A Report Submitted to Kagiso Trust by the Human Sciences Research Council

TYPOLOGIES OF CIVIL SOCIETY IN SOUTH AFRICA: A CRITICAL REVIEW AND ANALYSIS OF THE CHARACTERISTICS OF THE NON-PROFIT SECTOR

FINAL REPORT

October 2019

Contact Person:

Stewart Ngandu

Economic Performance and Development (EPD)

sngandu@hsrc.ac.za

Tel: 012 302 2432

&

Shirin Motala

Economic Performance and Development (EPD)

smotala@hsrc.ac.za

Tel: 031 242 5634

HSRC Human Sciences Research Council

KAGISO TRUST Overcoming poverty

Table of Contents

LIST OF FIGURES

LIST OF TABLES

LIST OF ACRONYMS

Abbreviation	*Description*
ACESS	Alliance for Children's Entitlement to Social Security
AFRA	Association for Rural Advancement
CBO	Community-based Organisation
CS	Civil Society
CSG	Child Support Grant
CSI	Corporate Social Investment
CSO	Civil Society Organisation
CSS	Civil Society Sector
CSSP	Civil Society Support Programme
CYCW	Child and Youth Care Worker
DAC	Development Action Committee
DAG	Development Action Group
DANIDA	Danish International Development Agency
DFID	Department for International Development (UK)
DHA	Department of Home Affairs
DSD	Department of Social Development
DRALR	Department of Rural Affairs and Land Reform
DHA	Department of Home Affairs
ECD	Early Childhood Development
EE	Equal Education
EFF	Electronic Frontier Federation
EELC	Equal Education Legal Centre
ELET	Environment and Language Education Trust
FBO	Faith Based Organisation
ICNPO	International Classification of Non-Profit Organisations
ILO	International Labour Organisation
INGO	International NGO
KT	Kagiso Trust
LandNNES	Land Network National Engagement Strategy in South Africa
LRC	Legal Resources Centre
M&E	Monitoring and Evaluation

NACCW	National Association of Childcare Workers
NDA	National Development Agency
NDP	National Development Plan Vision 2030
NGO	Non-Governmental Organisation
NLC	National Lotteries Commission
NPC	National Planning Commission
NPI	Non-Profit Institution
NPO	Non-Profit Organisation
ODA	Official Development Aid
OECD	Organisation for Economic Cooperation and Development
PBO	Public Benefit Organisation
PLAAS	Poverty, Land And Agrarian Studies
RSA	Republic of South Africa
SACN	South African Cities Network
SADTU	South African Democratic Teachers' Union
SANAC	South Africa National AIDS Council
SANGOCO	South African NGO Coalition
SARS	South African Revenue Service
SASSA	South African Social Security Agency
SAWID	South African Women in Dialogue
SCA	Supreme Court of Appeal
SDG	Sustainable Development Goal
SERI	Social and Economic Rights Institute
SHI	Social Housing Institution
SHP	Social Housing Programme
SHRA	Social Housing Regulatory Authority
SRD	Social Relief of Distress
Stats SA	Statistics South Africa
TAC	Treatment Action Campaign
ToC	Theory of Change
ToR	Terms of Reference
UDF	United Democratic Front
UN	United Nations
USAID	United States Agency for International Development
VO	Voluntary Organisation
WEF	World Economic Forum

GLOSSARY OF TERMS

Term	*Description*	*Source*
Civil Society Organisations	These can be defined as all non-market and non-state organisations outside of the family in which people organise themselves to pursue shared interests in the public domain."	OECD, 2012
Non-Profit Institutions/Organisations	It describes organisations which are not for profit, do not distribute surplus they generate/own to those who own or control them, are self-governing, voluntary in nature.	StatsSA, 2011
Non-Profit Institution/ Organisation	Is a trust, company or other association of persons established for a public purpose in which incomes and property are not distributed to members and office bearers unless for reasonable compensation for services rendered.	Non-Profit Organisations (NPO) Act No 71 of 1997
Voluntary Association	Informal organisations which generally do not own or manage substantial resources, and subscribe to the NPO Act definition	StatsSA, 2011
Non-Profit Companies	These are registered as companies in terms of the Companies and Intellectual Property Commission (CIPC). The NPC is a distinct entity from its members or office bearers. It does not distribute shares or pay dividends to members.	StatsSA, 2011
Non-Profit Trusts	Trusts are registered in terms of the Trust Property Control Act with the Master of the High Court responsible for the registration. Trusts exist when a founder hands over to the Trust the control over the resources to be administered for the benefit of specific persons or impersonal object or purpose.	

Executive Summary

BACKGROUND TO THE STUDY

The Human Sciences Research Council was commissioned by Kagiso Trust to undertake a study with the aim of providing a report on the Status of the Non-Profit Sector in South Africa, including a comprehensive profile of the Civil Society Sector. The study findings are aimed at providing Kagiso Trust and other concerned stakeholders with a nuanced understanding of the sector as it exists today and which provides the basis for revitalising the NPO sector in South Africa. This is intended to allow the sector to continue playing a pivotal role in the realisation of the nation's developmental objectives. This report presents the findings of this assignment.

CONTEXTUALISING A FOCUS ON CIVIL SOCIETY ORGANISATIONS IN SOUTH AFRICA

In the struggle for a democratic South Africa, the non-profit sectors contribution has been widely acknowledged and documented; evidenced by the formation of struggle NGOs such as civic action committees, anti-eviction campaigns and the Anti-Tricameral Parliament campaigns. The United Democratic Front (UDF) was one of the most significant struggle formations, which was a social movement that spawned the development of a number of NPOs. Alongside this development was the growth of faith-based or ethnic-based welfare, education and health-oriented NGOs, many run by middle class, often white people, who received some form of state support or subsidy to deliver this service.

It was posited that in the post 1994 period the NPO sector in SA would play a central role in shaping the transformation of South Africa. However, in the 25 years since democracy, CSOs in SA have faced several major challenges including a significant shift of resources away from sector and increasing hostility from stakeholders from various spheres of government. This is despite the fact that the CSO sector has continued to play a critical role in defending democracy and advancing development priorities through challenging government failures and undertaking strategic litigation in order to protect and strengthen the realisation of constitutional rights.

KAGISO TRUST FOCUS ON CIVIL SOCIETY SECTOR

Kagiso Trust (KT), a non-profit development institution, has been in existence for over 30 years and its activities have focused on partnerships that are aimed at eradicating poverty with a specific focus on supporting and strengthening the work of civil society organisations (CSOs). This history gives the Trust the basis to provide leadership within the non-profit sector, from its ability to support CSOs whilst leveraging existing networks.

As part of its new Five-Year Strategy it recently established a Civil Society Support Programme (CSSP) towards the realisation of a reinvigorated Civil Society Sector (CSS). Central to this reinvigoration objective is the realisation that the sector might have lost the very core values that once saw a cohesive and highly coordinated civil society acting as an agent of progressive activism in the realisation of several socio-economic rights. Implicit in KT's approach to the CSSP is the notion of bolstering the responsiveness of non-profit organisations (NPOs) to the needs in their communities, which can be realised through a network of sustainable non-governmental organisations (NGOs)/CSOs that can generate, allocate and employ human, material and financial resources.

Central to the development of the CSSP strategy, is the need to not only have an understanding of the profile of the CSS but also to undertake a critical and empirical analysis of several characteristics of the sector in South Africa. To this end, KT has commissioned this study with the aim of providing a status report on the Non-Profit Sector in South Africa, including a comprehensive profile of the CSS.

The study findings should therefore provide KT and other concerned stakeholders with a nuanced understanding of the sector as it exists today which provides the basis for engendering an enabling environment for revitalising the NPO sector in South Africa in order for it to continue playing a pivotal role in the realisation of the nation's developmental objectives.

STUDY OBJECTIVES AND METHODOLOGY

The specific objectives of the study as articulated in the Terms of Reference (ToR) included:

- An analysis of the historical evolution, current development and trajectories of the NPO sector in South Africa (including factors influencing these trajectories – such as operating environment, NPO ACT, and funding).
- Develop a holistic overview and mapping of the NPO typology, different functions, formations, sector and thematic areas of operation.
- To assess the social function and contribution of the sector in relation to legislation, policy, public discourse and development practice over the last 10 years.
- Develop recommendations to improve the functioning, coordination and supporting environment for the NPO sector.
- Develop measurable indicators to plot, cluster and define distinct categories and typologies

The study objectives were guided, but not limited, by a set of indicative research questions clustered according to the following themes:

1. Key factors contributing to the changing composition of NPOs.
2. Factors related to an enabling environment.
3. The developmental contribution of the sector.
4. Funding currently and in the future for the NPO sector.
5. Governance arrangements in the NPO sector.
6. Impact of technology and future-proofing NPOs.
7. Lessons in CSO coordination and engagement strategies with stakeholders.
8. Future trends and possible scenarios for the NPO sector

The methodology for the review was a mixed methods approach with greater emphasis on a systematic desktop review of available documentary evidence and administrative data sources, both current and historical. The approach to implementing the study was a phased approach with emphasis on two components, namely, the systematic desk top review of available literature and analysis of administrative data sources. This was complemented by a limited number of key informant interviews.

A key limitation of the study was the dearth of current information on the sector, including its composition, operations, requirements and social function. The most recent and comprehensive audit of CSOs was the 2002 Johns Hopkins University-funded "Size and scope of the Non-Profit Sector in South Africa" (Swilling and Russell, 2002).

KEY FINDINGS

AN ENABLING ENVIRONMENT FOR CSO'S

A rapid assessment of the initiatives undertaken by the South African government towards engendering an enabling environment suggests that South Africa has made great advances in creating such an environment,

particularly in respect of policy and legislation. Sadly, it would appear that the implementation falls short. While South Africa's ***legal and policy framework*** is among the best globally, its ability to translate this into practice has been the major challenge. The Directorate for Non-Profit Organisations, within the Department of Social Development is largely considered as dysfunctional with respect to its role in registering organisations.

It is critical to note that legal and regulatory regimes which have not kept pace with the contemporary developments of civil society can become disenabling wherever they leave scope for their politicised and selective interpretation, and the exercise of discretion by political leaders and public officials (Civicus, 2017). This is an area which requires further assessment in the South African context.

The assessment made positive findings in respect of many of the dimensions of an enabling environment although it firmly notes that the dimension of "*free from state interference"* exists in principle but not in practice. The increasing levels of criticism by government officials and political leaders directed at the CSO sector, particularly when they have played a watchdog role remains a serious issue.

It is recommended that KT consider engaging with state partners in the areas of focus it has interest in namely Education, socio-economic development and local government to engender a more enabling environment with relevant CSO sector stakeholders through effective partnerships.

CIVIL SOCIETY ORGANISATION CONTRIBUTION TO DEVELOPMENT

There is a globally accepted perspective on the important role that CSOs have and continue to play in contributing to development in three distinct ways namely:

- **Service Delivery:** While in South Africa this has been largely in respect of welfare services this has increasingly changed. CSOs' role in service delivery is often in response to questions about the State's capacity to deliver;
- **Advocacy:** CSOs and civil society in general are important role players in advocating for the State to deliver on rights and obligations. They serve as the voice for the voiceless and for representing the legitimate needs of stakeholders; and
- **Watchdog role:** CSOs play a critical role in ensuring good governance and in rooting out corruption. The role in creating awareness of corruption and poor governance practices is one of the main functions it can serve.

While there are many anecdotal stories of the contribution of CSOs to development and a few high-profile examples of impact such as litigation which advances constitutional rights, there is a dearth of empirical data on the impact that CSOs make towards development. Now more than ever NPOs need to demonstrate the impact they have in order to secure government and donor support.

It is recommended that NPOs are supported to develop a culture of monitoring and evaluation in order to demonstrate the impact their work has.

THE COMPOSITION OF THE NPO SECTOR IN SOUTH AFRICA

There appears to be limited information on the profile of NPOs at a scale that allows a comprehensive assessment of the sector in South Africa. The only credible database that allows for any meaningful analysis is the national NPO register that is maintained by DSD

Between 1998 and 2019 there was a steady increase in the number of registered NPOs, with an average growth of 53% from 1998 to 2008 which then moderated to 13% in the period 2009 to 2019. It is important to note that these figures only represent the number of NPOs that voluntarily chose to register. This means that, when compared to the estimates by Swilling and Russell (2002), the national register significantly underestimates the size of the sector, especially in the earlier years.

Key findings with respect to the NPO typologies include:

- There are several definitions and typologies for NPOs.
- NPO typologies should be fit for purpose with the ability to identify NPOs according to the priorities of the organisation. This means, an organisation can use multiple typologies depending on the objective of their classification needs at the time. In the national reports two typologies are used: a legalistic and an activity-based classification system.
- The UN's *International Classification of Non-profit Organisations* (ICNPO) typology is a comprehensive classification system which identifies 12 groups/sectors and a total of 69 activities. The ICNPO is also being used by the DSD's NPO directorate to classify organisations in the national NPO register.
- The raw NPO database obtained from DSD allows for the identification of registered NPOs that have focus areas that are similar to KT's programme units to varying degrees.
    - KT's **Socioeconomic Development** focuses on SMME and agriculture development; NPOs relevant to this focus area are found in *Group 11: Business and professional associations, unions,* under *Business associations*.
    - **Education Development** related NPOs fall in two groups. *Group 2: Education and Research* and *Group 4: Social Services,* which covers largely ECD services.
- Given the wide focus of the KT **Institutional Capacity Building** programme's focus on civil society as a whole, and local government support, it goes without saying that relevant NPOs will be found across all the 12 sectors.
- Whilst the key trends in terms of overall size of the sector, can be deduced from the national NPO database, other issues such as **function, values** and **other characteristics,** besides type of sector, are difficult to deduce outside an empirical primary data intervention.
- **Changes in composition** that might have occurred over the past 10 years cannot be identified using the NPO database due to **the cumulative nature of data collection.**
- **One key informant estimated that the NPO register could underestimate the number of NPOs by 30%** this means the actually size of the sector could be, 214,518 + 30% = 278,873.
- A few sector stakeholders have argued for the revision of the classifications to allow for more local classification of typologies which represent the diversity of NPOs in South Africa. Given the lack of information with respect to what the specific problem is with classifications it is not possible to make a firm finding in this respect.

It is therefore recommended that in the absence of a new audit of the sector KT adopts ICNPO's activity-based typology for its programming. This is because activity-based classification systems remove ambiguity in the identification of entities. Targeting can always be done on the basis of the activity being a given percentage of the organisation's core business.

- In the absence of a credible source of information on non-registered NPOs, and given KT's need to identify NPOs that are aligned to its programmes, it is recommended that KT should start the process of identifying the relevant NPOs by using the entire national database. The use of the national register

can be justified under the assumption that NPOs that seek out registration are signalling a genuine intent to operate and might be distinct from the 'fly-by-night survivalist' NPOs.

- In order to address the limitations that a focus on registered NPOs might raise, it is recommended that KT considers undertaking an audit of NPOs using a methodology that can identify non-registered entities. The focus of this audit could be restricted to areas which are aligned to KTs current national footprint. Such a primary data exercise will go a long way in closing several gaps across the eight thematic areas that formed the basis of this review.
- KT should also consider partnering with institutions that have a vested interest in having a better understanding of the dynamics and composition of the NPO sector.

FUNDING ENVIRONMENT FOR THE NPO SECTOR

Civil society in the apartheid era, particularly in the latter part of the 1980s and early '90s, benefitted from substantial donor contributions from sympathetic stakeholders outside South Africa. In the period after 1994, NPOs witnessed a significant change in the funding environment, including the proliferation of organisations seeking funding for non-profit interventions and shifts by international governments and international development agencies towards bilateral funding arrangements.

NPOs have faced sustainability challenges as donations, particularly from individual and private donors have diminished significantly (Davies, 2012). As a result of reduced private and corporate funding, many NGOs have sought more funding from government to keep afloat, ultimately creating increased competition among NGOs for government funds.

There are divergent views about the funding crisis within CSOs with some arguing that the inefficiencies in the manner in which CSOs function has been a contributor to their lack of financial sustainability. Weiderman (2012) argues that what is required is adaptive behaviour to be more resilient and sustainable and that this capacity is strongly lacking in the sector.

In order to address the financial challenges, it is recommended that NPOs need increased engagement with funders and it is equally important that both government and the funding sector (CSI, local foundations and international donors) review their engagement with NGOs. It calls for increased dialogue between the government and NGOs so that the role of NGOs is not seen as a threat by the government. There is a need to build trusting relationships and focus on areas where there is an openness to experiment.

A stronger and sustainable funding framework is also needed for NGOs to successfully fulfil their roles. To provide greater financial sustainability in the long term, CSOs need to be encouraged to diversify their funding base and work towards a mixed model of income generation.

GOVERNANCE ARRANGEMENTS IN THE NPO SECTOR

South Africa, has a number of governance frameworks which inform the manner in which civil society organisations establish themselves as legal and systematic governing structures. These include the Department of Social Development Code of Good Practice for Non-Profit Organisations (DSD, 2001), the South African NGO Coalition (SANGOCO) Code of Ethics for Non-Profit Organisations (SANGOCO, 1997), the Independent Code of Governance for Non-Profit Organisations in South Africa (Inyathelo, 2012) and the King Report on Governance also referred to as the King III Code (Institute of Directors for Southern Africa, 2009).

It has been noted that while the demand for increased accountability and the consequent corporatization of CSO's is not altogether negative, it has been argued that this may have led to the commercialization of the NPO sector. NGOs which successfully professionalize appear to stand a better chance of receiving funds from donors, compared to NGOs that follow a more classic donor-beneficiary model (Pratt and Myhrman, 2009).

In terms of NPO board development, Wyngaard and Hendricks assert that a balance needs to be struck between ensuring constituent participation and having people with governance skills among the board membership.

Effective Leadership in CSOs

The World Economic Forum (2015) noted that CSOs need to ensure accountability, transparency, facilitate sustainability, ensure ethical conduct; and promote participatory development, ability to demonstrate impact, remain connected in a hyper-connected and youth-oriented world. This requires effective civil society leaders who possess sufficient insights, are flexible and able to adapt to changing circumstances. The challenges which CSOs face is that leadership is expected to navigate a diverse set of obligations and responsibilities

South Africa has a rich and diverse set of programmes for strengthening leadership and governance among those in leadership positions, including in government, the private sector and civil society. Many of these are implemented through higher education institutions as degree, diploma or NQF level certified courses. These are structured training programmes, which often have an entry level and which require commitment of time away from work and dedicated study. Several public administration and development management faculties at universities offer such training.

It is recommended that donors invest in interventions which seek to develop appropriates skills and capacities within management and governance structures in CSOs.

LESSONS FOR CSO COORDINATION AND STAKEHOLDER ENGAGEMENT STRATEGIES

Through strategically coordinating their efforts, NPOs can draw on a much more diverse range of skills and affect more fora and spaces which influence public policy. Coordination can also pool and make better use of the knowledge bases of the various CSOs to create stronger fact-based arguments to support the change. Furthermore, coordination can build credibility. Court et al (2006) demonstrate how CSOs can have a greater influence on policy development through coordinated engagement. They assert that for many CSOs which had historically focused on service delivery, coordinated efforts helped bring about broader policy initiatives and reforms to address the very socioeconomic conditions which they were attempting to ameliorate in their communities.

