.7 ***CSO Impact*** : Due to the imprecise information on the number of NGOs and CBOs and their range of activities, the impact and scale of civil society organisations is difficult to measure. This uncertainty about figures points to a critical need for systematically building capacity and expertise to begin to foster a more accurate understanding of these issues. Nevertheless, signs point to a sizable NGO and CBO contribution to development and to fostering democratic processes in South Africa.

These organisations deliver on a major scale in spheres where the state is presently weak such as pre-school education and literacy, as well as where the state has identified a partnership as the most efficient way to tackle the scale of need, for example, rural water provision. NGOs have also proved themselves indispensable for mobilizing the public and marginal groups to participate in democratic processes. They have proven important for voter education and to the processes of drawing up the new National Constitution.

4.8 ***CSO Sector and Quality Control*** : Acknowledging the development input of the CSOs should not cause us to turn a blind eye to their problems. As much as the sector has strengths, it also has weaknesses and challenges. As with the public and private sector, some organisations within the development sector are less effective, while others are at the cutting edge. However, the quality of CSOs is effectively regulated internally, that is, within the sector. CSOs are exposed to competition for resources and support. They have to give an account to their partners for use of funds, and to their constituencies for how they work. They are subject to scrutiny of the media, and their fund raising ability can be destroyed if they are found to have abused funds. To the extent that they remain relevant, utilize funds properly and meet needs, NGOs and CBOs live or thrive; otherwise they wither and die. Under normal conditions, this weeding-out process is healthy, strengthening and constantly improving the sector. Of course this natural selection approach needs to be qualified in several ways.

4.8.1 First, the present high attrition rate due to the funding crisis is a distortion of this process, and is responsible for the unacceptably high loss of vital development resources.

4.8.2 Second, "normal conditions" for a vibrant and healthy sector implies a basically supportive environment, so that effective organisations feel valued rather than stifled.

4.8.3 Third, imperatives of affirmative action require that marginalised groups should not continue to be excluded in favour of groups that have previously had more access to resources, training and funds.

4.9 Taxation and Registration

4.9.1 Significant work has been conducted on the issues of tax policy, as it affects NGOs. A view expressed constantly by NGO lobbying bodies, is that the legislative and tax framework for NGOs remained unchanged from the demise of the apartheid era.

4.9.2 In particular, while NGOs are regulated by laws which are, on the face of it, 'politically neutral', these laws created instruments used by the apartheid government

to control civil society initiatives[8]. The tax law defines which organisations should be tax exempt and which donating organisations are eligible for tax rebates. In present tax law, organisations which fit narrow definitions of welfare qualify for tax exemptions. Tax breaks are only granted to donors who contribute to religious and charitable organisations and those involved in formal education. It is not difficult to see how these measures were used for control in the apartheid context. Ironically, these measures persist and are presently being applied in very much the same way. This essentially means that there is a need for new forms of registration and above all for taxation that encourage the rapid development CSOs.

4.9.3 Furthermore, South African law providing for the registration of NGOs is unnecessarily complex and subject to a lengthy bureaucratic procedures[9]. Lodging documents and communicating with the Registrar's office involves such difficulties for the lay-person that specialist legal assistance is required. Such assistance in turn can be extremely costly to grassroots CSOs.

[8] Emdon E., Mgoqi W., and Rosenthal R 1993. Establishment registration and administration of NGOs. Report Commission by the Independent Study into an enabling environment for NGOs.

[9] Interfund. 1996. Development Update : An Interfund briefing on development and the voluntary sector in South Africa in 1995/96, Johannesburg, Interfund.

PART 5: THE SIZE AND SCALE OF FUNDERS OF CSOs IN SOUTH AFRICA

5.1 South Africa was characterized by an unusually vibrant development-funding environment compared to other developing countries. This is in part a result of the unique legacy of the apartheid system that dominated the lives of the majority of poor citizens. To compensate for the systematic under-development of the majority black population, a number of European and other donors devised innovative strategies during the 1980s to channel resources and financial assistance to anti-apartheid organisations and also to nascent developmental organisations.

5.2 Dedicated organisations were established to act as channels for these funds, of which the Kagiso Trust (KT), the South African Council of Churches (SACC)and the South African Catholic Bishops Conference (SACBC) are the most known. European Union funding, which required approval of projects in Brussels, as well as from European project partners, created major problems for the Kagiso Trust the SACC and the SACBC. Their work was beset with huge delays in project approval and funding flows, generating resentment and charges of inefficiency. In addition, the change to government-to-government funding — which meant the end of EU funding for these structures — had major implications for their beneficiary organisations particularly those of KT. Even though KT launched processes to manage the process, withdrawal of funding caused crisis and trauma that soured relations between KT and former project holders.

5.3 At the same time, the apartheid government made a policy shift, as part of their broader security strategy, to win the hearts and minds of the black population through selective and piecemeal social service upgrading programmes. These were implemented via the 'illegitimate' Bantustan authorities and also the Black Local Authorities and Management Committees to build up the legitimacy of these institutions. This strategy met with limited success and gave rise to the need for something more substantial and 'politically neutral'.

This reality lead to the inception of the Independent Development Trust (IDT)[10]. Its purpose was to address the development backlogs created by the official denial of significant development resources to black communities.

[10] See Shubane, Khehla. 1996. Report on Selected Development Funders for the Advisory Commission on a proposed National Development Agency.

However, the IDT was born in to a highly politicized era of the early 1990s and had to face skepticism and lingering credibility problems, especially from NGOs and organised CBOs who identified themselves as part of the Mass Democratic Movement.

5.4 The legacies of the IDT, SACC, SACBC and KT obviously structured the development funding terrain in a fundamental manner. NGOs and CBOs interacted in very different ways with these institutions. Part of the post-1994 development challenge has been to recognize, understand and transcend these legacies against a backdrop of limited resources, growing needs and rising expectations. This challenge is central to the decision to establish a credible national institution that is dedicated to a development funding role. It underlines the importance of creating a clean slate, as it were, to avoid continuities with the past that could re-emerge as complications in a new institution, even if only at the level of perception.

5.5 Various other development agencies, also with a national remit and an interlocutor role for development work, exist, such as the Mvula Trust and the Joint Education Trust. Significantly - in the context of this report - these organisations are not funders as such but development agents, directly involved in implementation. Furthermore, they usually operate sectorally, sometimes acting as umbrella bodies for initiatives in a particular sector. Interestingly, both IDT and Kagiso Trust have repositioned themselves so that they fit within this category; both are winding down their funding role in favour of development facilitation and implementation respectively.

5.6 South Africa is also endowed with a diverse number of foreign donors. There are government-to-government donors who also make grants to NGOs such as, the European Union and US AID at one level and individual governments at another.