Since the transition to democracy there have been numerous examples of successful coordination efforts by CSO networks that have brought about profound and far reaching changes in social policy. Some such efforts strike right at the core of South Africa's status as a constitutional democracy.

As with any coalition or structure which facilitates collaborative efforts, coordinating CSO structures are prone to limitations and even failure. One of the challenges is that a particular CSO or CSOs may have a different agenda, or even values, to the network. Some coordination efforts have failed due to an inability to develop effective communication and inclusion mechanisms. Another limiting factor, which has been experienced in South Africa, is when, for a range of possible reasons, trust between the participating organisations breaks down.

In light of the foregoing donors have a core role to play in supporting and strengthening CSO coordination. Central to effective coordination is the development of leadership capacity and this has to be nurtured. Importantly the value of coordination needs to be communicated widely to secure greater commitment from the sector stakeholders.

IMPACT OF TECHNOLOGY AND FUTURE-PROOFING NPOS

Information Technology (IT) plays a foundational if not a central role in virtually all sectors. Despite this hitherto the role of technology in the NPO sector has received very light attention even though the application of basic technology plays a major role in assisting NPOs to achieve fundamental goals and objectives, making them better communicators, helping them become more-efficient organizers, and strengthening their connections to people (Honmane, 2013).

Although many studies have suggested that IT plays a vital role in improving the quality and quantity of information, its potential for adoption and innovation is often uncertain (ibid). Information can improve NPO's productivity, increase the overall effectiveness through better collaboration or extend services to new communities in need and support their resource mobilization efforts.

However, without the ability to make good choices and having an already established good organisational practice, the implementation of an IT infrastructure is a waste of time and money (World Economic Forum, 2013). Even though some technologies can be very useful to increase the effectiveness of NPO activities, their integration has not always been possible, arising from resource constraints, within an already strained resource environment. A further challenge impeding the effective integration of IT into the work of NPOs has been the communication gap between NPO professionals and information, communications and technology experts.

While the growth of IT is celebrated, it has also been recognised as being disruptive in terms of displacing traditional activities and jobs and also placing institutions at risk as has been evident with the increasing reporting on cybercrimes.

Growth of the Fourth Industrial Revolution (4IR)

Grasping the opportunities and managing the challenges of the Fourth Industrial Revolution (4IR) requires a thriving civil society deeply engaged with the development, use and governance of emerging technologies. According to the World Economic Forum (WEF) (2019) is important to highlight and share more widely the ways in which NPOs (including advocacy, development, humanitarian and labour unions) can potentially use digital and emerging technologies to increase impact and efficiency, as well as how they are advocating for responsible practice across the sector and society. The Fourth Industrial Revolution demands that NPOs recognize new, distinct roles for the sector in responding to existing and new societal challenges.

It is thus recommended that to successfully navigate this new terrain, NPOs need to enter into cross-sector partnerships and to develop new sets of skills (WEF, 2019).

CONCLUSIONS

This report has identified the value of the CSO sector and equally its vulnerability. It has brought to the fore the complexity of CSO typologies and has identified challenges with regards to governance and leadership within CSOs. The study was not intended to and cannot offer an exhaustive insight largely as it relies predominantly on

secondary data, much of which is outdated and a scan of available literature. Here to it was noted that compared with the nineties there has been a reduced output of primary research on CSOs in South Africa. The research gaps have been indicated in the various chapters.

The findings from this review confirm the critical role that CSOs have and continue to play in South Africa's development trajectory. Globally, this recognition has been taken to its highest level with the SDG agenda requiring that development *"leaves no one behind*". It is informed by an implicit acceptance that partnerships are critical to the effective realisation of development goals. Notwithstanding this recognition, CSOs in South Africa are in both an interesting and challenging space. They have been at the forefront of championing policy development arising from advocacy efforts, have exposed corruption and poor governance, as evidenced by the outcome of litigations sponsored by the sector and CSOs are serving a vital role in innovation.

The sector however is under attack, from various directions internally and from external sources. Internally the sector has displayed weak governance practices, lack of capacity for fundraising and mission drift arising from its focus on securing resources from any source. It has also disconcertingly been complicit in activities which have been harmful and unethical. Externally it has had to deal with a hostile state, of being ignored and excluded from key policy platforms (*Cinderella status*). This requires the sector to adapt, to transform and to embrace the challenges as opportunities for growth Some CSOs have adapted, while others are struggling and a few have succumbed and no longer exist.

The study posits a role for Kagiso Trust and other institutions which seek to support the sector to contribute to enabling the sector to navigate these challenges through the adoption of innovative responses, which enable them to future proof the sector.

RECOMMENDATIONS

In each of the thematic chapters specific recommendations have been made. These are endorsed. In this section, five overarching recommendations are put forward.

1. **Capacity Development for CSO's**: An overarching recommendation is a focus on capacity development for CSO's. Here a multi-pronged approach is proposed which supports capacity development targeted towards strengthening management and governance structures. The focus would-be on-board governance and accountability functions, which extend beyond fiduciary responsibilities. The nature of capacity development interventions provided needs to be customised rather than generic, one size fits all interventions.
2. **Improving the models of financial investment in CSO's**: Donor – grantee partnerships are complex and varied. These partnerships need to be carefully developed with the aim of building effective CSOs able to deliver on their desired goals of transformation and change. These new and emerging models of financial investment need to be underpinned by strong organisational and institutional systems.
3. **Leadership development:** Strong and effective leadership underpins the sustainability, efficiency and effectiveness of the non-profit sector. The sector has a range of models for supporting leadership development. These have not necessarily been tested and evaluated for its efficacy. Nurturing leadership among youth and women is a priority, at all levels. The report has identified the skills set that new emerging leaders are required to possess. This is a priority area for scaling up access.

4. **Monitoring, evaluation and knowledge sharing**: Growth is premised on ongoing reflection and action learning. This is a cyclical process and builds on wealth of knowledge and experience that exists within the sector and avoids the need to reinvent the wheel. Building a culture of monitoring and evidence-based programme design and implementation must be central to the work of CSO's.
5. **Strengthening Networks and Alliances:** CSOs need to work outside of their silos in partnerships with other CSOs and with donors. This provides an opportunity for skills sharing and maximizing of outcomes which can impact a wider community.

1 INTRODUCTION

1.1 BACKGROUND

Kagiso Trust (KT), a non-profit development institution, has been in existence for over 30 years and its activities have focused on partnerships that are aimed at eradicating poverty with a specific focus on supporting and strengthening the work of civil society organisations (CSOs). This history gives the Trust the basis to provide leadership within the non-profit sector, from its ability to support CSOs whilst leveraging existing networks.

As part of its new Five-Year Strategy it has recently established a Civil Society Support Programme (CSSP) towards the realisation of a reinvigorated Civil Society Sector (CSS). Central to this reinvigoration objective is the realisation that the sector might have lost the very core values that once saw a cohesive and highly coordinated civil society acting as an agent of progressive activism in the realisation of several socio-economic rights. Implicit in KT's approach to the CSSP is the notion of bolstering the responsiveness of non-profit organisations (NPOs) to the needs in their communities, which can be realised through a network of sustainable non-governmental organisations (NGOs)/CSOs that can generate, allocate and employ human, material and financial resources.

As such, a distinction is made between the CSS's configuration pre- and immediately post-1994 relative to its current status. Ironically, these changes seem to be happening within a context of a post-apartheid enabling environment which has provided a supportive legislative and institutional framework for CSOs. A question arises as to whether there has been a turning point in the CSS's historical trend as agent of change. Whilst one can draw on a number of factors as evidence of such a change, the Life Esidemeni tragedy has been seen as an example of this loss of values and, more recently, the call by the President in the 2018 State of the Nation Address to parliament for a CSO Summit, perhaps signalling the need for sector-wide self-reflection.

1.2 HISTORICAL ROLE OF CSOS IN SOUTH AFRICA

Frank Julie (2009), a development practitioner of long standing, traces the roots of civic involvement in South Africa to our colonial history, and the missionaries who came with either an "emancipatory agenda" or a "paternalistic role" for NGOs in development. The major concern regarding the services delivered through NGOs in the paternalistic role was that they identified deficits in the local population and sought to remedy them, instead of recognising the structural nature of control and colonisation that was in process. Such NGOs also provided the administration with access to subsidized welfare and education services, which the state could not or did not want to provide.

In South Africa the role of NPOs during the struggle for democracy has been widely acknowledged and documented with the formation of struggle NGOs such as civic action committees, anti-eviction campaigns and the Anti-tricameral parliament campaigns. The United Democratic Front (UDF) was one of the most significant struggle developments, which was a social movement that spawned the development of a number of NPOs. Alongside this development was the growth of faith-based or ethnic-based welfare, education and health-oriented NGOs, mainly run by middle class, often white people, who received some form of state support or subsidy to deliver this service. Welfare services across all races have their roots in such developments in South Africa.

Interestingly, the need to conduit funding and support to struggle NPOs encouraged the development of institutions such as Kagiso Trust and Interfund among others. NGO mobilisation was at its strongest during the 1970s around the time of the Soweto Unrest. This period saw a dramatic shift in the growth of the sector, the nature of interventions the sector engaged in and the challenges that the sector confronted.

Prior to 1994 there were broadly two groups of NPO's:

- ***Formal structured institutions*** (faith, ethnic based etc.) delivering welfare, health and education services – funded by the state; provided cheap services on behalf of the state.
- ***Struggle CSOs*** – loosely structured – adversarial role, under attack by the state, critical contribution to the struggle, consulted widely.

The Convention for a Democratic South Africa negotiation period (1990 – 1993) and the years immediately after transition to democracy were an extremely intense but challenging period for CSOs in South Africa. The dissolution of the UDF was accompanied by the demobilization of NPOs. This was based on the view that democracy had been attained and the role of CSOs in building a developmental state was now a function of government. During this period CSOs also lost most of their strategic leadership to government.

In the post-1999 period, CSOs faced several major challenges including a significant shift of resources away from CSOs and increasing hostility from stakeholders in all spheres of government. These are broadly characterised as follows:

- **Post 1994** – CSO's were challenged by loss of leadership, loss of status, change of role to complementing and supporting the new state.
- **Post 2000** – CSO funding reduced, they faced increasing attacks from the state and funding from government was conditional with a restraint on advocacy. The prevailing mantra in government was ***"don't bite the hand that feeds you".*** Towards the end of that decade saw the return of CSO leaders from state sector, many of whom had become disillusioned with the pace of or lack of transformation within the state.
- **Post 2009** –The global economic meltdown of 2008/9 saw the shrinking of international funding base, particularly in the Health and Social Development sectors. This was also increasingly justified in terms of South Africa being classified as middle income arising from our GDP levels.
- **2010 onwards** saw the emergence of a small number of National CSO's repositioned to defend democracy and for advancing development priorities, who engaged in challenging government failures through strategic litigation and in doing so made significant gains in promoting the protection and realisation of constitutional rights. The period also saw an increase in CSOs scrambling to access government funding at any cost. The ***loss of values*** in the sector as demonstrated by ***"Esidemeni"*** crisis as extreme example of impact.

This is the background to the crisis that the CSO sector is currently facing and frames the context and relevance of this study.

1.3 DEVELOPING THE CIVIL SOCIETY SUPPORT PROGRAMME STRATEGY

Central to the development of the CSSP strategy, is the need to not only have an understanding of the profile of the CSS but also to undertake a critical and empirical analysis of several characteristics of the sector in South Africa. To this end, KT has commissioned the Human Sciences Research Council to undertake a study with the aim of providing a status report on the Non-Profit Sector in South Africa, including a comprehensive profile of the CSS. The study findings should therefore provide KT and other concerned stakeholders with a nuanced understanding of the sector as it exists today which provides the basis for engendering an enabling environment for revitalising the NPO sector in South Africa in order for it to continue playing a pivotal role in the realisation of the nation's developmental objectives.

1.4 STUDY OBJECTIVES

The specific objectives of the study as articulated in the Terms of Reference (ToR) include:

- An analysis of the historical evolution, current development and trajectories of the NPO sector in South Africa (including factors influencing these trajectories – such as operating environment, NPO ACT, and funding).
- Develop a holistic overview and mapping of the NPO typology, different functions, formations, sector and thematic areas of operation.
- To assess the social function and contribution of the sector in relation to legislation, policy, public discourse and development practice over the last 10 years.
- Develop recommendations to improve the functioning, coordination and supporting environment for the NPO sector.
- Develop measurable indicators to plot, cluster and define distinct categories and typologies

The study objectives are guided, but not limited, by a set of indicative research questions clustered according to the following themes outlined in the ToR:

9. Key factors contributing to the changing composition of NPOs.
10. Factors related to an enabling environment.
11. The developmental contribution of the sector.
12. Funding currently and in the future for the NPO sector.
13. Governance arrangements in the NPO sector.
14. Impact of technology and future-proofing NPOs.
15. Lessons in CSO coordination and engagement strategies with stakeholders.
16. Future trends and possible scenarios for the NPO sector.

1.5 TERMINOLOGY

A focus on civil society requires a brief discussion regarding terminology. The discourse on civil society has been varied and widely contested. Theorists have provided pluralistic meanings to the term with notions of collective action, voluntarism, democracy, as being in the “public sphere” as proposed by Habermas or, as Kant suggested, the “good society” (UKEssays, November 2018). This study does not further explore these notions but utilizes the definition provided by the Organisation for Economic Cooperation and Development (OECD) Development Action Committee (DAC) which says: *“Civil society organisations (CSOs) can be defined as all non-market and non-*

state organisations outside of the family in which people organise themselves to pursue shared interests in the public domain." (Organisation for Economic Cooperation and Development, 2012).

Of relevance to this study is the use of terminology which refers to civil society formations including civil society sector (CSS), civil society organisations (CSOs), non-profit organisations (NPOs), non-profit institutions (NPIs), non-governmental organisations (NGOs), non-state, voluntary organisations (VO), community-based organisations (CBOs)

For the purposes of this study, the term Civil Society Organisations is chosen as being the most inclusive of all terms relating to formations in civil society, although in reference to specific texts the terms will reflect as in those documents. Methodology

The findings reported in this literature review cover literature available in the public domain, both academic and grey literature, and limited quantitative data analysis undertaken using available data sets in order to provide information regarding the size of the sector with the caveat that the themes cover overlapping areas and to avoid duplication relevant issues may be dealt with in more than one section.

It is envisaged that this report will inform key gaps which will be addressed through stakeholder engagement and with sector experts. This together with a more comprehensive review of administrative data as well as ongoing systematic review of literature will inform the development of the final report.

1.6 STRUCTURE OF THE REPORT

This report is broadly structured according to the key thematic areas, with this introductory chapter setting out the context and the terms of reference for the study. This was followed by a methodology chapter which provided an overview of the approach and process adopted in undertaking this assignment. Chapter's three to nine were focussed on the thematic areas which had been identified in the Terms of Reference as the core focus of the study. In each of these chapters lessons from literature were extracted, followed by a situational analysis of the sector in respect of that theme. Each of the chapters provided a summary of key findings and made recommendations for KT and other stakeholders to consider.

Chapter 3 elaborated on the concept of an enabling environment and assessed the extent to which SA had created such an environment for the CSO sector. Chapter 4 expounded on the contribution that CSOS have made towards the realisation of development goals for South Africa and the realisation of rights enshrined in the constitution. Although it is difficult to quantify the scale of impact, the chapter provided an impressive menu of contributions the sector had made to South Africa's developmental trajectory. This was followed by Chapter 5 which provides a detailed analysis of the scale of CSO activity in South Africa, by type, by spatial location, its legal form among other forms of descriptors of the sector. The overarching finding though is that without primary data collection, South Africa lacks an accurate assessment of the scope, nature and scale of CSOs in South Africa of the CSO sector. Understanding the funding environment, including the sources of funding, the nature of funding relationships and the rands and cents actually available to the sector is covered in Chapter 6. The chapter outlined the various typologies of resource mobilisation which CSOs are engaged with to sustain their work. Chapter 7 focused on governance arrangements in the sector and Chapter 8 highlighted some of the lessons with respect to coordination and stakeholder engagement within the sector. Chapter 9 addressed the role and impact of technology on the CSO sector and concluded with a focus on the extent to which the sector was future proofing

itself, given the concerns about the impact of the fourth industrial revolution. The final chapter presents a few high-level conclusions and recommendations.

2 METHODOLOGY

The methodology for the review was a mixed methods approach with greater emphasis on a systematic desktop review of available documentary evidence and administrative data sources, both current and historical. At a sector level, the eight thematic areas defined the focus of the literature review. The identification of these themes was informed by Terms of Reference as received from Kagiso Trust. The approach to implementing the study was a phased approach with emphasis on two components, namely, the systematic desk top review of available literature and analysis of administrative data sources. This was complemented by a limited number of key informant interviews.

2.1 SYSTEMATIC DESK TOP REVIEW OF AVAILABLE MATERIAL

The literature review formed the theoretical backbone of the study and was based on a systematic desk-top review of relevant literature, both academic and grey literature drawing on both local and international sources. The selection of documents was based on key themes and research questions which were outlined in the TOR and in the HSRC proposal. Special attention was given to the extraction of the implicit ToC from the various documents reviewed.

The systematic review was underpinned by a comprehensive scan and analytical review of relevant literature and documentation with respect to NPOs, CSOs, and other phrases that define entities in the sector globally and in South Africa. The review comprised an initial screening of policies/legislation and academic and grey literature with documents selected including peer reviewed academic papers and research reports/websites that provide research findings with primary and secondary data. A focused synthesis of policy/legislative directives supporting the CSO Sector was also completed. The literature review provided evidence with respect to the focus areas outlined above to inform the research design, choice of methodologies adopted for an empirical phase, selection of indicators as well as the framework for analysing the findings.

The systematic literature review process included the following components:

a. **Initial Screening of Policies/legislation and Academic Literature**
   - Inclusion criteria in terms of documents selected: peer reviewed academic papers in South Africa and abroad; research reports/websites that report research findings with primary and secondary data. A focused synthesis of policy and legislative directives.

b. **Second Level Screening of Literature and Documentation**
   - This entailed a review of the information for relevancy and application to the objectives of the desk review.

c. **Information Synthesis and Review**
   - Review and analysis of the literature and policy/legislative directives comprised:
     - consistent data extraction and review,
     - review of findings by members of the research team,
     - inter-rater reliability established among the research team.

d. **Draw out key findings and lessons**
   - The literature review was expected to provide evidence with respect to the thematic areas.

2.2 QUANTITATIVE DATA ANALYSIS

2.2.1 Analysis of available administrative data on civil society organisations in South Africa

In view of the study methodology being primarily desk-top, a critical component of the study was the analysis of available administrative data on CSO's in South Africa in responding to one of the critical objectives of the study. Administrative data broadly defined refers to data which is generated from the operations of a programme and are collected by agencies implementing the programme. There are multiple reasons why such data is collected although in the main it is for accountability and record keeping. Such data collection is linked with the delivery of a service/intervention.