There is also a range of smaller funders, some of these are themselves NGOs (such as Oxfam), while others are philanthropic-linked foundations such as the Ford, Kellog and Kaiser Family Foundations.

5.7 Foreign funding is subject to policy changes in donor countries and is set to decline at the end of the transition period (taken to be five years from April 1994). Presently the foreign funding for CSOs (direct to CSOs government funding earmarked for CSO work) remains at about R700 M. Funding problems to CSOs have been caused by the shifts, the

changed priorities as well as the bottle necking of donor funds within government bureaucracy.

5.8 South Africa also has a robust local corporate social responsibility and investment sector that has, especially in the first year following the democratic elections, signaled an intention to work in support of the RDP. Local corporate donors vary from those whose grants total more than R1m to smaller players, whose level of giving falls under R200 000 per annum. The overall level of corporate giving looks sizable - estimated at R1b. However, such funding is presently of limited relevance to CSOs in development.

Most of local private sector money, approximately 60% is devoted to "own" or company programmes benefiting employees and company selected communities. The remainder is spent mainly on educational projects. Only about 16% of corporate funding goes to development CSOs. Figure 1 hereunder indicates the estimated levels of funding to various CSOs in 1996[11].

Allocations made towards development funding (estimated annual figure)

Corporate sector	R 1 b
Foreign funding to CSOs (via government and direct)	R 700 M
Independent Development Trust	R 351 m
Kagiso Trust	R 250 m
Transitional National Development Trust (so far)	R 16,5m

Fig 1

[11] Because accurate and up-to-date data is not available, these figures are used in a qualified way. They must not be regarded as anything more than giving a broad picture of relative volumes of funding. The amounts shown for the local corporate and direct overseas sectors are based on studies and estimates by the Development Resource Centre of 1993. The amounts for the local development institutions must be viewed as estimates because their funding levels change and their figures for 1996 are not yet available. The latter information is also drawn substanitally from informaiton provided by these bodies.

PART 6. INTERNATIONAL EXPERIENCE OF RELATIONSHIPS BETWEEN GOVERNMENT AND CSOs

6.1 The Committee has made every effort to learn from the experiences of other countries to inform and deepen the scope of their work. Pursuant to this objective, the Committee studied reports of research work undertaken inter alia by bodies such as :

i) the Overseas Development Council, which recently held a conference on Strengthening Civil Society's Contribution to Development;

ii) John Hopkins University which launched a major empirical examination of the scope, structure, financing and role of the private, non-profit sector in 12 major countries using a common framework and approach; and

iii) The Commonwealth Foundation which developed over four years, guidelines for good policy and practice in structuring relations between CSOs and government.

Support for civil society and its relationship with government is not an issue restricted to one part of the world, or to one set of socio-economic circumstances. Non-profit organisations have been called on recently to substitute for government social welfare spending in the two developed countries and to help overcome the exclusion of the poor in France, to promote pluralism in Sweden, and to help foster a civil society in Russia and Central Europe.

The Committee paid particular focus in its investigations on India, the Philippines, Kenya and Sweden. In the case of Sweden, the Committee sent a small delegation to study government/CSO relations more closely.

Models studied by the Committee revealed the following salient features :

6.2 Philippines

6.2.1 In the case of the Philippines, after the democratization process of 1985 there was a deliberate attempt to provide significant space and opportunity for NGOs and CBOs to become involved with government in addressing the acute development needs in the country. In fact, the role and status of voluntary organisations

was entrenched in the new constitution of 1986. The state actively encourages the formation and operation of NGOs and CBOs who worked in the interest of national welfare of the citizenry.

It was against this backdrop that a number of legislative enactments were promulgated to give practical expression to a constitutional commitment to the promotion of a government/CSO partnership in pursuit of development[12]. Since this shift in approach to voluntary organisations started, a number of valuable experiences have been gained.

6.2.2 In response to what the Constitution and Subordinate Legislation demanded of them, different line departments developed interfacing mechanisms that suited their particular needs, e.g., consultative mechanisms between government and CSOs on an ad hoc or institutionalized basis; in-house liaison offices or desks to specifically liaise with CSOs; special financial assistance packages directed at CSOs, amongst other strategies.

6.2.3 Secondly, most departments only focused on their line function and did not necessarily liaise with other departments about their interactive approaches to CSOs. The Philippines has not yet develop a single over-arching mechanism to rationalize and cross-fertilize the experiences of different line-departments. There remains continued discussions about the necessity of getting line ministries to share experiences on their respective work with CSOs.

6.3 India

6.3.1 The Indian experience is similar in this regard. Since the early 1980's, the role of CSOs has always been recognized and encouraged by government. In fact, the original purpose of government-initiated agencies was to promote the voluntary sector in order to effect

[12] See Quizon, Antonio. 'A Survey of Government Policies and Programmes on Non-Government Organisations in the Philippines'. Original source title not available. This article provides a useful survey of the different approaches and mechanisms that were persuaded by different line ministries and other dedicated government institutions.

consultative mechanisms between government and the CSOs[13].

6.3.2 Government development plans subsequently made reference to the role of the voluntary sector, and there was clear recognition that it was needed to complement government efforts in service delivery, especially to reach those who would have been otherwise excluded.

6.2.3 As in the Philippines, no concerted effort was made to rationalize the interaction between Government and CSOs.

6.4 Kenya

6.4.1 The Kenyan experience has been somewhat different. This country enacted a number of laws during the 1990s to govern and regulate the work of CSOs, especially NGOs. The thrust of the Kenyan government's approach is that it seeks to harness the service delivery role of NGOs in particular, but within a highly circumscribed and over-regulated environment.

An illustrative case in point is the government initiated legislation that which sanction the compulsory registration of NGOs with the Co-ordinating Board, an institution set up to monitor and control NGO activities. Another is the legislative instrument called the NGOs Code of Conduct of 1995 which seeks to define a code of conduct for NGOs and also establish a regulatory committee to monitor compliance 14.

6.4.2 It is not difficult to discern that the Kenyan experience reveals a situation of a paranoiac government which, while recognizing the role of NGOs providing services, feels threatens by the advocacy role which NGOs also have to fulfill in order to promote democratic practices[14].

6.5 Sweden

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[13] See ; Khanna, Shri. 1990. 'NGO-Government Cooperation in India', presented at workshop organised by Commonwealth Secretariat in India. This article provides a useful historical overview of the institutional evolution of NGO-Government interaction in India.

[14] Lukalo, IN 1996. 'NGO-Government Relations in Kenya'. An overview of the process of collaboration between NGOs and the Government in Kenys. Paper presented at Commonwealth regional workshop for Eastern and Southern Africa. Johannesburg 20-24 May 1996.

6.5.1 In Sweden, there is a robust and expansive voluntary sector, with a high number of membership-based organisations. The Swedish government also recognises this as a resource, and dedicates considerable energy to encouraging it.

6.5.2 It also supports organisations that may be critical of its own policies because of its commitment to participatory democracy. This serves to improve and enhance the policy framework and programmes of the government. In this sense, it differs from both the Philippines and India, where respective governments have been reluctant to support organisations with programmes deemed to be repugnant to 'national interest', that is, critical of the government.

6.5.3 CSOs in Sweden are given direct input into government policy formulation at a very high level. Each line department has a specific mandate and puts in place a statutory board which is representative of both civil society and government. Its main purpose is to develop policies and interact with service providers. This model provides access and input to civil society, but it also blunts those divides between government departments which so detract from development.

6.5.4 Having observed and studied international experience and interacted with various sectors of our society, we have discerned a misguided prevailing conviction that the non-profit sector, which make so much of the national fabric, consists of consumers and recipients of alms who do not actively contribute to the economy. As a matter of fact, the non-profit sector now constitutes a powerful economic force in Germany, Japan, and the United States.

6.5.5 Can the same, in future be true of South Africa? What can be said is that world-wide, a broad-based understanding of the role and character of civil society remains the exception rather than the rule, and in many places, the CSOs face a significant problem of lack of visibility. That was not the case in South Africa until recently, when funder-withdrawal and CSO collapse began to take their toll.

6.5.6 In some countries, the lack of awareness of the contribution to society made by CSOs is caused by the legal limbo in which many organisations are forced to operate. Elsewhere in this report we argue for the

creation of a supportive and enabling legal environment for CSOs. This is not in any way to lend weight to those who think 'control' when they think of government/civil society relations. In too many countries, tension exists between the state and the non-profit sector. Sometimes, this tension is inevitable and necessarily so; but exclusive emphasis on conflict in the relationship at the expense of cooperation can lead to the loss of value which both the public and CSO section add to the development process of the people of our country.

PART 7 : KEY FINDINGS AND PROPOSALS FROM SUBMISSIONS

Based on the submissions received by the Committee, the analysis of the workshop results, literature surveys as well as the reconnaissance visits made by the Committee, the following issues can be noted:

7.1 International Experience

International experience suggest that;

7.1.1 The non-profit sector constitutes a powerful economic force in developed economies such as the USA, Germany and Japan. In emerging economics the role of CSOs is proving to be a rising concern. Legislative impediments such as those in Kenya and to some extent in South Africa constraint the possibilities for the sector to flourish.

7.1.2 CSOs remain a strong force in the sustenance, promotion and operation of democracy, the strengthening of a human rights culture and to a large extent the efficient and effective delivery of development initiatives, particularly the eradication of poverty.

7.1.3 A supportive legal environment with simple procedures for the establishment and operation of CSOs is necessary to advance mutually beneficial relationships between CSOs and Government.

7.1.4 While retaining their significant policy autonomy line ministries achieve more when they work closely with NGOs in carrying out the mission to structure and service their interactions, with CSOs that work within their ambit.

7.1.5 There is a definite need for a signpost government funded institution to provide a co-ordinative service, promote consistency in Government/CSO interactions, and to proactively support CSOs that may not be in a position to access line department resources and programmes.

7.1.6 Government and CSO relations need to be constantly reviewed and the underlying guiding policy framework needs to be cautiously referred to, to facilitate maximum synergy between government and CSO efforts.

7.1.7 In the US, Sweden and other developed countries Government contributes more than 80% of the operating and project budgets of CSOs.

7.2 The South African Experience

The provincial workshops and submissions extracted from South African organisations and players indicated and proposed that;

7.2.1 The CSO sector is vital in the effective implementation of development and the sustenance of a Human Rights culture in SA

7.2.2 Since the 1994 elections the sector is facing a crisis. This crisis is occasioned primarily by the lack of funding and the constraining policy environment in which the sector operates particularly the current tax laws and registration procedures.

7.2.3 In spite of its importance in development, the CSO sector does not have a strong profile and its efforts generally go unsupported and unrecognized. A major effort is required to build a respectful, tolerant and trusting network of relationships between the government and civil society organisations. What needs to be addressed at minimum, is the need for a simple, clear and consistent policy framework; enabling legislative mechanisms; institutionalized interaction between the sectors, and the interlocutor or clearing house function that acts as a policy-nerve-center for government/civil society interaction.

7.2.4 CSOs which define their work as sectoral have been the most keen and quickest to explore contracting with government departments. However, other organisations that play cross-cutting roles such as, those skilled in public participation, human resource development or community development are also pursuing the contracting option. CSOs see contracting as a source of funding for types of work they are already doing, or for kinds of activities they have been undertaking but are increasingly unable to secure funding for. Sectoral

organisations such as those in health and education have targeted contract work offered by line departments of the national government. Service organisations have also sought out contracts from provincial government as well as local government.

7.2.5 The experience of CSOs in the process of procuring contracts has been mixed - a new source of funds and exciting new opportunity for some, but frustrating for many others. Most CSOs find the procedures involved in contracting, especially the tendering aspect, confusing, complicated and drawn out.

Indications are that only a small proportion of CSOs, those most sophisticated and already well funded enough to attract better expertise, are able to secure government contract work. The rest lack the confidence, the resources and the skill to meet the requirements and the challenge of the contracting game.

7.2.6 Tendering procedures, in particular, have proven an insurmountable challenge to smaller service organisations-ions. CSOs find the requirements of such procedures unclear; a situation made worse because bureaucrats and tender boards are inconsistent in their interpretations of the tendering requirements. By and large, no assistance is given or available to equip CSOs to tender effectively.

7.2.7 Tendering procedures have been widely criticized and processes of reform are underway. Much of the critique has revolved around the advantage that large firms have over smaller ones in the tendering process. Government has set up the Procurement Reform Task Team which is drafting the Green Paper on state tendering procedures. Proposals for reform, in line with early RDP policy statements, focus on simplified tender forms and making available to emergent entrepreneurs training and assistance with regard to negotiating tender procedures. It is imperative that such changes to the tendering process take into account the needs of small service organisations in the non-profit sector.

7.2.8 The Advisory Committee believes that CSOs should have the freedom to contract with government departments. In fact, they should be supported and assisted in using their expertise through contracting. In developmental terms, however, the role of CSOs in

development cannot be fully realized through contracting. If NGOs and CBOs restrict themselves to contracting, they limit the role they can play in other development work and may, consequently, detract from the wider value they can add to the development process. Consequently, contracting cannot be the primary source of funding for NGO work. Other forms of funding - which enable NGOs to exercise their traditional advantage of creativity, flexibility, innovation and responsiveness to community initiative - need to take precedence.