Connelly et al (2016) refer to administrative data "found data "as compared with "made data" these terms being elaborated on here. They suggest that "made data" is data collected through purposefully designed methods while "found data "is not collected for research purposes but rather is data collected for other purposes.

Overall, the approach to the administrative data was informed by Rothbard (2015) who suggested that the use of administrative data required the following steps to be undertaken:

- Data Diagnosis this initial step is crucial as it assists in assessing the data and identifying data quality challenges if any.
- Data Integration – this process involves linking information from different data sets
- Data Augmentation – this refers to the process of adding information to enhance the data. For example, this could be a unique identifier of the data.
- Data Monitoring –this refers to activities to check for variations in the data and to understand the cause of these variations.
- Data Quality Assurance – this is aimed at assessing the "fitness of the data "for the given purpose.

Globally there has been a growing trend in the use of administrative data to analyse performance of large-scale public-sector interventions. While this is true, there are however documented challenges with respect to the use of such data sets including that access to some data sources maybe restricted. In specific instances the need to maintain confidentiality means that data access is restricted or not provided at all (e.g. Treasury data on taxation) Another challenge is that the data sources may not be uniform or standardised to allow for comparison across data sets. These challenges are supported by findings noted by Innovations for Poverty Action (IPA, 2016), wherein three core challenges were articulated namely:

- **Scope of the data is limited.** They suggest that most of this data will not include detailed socio-economic information about beneficiaries;
- **Data quality** is the second challenge. Many administrative systems have few quality control measures in place and as a result you have missing data and capturing errors.
- **Access to the data.** The third challenge is that of access to the data set. It is often tightly controlled and this may create barriers to access and usage.

It was posited that in using administrative data researchers need to bear in mind these challenges and mitigate their impacts as best as possible.

2.2.2 Data sets for this study

Two main datasets were expected to provide information on the size and nature of the CSO sector, namely the Department of Social Development hosted NPO Register and the South African Revenue Service Section 18A Public Benefits Organisations (PBO) list. These administrative databases were identified as critical to the profiling of the sector as analysis is contingent on accessing existing databases. Other data sources were considered and subsequently excluded as they were not expected to provide broad based data. Hence the National Development Agency which provides funding and capacity development support to CSOs was excluded as the database would include only those agencies which qualified to and received funding. Similarly, the National Lotteries Commission database was excluded.

From the two databases it was expected that the following types of data would be extracted:

- number of CSOs;
- typologies;
- spatial distribution;
- scale of operations and reach;
- nature of the work undertaken; and
- registration status.

While the NPO database was accessed with ease, access to the South African Revenue Service (SARS) PBO database did not materialised. The SARS PBO data in the public domain only allows searches for a particular institution and does not allow access to the dataset as a whole. Attempts to engage with SARS in this respect were explored but these did not result in access to the dataset.

2.2.3 Assessment of the National NPO database

The analysis of the sector in the review used the annual reports of NPOs from the national database maintained by DSD, with access to the raw databases having been secured. It was envisaged, subject to the database having the relevant information that the raw data would allow for a further disaggregation of the current 12 sectors that DSD currently reports on. The ability to disaggregate the sectors allows for the identification of other typologies.

According to DSD (2016*) "the Non-profit Organisation Act 71 of 1997 provides a registration facility for an organisation to register as a non-profit organisation as part of the legal framework to regulate the non-profit sector." p. 4*. To register in the national database NPOs must proceed as follows;

- lodge an application for registration as a NPO, by filling-in a prescribed application form
- submit the form to the DSD NPO directorate with the following documents
    - the organisation's founding document, that is, a constitution for a volunteer association;
    - memorandum and articles of association with the company's registration letter for a not-for-profit company; and
    - a deeds of trust with the trustees authorisation letter for a trust.

An analysis of the integrity of the national NPO register revealed that, whilst it provides a source of information for understanding the nature and composition of the sector, the database is not only fraught with some issues but has a limited set of variables that preclude an analysis that goes beyond profiling. Table 1, shows the type of variables in the National NPO database.

Table 1: Variables in National NPO Database

#	*Variable*	#	*Variable*
1	NPO Name	10	Registration Status
2	NPO Registration Number	11	Registration Year
3	Primary and Secondary Postal Address, Town and Province	12	Registration Month
4	Primary and Secondary Physical Address, Town and Province	13	Registration Day
5	Contact Person	14	Date Registered
6	Email	15	Sector
7	Telephone	16	Objective
8	Fax	17	Theme
9	Type of Organisation	18	Description

Some of the issues include the following.

- As can be expected from a compliance focused database, the limited number of variables mean that a lot of the issues that were flagged by the terms of reference, for example, assessing the size of organisations, governance structures etc. cannot be explored using this database.
- The database only contains registered NPOs, which makes it difficult to assess the total number of NPOs in the sector which includes non-registered entities.
- A review of the database identified some duplicates.
    - Some of these could be caused by registrations of the same NGO but under a different name.
- The need to submit NPO details every year, allowed the NPO directorate to deregister NPOs that failed to comply with this requirement, which in turn meant that those NPOs that were no longer in existence could be removed from the system.
    - However, since there has been a moratorium on deregistration of NPO's since 2012, the database could contain some NPOs that are no longer in existence.

These issues have the result of making the number of NPOs in the national register more of an estimate, albeit the best estimate available currently. Despite these issues the database can still provide high level insights into the overall size and composition of the sector.

2.3 KEY INFORMANT INTERVIEWS

In order to complement information from literature, a small number of key informant interviews were conducted. The intention was to undertake ten targeted key informant interviews, with respondents being identified through purposive sampling across a number of dimensions. Two key questions informed the selection of the sample namely:

- What were key information gaps across the dimensions of interest which needed to be addressed?
- Who were stakeholders in government, private sector, non-profits and academia who could contribute to the information gaps across all the dimensions of interest?

The highly compressed timeframes for the study and the availability of stakeholders resulted in interviews being conducted with eight stakeholders with knowledge and understanding of CSO regulatory and compliance matters, non-profit governance, philanthropy and fundraising expertise. Regrettably, efforts to secure interviews

with the Non-Profit Directorate in DSD, as well as with stakeholders involved with social justice and advocacy, were unsuccessful.

2.4 METHODOLOGICAL CHALLENGES AND LIMITATIONS

As with many research studies some challenges in implementing the study were experienced, some of which were outside of the control of the research team.

Whilst an assessment of the sector is important for both the country and in informing KT's CSSP strategic thrust, the HSRC noted a number of limitations with respect to this study, foremost being the dearth of current information on the sector, including its composition, operations, requirements and social function. The latter is particularly true with respect to the number of non-registered NPOs.

The most recent and comprehensive audit of CSOs was the 2002 Johns Hopkins University-funded "Size and scope of the Non-Profit Sector in South Africa" (Swilling and Russell, 2002). Presently, the two current sources of information are the NPO Register managed by the NPO Directorate in DSD and the Section 18a Approved Organisations[1] list which is held by SARS. While they provide valuable information, they are limited by the nature of the rules that pertain to who can apply for such registration and the extent to which information is current.

A second limitation was availability of a current empirical evidence base (published and grey material) in respect of several of the research questions. The limitation includes, that much of what is available is self-reported, and hence may have an element of bias, and is also often anecdotal and based on unsupported assumptions. The challenges here also relate to the ability to generalise findings across the diverse non-profit sector.

These limitations create enormous challenges for policy makers, philanthropists, government and communities, who seek to partner with what is regarded as an important social partner, as development planning is premised on the ability to draw on an informed understanding of the civil society sector. The HSRC thus proposed a two-phased approach, with the initial phase being a predominantly desktop assessment buttressed with a limited set of qualitative stakeholder engagements. This phased approach was aimed at supporting the identification of critical information gaps which would inform the primary data collection component of Phase Two.

A final challenge, not as significant, given the intended scope was with respect to securing interviews with key stakeholders, in the context of the short timeframe within which the study was implemented. A validation workshop which included a broader stakeholder base provided valuable insights.

2.5 ETHICAL CONSIDERATIONS

The HSRC requires that all its research complies with ethical guidelines informing how research is conducted. The HSRC Research Ethics Committee (REC) was established to facilitate the review and approval of protocols for research studies. The study was undertaken in line with principles of ethical research involving human subjects. These principles include special attention to communicating the aims of the study, and the rights of people

[1] Section 18a organisations are Public Benefit Organisations (PBOs) which have been granted preferential tax treatment aimed at augmenting their financial resources. This allows them to have tax exemption status with respect to certain receipts and accruals. It allows them to issue tax deductible receipts to a taxpayer who has made certain donations in cash or kind.

participating in the research – written informed consent, and confidentiality. The study proposal and key informant interview schedules, and consent forms were submitted to the HSRC Research Ethics Committee (REC) for review and approval. The study received ethical approval from the HSRC REC in July 2019: Protocol Reference Number REC 6/24/07/19.

3 AN ENABLING ENVIRONMENT FRAMEWORK FOR CSO'S

An "**enabling environment"** refers to the **conditions** within which **civil society** operates: 1f **civil society** is an arena, the **environment** is made up of the forces that shape and influence the size, extent and functioning of that arena (Civicus, 2017)

An enabling environment for NPOs can be political, economic, cultural and legal underpinnings which enable the sector to flourish and achieve its mandates. It has been noted that enabling environments are created by a variety of both government and non-governmental players. Various factors and institutions have contributed to creating an enabling environment within which NPOs have flourished in South Africa. According to the international representatives of NPO coalitions from Africa (Husy et al, 2005. p.28), four principles should inform frameworks for creating an enabling environment for NPOs, namely:

- A legislative framework which promotes the independence of civil society;
- A regulatory framework which is limited to state intervention only when absolutely necessary;
- Accountability of NPOs should be promoted without placing on them undue burdens; and
- Participation rights, enshrined in legislation.

The Government of South Africa has been acclaimed for its contribution to creating an enabling environment for CSOs through the enactment of a number of policies, legislative, regulatory, governance and financial measures. These are briefly outlined in the sections that follow.

3.1 NATIONAL POLICY AS AN ENABLER FOR CSO DEVELOPMENT

The National Development Plan Vision 2030 (NDP) envisages a strong role for partnerships between the state and non-state parties, including CSOs, in order to meet developmental goals. It calls not merely for recognition of the role that CSOs can play but importantly recommends that processes be developed for promoting collaboration across stakeholder groupings in a systematic and purposive manner. While the NDP envisions a Developmental State where government is responsible for service delivery, it recognises that government lacks the capacity to deliver on its own. Collaboration is thus premised on harnessing the innovations, skills, experience and insights of CSOs towards developmental goals being realised (National Planning Commission, 2012)

Volmink and van der Elst (2019) underline the significance of the NDP in positioning the NPO sector as a social change *partner* (National Planning Commission [NPC], 2012) rather than an oppositional non-government player, which is a view that government has sometimes taken in the past. The NDP provides the blueprint for the elimination of poverty and the reduction of inequality by 2030 in South Africa and recognises the critical shared role NPOs need to play towards the realisation of these ambitious goals, along with other constitutionally mandated socioeconomic rights.

3.2 NON-PROFIT ORGANISATIONS ACT, NO. 71 OF 1997

The Non-Profit Organisations (NPO) Act No. 71 of 1997 (DSD, 1997) came into operation on 1 September 1998 and aimed at providing an environment in which non-profit organisations (NPOs) can flourish. It replaced the Fundraising Act of 1978; whose chief purpose was to control and limit funding for anti-apartheid organisations advocating for democracy. The NPO Act was informed by the values espoused in South Africa's Constitution (RSA,

1996) and in particular the Bill of Rights, which translated the commitment of the Freedom Charter, particularly of the right to "*freedom of expression",* into law. The most significant chapters of the NPO Act deal with the State's role in creating an enabling environment (Chapter 2) and the registration of NPOs (Chapter 3).

Chapter 2 of the NPO Act asserts the State's responsibility to NPOs that "*within the limits prescribed by law, every organ of state must determine and co-ordinate the implementation of its policies and measures in a manner designed to promote, support and enhance the capacity of non-profit organisations to perform their functions"* (???).The critical issue of self-regulation versus governmental regulation was fiercely debated during the development of the NPO Act with consensus eventually settling on a system of voluntary regulation based on the principle that transparency is the most effective accountability mechanism (ibid).

The Non-profit Organisations Act of 1997 maintains that government is obliged to create an enabling environment for the non-profit sector: "*every organ of state must determine and co-ordinate the implementation of its policies and measures in a manner designed to promote, support and enhance the capacity of non-profit organisations to perform their functions*."(DSD, 1997)

The Non-Profit Act of 1997 defines NPOs as a *"trust, company or other association of persons – (a) established for public purpose"* (NPO Act, 1997). In other words, NPOs are organisations outside of government whose mission is address a particular need in the society or community. The NPO Act itself was established to *"encourage and support non-profit organisations in their contribution to meeting the diverse needs of the population"* by creating an enabling environment and a regulatory framework. The Act also encourages NPOs to adopt good governance frameworks and encourage social dialogue (NPO Act, 1997). It is worth noting that in Section 2(e) of the Act the government envisages that a spirit of cooperation should exist between NPOs, the government, the donor community, private sector, civil society and any other stakeholders, in uplifting and caring for South African communities and environments. Chapter3 of the Act went further to state that there was therefore a responsibility on organs of State to determine and co-ordinate the implementation of policies in a way that promotes and supports the capacity of non-profit organisations (NPO Act, 1997).

The voluntary association is the most popular legal entity being used for setting up NPOs in South Africa because it is fairly quick, inexpensive and easy. The Act provides a supportive regulatory system for (predominantly) smaller emerging organisations. Section 2 of the NPO Act provides that its objects are: *"To encourage and support non-profit organisations in their contribution to meeting the diverse needs of the population of the Republic by, amongst other, creating an environment in which non-profit organisations can flourish*." [Emphasis added]

3.3 DIRECTORATE FOR NON-PROFIT ORGANISATIONS

The NPO Act (1997) provided the basis for the establishment of an institutional arm in government, located within DSD to regulate and drive support to initiatives in the Civil Society Sector in South Africa. Its core role is to administer the Register of Non-Profit Organisations in South Africa. The objective of establishing a register, (DSD, 1997, Clause 24) is to promote transparency and accountability of the NPOs in the public domain. The Directorate also publishes annual reports on the size and nature of registered NPOs in South Africa. The Directorate is responsible for facilitating the process of developing and implementing policy, determining and implementing programmes, and including programmes to ensure that the standard of governance within non-profit organisations is maintained and improved. The Directorate is also responsible for facilitating the development and implementation of multi-sectoral and multi-disciplinary programmes.

The NPO Directorate has, with limited resources, embarked on a number of initiatives to support and encourage non-profit organisations. It has, for example, conducted a number of research studies, implemented capacity-building initiatives and provided an online registration and reporting facility for registered organisations. It has gone further by developing guidelines for good governance and has provided easy to use templates and formats to enable CSOs to fulfil their registration and reporting obligations. An example of this is where the Directorate partnered with stakeholders in 2013, with financial support from international donors, to produce a training video on how to register and report in terms of the NPO Act (Wyngaard, 2013)

3.4 NATIONAL DEVELOPMENT AGENCY (NDA),

In order to give effect to the mandate of capacitating and supporting NPOs, as outlined in the NPO Act of 1997, the state promulgated the National Development Act of 1998 (DSD, 1998) which states that the primary mandate of the National Development Agency (NDA) is to coordinate and distribute government and other funding to the various NPOs according their needs (NDA, 2013, 2016). The NDA recognised the role of CSOs with respect to enhancing implementation of projects and programmes that meet developmental needs of poor communities and strengthening of institutional capacities and therefore noted the need for state support by means of funding (ibid). The promulgation of the NPO Act reflected the strength of conceptual thinking that was prevalent in the post-1994 political environment on the relevance of funding support to NPOs (Wyngaard, 2013).

3.5 SOUTH AFRICAN REVENUE SERVICE SECTION 18A PUBLIC BENEFIT ORGANISATIONS.

The state has also created opportunities for the public to financially support the CSS through tax exemptions, enabled by Section 18A of the SARS Act, whereby CSOs can apply for tax exemption for donations received. According to Section 18A of the Income Tax Act of 2001 the concept of "public benefit organisation" (PBO) relates to organisations which are involved in charitable, development or other similar activities. The exemption allows those who wish to donate to such causes to receive exemption from tax for donations. Such exemptions are only granted when donations are made to organisations which have applied for and received a Section 18A certificate (SARS, 2016).

In order to qualify for registration as a PBO, organisations must have as their primary objective, one or more of the following Public Benefit Activities listed below:

1. welfare and humanitarian;
2. health care;
3. land and housing;
4. education and development;
5. religion, belief or philosophy;
6. cultural;
7. conservation, environment and animal welfare;
8. research and consumer rights;
9. sport; and
10. providing of funds, assets or other resources.

Once an organisation receives section 18A status it is required to report on funds received and to undertake its accountability for funds received in a manner which is prescribed in the Act. Irrespective of whether an NPO applies for Section 18A status or not it is important for NPOs to be registered with SARS in order to be exempt from paying taxes on income received or earned.

3.6 ASSESSMENT OF AN ENABLING ENVIRONMENT FOR CSOS IN SOUTH AFRICA

A rapid assessment of the initiatives undertaken by the South African government towards engendering an enabling environment suggests that South Africa has made great advances in creating such an environment, particularly in respect of policy and legislation. Sadly, it would appear that the implementation falls short. This section draws on evidence to support this concern.

In 2017, Civicus, an international advocacy body addressing issues relevant to the CSO Sector, undertook an analysis in 22 countries of the extent and nature of the laws and regulations promulgated which relate to civil society and how effectively these were implemented in practice, and what impact they had on civil society (Civicus, 2017). The assessments, led by national civil society partners, employed empirical and desk research methodologies with a focus on assessing six core dimensions in every country, namely,

- The ability of civil society groups to form;
- Operation of CSOs;
- CSO ability to access resources;
- Freedom of peaceful assembly;
- Freedom of expression; and
- Relations between civil society and governments.

The study concluded that while South Africa's ***legal and policy framework*** is among the best globally, its ability to translate this into practice has been the major challenge. The Directorate for Non-Profit Organisations is largely considered as dysfunctional with respect to its role in registering organisations. It is not uncommon for organisations to wait long periods for their registration to be processed and these delays have hampered these organisations' ability to secure resources and to enter into partnerships. It is suggested that the bureaucratic inefficiencies coupled with the lack of appropriate capacity within the Directorate has to be addressed. It is, however, acknowledged that the Directorate has implemented measures which seek to create awareness of the Directorate and on how to register and ensure compliance. There is potential for enhancing models for public education.

It is critical to note that legal and regulatory regimes that have not kept pace with the contemporary developments of civil society can become disenabling wherever they leave scope for their politicised and selective interpretation, and the exercise of discretion by political leaders and public officials (Civicus, 2017). This is an area which requires further assessment in the South African context.

With respect to the ***operations of CSOs***, the report noted that the obligations to report were not onerous and that the Directorate had provided clear and effective guidelines for this.

Assessing CSO ***access to resources*** has remained a considerable challenge and is often used as a main reason for claims in respect of the falling number of CSOs. This aspect is dealt with more fully in another section of this report.