7.2.9 There is a need to strengthen partnerships between Government and CSOs. This partnerships must operate within a defined national development framework and planning. The principles and objectives of the RDP in essence reinforce this framework.

7.2.10 There is a need to establish a mechanism for partnership with CSOs by Government whose primary role should be the funding of CSOs. Other functions to this mechanisms should be policy development, interacting with Government on development planning processes and the facilitation of funding from other institutions and Government for CSOs. This mechanisms should be a statutory body.

7.2.11 The beneficiary groups of this institution within the broad CSO sector were suggested to be the poorest of the poor particularly those found in rural areas. The problems arising as a result of increased urban settlements will have to be addressed by this mechanism.

7.2.12 A funding mechanism developed by Government should be independent of line ministries and report directly to parliament. Reporting to a line ministry would interfere with the crosscutting nature of the proposed structure.

7.2.13 Funding for this mechanism, it is argued must come from the fiscus in the same manner as the parastatals are funded. An alternative to this type of funding could be a National State Lottery.

7.2.14 The establishment of the proposed mechanism must guard against the duplication of institutional efforts and the conflict of interest of specific CSOs.

PART : 8 ADVISORY COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

After a vigorous and careful analysis of information and views expressed in submission and workshop notes, the Advisory Committee notes that :

8.1 There is a need for coherence and consistency in Government with regard to the role of CSOs in development and ways of overcoming constraints facing the CSO sector.

8.2 Funding relationship between CSOs and Government, have not been hitherto adequately addressed.

8.3 Funding support to the CSO sector should not be approached as a matter of additional state expenditure. Funding of CSOs from the fiscus is a means for effectively using development resources already allocated as well as way of leveraging the resources, energy and 'own contribution' of CSOs in the delivery of the RDP.

8.4 CSOs are reputed to deliver services at lower cost, contribute to the voluntary efforts, mobilize community resources and marshall international donor funding in the course of their work.

8.5 The establishment of a funding mechanisms and partnership with CSOs should not be done in a manner that seeks to control government departments and their interaction with CSOs. Government departments should continue to develop their own relationship with CSOs based on their specific needs, programmes and priorities.

8.6 The establishment of a funding mechanism should be consistent and enhance the objectives of the RDP whilst providing a fast tracking mechanism for the delivery of development.

8.7 The mechanism should not seek to;

8.7.1 Control line departments and their interaction with CSOs.

8.7.2 Replace current arrangements, including budget allocations and activities between line departments and CSOs.

8.7.3 Replace viable CSO institutions.

8.7.4 Act as an implementer of development projects.

8.8 In this context a number of options can be pursued by the Deputy President and the Cabinet in establishing a structural relationship and funding mechanism between CSOs and Government which has now come to be referred to as a National Development Agency (NDA).

8.9 Transformation of the IDT

An option available is the transformation of the IDT to assume a new role. Proponents of this option argue that the IDT already has in excess of R1.4billion of state resources. The IDT generates through prudent business skills and investment policies in excess of R140m per annum. The IDT requires only R60m per annum for operating costs. The IDT already operates and works closely with certain Government departments in the facilitation of development efforts.

The IDT in its submissions, has argued that it desires to play a facilitation role. Contrary to its original funding role it perceives itself primarily as a development facilitation institution[15].

Further, the IDT has supported the need for the establishment of a dedicated development funding mechanism to CSOs. That being the case the IDT did not see itself suited to play this role.

Over and above the IDT submissions on their future role, the Committee noted the following :

- The importance to separate a funding role from that of implementing development. Experiences in South Africa and other developing countries prove that combining these roles is a recipe for failure, as it undermines sound development philosophies.

- The IDT is legally constituted as an independent institution from government.

- Government has limited leverage over the affairs of the IDT.

- The high level of antagonism between the IDT and other progressive CSOs.

[15] IDT, 1996. 'Presentation to the NDA Advisory Committee by the Independent Development Trust'. September 1996.

- The unfair advantage the IDT enjoys over other CSOs owing to the fact that they were exclusively financed by the previous Government.

- The IDTs' disproportionate use of consultants as against the use of suitably qualified CSOs, and more so, the use of historically advantaged consultants.

- The IDTs capacity to implement projects on scale.

- Recent attempts by the IDT to transform itself .

In view of the above the Advisory Committee submits that further attempts to transform the IDT without the active involvement of relevant CSOs and other interested stakeholders will serve a very limited purpose. The Committee further submits that long drawn processes of transformation will act against the survival and interests of CSOs which have been battling to survive for the last three years. The option of further transforming the IDT to make it suitable for the task of funding CSOs would have the effect of further delaying the process of finding an immediate solution to the current funding problems faced by CSOs and thereby exacerbate this crisis. If the experiences of the KT and IDT proposed merger and the difficulties experienced in the TNDT were anything to go by, CSOs cannot be continually subjected to peripheral issues to their survival and performance.

Recommendation :

The Committee accordingly concludes that the IDT should continue with its preferred implementation facilitation roles and maintain its interface with respective Government structures in carrying out projects. In this context the IDT could become a Statutory Body responsible for government programmes commissioned by departments. IDT should further be requested to contribute some of its invested capital towards the establishment of an institution which will be dedicated towards the funding of CSOs.

8.10 Transformation of the TNDT

8.10.1 The TNDT was established by statute in October 1995 as an interim measure to fund CSOs in crisis as

government investigated a long-term mechanism to relate to CSOs.

8.10.2 Through consultative processes the TNDT was established with the support of key stakeholders and prospective beneficiaries.

8.10.3 The NEDLAC, NGO Coalition, KT, and IDT representatives formed the core body of Trustees of this transitional institution. While this arrangement can be justified by the then prevailing historical realities, all parties represented on the TNDT Board are agreed that inclusion of potential grantees on the Board, to decide on who may or may not be funded by the TNDT, was a fundamental flaw.

8.10.4 The government funded the TNDT to the extent of R50m. The European Union contributed R75m to match the GNUs contribution.

8.10.5 TNDT has experienced extreme difficulties in the conduct of its business. Some of the difficulties include conflict of interest among the stakeholders in its decision making structures, delays in remittances by the government and the EU, staff recruitment difficulties and differences in organisation culture between the IDT and KT. The latter led to the untimely withdrawal of participation by the IDT in this process.

8.10.6 The setting up processes, structure and focus of the TNDT have been singularly problematic. The appointment of the Trustees based on constituency representation, the hope by government for a merger between the IDT and the KT could be a source of contention among competing stakeholders. The Committee has noted that anger, negativity and despondency exist regarding the TNDT from a wide range of CSOs and within the TNDT itself. This was borne out, among other things, by the IDT's untimely resignation from the TNDT's Secretariat. Some of the problems are not of the TNDTs making, but are rather imputed to it by circumstances beyond its control.