On the issue of ***government–civil society cooperation*** the study noted that this requires a much deeper assessment as insufficient evidence was at hand to make a full assessment. There are examples of where such cooperation has proven effective such as the partnership between the South African Social Security Agency (SASSA), the Department of Social Development and the Black Sash on monitoring of pension pay points. This section remains a work in progress as the intention is not necessarily to showcase individual examples but rather to draw out key principles with respect to such cooperation and to draw lessons from experience in order to inform strengthening of such cooperation.

Assessment of the ***dimensions of the right to assembly and freedom of expression*** again reveals that the constitutional commitment to these rights is upheld with reference to the Bill of Rights. The right of assembly has a minimal requirement of "notifying" respective local authorities of planned activities. The Civicus study found that this has been translated into an exercise of "granting permission" and for a range of reasons, permission is often unreasonably withheld on the basis of protection of national security and public order. The report cites examples of spurious grounds on which such permission was denied and suggests how this problem could be rectified.

Inyathelo, similarly assessed South Africa's enabling environment using a 10-point test. The ten indicators are;

1. No barriers to registration
2. Single and central registration facility
3. Laws governing NPO provide for a legal personality for NPO
4. Free from state interference 1
5. Ability to secure funding from legal sources
6. Acts or decisions impacting CSOs must be subject to administrative and judicial review
7. NPO rights (same as other legal persons) must be protected
8. Favourable taxation regime
9. Clear laws governing NPO's
10. NPOs are held accountable – through effective reporting and accountability mechanisms

The assessment made positive findings in respect of all ten dimensions, although it firmly noted that the dimension of "*free from state interference"* was in principle correct but not in practice.

The increasing levels of criticism by government officials and political leaders directed at the CSO sector, particularly when they have played a watchdog role remains a serious issue. The South African Mail and Guardian newspaper (2 November, 2012), for example, described how the South African Democratic Teachers' Union (SADTU), accused education NGOs of pushing neoliberal agendas through their use of foreign funding. SADTU, general secretary Mugwena Maluleke, further accused NGOs of "working with other political parties," and stated that "they are driving an agenda that education is a national crisis and using education to destroy the confidence of the public." Accusing NGOs of working with other political parties implies that the NPO sector is perceived by some as 'anti-government'. The perception by government officials of interference by CSOs when government service delivery challenges are highlighted is also an area for further investigation.

It has also been noted that inequality is one of the greatest threats to the world's social and economic stability. Research by Wilkinson & Pickett (2010) highlights that inequality, even more so than poverty, harms everyone in society. The authors show that unequal societies have lower levels of trust and well-being, as well as far greater

social problems (including crime and corruption), than more equal ones. Fifteen Social movements are leading the conversation on inequality, with questions about justice, fairness and truth framing the discussion. The growth of social movements in South Africa and globally and their increasing role in advancing demands through protest actions has been an area of tension, with claims often being made that these have the aim of destabilising society (Volmink, 2019).

South Africa has positioned itself in terms of creating an enabling environment for civil society organisations through enactment of legislation, regulations, establishment of the NPO Directorate and through the various funding measures adopted. To give effect to the intention of creating an enabling environment requires going beyond these technical measures. It requires the state to address the issues outlined above with respect to the nature of and respect for cooperation, collaboration and freedom of expression.

It is recommended that KT consider engaging with state partners in the areas of focus it has interest in namely Education, socio-economic development and local government to engender a more enabling environment with relevant CSO sector stakeholders through effective partnerships.

4 CONTRIBUTION OF THE CIVIL SOCIETY SECTOR TO DEVELOPMENT

4.1 NPOS AND THEIR ROLE IN DEVELOPMENT

CSOs play a major role in democracy and socio-economic development of the State. Civil society is perceived as contributing to development in three distinct ways:

- Service Delivery: While in South Africa this has been largely in respect of welfare services this has increasingly changed. CSOs' role in service delivery is often in response to questions about the State's capacity to deliver;
- Advocacy: CSOs and civil society in general are important role players in advocating for the State to deliver on rights and obligations. They serve as the voice for the voiceless and for representing the legitimate needs of stakeholders; and
- Watchdog role: CSOs play a critical role in ensuring good governance and in rooting out corruption. The role in creating awareness of corruption and poor governance practices is one of the main functions it can serve.

There is a globally accepted perspective on the important role that CSOs have and continue to play in development, however there is growing understanding that while civil society has and is vibrant and influential it is also increasingly finding itself restricted (World Economic Forum, 2013).

4.2 NPOS AND THEIR ROLE IN THE GLOBAL DEVELOPMENT AGENDA

Complementary to the National Development Plan (NPC, 2011), in 2015, United Nations member states adopted the 2030 Agenda on Sustainable Development as a global framework for development (United Nations Development Programme, 2018). A key aspect was the inclusion of sustainability factors such as the environmental impact of strategies to address poverty. The 2030 Agenda consists of 17 Sustainable Development Goals (SDGs) that have been translated into 169 targets and 231 indicators. Goal 17 of the SDGs specifically seeks to *"Strengthen the means of implementation and revitalize the global partnership for sustainable development"*. In other words, the global development agenda was acknowledging that the implementation of the plans would require the inclusion of partners such as regional and national authorities, academia, and NPOs/NGOs.

The African Union adopted a long-term, 50-year, continental development agenda through the Agenda 2063 initiative (African Union Commission, 2012). In order to ensure consistency, Agenda 2063 is aligned to the global agenda, but in an African context. Similarly, African regional and national plans such as the NDP would also be aligned with Agenda 2063. The United Nations Development Programme suggests that the implementation of all of these plans should incorporate follow up and review mechanisms so as to ensure steady progress towards the targets and relevant policy changes. At the national level, this mechanism would be led by local governments and legislatures in partnership with the private sector, civil society, as well as NGOs and other development partners and stakeholders.

This development framework not only creates an explicit role for the NPO sector in terms of the monitoring and evaluation of development programmes but also allows NPOs to facilitate the development and implementation of development programmes (African Union Commission, 2012). Global multilateral agencies such as the

International Labour Organisation (ILO) will typically provide technical assistance and facilitate funding and access to resources. These agencies will also usually have fairly developed planning frameworks such as the ILO's Decent Work Country Programme (DWCP) as well as monitoring and evaluation frameworks (ILO, 2017). These may be useful tools in the development of an agenda and its related follow up and review mechanisms.

4.3 THE INSTITUTIONAL, POLICY AND SOCIETAL IMPACT OF NPO'S

This section is not intended to be exhaustive but rather to demonstrate the range of development impacts that CSOs have made to South Africa's development trajectory. While there is a huge volume of information on the nature, scale and types of development contributions made, there is limited independently evaluated evidence of the impact. Donors have increasingly required this and therefore there is a growing body of evidence but this does not fully reflect the scale of impact made by the CSO sector in South Africa.

Since the transition to democracy, many CSOs, often in active alliance with others, have acted to bring about policy change on specific issues of importance to the communities and populations whose interests they represent. As vehicles for their advocacy campaigns, CSOs have used a variety of forums and mechanisms including parliamentary processes and direct engagement with public officials and politicians. They have utilised the court system, often with significant success when it is found that the changes for which they are advocating are consistent with constitutionally mandated rights (see case examples below). Mass mobilisation, extensive use of the media, utilising the services of Chapter 9 Institutions and building the capacity of disadvantaged communities to advocate for their own rights are all means that CSOs have utilised to mitigate for change and make a policy impact.

The important role of South African CSOs in forming alliances to educate and advocate for policy change on specific issues was well-recognised in a comprehensive report entitled *Enhancing Civil Society Participation in the South African Development Agenda* (NDA, 2016) which also notes that many such efforts have been successful. The report cites the significant expansion of social assistance measures, the campaign to ensure universal access to anti-retroviral treatment and the passage of the Children's Act, as prime examples of CSO advocacy efforts having made fundamental impacts on South African society in the democratic era.

Respondents interviewed for this study universally expressed the opinion that the developmental contribution of NPOs in South Africa has been vast and implications profound and far-reaching. One respondent, who has been active in NPO organisational development and capacity building for several decades, asserted that:

> *"No-one can calculate the extent of the economic contribution of NPOs or the costs of things that would not have happened if it had not been for the sector. In health and in ECD [Early Childhood Development] in particular, so many important milestones would not have happened without NPOs. But NPO developmental contributions have been diverse. In Agriculture, for example, there are small farmers' organisations that are doing innovative work. And organisations like the Black Sash and TAC [Treatment Action Campaign] have had enormous impacts."*

Another respondent, with experience of non-profit law:

> *"NPOs have played a huge role in promoting democracy and holding institutions to account. The sector has been instrumental in giving meaning to the constitutional mandate. Matters which have gone to court have shaped the national agenda on socioeconomic rights."*

Several respondents commented on the successes the sector has had in bringing about vital changes through litigation. Importantly, however, one respondent emphasised that while securing a court judgement was a success, the full implementation of a court order by a government department was better assured when there is a strong, broader social movement to support the change. He argued that NPOs must build social movements to create a broader awareness in society and to agitate for change. An example quoted were the court victories secured by the Treatment Action Campaign (TAC) which did not occur in isolation but importantly as a result of a groundswell of a well-supported, vocal, nationwide, grass-roots movement. He asserted that a strong on-going social movement is vital to ensure ongoing implementation of court orders.

Another respondent maintained that the sector's impact on democratic institutions has been substantial in numerous areas, not least in the health and environment spheres. She identified that a central key to these successes is the fact that the sector effectiveness arose from its evidence informed basis for its advocacy campaigns and particularly in engaging with government. This it was posited has not only provided empirical data to support the changes being advocated but, in many instances, has helped demonstrate to government that such changes can serve to fulfil national priorities.

There appeared to be convergence among respondents about the major factor contributing to the positive development impacts was an understanding of the importance of good research and the ability to secure resources for undertaking such research. It was suggested that effective research/advocacy NPOs have built good relations with the media, including on-line papers (such as Ground-up and many others) and have leveraged these relationships to create awareness and public support for their positions. While acknowledging the success of such public campaigns, one respondent noted that there are also many very productive 'quiet' meetings with government through which some of the sector's objectives have been realised.

4.3.1 NPO impact - a generational approach

One way of conceptualising the contribution that NPOs have made in promoting development is to look at the strategic orientation that has driven their focus over the years. The NGO classification by Korten (1987) which frames three generations of NGOs can be applied to NPOs in general (Table 2). The framework is organised around seven key characteristics and makes the distinction between a welfarist vs. a developmental focus as one of the key defining features of each generation. Whilst the first two generations focused on short term emergency-based interventions, the third generation differs in that its developmental contribution has been delivered by a wide range of actors, has emphasised sustainable development and has embraced the view that some of the challenges that society faces require long term timeframes to achieve impact.

Table 2: Three Generations of NGO Development Programme Strategies

	Generation		
Characteristics	***First***	***Second***	***Third***
Defining Features	Relief and Welfare	Small-scale, self-reliant local development	Sustainable systems development
Problem Definition	Shortages of goods and services	Local inertia	Institutional and policy constraints
Time Frame	Immediate	Project life	Indefinite long-term
Spatial Scope	Individual or family	Neighbourhood or village	Region or nation
Chief Actors	NGO	NGO + beneficiary organisations	All public and private institutions that define the relevant system

Characteristics	Generation		
	First	Second	Third
Development Education	Starving Children	Community self-help initiatives	Failures in interdependent systems
Management Orientation	Logistics Management	Project management	Strategic management

Source: Korten (1987)

The contributions that NPOs in South Africa appear to have made fit into all three generations, as there are a number whose efforts are still small scale, project-based interventions; and with a large number of them being smaller voluntary NPOs they are also characterised by community self-help initiatives. This means that the impact of most of them has been highly localised and has lacked the strategic management of the third generation. There appears to be greater focus on the second generation and pioneering work in the third generation.

4.4 POLICY AND SOCIETAL IMPACTS

In the context outlined above, South African NPOs typically have a role to play either in directly providing for a population or indirectly through follow up and review mechanisms.

Some examples of these are outlined below.

4.4.1 NPOs providing public services

As part of a programme to improve early childhood development (ECD) outcomes, the South African government approved a budget of over R1.5 billion to NPOs offering ECD services as a way to increase the number of poor children accessing ECD centres. ECD NPOs will provide the ECD services, however only registered NPOs can access this subsidy. Between 2015 and 2018, it is estimated that approximately 607 092 children benefited under the programme and it is anticipated that a further 113 448 will benefit over the next three years (National Department of Human Settlements, 2015).

In the health sector, community health services are being provided by NPOs alleviating the burden on local hospitals. For example, the Mental Health Act of 2002 contains provisions that allow NPOs and other voluntary organisations to be eligible to provide community mental health services and have their programmes/facilities subsidised by the state. Provincial Departments of Health conduct all licencing and regulate the provision of these services (Motsoaledi and Matsoso, 2013).

Social services are also widely provided by Social welfare organisations countrywide, dealing with prevention, early intervention and statutory services. While many of these services receive a state subsidy, there is a significant number which do not receive such support.

4.4.2 NPOs monitoring rights of communities

Gumede (2017) asserts that the realisation of constitutionally guaranteed rights is contingent on an organised, engaged citizenry and adds that monitoring and evaluation (M&E) of government programmes, systems, and delivery are crucial to identifying where implementation measures fail to secure these rights. Examples of NPOs undertaking a monitoring role of this nature are also cited by Gumede (2017). These include the Black Sash's *Community Monitoring Advocacy Programme (CMAP)*, where NPOs train and support community volunteers to

monitor services of public bodies such as the South African Social Security Agency (SASSA), and the Departments of Health and Home Affairs. Another example is the *Social Justice Coalition* which, by enabling local communities, facilitates audits of basic delivery and government spending in key areas.

One interview respondent felt strongly about on this aspect of NPOs monitoring and safeguarding fundamental rights and asserted that:

> *"NPOs have played a huge role in promoting democracy and holding institutions to account. The sector has been instrumental in giving meaning to the constitutional mandate."*

Human Rights Watch investigates claims of human rights abuse with the aim of exposing injustices as a way to pressure authorities to respect human rights and secure justice. HRW produces an annual global report on the state of human rights in each country (Human Rights Watch, 2019). In the case of South Africa, the organisation has been monitoring attacks on foreign nations, gender-based violence, land rights, and the rights of the lesbian, gay, bisexual, transgender, queer and intersex (LGBTQI) community. The organisation has also been tracking the rights of disabled persons, and in particular their right to education (Human Rights Watch, 2019).

The role of institutions such as Equal Education and Section 27 in championing rights are but two examples of effective advocacy work being done by the sector.

CASE STUDY: Scholar Transport – Access to Education

The right of children to be free from neglect and degradation is set out in Chapter 28 of the Constitution, while Chapter 29 guarantees the right of everyone to education (RSA, 1997). But what if, in an attempt to access school education, children are subject to danger or health hazards and are having the quality of their education severely compromised? Before 2019, many learners from 12 schools in the Nquthu district of KwaZulu-Natal had no access transport to and from school. Many students of these schools walked long distances on a daily basis facing the elements and, in many cases, extreme danger. Their physical and mental health was being compromised and, on arriving at school, many were too exhausted to concentrate. The long journeys on foot to and from school also took up vital time that should have been utilised for safe recreation, homework and learner-teacher interaction (Broughton, 2017).

Equal Education (EE) is a national, grassroots NPO, which is a movement of school learners, parents, teachers and community members, the aim of which is to improve quality and equality in South African education. The organisation aims to fully realise Section 29 of the Constitution. In 2014 EE began a campaign to introduce free, safe school transport for the learners of the aforementioned 12 schools in Nquthu. EE and its partner the Equal Education Law Centre (EELC), campaigned to ensure that the issue of learner transport for the learners of Nguthu received public and political attention. However, the campaign also made critical links to the national policy and budgetary sphere.

The EE/EELC campaign action included marches, pickets and formal engagement with provincial and national government both in writing and in face to face delegations (EE, 2019). However, while government officials acknowledged the problem, they tended to cite budgetary constraints and competing priorities as the reason why a comprehensive transport programme could not be implemented at Nquthu.

Supported by the Equal Education Law Centre (EELC), EE launched a case in the KwaZulu-Natal High Court in November 2017, contending that safe and effective school transport is a component of learners' rights to education, safety, dignity and equality.

The court ruled in EE's favour and instructed the KwaZulu-Natal Departments of Education and Transport to provide scholar transport for the 12 schools, giving the departments four months to do so. Most significantly, the court instructed

CASE STUDY: Scholar Transport – Access to Education

the two departments to develop plans that address the issue of scholar transport in the province as a whole and to develop criteria to be used to determine the need for the provision of learner transport.

In 2018 the KwaZulu-Natal Department of Education initiated a comprehensive investigation into the extent of learner need for subsidised transport, not only at the at the 12 Nquthu schools identified by EE, but across the whole province.

Through its ongoing campaign and engagement with national government, EE contributed enormously to the instigation and publication of the National Learner Transport Policy, in 2015, and subsequently secured a public commitment from the National Department of Basic Education to work with National Treasury to explore the introduction of a conditional grant to fund scholar transport (EE 2018).

This case is highly illustrative of how a well-organised, grassroots, membership-based NPO was able, through forming partnerships and advocacy, to impact public policy and practice. Through both ongoing engagement with national structures and in using evidence-based arguments, EE was successful in securing a commitment to the development of national policy and also in creating space for high-level discussion around a national transport grant. Through utilising the court system, EE was able to ensure the enforcement of the core constitutional right to education (and other rights) by successfully arguing that transport is a critical component required for learners to access those rights.

The court's ruling should not be viewed in any way as a "loss" for government. It should be seen as broadening the potential for constructive dialogue and collaboration between the departments and the EE network. It is possible, for example, that EE could provide an important monitoring function in the roll out, to alert the department to specific blockages and to work together to solve them. With its network of well-informed learners, teachers and parents, EE could bring important local information to the departments to enhance implementation. If EE and the departments are working towards the same objectives, they could explore ways in which EE could add value to implementation as EE has networks on the ground and relevant knowledge in specific communities that the departments simply do not have the human resources to build.

But such potential collaboration does not end with the transport issue. The credibility and skills of EE is such that they may be able to help education departments in particular deliver successfully on key items in their Annual Performance Plans and even Five-Year Plans. Ways to do this could be explored in depth by stakeholders. Such collaboration has already occurred in some settings.

Collaborative working relationships work both ways. NPOs may come to better-understand the enormous challenges faced by departments in implementation with budgets too low to fulfil their mandate and, in many cases, the extreme difficulties in recruiting skilled staff. NPOs, for example, are able to advocate for better budgets in a way that the departments cannot.

Source: Broughton (2017) & Equal Education (2018)

4.4.3 NPOs promoting active citizenship

A core mandate to develop active and participatory citizenry is found in Sections 59, 72 and 118 of the Constitution, which ensure the right of the people to be involved in legislative and policy making processes and in governance. The NDA (2016) asserts that this gives effect to the principle of a representative and participatory democratic state.

Chapter 15 of the National Development Plan (NPC, 2012) commits the State to building a capable state through partnerships and cooperation between communities and government, with citizens being mobilized towards their own empowerment. The role of NPOs in supporting active citizenry by educating and training communities

on participation in the development of Integrated Development Plans (IDPs) at local government level, or in support for parents participating in School Governing Bodies and training and awareness of community members in participating in Community Policing Forums, are just a few examples of the areas of work currently being undertaken.

As identified by the NDA (2016), there is a wide range of structures and processes for meaningful citizen engagement in South Africa. However, because of poverty, limited education, isolation and other inhibiting factors, such forums are, in effect, inaccessible for much of the population. There is a vital role for CSOs to play in bridging this gap and helping to afford members of disadvantaged communities their right to participate in public governance and policy making processes. A few examples of such forums and processes are: 1) public hearings in respect to the redress of a public problem or a piece of legislation; 2) Ward Committee structures at the local government level which focus on planning, services and oversight; 3) Izimbizo, where members of the public interact with policy makers to ensure that their views are heard and needs recognised; 4) service delivery structures such school governing bodies, rural transport forums, policing forums, water committees and others bodies to help facilitate planning and implementation; and 5) monitoring and planning structures composed of ordinary citizens to play an oversight and advocacy role. CSOs can play a vital role in educating their constituents about the existence and purposes of such opportunities, to train and help prepare them to participate and in providing the necessary organising, mobilisation and logistical support.

Budlender et al (2014) maintain that there are many areas of South African life where statutes or the Constitution confer rights on people, but they are unaware of these rights and therefore cannot assert them or benefit from them. In making this observation, the researchers underline the critical role of NPOs to inform disadvantaged communities of their rights and providing support to help such communities realise them. One example is the Treatment Action Campaign (TAC) which, in the 2000s, conducted an extensive information campaign to inform people living with HIV and AIDS of their rights. TAC continued this national education effort, which included community-based workshops, alongside campaigns of mobilisation, direct action and conducting litigation. Budlender et al (2014) also cite the example of Equal Education (EE) which, in in addition to its court case on norms and standards for school infrastructure, sustained a multi-faceted public education campaign which included going door-to-door in communities, use of radio and print media and a host of other means to educate people about their right to decent school education. In both examples, the efforts of TAC and EE in building awareness of rights and how to assert them laid solid foundations for active, grass-roots citizenship movements which have had profound policy effects.

Interview respondents cited numerous examples of how NPOs have promoted and developed active citizenship. Asserting that close working relationships between NPOs and local government is vital to promoting active citizenry, one respondent cited the example of a youth summit in the Cape Agulhas Local Municipality, which was sponsored by a youth-focused NGO. Imagining their community, the way they would like it to be, 300 youth participants listed over 50 broad concerns at the summit. They worked with municipal officers to consolidate these down to 11 to present to a local government post-summit. This ultimately resulted in four new funded programmes being developed. Youth representatives have bi-weekly meetings with the municipality and work closely in the roll out and monitoring of the programmes which are now in the municipality's IDP. The respondent also asserted, however, that NPOs must do much more of this across the country in order to truly build a national culture of active citizenship.

The vital role of NPOs in acting as intermediary agents which help people claim their rights is also underlined by Budlender et al (2014) and this is a vital piece of building active citizenship. NPOs not only provide advice on rights but also refer people to appropriate institutions, connect them with networks and movements, and assist them in the formulation of their claims. The researchers note that these intermediary functions can be undertaken successfully without necessarily engaging in litigation. Having acknowledged this, it also should be noted that NPOs also play a vital role in assisting groups of people to secure their rights through legal action as the following case study demonstrates.

CASE STUDY – Securing Tenure Rights and Basic Services for Labour Tenants

The right to security of tenure for labour tenants on farms had a long history of violation in pre-1994 South Africa. In 1996 the new government enacted the Land Reform (Labour Tenants) Act to redress the effects of this history and to provide for the acquisition of land and rights by labour tenants. In essence, the Act ensures that labour tenants have the right not to be evicted from the land they use and to continue exercising any rights that they held previously (Phillips, 2016). Critically, the Act also sets out a process for labour tenants to apply for an award of land and this process is administered by the Department of Rural Development and Land Reform (DRDLR).

The Constitutional imperative for the Labour Tenants Act (1996) is enshrined in Chapter 25(5) of the Bill of Rights, which obliges the state to create conditions which enable citizens to gain access to land on an equitable basis.

The Association for Rural Advancement (AFRA) is a land rights advocacy non-profit organisation (NPO) which supports marginalised black people in rural areas, particularly farm dwellers in KwaZulu-Natal. The organisation's core objective is to identify, promote and support pathways to achieve security of tenure and access to services for people on farms (https://www.afra.co.za/).

By March 2001 more than 22 000 claims for land had been lodged with DRDLR pursuant to the Labour Tenants Act. However, by 2013, the majority of these claims had still not been processed (AFRA, 2019). Working closely with labour tenants, AFRA initiated a class action lawsuit on behalf of labour tenants whose claims had still not been processed by DRDLR after 12 years of waiting.

The court ruled in favour of AFRA and Labour Tenants in the 2013 lawsuit and granted the labour tenant's application to have a special master appointed to oversee the processing of labour tenant claims. At that time at least 11 000 such claims remained incomplete since having been lodged in 2001. However, in 2016 AFRA returned to the Land Claims Court which found that DRDLR was in contempt of the court order and in contravention of the provisions of the Labour Tenants Act. In 2018, the DRDLR, which opposed the appointment of a special master, appealed the decision to the Supreme Court of Appeal (SCA). The SCA agreed with AFRA and the labour tenants that the DRDLR's lack of implementation of the Labour Tenant Act was inconsistent with Section 25 of the Constitution. Even so, the court ruled in the department's favour in terms of the appointment of a special master thereby nullifying the decision of the Land Claims Court.

In May 2019, AFRA, supported by the Legal Resources Centre (LRC), appealed to the Constitutional Court for the reinstatement of the Land Claims Court directive to appoint a special master. AFRA argued that the role of a special master was critical to ensure the effective realisation of labour tenant rights. They noted a dissenting opinion of a judge of the SCA who had asserted that ordinary court supervision had failed and that the size and complexity of the task alone supported the case for "extraordinary court supervision" through the appointment of a special master. As of July 2019, the case is still under consideration.

The right of farm dwellers and labour tenants of access to water, adequate sanitation and refuse collection has also been championed by AFRA and the LRC which, in 2017, commenced a class action against three rural District Municipalities in KwaZulu-Natal for failing in their mandate to provide these basic services (AFRA, 2019b). The class action also alleged that

CASE STUDY – Securing Tenure Rights and Basic Services for Labour Tenants

the municipalities had not prioritised the constitutional right of farm dwellers and labour tenants to basic services in their Integrated Development Plans (IDPs).

Before the legal action commenced in the High Court, AFRA documented nearly 200 cases of farm dwellers and labour tenants claiming they had no access to basic services. In many such instances the residents had approached their municipalities only to be told by officials that farm owners prevented municipal access to their properties thus preventing the services from being provided.

On 29 July, 2019, the High Court ruled against the three municipalities. The court judgement affirmed that their failure to provide farm occupiers and labour tenants with access to basic sanitation, sufficient water and refuse collection was in contravention of the Constitution and ordered that the municipalities provide farm dwellers and labour tenants with basic services.

Twenty-five years after the transition to democracy many thousands of farm workers lack access to land and services. Through its ongoing support of landless farm dwellers AFRA (2019b) asserts that increasing numbers people continue to work in very poor conditions, lack food security, reside in sub-standard accommodation and have limited or no access to water and basic services. Because of their extreme marginalised status, alienation from the justice system and their relative invisibility to broader South African society, labour tenants have struggled to assert their right of access to land, a right afforded to them under Section 25 of the Constitution and the Labour Tenants Act (1996). In the face of an unresponsive government department they remain powerless.

Whatever the outcome of the appeal to the Constitutional Court, AFRA remains one of the few well-capacitated resources for one of the most voiceless communities in the country. It is one of the few institutions through which labour tenants can vie for the fulfilment of their rights.

Sources: AFRA (2019b).

4.4.4 NPOs promoting quality school education

In examining the evolving role of education-focused NGOs in South Africa, Volmink and van der Els (2019) identify a national consensus that implementation of the education vision and priorities, particularly those outlined in Chapter 9 of the National Development Plan (NDP), requires a strong and active NGO sector. Recognising the enormity of the challenges for government in delivering its range of educational mandates, Volmink and van der Els (2019) identify key roles which can be played by NGOs to assist the government in meeting national educational objectives. One such role is through supporting evidence-based policy-making and good governance.

The NPO sector has sometimes been cited for advocating to government for greater expenditure in a particular area without making workable suggestions as to how government is to identify the necessary funds in a constrained public fiscus. As part of its advocacy campaign for the full implementation of the 2013 Norms and Standards for School Infrastructure, the NPO Equal Education (EE) published a report entitled “15 Ways to Pay for Decent Schools” (EE, 2016). The report presents a broad assessment of and a case for government to reduce wasteful expenditure, raise additional revenues and shift funding priorities in order to implement its critical mandate to deliver on school infrastructure. In doing so, EE made informed arguments contributing to a broader and critical public discussion on the priority uses of public resources.

As one of many challenges in education, Volmink and van der Els (2019) note that the need for teacher development is too great a challenge for government to fulfil alone. NPOs have played a vital role in providing teacher development services and a prime example is the Environment and Language Education Trust (ELET). Since the 1980s, ELET has utilised international donor and corporate funds to provide a wide range of projects to improve English language instruction in schools. The organisation also provides training and support for curriculum management in areas such as learning programme development, lesson planning, subject policy formulation, and assessment and maintenance of resources, all vital elements of providing effective school education. Between 1994 and 2017, ELET trained more than 20 000 teachers in KwaZulu-Natal, Limpopo, Mpumalanga, Eastern Cape and the Free State (ELET, 2019).

4.4.5 NPOs impacting land reform policy

On 28 July 2019, the National Government released the final report of the Presidential Advisory Panel on Land Reform and Agriculture. This ground-breaking document provides the blueprint for policy on agricultural, rural and urban land reform (including spatial transformation and expropriation without compensation). The panel's extensive consultative process included reviewing written submissions, a series of national land reform colloquiums and a broad range of thematic- and sector-focused round tables. In all of these mechanisms and forums NPOs had substantial input. While many in the NPO sector were involved, the roles of Land Network National Engagement Strategy in South Africa (LandNNES), the Nelson Mandela Foundation, South African Women in Dialogue (SAWID) and the Social and Economic Rights Institute (SERI) were particularly notable.

There are several examples of inputs from NPOs reflected in solid proposals in the final documents. Particularly notable, however, were the manifestation of SERI's written inputs on the report's series of recommendations under the headings of *Urban Land Reform* and *Land Administration* (RSA, 2019). Following the appointment of the Expert Advisory Panel in late 2018, SERI was one of several NPOs called upon to provide inputs on land reform, joining others such as the South African Cities Network (SACN), the Nelson Mandela Foundation, and the Institute for Poverty, Land and Agrarian Studies (PLAAS). Grass-roots CBOs also had input. A critical piece that SERI brought to the Panel's deliberations was that of urban land reform. SERI (2019) asserted that urban land reform is largely absent from the debate and is "hidden" inside the human settlements, planning and municipal finance sectors. SERI was able to provide context and insight on the challenges and opportunities specific to urban land reform to the panel based on their experience in working on the right to housing and with inner-city and informal settlement communities. Along with other NPOs, SERI also made a submission to parliament on land expropriation and on the draft Expropriation Bill, 2019.

The final report itself notes that while the South African constitution gives citizens a clear mandate to realise equality and socio-economic inclusivity, this process has been generally left to government. In terms of land reform, the report recognises a critical role from other societal structures by asserting:

> *"Government cannot act on its own and would need the support of the private sector, NGOs and society to see the land reform process to its success"* (Presidential Advisory Panel, 2019:105/106).

Of importance here is the recognition that land reform is everyone's responsibility, the public and private sectors, civil society, NGOs and communities.

Specific recommendations in the report for ongoing NPO roles in the context of ensuring gender equality and an active voice for woman in land reform came via a Women's Land Rights and Land Reform Round Table held by

the Panel in 2019. Under the heading of *Interventions and recommendations for effective implementation* these recommendations are to:

- *"Establish forums consisting of all relevant NGOs, that is, women-based organisations such as SAWID, South African Women in Farming (SAWIF) and so forth."*
- *"[Provide] Education and awareness raising that is inclusive including NGOs and women at the grassroots level for them to take advantage of expropriation of land without compensation."* (Presidential Advisory Panel, 2019:127/128).

4.4.6 NPOs facilitating access to affordable housing, promoting urban redevelopment and integration of urban space

Section 21(3) of the Constitution affords every citizen the right to enter, to remain in and to reside anywhere in the country. In doing so, the Constitution prohibits any law or practices which for many decades had prevented the vast majority of the population from residing in areas with access to good infrastructure, public services and employment opportunities. Section 26 affords everyone the right to have access to adequate housing and mandates that the government must take reasonable measures to *"achieve the progressive realisation of this right"* (RSA, 1997).

Since 1994, NPOs have been at the forefront of motivating for policies, and in undertaking programmes themselves, to dismantle the lingering spatial segregation of the apartheid era, to provide access to economic opportunities and to develop secure, quality and well-located affordable housing. Through their policy work, mobilisation, advocacy and collaboration with government, NPOs have helped to bring about major policy initiatives and tools to afford people their rights and to transform the South African urban landscape. These have included the *Upgrading of Informal Settlements Programme* (UISP), the *People's Housing Process* (PHP), the *Social Housing Programme* (SHP) and, most recently, municipal Inclusionary Housing (IH) policies.

In 2017, research commissioned by the Social Housing Regulatory Authority (SHRA) assessed the impact on the urban landscape of the SHP, an initiative through which NPO Social Housing Institutions (SHIs) access capital funds to develop quality social rental housing in areas which provide access to economic opportunities and vital amenities. The researchers found evidence that, particularly in inner metropolitan areas, the SHIs were developing housing at substantially lower rent levels than the private sector could offer in the same areas. By utilising capital funds through the Social Housing Programme, SHIs are providing lower-income households access to secure housing in the areas in which they wish to live, but in which they could otherwise not afford to reside (SHRA, 2017). In doing so they are contributing significantly in terms of providing people their right to secure housing, to the desegregation of urban space and facilitating better access to socioeconomic opportunities.

Similar in its policy intent to social rental housing, *inclusionary housing* in South Africa is a tool to enable lower-income residents to have access to employment opportunities and social amenities as well as to afford them adequate and affordable housing. Inclusionary Housing requires that any new residential property developments over a certain number of units must ensure that a percentage of such units is affordable for lower-income households. In February 2019, the City of Johannesburg enacted its first Inclusionary Housing Policy which took effect in May of that year. The policy affects developments consisting of 20 or more dwelling units to include at least 20% inclusionary housing and capping rentals at R2 100 per month (City of Johannesburg, 2019). As of

August 2019, an Inclusionary Housing Policy was being developed for the City of Cape Town after a long process of consultation.

In both cities, and across the country, NPOs have pushed for the enactment of inclusionary housing policies at the local government level for some years through utilising research findings to inform their policy advocacy to municipalities. In Johannesburg, the enactment of the policy followed a decade of advocacy efforts and other actions by organisations such as the Social and Economic Rights Institute (SERI), Lawyers for Human Rights (LHR), the Legal Resources Centre (LRC) as well as grass-roots groups. These organisations in particular had, through many years of action, created a legal climate which, in part, spurred the City of Johannesburg to support the creation of an inclusionary housing policy.

In Cape Town, NGOs that helped create the necessary environment and facilitated the creation of a policy include Ndifuna Ukwazi, an organisation agitating for spatial justice, the Development Action Group (DAG) and Communicare, a Social Housing Institution. DAG, led a dynamic team of thought leaders, held a series of public dialogues and undertook strategic collaboration with other organisations and the municipality. In July 2019 the Mayoral Committee recommitted the City of Cape Town to finalising the Inclusionary Housing Policy.

The socioeconomic integration of urban space and ensuring access to adequate housing are two of South Africa's most pressing and challenging public policy goals. NPOs continue to play a key and central role towards the realisation of these goals.

4.4.7 NPOs innovating models of service delivery

Utilising their understanding of social need plus their skills, capacity and knowledge of the sorts of interventions that work at the community level, NPOs can make valuable input into the design and implementation of developmental programmes, some of which can be replicated on the provincial or national level. In some instances, NPOs have even modelled for government the exact kind of intervention that is needed to address a national crisis. A prime example of this is the National Association of Child Care Workers (NACCW) and the Isibindi Programme.

Among its provisions, Chapter 28 of the South African Constitution mandates that every child has a right to:

- *"Family care or parental care, or to appropriate alternative care when removed from the family environment; (28:1:b); and*
- *Basic nutrition, shelter, basic health care services and social services (28:1:b)."* (RSA, 1996).

By the early 2000s, the profound and devastating extent of the HIV/AIDS epidemic in South Africa was placing many children at extreme risk. The challenges were vast and government was responding too slowly to the crisis, effectively depriving many affected children of their fundamental rights. Ensuring access to treatment, meeting the needs of child-headed households and providing protection services were just three such challenges.

CASE STUDY – Care and Support for Vulnerable Children: Isibindi Community Care Model for vulnerable children

Among the NPOs which responded to the crisis was the NACCW which developed a community-based care and protection intervention option for children, named 'Isibindi' (meaning 'courage' in IsiZulu). In particular, the programme targeted the most marginalised and at-risk children, those who had fallen outside the conventional care and protection matrix. Members of the NACCW were extremely well-placed to identify the needs and to design programmatic responses as they interacted with and daily supported some of the worst affected vulnerable children in under-serviced communities.

To ensure that programmatic responses were serving the needs of a community, Isibindi projects were implemented by local organisations and the communities themselves. Central to the thrust of the programme was to link the community-based organisations which were providing the support to a national support network and information sources. As articulated by the NACCW:

"Isibindi enables poorly resourced communities to adopt an evidence-based approach to the provision of integrated welfare services, and rapidly develop effective and informed local care and protection services for children." (NACCW, 2019:1)

The Isibini model delivers care services to children and youths in their own homes, the services being provided by trained child and youth care workers (CYCWs) who themselves have a network of supervisors and support. A core aspect of the model is that of the CYCWs developing strong relationships with the children consolidated through assistance in undertaking necessary daily events. These include such things as life skills, food and nutrition, personal hygiene and health matters. It is through this process of building the capacity of the children to undertake basic care activities that a space is created for the CYCW to attend to their emotional needs (NACCW, 2019).

Government had initially lagged in responding to the needs of children resulting from the HIV/AIDS crisis. The NACCW's Isibindi model provided the Department of Social Development (DSD) an opportunity to scale up its response to vulnerable children through utilising a network of skilled, committed people. DSD replicated the Isibindi model nationally with the NACCW and its NPO partners acting as delivery agents with DSD funding the projects. By 2019, as a result of this collaboration, 335 NPOs were delivering Isibindi projects at 367 sites extending care to children as required in terms of the Child Care Act and in fulfilment of DSD's obligation under section 28 of the Constitution (DSD, 2019).