8.10.7 The TNDT has hitherto disbursed no more than R17 M by the end of 1996. It is envisaged that the TNDT will cease to operate by October 1997 and that a new institution will be in place.

8.10.8 The TNDT has in its submissions supported the establishment of a dedicated long-term development funding institution of CSOs.

8.10.9 The TNDT has argued in its submissions that the funding of CSOs on an emergency basis is both difficult and untenable. Only those CSOs that have better technical writing skills benefit whilst those in real need continue to suffer.

8.10.10 The TNDT has offered to assist with the its transformation and the establishment of the NDA by offering its staff, infrastructure and members of its board.

Recommendation :

The Committee submits that whilst transforming the TNDT to become the proposed mechanism for funding CSOs may be an expedient option, this approach is however not viable given the issues articulated in the preceding paragraph. It is recommended that the TNDT should be phased out and all it's assets transferred to an agreed upon mechanism.

8.11 Line Ministries and Various Tiers of Government

8.11.1 Line Ministries and Local Government structures could be considered for playing the role of funding CSOs.

8.11.2 Annual grant allocations in addition to operating expenditures of the programmes of ministries, departments and local government could be factored into the budget allocations of the ministries.

A Funding Unit and a Development Policy Unit could be established in the Ministry of Finance and the office of the Deputy President respectively.

8.11.3 Grant allocations through this mechanism should be funds over and above tender and any other contractual agreements for service delivery.

8.11.4 The need for a fast tracking mechanism and interdepartmental cooperation will have to be enhanced.

8.11.5 Structures and mechanisms could also be developed for the further allocations to CSOs through local governments. Local issues are best dealt with by local players. Local government must be encouraged to work with CSOs in their localities. This will ensure that the capacity for delivery by small grassroot organisations is enhanced.

It has, however, been argued that many of the local governments have management and capacity problems which they are trying to resolve through their current change management processes. The same argument applies to Ministries and/or departments. It can also be argued that such arrangements could lend themselves to unsavory political problems. More importantly, a strong perception is widely held among various stakeholders, that some of these ministries and/or departments and tiers of government have hitherto not been able to process funds allocated to them through the fiscus and current foreign aid programmes, thereby, leaving CSOs at risk of closure, and more seriously, leaving communities without means of accessing basic social services.

Recommendation :

A Funding Unit may be established within the Department of Finance, supported by a Development Policy Unit in the office of the Deputy President.

The Development Unit is to include both government departments and CSO representatives. The Unit will lead in determining policy while the Finance Unit will lead in matters regarding funding.

THE COMMITTEE ACCORDINGLY NOTES THE FOLLOWING :

The need to support and observe the principles of subsidiarity where the decisions, responsibilities and capacities should be located at the appropriate tier of government.

The unequal levels of competencies amongst the different tiers of government and ministries.

The likely development of patronage relationships between specific CSOs and government.

The strong need for CSOs to remain independent and be free from manipulation particularly from politicians.

The Committee therefore submits that this option could require a measure of intergovernmental cooperation and initiative. NEDLAC, CSOs and other stakeholders may of necessity be part of the establishment of this process. Under the current crisis confronting CSOs this option may not yield the immediately desired outcomes regarding the sustenance of the CSOs and their mission.

8.12 A New Independent Statutory Body

8.12.1 The option of establishing a new, CSO funding dedicated and independent statutory body is strongly advocated for by most submissions. The NGO Coalition, the CBO network, the IDT, TNDT and workshops by key stakeholders have all articulated this position.

8.12.2 The primary function of this institution should be to act as a conduit of funding from government to development CSOs with ancillary functions in the facilitation of development finance from international donors, co-ordinating and conducting of development policy research, CSO capacity building and maintaining a database on CSOs and development funding trends.

8.12.3 It is recommended that the beneficiaries of this body should be CSOs providing development services to vulnerable communities and social groupings particularly rural communities and those communities beset by problems related to the new and fast growing urban settlements.

8.12.4 The objectives of this institutions should be the improvement of the living conditions of the poorest people in South Africa whilst enhancing their capacity to control their daily lives .

8.12.5 The goals of this institution should be to give the poor greater influence over development at local, provincial and national levels, the meeting of basic needs, fostering gender equality advancing the sustainable use of natural resources, the promotion of constitutional and

human rights and the promotion of strategies that increase incomes and the participation of the poor in the economy.

8.12.6 The operating values and principles of this institution should be transparency, accountability, institutional autonomy, accessibility and availability, a high quality of service to its clients, impartiality, gender and race equality and generally the observance of the RDP principles.

8.12.7 This institution is to report to parliament and should not be part of a government department, ministry and/or their programmes.

8.12.8 The funding of this structure should be through annual fiscal allocations or a National State Lottery.

8.12.9 A governing board appointed through public hearings and/or by public nominations. This Board should have the latitude and authority to elaborate the details of this structure including the appointment of the Chief Executive.

8.12.10 The governing board should not include nominees who are likely to have a direct interest or benefit from this institution. It should include the selection of certain key government or ministerial representatives.

The Committee strongly recommends this option to the Deputy President and Cabinet on the basis that:

- It is likely to fast track the delivery of development initiatives owing to the fact that it shall be dedicated to the sector.

- It is unlikely to be caught up in the conflict often experienced by institutions that act both as implementers and funders of development activity.

- It is unlikely to be confused with and /or burdened with inheriting problems , miss perceptions and animosities faced by the current operating mechanisms such as the IDT and the TNDT.

- It opts for lessened political and or ministerial interference and calls for a high level of

accountability and focus the prospective beneficiaries.

- It has the potential for a reduced level of bureaucracy and ministerial red tapes and can be operated at the provincial and or local levels.

- It can be put in place by using current ministerial and departmental RDP budget savings, TNDTs non expenditures and savings as well as the possibility of recalling IDT unallocated investments.

- It has been widely advocated for by all key stakeholders..

8.13 With respect to the transformation of the IDT the Committee notes over and above the IDTs submissions,

- the desirability to separate a funding role from that of development implementation, the latter being what the IDT is geared to play.

- the IDT is legally constituted as an independent institution form government. Government has limited leverage over the affairs of the IDT other than a moral and /or political clout.

- the unfair advantage that the IDT is perceived to enjoy over other development CSOs and the resultant antagonism that arise from a large body of the sector including the antagonism about the disproportionate use by the IDT of consultants particularly those from a historically disadvantaged, under-privileged back-ground.

- The IDTs capacity to implement projects with government departments on scale.

- The recent serious attempts and discussions with government by the IDT to transform itself.

8.14 The Committee is of the view that the transformation of the IDT into an NDA is likely to require a new process to consult with all stakeholders including the involvement of NEDLAC and other players. This is likely to delay the implementation of the envisaged institution and continue to frustrate CSOs.

More importantly government may be perceived to be interfering with the plans of an independent institution.

8.15 The Committee is of the view that the establishment of this institution must be funded on the basis of a progressive scale. A framework for the operationalisation of this structure is included as Annexure 4 to this report.

8.16 The Committee is of the view that the funding of CSOs through government ministries and local government over and above contractual and/or programmatic relationships that exist might compromise the need for fast tracking and implementing the RDP as already exemplified in current expenditure logjams.

PART : 9 MANAGING THE TRANSITION

9.1 A priority is to clarify the relationship between the proposed NDA and the TNDT. The TNDT was established by government as an interim measure to afford the government the space and opportunity to properly take stock of the development funding arena and make a decision as to the most appropriate role for itself in supporting the development sector. This relationship is potentially problematic if it is not managed in an open, transparent and up-front manner. At the moment conditions are favorable since the TNDT's mandate of two years is clearly understood by all stakeholders. Secondly, the staff of the TNDT are also fully aware of this and senior staff expressed that they would not like to continue beyond the two years. Thirdly, there seems to be agreement that the comparative strengths of the TNDT and their experience be harnessed to inform the operations and systems of the NDA.

9.2 This is also important because an NDA would be paralysed if it starts up by having to contend with awkward pressures (exerted by particular interests) to have a predetermined status and role in the new agency. The challenge is to find the balance between the benefits of a completely new institution with a clean slate, and building on the available resources, knowledge and infrastructure of institutions such as the TNDT that the government has supported. In seeking this balance it will be important to remain vigilant of legalities, and to avoid any decisions or impressions that may compromise the ability of the new agency to stamp a unique and different identity on the organisation. Undue residue of other organisational dynamics, be it the TNDT, IDT or any other candidate for 'infrastructure borrowing', must be avoided to keep transitional processes smooth and focused.

9.3 This said, it is obviously critical to ensure that the new agency is established with cost-effectiveness as a modis operandi. Since the TNDT's mandate will expire at a given date, there is an obvious case to be made for transferring its assets and resources to an NDA. However, this need to be conceptualised and designed in a manner that takes account of the need for a new and separate process to inform the establishment of the NDA. A detailed inventory of the asset base, liabilities, and other resources of the TNDT will have to be compiled towards the end of the TNDT's life-span. The Committee envisages that the winding-up phase of the TNDT could be lengthy and it may be appropriate for an accounting firm to oversee the process. This should not influence the establishment and operations of the NDA. In the very early

phases of establishing basic systems and procedures the staff of the TNDT may be involved on short-term contracts to expedite these issues. This can be done without creating expectation of an automatic tenure in the new body.

9.4 Once the recommendations of this report has been endorsed and adopted as government policy, it will be necessary to draft a *transition steps policy document* that will consider issues regarding the capitalisation required for the establishment of an NDA, the potential for building on existing resources within the TNDT and the IDT, and any other organisations that may appropriate.

9.5 Considering the institutional density and complexity in the development sphere, it is important to have a powerful and committed driver of the transition process. This is related to two other reasons;

I. due to the departmentally organised nature of government, projects which are meant to cut across line ministries can easily fall into a vacuum characterised by a lack of resources and profile that could be fatal to the initiative before it has had a chance;

II. and, in view of the different processes that will have to unfold simultaneously, it will be a critical success factor to have a well resourced, empowered and status-endowed person/office to champion the establishment of the agency with an aura of enthusiasm and expectation. For these reasons and for the sake of continuity the Advisory Committee proposes that this role continue to be housed in the Office of the Deputy Executive President.

9.6 Once the governing body has been appointed, their first order of business must be to execute a process to develop a detailed strategic plan for the NDA. This should include, inter alia;

- the formulation of a specific purpose (mission) for the new organisation in terms of the founding objectives and guiding principles elaborated earlier (10.2). The mission should be consistent with the primary purpose as set out in this report and the objects of the envisaged enabling act;
- a limited number of strategic objectives to guide the organisational plans towards fulfilling its primary purpose;

- defining concrete targets in terms of the each strategic objective in five year, three year, and annual formats to enable the establishment of a clear and transparent monitoring and evaluation system within the new agency.

9.7 A critical element for a successful transition process will be a good communications strategy. (See Annexure 4 for an overview of the different steps involved in establishing an NDA.) Development donors and facilitators are often subjected to controversy and to accusations of not living up to expectations. This legacy can be circumvented if the organisation factors strategic communication actions into every step of the transition process, and especially in the first few months in the life of the organisation. Such a strategy will have to target the public, NGOs, CBOs, government departments, corporate and foreign donors, etc. in differentiated ways to ensure that the right' message gets through.

9.8 Considering the scale of the operation to establish an NDA and the delicate political issues that will have to be managed along the way, it will be critical to ensure that the preparatory processes are thoroughly designed and adequately resourced.

The success or failure of the NDA will in a large measure depend on the quality and depth of the planning and preparation work that will be invested into its inception. An Annexure to this report provides an overview of the critical steps that will have to be followed towards establishing the NDA (Annexure 4). Resources will have to accessed to ensure that it unfolds smoothly.

10. CONCLUDING STATEMENT

The Committee has been privileged to advise the Deputy President and Cabinet on an issue which is fundamental to the reconstruction and development goals of the people of South Africa, and to the eradication of the legacy of apartheid. We hope that our labour will contribute to the continued improvement of the development framework. Certainly, if the outcome is not only the creation of the NDA, but also the infusion of a new dynamism into the thinking of civil society and government, both about the imperatives of sustainable development and relations between them, the Committee will be satisfied; but not content. Too much remains to be done to bring reconstruction and development to the people for anyone in South Africa today to rest content.

THUS SUBMITTED AND SIGNED BY PHUMZILE MLAMBO-NGCUKA, DEPUTY MINISTER, DEPARTMENT OF TRADE AND INDUSTRY, ON BEHALF OF THE ADVISORY COMMITTEE, ON THIS NINETEENTH DAY OF FEBRUARY 1997.

CHAIRPERSON

ANNEXURE 1.

THE ADVISORY COMMITTEE SET UP TO INVESTIGATE AND ADVISE THE DEPUTY PRESIDENT AND CABINET ON INSTITUTIONAL MECHANISMS SUPPORTING STRUCTURAL RELATIONSHIPS BETWEEN GOVERNMENT AND CIVIL SOCIETY ORGANISATIONS

Prepared for the Deputy President The Honorable Mr Thabo Mbeki

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TERMS OF REFERENCE

1. BACKGROUND

The rationalisation and re-organisation of delivery and funding mechanisms has been part of a discussion in Cabinet since 1994. The specific task of effecting the necessary changes were allocated to the RDP Ministry. After lengthy discussions and negotiations lasting over a year two interlinked steps were set in motion by the Ministry.