4.4.8 NPOs and Social Entrepreneurialism

There are various definitions of social entrepreneurship namely:

- Social entrepreneurship has been defined as a process "*involving the innovative use and combination of resources to pursue opportunities to catalyse social change and/or address social needs"* (Mair & Martí, 2006, p. 37).
- *"Social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions"* (Seelos and Mair, 2005 p. 48).
- Bacq and Janssen (2011) define social entrepreneurship as *"the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and of the use of a wide range of resources"* (p. 388).

While there are various definitions of social entrepreneurship and various perspectives on social enterprise-focused organisations, these definitions above, provide a firm footing and powerful motivation for NPOs to encompass social entrepreneurship as a prime vehicle to realise their objectives. A core piece of the mission of many NPOs is to address the critical needs of specific populations and communities which are not catered to by the economy or by government. The promotion and facilitation of socioeconomic change to uplift such populations and communities also lies close to the core motivation for many organisations in the sector.

Social entrepreneurship practices have a long history in South Africa and, according to the recent Survey of Social Enterprises of South Africa by the Gordon Institute of Business Science (2018), the country has seen a significant expansion of social enterprise operations since 2013.

Through a survey conducted with 453 South African organisations operating in the social enterprise and civil society sectors, the Gordon Institute of Business Science (2018) found that most social enterprises focus on education, health and housing needs. The reach of social entrepreneurship into the agricultural sector appears to be limited, with the survey only being able to identify four organisations of the 453 that operated in agriculture, forestry or fishing sectors. However, the study concluded that South African social enterprises are mainly locally based and focus on meeting needs in the communities they serve.

Given the sample size of the survey, it could not be utilized to estimate the number of NPOs in South Africa actually involved in social enterprise or promoting social entrepreneurialism. It is significant to note, however, that 52% of the organisations surveyed described themselves as a *"non-profit"* organisation or company. Of the remainder, 15% described themselves as *"social enterprise"*, another 15% as a "*business*", 12% as a "*community organisation*" and 3% as a "*religious organisation*" or a "*cooperative*" (Gordon Institute, 2018:27).

A scoping study of social entrepreneurs in South Africa (ILO, 2017) noted that core National Government economic development policies, including the New Growth Path and the Decent Work Country Programme identified the development of the local social economy as an important sphere for job creation. In this context there is little recognition of the CSO's who are undertaking social enterprise activities and their contribution towards the realisation of national development goals.

In examining the role of social entrepreneurship to help socioeconomically transform a particularly marginalised community, Manyaka (2015) draws parallels with the realisation of key elements of the National Development Plan (NDP). In particular, the researcher asserts that an expansion of social entrepreneurship could contribute to the NDP-related goals of promoting employment-developing economic growth and in improving skills development and innovation. Drawing from the results of this study and other sources, Manyaka (2015) argues that social entrepreneurship innovations (particularly a focus on the development of micro-businesses) should inform government policy and funding in a much greater way.

Among other reports, the suitability and appropriateness of NPOs for undertaking a greater role in social entrepreneurialism is demonstrated by the Survey of Social Enterprises (Gordon Institute, 2018). Inter alia, their findings identify the great value of social enterprises in serving members of disadvantaged communities which are not served by other institutions. Furthermore, the researchers found evidence that social enterprises created jobs at a local, community-based level.

While asserting the enormous value and potential of NPOs undertaking social enterprise activity, Coetzee (2015:3) cautions against what he terms "*mission drift*", i.e. the tendency for a business mission to undermine

the social mission. Reflecting a strong theme in the literature, Coetzee underlines the critical need for social entrepreneurs work in social enterprises to balance their organisation's social mission and business mission. In fact, among other examples in the literature of the primacy of the social mission, the Survey of Social Enterprises (Gordon Institute et al 2018) found that a key dimension of social enterprises in South Africa is that the explicit social mission is more important than concern for profit.

Both the ILO (2016) scoping report and the Survey of Social Enterprises (2018) found that social enterprises are less dependent on government and donor funding and also note the potential for partnerships with the private sector. In this sense there is some potential for NPOs which undertake social enterprise to move towards greater financial independence. A core conclusion of the report *Enhancing Civil Society Participation in the South African Development Agenda* (NDA 2016:292) was that it is critical for CSOs to embrace income-generating models *"to ensure that they address the needs of the target beneficiaries, as well as empower them to be agents of their own development*". While cautioning against framing social entrepreneurship as a singular solution to address the constraints faced by NPOs, Kridge (2016) asserts that it offers civil society a potential to expand their impact through *"blending the lessons from business with the diversity and complexity of social values."*

There are a number of noteworthy examples of South African NPOs, which in recent years have been able to address the challenges and achieve such a blend to build social enterprise operations. Support has even come from the private sector in some instances.

While, as previously noted, it is not possible to cite precise numbers, it is clear that there has been a substantial expansion of social enterprise activity in South Africa in recent years and that many NPOs have committed themselves to this form of development. It is also clear that there is further potential to leverage social enterprise to address different critical needs, not least in education and training and in socioeconomic development (particularly at the local level). There is also great potential for social enterprise to unlock support and resources, from social capital in communities to private finance, and to contribute to national developmental priorities. Government, in close partnership with the NPO sector and broader civil society stakeholders, needs to consider ways in which NPOs can play an expanded role in social entrepreneurship in order to help realise these priorities.

A notable example of an NPO social enterprise that has had particular success in forging partnerships with the private sector (as well as government institutions and communities) is Harambee. Young people aged 15 to 24 are the most vulnerable in the South African labour market, given the staggeringly high unemployment rate of 55.2% in the 1st quarter of 2019 among this age group(StatsSA, 2019). In the face of the overwhelming challenges of this environment Harambee have supported a network of more than 600 000 youth seeking work, have acted as a bridge to over 100 000 jobs and work experience placements and have partnered with approximately 500 businesses from small business to some of South Africa's largest corporations (Harambee, 2019). Harambee undertakes and utilises research to inform and drive its wide range of interventions and programmes which focus on transitioning young people into the job market as effectively as possible. Recognised widely for the effectiveness of its social entrepreneurship, the Gauteng Provincial Government has institutionalised Harambee's work and has utilised its model and labour market solutions to help address the many challenges of youth unemployment in that province. A ground-breaking partnership between the Gauteng Provincial Government, Harambee and more than 40 private sector corporations was implemented in 2018 and was hailed by the Premier as "*a living example of a social compact*" (Molele, 2018:1).

While recognising its great potential in the sector and generally being supportive of the idea, most participants interviewed for this study did not express unqualified support for NPOs undertaking social enterprise. While in no way dismissing the notion of social entrepreneurialism, one respondent noted that the non-profit structure does not pay shareholders but can pay a good income to people producing good products. She concluded:

> *"If the enterprise of the organisation goes to scale, they just become bigger businesses. Where does the NPO stop and start? We understand people want to earn a living by doing good. But why not form a non-profit and pay decent salaries?"*

One interview respondent noted a trend of more NGO leaders thinking about social enterprise and how this can inform strategy, while others are still not comfortable with this and are treading carefully. She noted that some fear the tax code may be an inhibiting factor in terms of NPOs becoming more entrepreneurial as profit-generating activities may cause them to lose their tax status as a Public Benefit Organisation (PBO). But the respondent also maintained that the amount of capacity building around social entrepreneurship has increased remarkably and concluded:

> *"It has become part of the national system of innovation. But to be successful there has to be particular skills - especially financial management – and a business mindset amongst the staff including the ability to think creatively and [about] what it means to be a business. However, this must be balanced with consideration of what it means for the social good as well as with the organisational mission."*

Noting that there has been a significant expansion of data collection, and platforms where data is analysed and made available (used especially by educational institutions), one respondent noted the great potential for NPOs to help create employment for youth, particularly in the information technology space.

One of the NPOs interviewed has conducted a series of workshops on social entrepreneurship and works with public agencies on this issue. They caution, however, that, as things are, most social enterprise development efforts are not sustainable, particularly in local communities. This NGO noted that after workshops there is a spike in small business registrations but there is insufficient follow-up or ongoing support for long-term sustainability.

> *"If Local Economic Development (LED) officials, many of whom have other priorities, do not move things forward the enterprises won't survive. There are some good provincial government initiatives but longer-term support is needed."*

Social entrepreneurship offers potential for leveraging resources for the sector. However, it requires innovative leadership while the evidence is promising there is a need for evaluating its performance.

4.4.9 NPOs' contribution to employment and to the economy

While the CS sector is not expressly focussed on creating jobs, by its nature it is labour intensive. As reported by Statistics SA, the sector has two types of employees, namely, paid workers and voluntary workers. It has reportedly created about 600 000 jobs. Over and above this is the contribution to the economy from its large volunteer workforce, which it recognizes is undervalued because it is not reflected as outputs of the NPIs. Information about the scale of volunteering is provided through the Volunteer Activity Survey (VAS), which is a household survey collecting data from households who have been selected to participate in the Quarterly Labour

Force Survey (QLFS). It includes all household members above the age of 15 years and includes all non-compulsory work undertaken by those individuals in the past four weeks. Volunteer work is differentiated between direct volunteering, which refers to people who are volunteering on their own, and volunteering through an organisation, where their services are provided through an institution. Between 2010 and 2014 the report (StatsSA, 2011) indicates that the volunteer workforce increased from 1.3 million to 2.2 million.

Social services is the predominant activity (23.6%) undertaken by volunteers, followed by religion (22.8%), law, advocacy and politics (14.7%) and development and housing (7.7%) Of those in social services, 80.8% volunteered directly in 2014, with caring for children, the elderly and helping at funerals being the main activities. The cumulative impact of this volunteer work, when equated to employment using the full-time equivalent measure, was reported as 293 499 persons employed full time. Here again, over 50% of this time was spent in delivery of social services. The survey estimated that the cost to the economy for delivering these services would have been approximately R9.9 billion in 2014. The Community, Social and Personnel Sector contributed 22.8% to Gross Domestic Product (GDP) (Bhorat et al, 2015).

The scale of voluntary work in South Africa, particularly in the social services and health services arena raises questions about the gendered nature of the care economy in South Africa and about unpaid care. An issue which has been noted globally (Kabeer and Nations, 1999) is the increasing withdrawal of state services and the reliance on "home–based" care solutions. These translate into women in communities, often older women, taking on unpaid care responsibilities which go beyond what is understood to be voluntary work.

4.4.10 CSOs' role in food security, agriculture and water

The report *Enhancing Civil Society Participation in the South African Development Agenda* (NDA, 2016) defines a key role for CSOs to play in advocating for food security targets and for government to implement a solid M&E system to ensure that such targets are being met. By extension, CSOs should therefore also play a stronger role in assisting small farmers and agricultural collectives in accessing more resources to increase production. The report also identifies a critical role for CSOs in providing training and support to smallholder farmers both in terms of improving income generation and in contributing to national nutritional and food security objectives. CSOs could develop the capacity of local champions whose role it would be to help ensure the sustainability of such agricultural initiatives. There is also a role for CSOs to play in the agricultural sphere to increase local adaptive capacity among small producers in terms of mitigating against the adverse effects of climate change (NDA, 2016). Again, CSOs could make dual impacts here in terms of maintaining the livelihoods of smallholders and collectives and in promoting food security.

In the context of the critical need to provide water and sanitation services in communities, WIN-SA (Water Information Network SA, n.d.) emphasises the importance of local NPOs cooperating with municipalities to help ensure that such services are delivered. They note that the necessary legal framework is very much in place to support NPO-municipal collaboration and cite the Constitution, provisions of the Municipal System Act and the National Strategic Framework for Water Services. However, WIN-SA also note that such vital partnerships are often not fully executed due to a number of challenges. These include funders preferring bi-lateral links with municipalities, NPOs not being strategically focused or capacitated to work with local government and municipalities being unwilling or unable to facilitate meaningful community/NPO input into basic service and infrastructure delivery. Yet, despite such challenges, Win-SA cites examples in Limpopo of collaborations between NPOs, local government and other public authorities which have resulted in such innovations as the

distribution of water transport devices, rainwater harvesting projects and the rehabilitation of boreholes. Win-SA concludes by noting the great value of communities acting as a full partner in development interventions targeted to them and urges municipalities to recognise the substantial benefits that collaboration with civil society can bring in meeting their development goals.

4.4.11 CSOs' role in enforcement of rights

The right to social assistance for those unable to support themselves and their dependants is enshrined in Section 27(1) (c) of the Constitution, while Section 28(1)(c) affords children the right to basic nutrition, shelter, basic health care services and social services. A prime vehicle for the realisation of these rights is the Social Assistance Act (RSA, 2004a) which, among other provisions, defines a range of social grants including the Child Support Grant (CSG) and Social Relief of Distress (SRD). The administration of grants is undertaken by SASSA, a schedule three institution, in terms of the South African Social Security Agency Act (RSA, 2004b) which reports to the Department of Social Development (DSD).

In 2005, formal regulations were promulgated for the administration of the Social Assistance Act. Chapter 2(10) of the regulations prescribed which documents are to accompany applications for social grants while 2(11) sets out procedures to be followed in applications. Regulation 10 requires every child applicant for the CSG to have a formal identity document or a valid birth certificate. However, access to government institutions, including the Department of Home Affairs (DHA), is extremely limited for many indigent families living in remote areas. Furthermore, the extent of administrative failure at DHA was such that many applicants were not able to secure identity documents or late-issue birth certificates (Plagerson and Ulriksen, 2015).

However, Regulation 11(1) enables SASSA to accept alternative proof of identification where the applicant has no identity document or a birth certificate as required by Regulation 10. Such alternative identity documents would typically include a sworn statement on a form provided by SASSA and, where possible, proof of having applied for the necessary documentation from DHA (Black Sash, 2010). Identification could also be supported by a sworn statement by a reputable person such as a school principal, social worker or traditional leader that she or he knows the applicant. Other supporting documents might include clinic cards, school reports or baptismal certificates.

Regrettably, in many areas, SASSA officers failed to heed the alternative identification provisions of Regulation 11, leaving many of the most indigent and vulnerable without the social grant to which they were entitled (Plagerson and Ulriksen, 2015). Many people seeking relief after a disaster through applying for the SRD grant also had their applications denied for the same reason, often leaving them in utter destitution. In 2008, the Children's Institute estimated that estimated 3.8 million eligible children were not receiving the CSG.

The Alliance for Children's Entitlement to Social Security (ACESS) was an NPO with more than 600 organisational affiliates (children's rights or services NPOs) from across the country. The core goal of ACESS was the realisation of the socio-economic rights of children in South Africa, as guaranteed in the Constitution.

In 2008, joining with other NPOs, ACESS instigated a lawsuit in the High Court against the DSD seeking an order to oblige the department to accept alternative forms of identification pursuant to Regulation 11. In July 2008, the High Court ordered DSD to accept alternative forms of identification in the absence of the documentation outlined in Regulation 10. Finally, there was judicial acknowledgement that, due to service delivery failures in the DHA, applicants for all social assistance including the CSG and SRD may use alternative forms of identification for short-term relief pending the processing of the prime documents by DHA (Black Sash, 2010).

It was a major social policy contradiction that many of those people whose need for CSG and SRD was the greatest were effectively excluded from receiving these grants because of some of the very factors that created that most critical need – extreme poverty, geographical isolation and lack of access to government and administrative services. But, more to the point, these factors were exacerbated by the refusal of the agency responsible to use the means at its disposal to establish identity. This case demonstrates that it is often the very poorest whose rights are most violated when public authorities fail to, or refuse to, deliver on their mandates. It also demonstrates how critical the role of NPOs is to ensure that these rights are enforced in the face of public agency failure or recalcitrance.

This episode demonstrated that enabling legislation and regulations are insufficient on their own to afford the most disadvantaged their fundamental right to basic sustenance. The government agencies responsible for ensuring the realisation of that right must be fully committed to a pro-poor approach in which staff are obliged, and internal mechanisms are set up, to make every reasonable effort to establish identity through a range of means, and indeed to address barriers that prevent otherwise eligible applicants from receiving their grants.

4.5 DEMONSTRATING IMPACT OF CSOS

4.5.1 NPOs need to demonstrate that they are making a difference

Following the financial crisis of 2008, a number of governments adopted austerity measures reducing funding available for NPOs. Now more than ever NPOs need to demonstrate the impact they have in order to secure government and donor support.

At the most elementary level, NPOs can begin by measuring the immediate outcomes on their beneficiaries, however a more robust approach is to conduct impact studies. This can usually be done in two ways: (1) by measuring key variables before and after the intervention or (2) Measuring the impact (or long-term effect) on beneficiaries versus a similar group that did not participate in the NPO's intervention.

The capacity of NPOs to develop their programme plans with clear indicators of outcomes and impacts and progress markers to assess changes over time is extremely limited and access to the necessary resources to undertake external evaluations is constrained. This is also impacting on their ability to secure funding and as such becomes a vicious cycle.

4.5.2 Effective monitoring and oversight of NPO service delivery

In 2017, the Gauteng Department of Health was rocked by the Life Esidimeni Scandal in which 143 mental health patients lost their lives after they were transferred to inadequate community health facilities. The Health Department had terminated its outsourced care contract with Life Esidimeni in order to save money (Makgoba, 2017).

The tragedy brought to the fore serious issues relating to CSOs engaging in direct service delivery on contracts, namely:

- The role of CSO Boards/Governance Structures in effective oversight of the work of CSOs;
- The increasing shift of CSOs towards functioning as small enterprises;
- The role of the community in monitoring services of all institutions, whether public or private, if they address developmental needs;

- The lack of effective guidance in legislation as to what differentiates CSOs from small enterprises; and
- The role of regulatory authorities with respect to licencing guidelines and effective monitoring and enforcement mechanisms (Makgoba, 2017).

A number of these issues are covered in the sections relating to governance and leadership of CSOs as these have relevance for how CSOs demonstrate impact.

4.6 EMPIRICAL ANALYSIS OF CSO PERFORMANCE

The lack of an empirical evidence base for CSO performance has been outlined earlier in this chapter and although there is a growing literature assessing CSO performance, much is still unknown. It is important to understand what frameworks are being used to assess CSO performance and also what factors contribute to CSOs measuring their performance.

A key requirement of many donor grants is external evaluation of interventions. Increasingly, many of the larger international institutional donors, such as the United States of America Agency for International Development (USAID), the UK Department for International Development (DFID) and the European Union, are including M&E budgets in grants awarded. This is obviously welcome; however, the concern is that much of what is required is output and short-term outcome measures rather than impact measuring.

NPO literature defines performance measurement in various ways (Ramadan and Borgonovi, 2015) including as a method for:

- Identifying, controlling and utilizing different objective measures of its performance and its programmes;
- As a means of assessing its interventions;
- Mechanism for assessing how people perform; and
- Valuing effectiveness and efficiency of programmes in achieving identified social goals.

The table below provides different performance measures described in NGO literature.

Performance Measure	***Description***
Fundraising efficiency	The ability of an NGO to access funding.
Financial transparency	Preparing reports and submitting them to the concerned stakeholders.
Programme/project financial efficiency	The best use of financial resources to achieve the required or the planned outputs. (This measures the relationship between the financial inputs and the outputs).
Programme/project non-financial efficiency	The best use of the non-financial resources to achieve the required or planned outputs. (This measures the relationship between the non-financial inputs, such as time, staff, expertise and the outputs).
Outcome performance (Effectiveness)	To what extent have the outcomes of an NGO's programme been achieved?

Performance Measure	*Description*
Impact Performance	The long-term consequences of an NGO's programme including both positive and negative effects.
Partnerships	The level of networking with partners, their relevance and satisfaction.
Quality	The quality of services provided by an NGO.

Source: Ramadan and Borgonovi (2015)

5 THE COMPOSITION OF THE NPO SECTOR IN SOUTH AFRICA

This section deals with two important issues regarding the NPO sector; these pertain to how we define and classify entities within this sector. The need to come up with appropriate typologies is not just a South African issue, as demonstrated by Hodgkinson (1990) when describing the situation in the United States.

> *"For nearly two decades, researchers and policy-makers have acknowledged a need for a national typology of the US non-profit sector that would better define and describe the variety and diversity of non-profit organisations by type or major function. Such a system, similar to the Standard Industrial Code, was regarded as a major priority in order to provide a common set of definitions and language and so offer a scheme for conducting research to better understand this sector."*
>
> *- Hodgkinson, 1990, p. 6*

Hodgkinson (ibid) further outlines the advantages of developing and using better NPO typologies whilst identifying possible typology users. Table 3, summarises the use scenarios for NPOs whilst highlighting each scenarios relevance for Civil Society Support Programme (CSSP) planning and programming.

Table 3: NPO Typology Users, Use scenarios and relevance for CSSP programming

NPO Typology User	***Use scenarios***	***Relevance for CSSP Planning***
Public Policy/Funders	Typologies can be used NPO typologies in cases where government (private funder) has shifted responsibilities for funding social programmes to non-profit organisations. In this case it is necessary • to have the **analytical tools to measure the capacity** of this sector to provide necessary services, • to understand **how these services are financed**, and • to **estimate the number of clients** that can be or are being served.	Yes
Planning at local government	Typologies can be used **to develop micro and macro descriptive** and **comparative statistics**, and **to design stratified samples** to engage in fuller studies **of particular types of organisations**.	Yes
Organisation managers	Typologies can be used for **management planning** by comparing one organisation to peer organisations or to **locate underserved regions** in their interest area.	Yes
States, cities or regional associations	Typologies can be used **to build non-profit sector data bases** focusing on particular local communities in order **to better understand the capacity and services of non-profit organisations** in these regions.	Yes

Source: Compiled from Hodgkinson (1990)

According to Hodgkinson, *"Without a taxonomy, none of these activities [see* Table 3*] is possible. Nor is it possible to develop comparative studies across sectors or locales without common definitions" p. 7*.

In the drive towards integrating NPOs in the national development agenda, it is necessary that the role of NPOs is clear and has a coherent focus. Without this clarity, the inclusion of NPOs in development programmes, research and policy development, may be rendered ineffective. This section answers the following questions:

- What is an NPO?
- If NPOs represent civil society, how can 'civil society' be defined?
- What are the different types of NPOs?
- In South Africa, how many NPOs are there of each type?

5.1 DEFINING THE NPO SECTOR IN SOUTH AFRICA

Swilling and Russel define "civil society" as the *"associational life somewhere between the state and the individual (or family)"* (Swilling and Russell, 2002). The authors then try to distinguish NPOs from NGOs and CBOs in the South African context. They note that whilst the terms "NGO" and "Community Based Organisations" (CBO) have been used to describe civil society groups, policy makers eventually settled for "Non-Profit Organisation" (NPO) in the development of the NPO Act and related regulations. This decision was made during a politically volatile period in South Africa's history; hence it was noted that the preferred term should not have political or other connotations (Swilling and Russell, 2002).

A number of South African authorities and statutory documents contain definitions of NPOs. Some of these are summarised in Table 4.

Table 4: Alternative definitions of NPOs in South Africa

Source	*Definition*	*Discussion*
Development Resources Centre	NGOs (now NPOs) are private, self-governing, voluntary, non-profit distributing organisations operating, not for commercial purposes but in the public interest, for the promotion of social welfare and development, religion, charity, education and research.	The main significance of this definition is the inclusion of "public interest" and that activities of the organisation are aimed at improving "social welfare and development, charity, religion, education and research". This definition excludes business associations, professional associations and unions.
Centre for Policy Studies (Johannesburg)	Associations that are independent of the state, engage with it but do not seek to take over.	This definition is clearly only applicable to functioning democracies as it excludes entities such as "liberation movements".
South African NGO Coalitions (SANGOCO)	Civil Society is made up of Civil Society Organisations (CSOs) defined as: "organisations and groups of formations of people operating in the space between family and the state, which are independent, voluntary, and established to protect or enhance the interests and values of their members.	This is very similar to the Johns Hopkins definition. Most notable is the exclusion of a "public interest" or "purpose".

Source	*Definition*	*Discussion*
Department of Welfare and Population (contained in the NPO Act)	A trust, company or other association of persons established for a public purpose and the income and property of which are not distributable to its members or office bearers except as reasonable compensation for services rendered.	Whilst this includes "public purpose", the term was not formally defined. This definition however makes tax law enforcement difficult, e.g. should religious products sold from a shop that is owned by a religious organisation be exempted from paying tax.
Department of Social Development	"An NPO is defined, in terms of section 1 of the NPO Act, as a trust, company or other association of persons established for a public purpose and of which its income and property are not distributable to its members or office bearers except as reasonable compensation for services rendered. Nongovernmental organisations (NGOs) and community-based organisations (CBOs) are collectively known as non-profit organisations (NPOs)".	
Swilling and Russel	There are five criteria for defining an NPO: **Organised:** Institutionalized, with persistent goals, structure and activities. **Private:** self-governing and excluding government in their structures even though they can receive financial support from the government and can assist in the implementation of government policies. **Self-governing:** must control its own activities based on its own procedures and is not controlled by external entities such as the government or for-profit organisations. **Non-profit distributing:** All profits made are ploughed back into the activities of the organisation. **Voluntary:** Must engage volunteers, have non-compulsory contributions and membership, and excludes professions requiring compulsory membership.	This definition that makes use of five criteria is similar to those applied by Statistics South Africa (StatsSA) in the Handbook on Non-Profit Institutions in the System of National Accounts.

Source: Swilling and Russell (2002)

5.2 NPO TYPOLOGIES

Although several NPO typologies exist, each emphasising one characteristic over another, all attempt to produce a classification that allows for a functional definition of the organisations in the sector. Most of these typologies have been internationally defined, with countries adopting those that are deemed to allow for international standardisation. Unlike other sectors of the economy which are covered by the Standard Industrial Classification (SIC) which has been widely adopted, this has not been the case with the social economy. Although the United Nations NPO typology has begun to play this role, with the DSD, the custodians of the NPO register, adopting it for use in South Africa.

It is also important to know that the process of defining new typologies requires the existence of a database containing information on the characteristics of the NPOs. In the absence of such a database, new typologies will have to be underpinned by a primary data collection exercise that captures the different variables of interest, that allow for the identification and subsequent classification of organisations in the sector. Whilst the current typology used by DSD is fairly comprehensive and international, NPOs that have a supporting role to play in the sector might need to either develop a classification system that fits with their programming strategy or to adopt one that is commonly used to align with existing frameworks. This section explores a number of typologies with the aim of driving towards some consensus with respect to the type of classification that would assist in the context of a network-based approach to supporting NPOs in the sector.

5.2.1 NPO typology based on their legal form

South African NPOs can take various legal forms. As per the NPO Act, a South African NPO can be a company, a trust registered with the Master of the High court under the Trust Property Control Act of 1988, or an organisation registered under Section 21 of the Companies Act of 1973. NPOs can also be voluntary associations, non-governmental organisations (NGOs), community-based organisations (CBOs) or faith-based organisations (FBOs).

5.2.2 NPO typology based on the business sector of their primary activity

The Johns Hopkins Comparative Non-profit Sector Project, which began in 1991, is the largest systematic attempt at analysing the scope, structure, financing and roles of private NPOs across various countries. Outputs from the study include the International Classification of Non-profit Organisations (ICNPO) which is recommended in the United Nations (UN) Handbook on Non-Profit Institutions in the System of National Accounts (Table 5). The Department of Social Development also uses this typology in their annual State of NPOs report(DSD, 2016).

Table 5: International Classification of Non-profit Organisations (ICNPO)

Group/Sector	*Activities in this group*
Group 1: Culture and recreation	1. Media and communications 2. Visual arts, architecture, ceramic art 3. Performing arts 4. Historical societies, literary and humanistic societies 5. Museums 6. Zoos, aquariums 7. Recreation and social clubs 8. Sports

Group/Sector	*Activities in this group*
	9. Service clubs
Group 2: Education and research	1. Elementary, primary and secondary education 2. Higher education 3. Adult education institutions 4. Medical research 5. Science and technology institutions 6. Social sciences, policy studies
Group 3: Health	1. Hospitals 2. Mental health treatment 3. Crisis intervention 4. Public health and wellness education 5. Health treatment, primary outpatient 6. Rehabilitative medical services 7. Emergency medical services
Group 4: Social services	1. Child welfare, child services, and day care 2. Youth services and youth welfare 3. Facility services such as parent education, family violence centres etc. 4. Services for the handicapped 5. Services for the elderly 6. Self-help and other personal social services 7. Disaster /emergency prevention and control 8. Temporary shelters 9. Refugee assistance 10. Income support and maintenance 11. Material assistance i.e. food, clothing etc.
Group 5: Environment	1. Pollution abatement and control 2. Natura; resources conservation and protection 3. Environmental beautification and open spaces 4. Animal protection and welfare 5. Wildlife preservation and protection 6. Veterinary services
Group 6: Development and housing	1. Community and neighbourhood organisations 2. Economic development 3. Social development 4. Housing associations 5. Housing assistance 6. Job training programmes 7. Vocational counselling and guidance 8. Vocational rehabilitation and sheltered workshops
Group 7: Law, advocacy and politics	1. Advocacy organisations 2. Ethnic associations 3. Civic associations 4. Legal services 5. Crime prevention and public policy 6. Rehabilitation of offenders

Group/Sector	*Activities in this group*
Group 8: Philanthropic intermediaries and voluntarism promotion	7. Victim support 8. Consumer protection associations 9. Political parties and organisations 10. Grand making foundations 11. Voluntarism promotion and support 12. Fundraising organisations
Group 9: International	1. Exchange/friendship/cultural programmes 2. Development assistance associations 3. International disaster and relief organisations 4. International human rights and peace organisations
Group 10: Religion	1. Congregations 2. Associations of congregations
Group 11: Business and professional associations, unions	1. Business associations 2. Professional associations 3. Labour unions
Group 12: Not elsewhere classified	1. Not elsewhere classified

Source: United Nations, Year

5.2.3 NPO typology based on the focus area of work

Uwhejevwe-Togbolo (2005) categorises NGOs into different types based on the focus of their work, their orientation and their level of operation (Table 6, Table 7, Table 8).

Table 6: NGO types by focus of work

Type of Work	*Description*
1. Relief and Welfare Agencies	Such as missionary societies.
2. Technical innovation organisations	Organisations that operate their own projects to pioneer new or improved approaches to problems, generally within a specific field.
3. Public Service contractors	NGOs mostly funded by Northern governments that work closely with Southern governments and official aid agencies. These are contracted to implement components of official programs because of advantages of size and flexibility.
4. Popular development agencies	Both Northern and Southern NGOs that concentrate on self-help, social development and grassroots democracy.
5. Grassroots development organisations	Southern locally based development NGOs whose members are poor or oppressed themselves, and who attempt to shape a popular development process (these often receive funding from Development Agencies).
6. Advocacy groups and networks	Organisations without field projects that exist primarily for education and lobbying.

Table 7: NGO types by orientation

Type of Orientation	*Description*
1. Charitable Orientation	a. Often involves a **top-down paternalistic** effort with little participation by the "beneficiaries". b. It includes NGOs with **activities directed toward meeting the needs of the poor** - distribution of food, clothing or medicine; provision of housing, transport, schools etc. c. Such NGOs **may also undertake relief activities** during a natural or man-made disaster.
2. Service Orientation	d. Focuses on **services-based activities** such as the provision of healthcare, family planning or education services e. Programming is usually **designed by the NPO** and people are expected to participate in its implementation and in receiving the service.
3. Participatory Orientation	f. Is characterized by **self-help projects** where local people are involved particularly in the implementation of a project by contributing cash, tools, land, materials, labour etc. g. In the **classical community development project**, participation begins with the need definition and continues into the planning and implementation stages. h. Cooperatives often have a participatory orientation.
4. Empowering Orientation	i. Is where the **aim is to help poor people** develop a clearer understanding of the social, political and economic factors affecting their lives, and to strengthen their awareness of their own potential power to control their lives. j. Sometimes, these **groups develop spontaneously around a problem or an issue**, at other times outside workers from NGOs play a facilitating role in their development. k. In any case, there is maximum involvement of the people with NGOs acting as facilitators.

Table 8: NGO Types by level of operation

Type of Operation	*Description*
1. Community-based Organisations (CBOs)	l. Arise out of people's own initiatives. These can include sports clubs, women's organisations, neighbourhood organisations, religious or educational organisations. m. There are a large variety of these, some supported by NGOs, national or international NGOs, or bilateral or international agencies, and others independent of outside help. n. Some are devoted to raising the consciousness of the urban poor or helping them to understand their rights in gaining access to needed services while others are involved in providing such services.
2. Citywide Organisations	Include organisations such as chambers of commerce and industry, coalitions of business, ethnic or educational groups and associations of community organisations. Some exist for other purposes and become involved in helping the poor as one of many activities, while others are created for the specific purpose of helping the poor.

Type of Operation	*Description*
3. National NGOs	Include organisations such as the Red Cross, professional organisations etc. Some of these have state and city branches and assist local NGOs.
4. International NGOs	International NGOs range from secular agencies such as Redda Barna, Save the Children, OXFAM, CARE, Ford and Rockefeller Foundations, to religiously motivated groups. Their activities vary from mainly funding local NGOs, institutions and projects, to implementing the projects themselves.

Source: Uwhejevwe-Togbolo (2005)

5.2.4 NPO typologies based on their attributes

Whilst the approach outlined above is largely based on activities, an alternative approach is to delineate NPOs by attributes. For example, a United Nations Funded study (Costoya, 2007) developed a typology for civil society actors in the international trade sector based on organisational attributes. Costoya first concluded that societies have four social forms which are typically exemplified in:

(i) Families,
(ii) the public sector,
(iii) the private sector and
(iv) Civil society.

These are summarised in Table 9.

Table 9: A summary of Social Forms

Social form	*Key Social Realm*	*Examples*
Kinship Based Tribe	Family and culture	Extended family, clans and urban gangs
Hierarchical institution	State, government, public sector	Army, Catholic Church, state bureaucracy
Competitive exchange market	Economy, private sector	Merchants, traders, modern firms
Collaborative and decentralised network	Civil Society	NGOs and social movements

Source: (Costoya, 2007)

Costoya (2007) also noted that with the rise of technology there was a shift in power to non-state actors. These non-state actors may, however, be segmented based on their underlying doctrines into *"uncivil actors, business actors (corporate social responsibility), and civil society actors" (*Table 10).

Table 10: Typology of non-state actors/organisations

Type of Actors in society	*Doctrine*	*Examples*
"Uncivil" actors	Religious and ethno-nationalist claims	Al-Qaida
Business actors	Corporate social responsibility	United Nations Global Compact
Civil society actors	Participatory democracy	World Social Forum

Source: Costoya (2007)

Costoya then shifts focus to categorising the actors (or organisations) that exist within civil society based on their attributes. The author identified four categories of actors, namely: NGOs, Social Movements, Networks and Plateaus (Table 11).

Table 11: A typology for Civil Society Actors/Organisations based on attributes

Category	*Structural Characteristics*	*Formulation of the problem*	*Modus operandi*
NGO	Institutionalized and rationalized organisation	Specialized, technical, intellectualized and systemic discourse	Monitoring, campaigns, lobbying and project development
Social Movement	Pre-institutional and amorphous social relations	Empathetic language of the institution and shared lived experience and cathectic potential of symbols	Direct action
Network	Flexible and decentralized system of organisations	Specialized, technical, intellectualized and pluralistic discourse	Campaigns and lobbying
Plateau	Geographically fixed and temporally discrete, iterative, rhizomatic event	Combination of specialized pluralistic discourse and the empathetic language of the life-world and cathectic potential of symbols	Project construction and reframing

Source: Costoya (2007)

5.2.5 NPO Typologies indicative questions for identification and when to use

Table 12, summarises all the above typologies, highlighting the type of questions that can be used to identify a given NPO, whilst also giving suggestions on when to use each typology. The key point to note is that the use of a given typology is fit for purpose. It should be guided by the programming and targeting needs, for example, TYPE 1 is the most comprehensive. It allows for greater disaggregation, but lacks other classifies, such as orientation and level of operation. To address this short coming, after using TYPE 1, any of the other types can then be used to further refine and identify specific NPOs.

Table 12: NPO Typologies indicative questions for identification and when to use

Type #	NPO typologies	Distinction	Identifying question	No. of main categories	No. of sub-categories	When to use	Source
TYPE 1	**NPO typology based on the business sector of their primary activity**	• Focuses on the first activity of an NPO in terms of importance, degree, rank etc.	• *Of all your activities which one would you say is the most important?*	12	69	• Use when you need high level of disaggregation. Despite some classification issues it allows for the highest level of disaggregation • Suitable for thematic targeting • NPO register uses it	*United Nations (1996)*
TYPE 2	**NPO typology by focus of work**	• Emphasises the point upon which the attention, activity, etc., of an NPO is directed or concentrated.	• *Looking at all your activities which one would you say consumes the majority of your resources (i.e. human, financial, planning etc.)*	6	-	• Not very useful for thematic based targeting, too aggregated • Can be used as a second classification after applying TYPE 1 (e.g. TYPE 1 identifies relevant primary activity. TYPE 2 can be used to identify/focus on grassroots only NPOs)	*Uwhejevwe-Togbolo (2005)*
TYPE 3	**NPO typology by orientation**	• An NPOs position in relation to a specific developmental theme • An NPOs ascertainment of its's true position with respect to a developmental theme.	• *How would you describe the thematic focus of the work main work that you do?*	4	-	• Not very useful for thematic based targeting, too aggregated • Key types are with respect to participatory and empowerment • Can also be used in conjunction with TYPE 1	*Uwhejevwe-Togbolo (2005)*
TYPE 4	**NPO typology by level of operation**	• Focuses on the reach of a NPOs footprint usually from a geospatial perspective.	• *How many active sites do you have? In which provinces are they?*	4	-	• Relatively straightforward and can also be used in conjunction with TYPE 1	*Uwhejevwe-Togbolo (2005)*
TYPE 5	**NPO typology by attribute**	• Emphasises an NPOs characteristics, features, properties etc. • Defines attribute in terms of structure; how problems are formulated and the modus operandi	• *Ask questions either about the structure, formulation of problems or methods of operation (refer to typology above)*	4	-	• Can be used in contexts where NPOs offer a complexity of services	*Costoya (2007)*
TYPE 6	**NPO typology based on legal form**	• Focuses on official legal status of the NPO	• *What is your legal status?*	3	-	• Only if it's important to know	
TYPE 7	**Typology of non-state actors/organisations**	• Focuses on the key doctrine that informs the need for action	*How would you describe your organisation?* • *Religious OR ethno-nationalist* • *Corporate social responsibility* • *Participatory democracy/development*	3	-		*Costoya (2007)*

Source: Authors

5.3 A PROFILE OF NPOS IN SOUTH AFRICA

This section now turns to questions on the trends and the size of the NPO sector in South Africa where we find that there have been various estimates of the number of NPOs over time. Table 13, shows that the number of NPOs estimated from various sources was 93 300 in 1994. The classification used is somewhat amorphous and appears to arise out of the convenience and need to give an estimate of the total number of NPOs at the time.