The one was the establishment of an agency that would respond to the immediate needs of Non governmental development organisations. The Transitional National Development Trust (TNDT) was launched in 1995 to perform this function.

The second step was a process that would lead to the establishment a more long term institutional arrangement, the National Development Agency (NDA). This process entailed setting up an Advisory Committee which would advise the Minister and Cabinet on the nature, functioning and resourcing of this agency.

These two processes were endorsed by the Cabinet in 1995 and R50 million was allocated to the TNDT with the understanding that European Union would make a further contribution of R75million.

1.2 APPOINTMENT OF THE NDA COMMITTEE

Prior to the reshuffle of Cabinet in March 1996, The Minister in the office of the President set up the Advisory Committee of 17 members, to be chaired by Ms. P. Mlambo-Ngcuka. The Committee was to make recommendations and advise the Minister and Cabinet on the establishment of the National Development Agency (NDA).

Members of the Committee were drawn from the following sectors: The Ecumenical movement, NGO/CBO/other Developmental voluntary Associations, Labour, Business, Community Constituency, Research and Social Policy analysts, Human Rights Community, Welfare Institutions, Development Funding bodies and International Development Agencies.

It is, however, essential to point out that committee members do not represent their specific constituency interests. The members were all appointed by the Minister on the basis of their expertise and commitment on matters that are relevant to a NDA.

1.3 IMPACT OF CABINET RESHUFFLE ON THE PROCESS

In the light of the shifts in Cabinet, the Office of the Deputy President was given the responsibility to provide leadership and support to the NDA process. Subsequently, the NDA Advisory Committee was endorsed by Cabinet in July 1996.

2. THE ROLE OF A NATIONAL DEVELOPMENT AGENCY

The GNU acknowledges the role of civil society outside of business corporates in carrying out the objectives of the RDP. It also acknowledges that Civil Society Organisations often have direct links with grassroots communities. These links give them the necessary insight and equip them with skills to deal with socio-economic problems within communities and to engage significantly in poverty alleviation programmes.

The Government further recognises that it is in its own interest and in the interest of the disadvantaged that an enabling policy environment should be created for Civil Society Organisations. This environment would enable civil society to continue to contribute towards development processes and good governance.

Government and Civil Society Organisations have come to terms with the reality that there is a need to find means to interact with and support autonomous organisations outside government who are involved in development processes.

The idea of setting up an institution to enhance this partnership has been widely supported and the proposed institution would be charged with the responsibility to:

Focus minds and energies of development practitioners on ways and means of meeting the needs of the poor
Facilitate the promotion of all development activities

Ensure that the country's resources are deployed in the most efficient, effective and co-ordinated manner

Encourage and support good development practices within communities.

Promote sustainable partnerships between government and Civil Society.

To this end the Minister in the Office of the President had acted as a catalyst to bring about the formation of Transitional National Development Trust (TNDT). The TNDT, an independent transitional body, has a specific brief, namely, to respond to the immediate development needs of civil society organisations.

3. THE ADVISORY COMMITTEE'S TERMS OF REFERENCE

The Advisory Committee shall make recommendations to the Cabinet and the Deputy State President on the following:

(i) The appropriate and functional relationship between Government and Organs of Civil Society with respect to the provision of capacity for the implementation of the RDP.

(ii) The structure and precise functions of a National Development Agency.

The final decision on the matter will rest with the Cabinet and the Deputy State President.

In carrying out its mandate the Advisory Committee shall take the following into account:

- Work done by the study into an Enabling Environment, noting the Draft Proposal for the Non-Profit *Legislation.*

- The existence of different types of Civil Society Organisations (NGOs and CBOs and other voluntary associations) and their comparative advantages in terms of the value they add to development processes

- The impact of Government tendering processes and contractual relationships on different types of organisations

- Past and future impact of Civil Society Organisations in the delivery of the RDP with special reference to poverty, unemployment, rural development and socio-economic empowerment of the historically disadvantaged groups and communities.

- Existing development funding institutions and their roles

- Recent studies on Civil Society Organisations

- Monitoring of the value added by civil society organisations to the development process

and make recommendations to the Deputy President and Cabinet concerning:

1. Role of the National Development Agency (NDA).

2. Institutional arrangements for the NDA :

- Structure

- Legal Status

- Relationship to Government

- Relationship to other existing Development Institutions

3. Financial relationships between government and Civil Society Organisations

4. Management of the transition i.e. from existing institutional arrangements to the NDA

- Implication of the NDA in relation to existing funding development agencies

- phasing out the TNDT and incorporating its experiences and integrating its work.

The options to be provided by the Committee have to be workable and will be regarded as recommendations.

3.1 PARTICIPATION OF SOCIAL PARTNERS

NEDLAC Development Chamber and Management Committee have supported the Minister's proposal to set up the Advisory Committee.

The Committee is expected to work closely with the NEDLAC Development Chamber. This will ensure constituency support for the process.

3.2 TIME FRAMES

The Advisory Committee shall be required to report to the Deputy President by November 1996.

4. CONSULTATIONS

The Advisory Committee is required to consult as broadly as possible within the time constraints. Consultation should cover all stakeholders including Business, Civil Society, The Donor Community, Labour, and various levels of Government as well as line departments.

5. REMUNERATION

The Committee will be remunerated in accordance with Treasury Instruction T4.2 (a) (ii) as amended and will comply to all the requirements of the Treasury Instruction Chapter T.

6. ORGANISATIONAL AND PERSONNEL IMPLICATIONS

The Advisory Committee will be supported by the NGO Liaison Office. In addition to the present staff of the NGO Liaison office, a full time Administrative Secretary may be appointed for the duration of the process.

7. FINANCIAL IMPLICATIONS

The process shall be supported from the Budget of the Deputy Presidents.

ANNEXURE 2.

ADVISORY COMMITTEE MEMBERS

NAME	ORGANISATION AND DESIGNATION
Chairperson :	
PHUMZILE MLAMBO-NGCUKA	Deputy Minister, Department of Trade and Industry
Vice-Chairperson :	
GRIFFITHS ZABALA	Consultant - Human Resource Development
JEFF RADEBE	Minister , Department of Public Works
RAMS RAMASHIA	President, National NGO Coalition
MERCIA ANDREWS	Deputy Director, Trust for Christian Outreach and Education
YASMIN SOOKA	Commissioner, Truth and Reconciliation Commission
ROSE SEPTEMBER	Researcher - Institute of Child and Family Development Senior Executive, Welfare Forum
RANDALL HOWARD	Senior Executive, COSATU (NEDLAC Nominee)
PIETER HAASBROEK	Group Economist, Barlows Limited (NEDLAC Nominee)
HYLTON APPELBAUM	Executive Trustee, Liberty Life Foundation
SHIRLEY MOULDER	Africa Director, ASHOKA
JOHAN BRISMAN	Minister of Development, Swedish International Development Cooperation Agency (Sida)
LISEBO KHOALI-MC CARTHY	Executive Director, National Rural Development Forum (NEDLAC Nominee)
FAAROOQ MANGERA	Senior Programme Officer, USAID
DAVID WHALEY	Resident Representative, UNDP
BONGANI MORE	Director, Department of Public Works
SARGHOONA GORDHAN	Director, Department of Welfare

GOVERNMENT / NGO RELATIONS - SUBMISSIONS **ANNEXURE 3**

SUBMISSION	TITLE	AUTHOR	SUBMIT-TED
Alzheimer's & Related Disorders Assoc (ARDA)		Kathy Beukes - Natl Director	6.11.96
Brits Training & Entrepreneur Centre (B TEC)	Consultation with NGOs/CBOs on Relations between the Govt & Organs of Civil Society	Mrs A Jonker - Head of Training	13.11.96
Community Chest Allocation Dept, Cape Town	Submission with regard to the relationship between Govt & the NGO/CBO Community	Amelia Jone - CEO	08.11.96
Disabled People South Africa	Position & Input Paper, NGO/CBO Relationship with Govt		
Embalenhle Housing Association	Consultation with NGOs/CBOs on relations between Govt & Organs of Civil Society	Alex Persent - Housing Co-ordinator	08.11.96
Foundation for Contemporary Research (FCT)		Ginny Volbrecht-Researcher	08.11.96
Gauteng Peace & Development Foundation	Submission on the relationship between Govt and NGOs	Cathy Bean/Mavis Cook	13.11.96
Institute of Natural Resources		Jane Zimmermann	07.11.96
Johannesburg Child Welfare Society	Consultation with NGOs/CBOs on relations between the Govt & Organs of Civil Society	Jackie Loffell - Advocacy Coordinator	08.11.96
National Land Committee	National Development Agency & Relationship between Civil Society & Govt	Rebecca Roderick - NLC Treasurer	14.11.96
SA Prisoners Organisation for Human Rights	Human, Material & Financial Assistance	G Miles Bhudu, President	06.11.96
Surplus People Project			Nov 96
South Cape Land Committee (SCLC)	Govt Financial & Institutional Support to NGOs		
The National Council for Persons with Physical Disabilities in S Africa	Consultation workshops	Hettie Marais - Asst Director, Welfare	14.11.96

SUBMISSION	TITLE	AUTHOR	SUBMIT-ED
Dept Health & Welfare	Draft Paper on the Relationship between the Dept of Health and the NGO/CBO Sector in SA	Dr Yogan Pillay	21.11.96
The Independent Development Trust (IDT)	Presentation to the NDA Advisory Committee		Sept 96
Independent Mediation Service of SA (IMSSA)	Report on the NDA Advisory Committee Provincial Consultative Process covering all nine provinces		25.11.96
National NGO Coalition	Submission to the NDA Advisory Committee		Sept 96
National Rural Development Forum (NRDF)	Submission on first draft of report	Lisebo Khoali-McCarthy	19.11.96
Transitional National Development Trust (TNDT)	Submission to the NDA Advisory Committee		Sept 96
Department of Welfare	Submission to the NDA Advisory Committee		18.11.96
University of the W Cape	Welfare Funding		9 Oct 96

TIME FRAME FOR OPERATIONALISING THE NDA

Step	Activity/Milestones	Responsible	Time-Frame
1.	Report submitted to Cabinet and recommendations are approved	DP's Office	March 1997
2.	Legislation is prepared to be tabled in parliament during the second session	DP's Office.	2 months, ready by May 1997.
3.	Legislation is tabled and approved	DP's Office	Finalised by June 1997
4.	All preparatory work is conceptualised and planned in a transition steps document.	NGO Liaison Unit	Work commence in March 1997 & final report: June 1997.
5.	Nomination Process for Governing Board	NGO Liaison Unit	August - September 1997
6.	Public Interviews & Appointment of Governing Board	NGO Liaison Unit	October - November 1997
7.	Strategic Planning of Governing Board	NGO Liaison Unite	1 Week in December 1997
8.	Advertise for CEO and senior management for NDA	NGO Liaison Unit	Mid-December 1997
9.	Interview & Appoint CEO and senior management for NDA	NGO Liaison Unit	Mid-end of January 1998
10.	Preparatory workshop between Board, CEO and senior managers to plan operationalisation	NGO Liaison Unit	February 1998
11.	Design of Funding Mechanisms, Systems, Information Technology, Communication strategy, Staffing Policies, etc.*	NGO Liaison Unit	March 1998
12.	Advertise and Recruit Project and Field Staff	NGO Liaison Unit/DP's Office	March 1998
13.	Training of Staff in systems; this should include placement programmes with other agencies and dummy runs to pick up as many problems in the system as possible.	NGO Liaison Unit/ DP's Office	May - June 1998
14.	Open doors to public	NDA Governing Board	July 1998.†

* It is necessary that a special funding systems advisory group be established to conceptualise and plan around systems design issues. Such a group could be comprised of a number of donor organisation representatives that come together and feed their experience and expertise into the process. They could potentially also fund such a process and especially arrange for placement programmes within their organisations once the management and field staff have been employed.

† Considering the time it will take to prepare and organise the establishment of the NDA it will be critical to ensure that the public and especially potential beneficiary organisations are informed about the different stages and the process be conceptualised as actually starting as soon as March 1997!

LIST OF ACRONYMS

AC ..... Advisory Committee

ANC ..... African National Congress

CLO ..... Community Liaison Officer

CSO ..... Civil Society Organisations

DP ..... Deputy President

EU ..... European Union

GNU ..... Government of National Unity

IDT ..... Independent Development Trust

KT ..... Kagiso Trust

NDA ..... National Development Agency

NEDLAC ..... National Economic Development & Labour Council

NGO ..... Non-government Organisation

PACT ..... Private Agencies Collaborating Together

PVO ..... Private Voluntary Organisations

RDP ..... Reconstruction & Development Programme

SACBC ..... South African Catholic Bishops Conference

SACC ..... South African Council of Churches

SIDA ..... Swedish International Development & Cooperation Agency

TEFSA ..... Trust for Education Fund for South Africa

UN ..... United Nations

UNDP ..... United Nations Development Programme

UNFPA ..... United Nations Fund for Population Development

UNHCR ..... United Nations High Commission for Refugees

UNICEF ..... United Nations Children's Fund

USAID ..... United States Aid

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