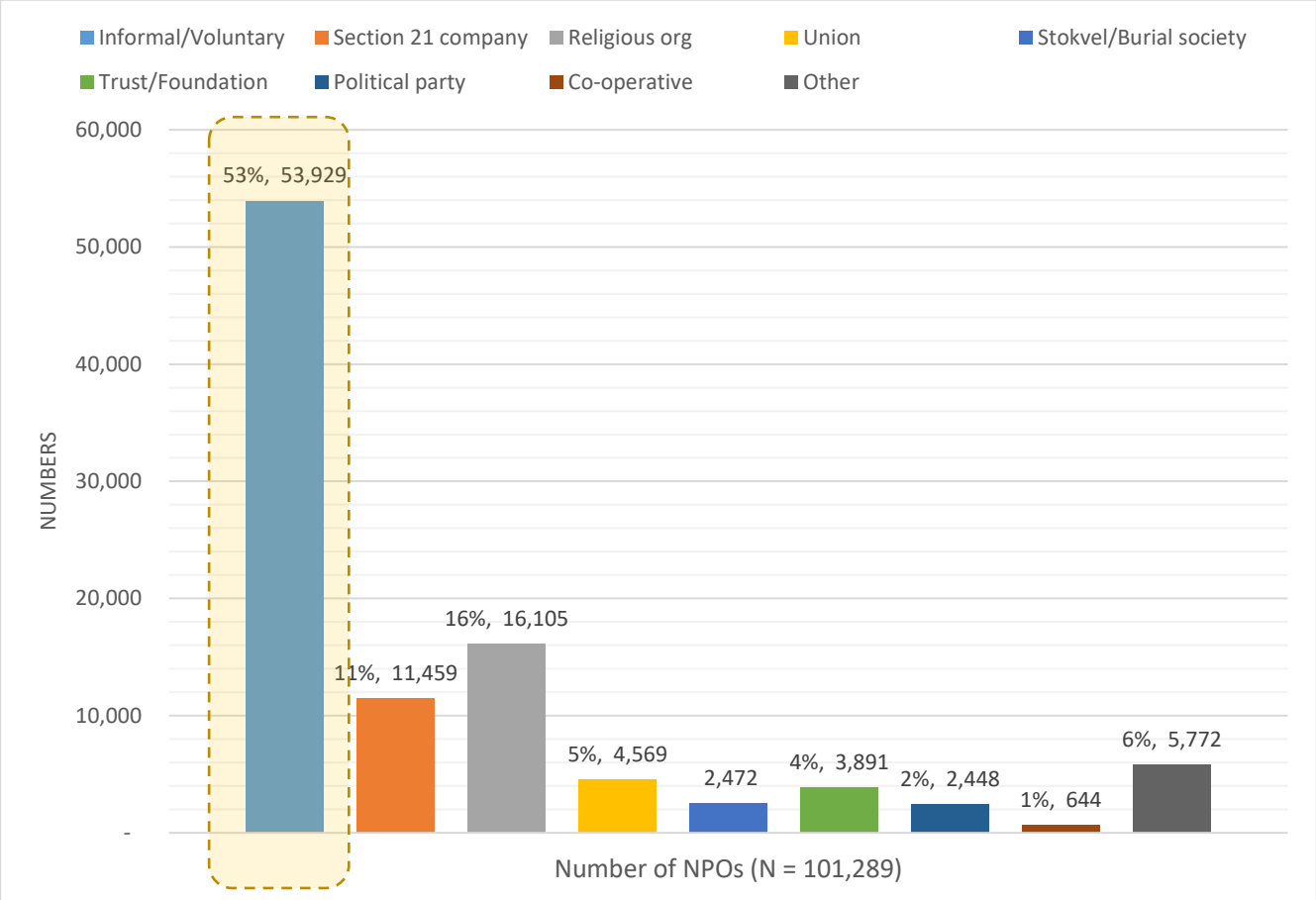
Table 13: Estimated Number of NPOs in 1994

Type	*Number of establishments*	*Data source*
NPOs with fundraising number	4 800	Director of fundraising
NPOs without fundraising number	4 000	Director of fundraising (estimate)
Religious institutions	29 000	World Christianity South Africa and South African Christian Handbook
Education institutions	14 000	'Effective Letters' direct mail database
Community institutions	11 500	'Effective Letters' direct mail database
Community Based Organisations/Community Based Development Organisations	30 000	Estimated by Griffiths Zabala and David Cuthbert
Total	**93,300**	

Source: Swilling and Russell (2002)

Swilling and Russell (2002) set out to estimate the number of NPOs using a primary data approach. Their study was based on a representative sample of communities and their findings revealed that by 2002 the number of NPOs had grown by 7 989 to 101 289, which represented a growth of 9%. Their study used a structural-operational definition that uses five criteria for defining an NPO. This definition was found to be consistent with the official South African definition.

Figure 1: Estimated Number of NPOs in 2002 from Primary Data



Source: Swilling and Russell (2002)

The estimates in Figure 1 do not correlate very well with subsequent estimates of the size of the sector, as will be seen in the following section. The Swilling and Russell (2002) total of 101 289 appears to be very large, this could be due to the community-based sampling approach that was used in the study that could have picked-up a number of non-registered NPOs which do not appear in national databases.

Despite this, the study is of importance in terms of trying to understand the sector as it is the only survey that explored in detail the size composition of the sector. Although the focus of the typologies study is on the past 10 years, the Swilling and Russell (ibid) study gives us an important baseline upon which to judge subsequent changes in the sector.

Turning to the DSD's more narrowly-defined NPO Register, the total number of NPOs, as on 30 June 2019, stood at 214 510, of which 92% (197 600) were voluntary associations, 7% (13 ,977) were Non-profit companies, and only 1% (2 933) were registered Trusts/Foundations.

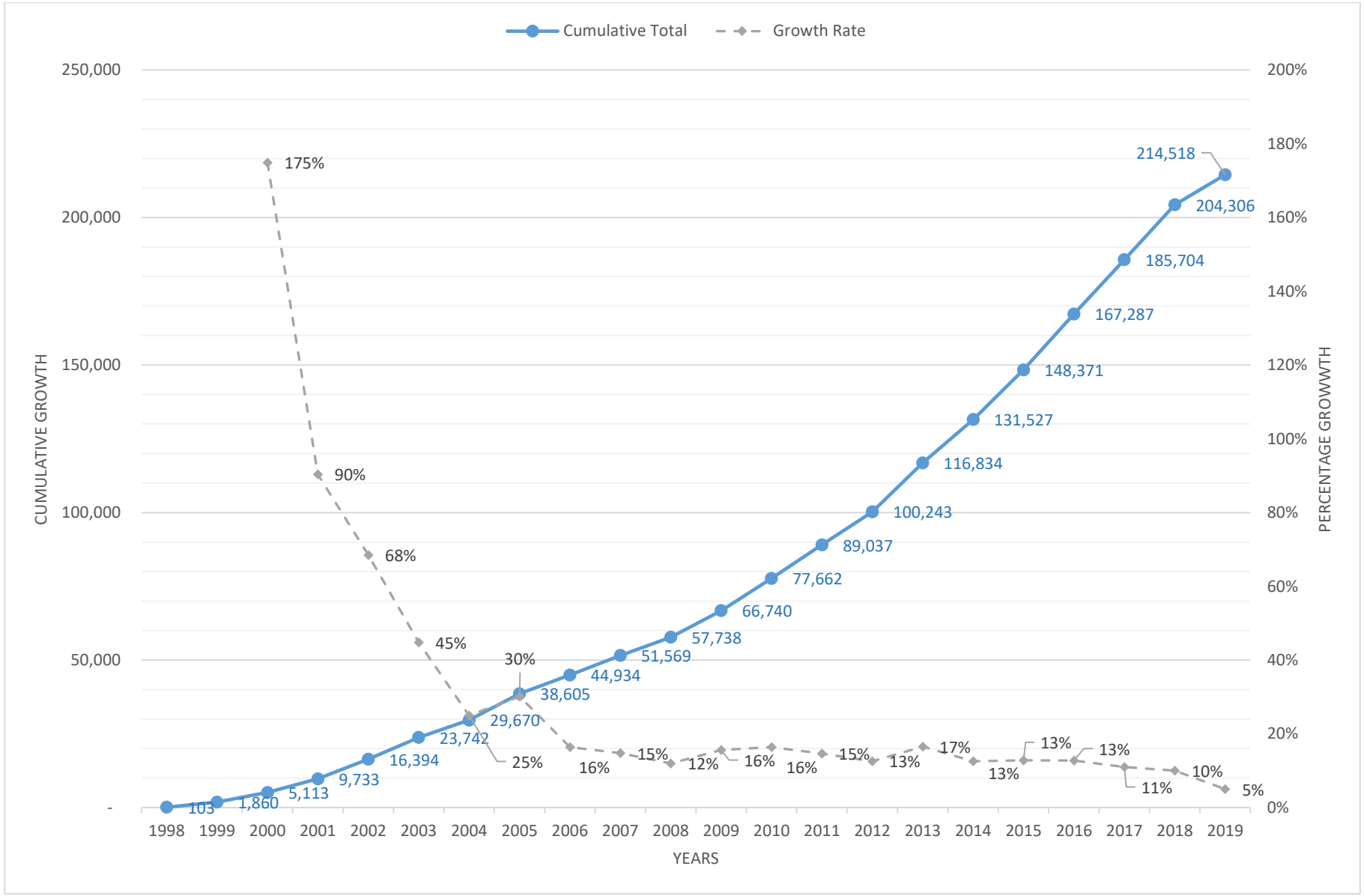
5.3.1 The composition of the sector from the national database

There appears to be limited information on the profile of NPOs at a scale that allows a comprehensive assessment of the sector in South Africa. The only credible database that allows for any meaningful analysis is the national NPO register that is maintained by DSD. From this database the department produces annual reports on the State of South African NPOs. For the purpose of this review we were able to obtain the entire database, which

begins in 1998 as it appears on 30 June 2019. This report contains statistics on NPOs from the database itself and from the annual reports produced by the department. For purposes of comparability it is important to note that the statistics in the annual reports are by financial year (e.g. 2015/16) and those that have been produced using the raw data are in calendar years. (e.g. 2015). The two approaches give similar trends with minor differences in the figures.

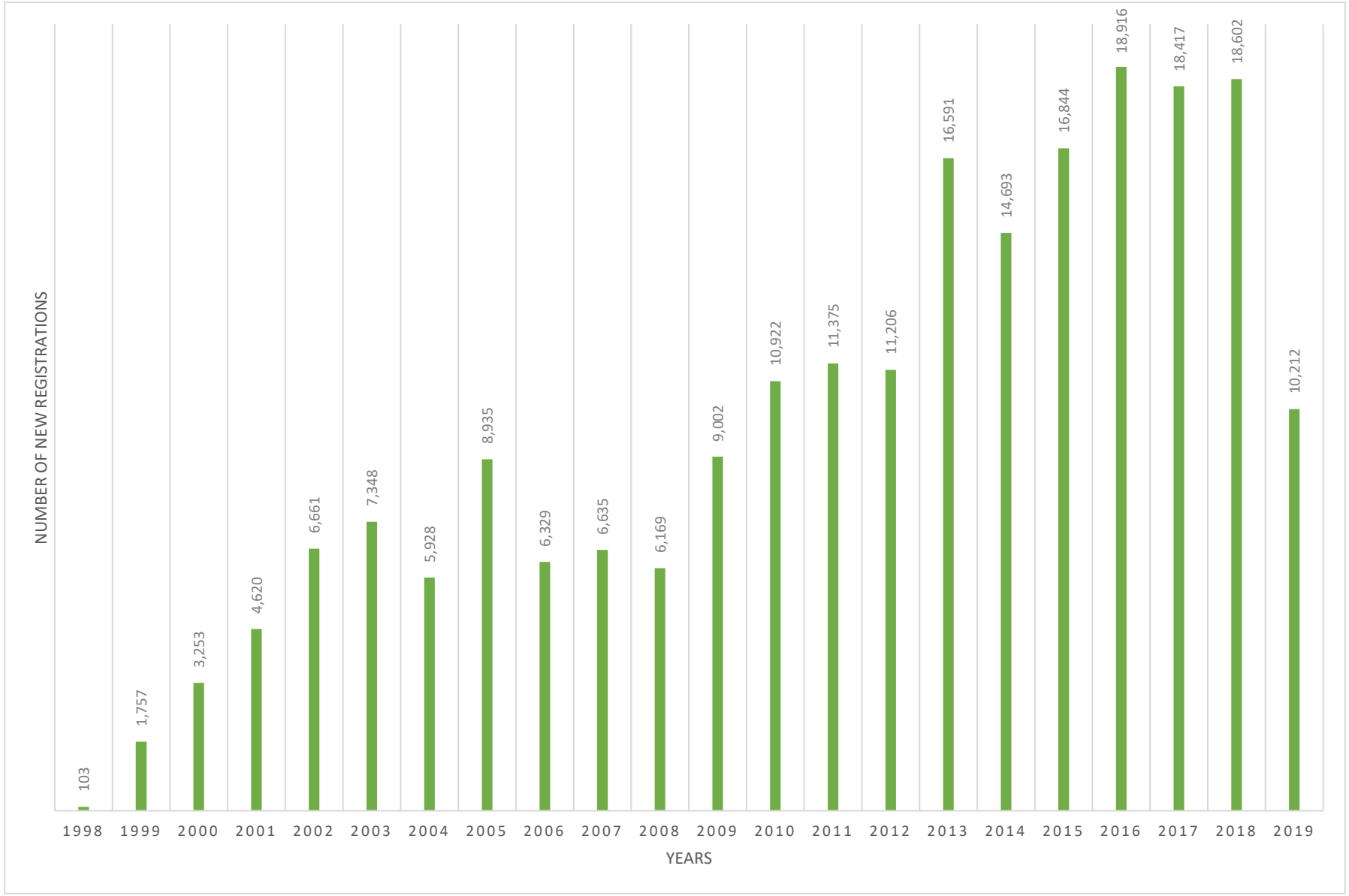
Between 1998 and 2019 there was a steady increase in the number of registered NPOs, with an average growth of 53% from 1998 to 2008 which then moderated to 13% in the period 2009 to 2019 (Figure 2). It is important to note that these figures only represent the number of NPOs that voluntarily chose to register. This means that, when compared to the estimates by Swilling and Russell (2002), the national register significantly underestimates the size of the sector, especially in the earlier years. Figure 3 shows the number of new registrations in a given year which shows over 18 000 new NPOs registered per year between 2016 and 2018.

Figure 2: Number and Growth Rate of Registered NPOs 1998 - 2019



Sources: DSD NPO Register as on 30 June 2019

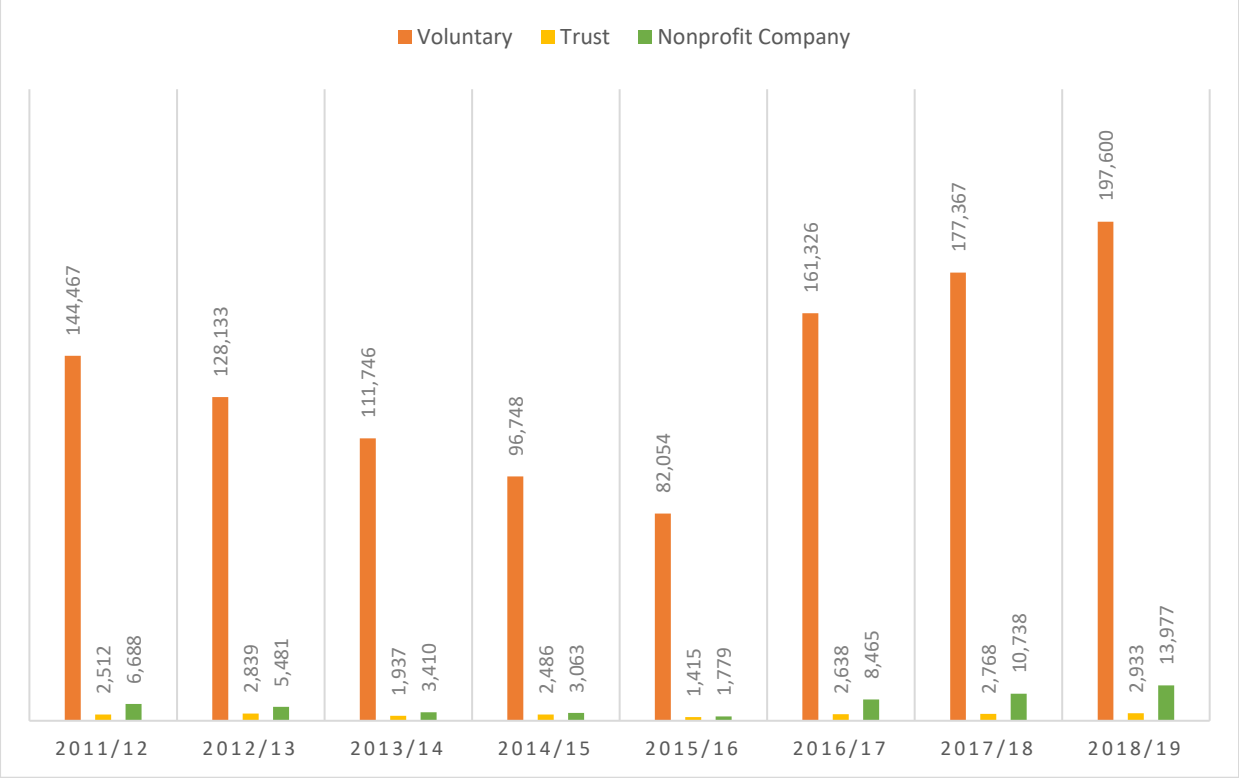
Figure 3: Number of actual registrations 1998 - 2019



Sources: DSD NPO Register as on 30 June 2019

Disaggregating the number of registered NPOs by legal form shows that the majority of registered NPOs are voluntary associations, followed by non-profit companies and charitable trusts (Figure 4). This is probably because voluntary associations are the simplest legal form in terms of the administrative burden. However, nothing compels organisations to register although once registered, section 18 and 19 of the Act requires them to make annual submissions, within nine months of their financial year-end, of changes to the entity's constitution, physical address, office bearers and annual reports, which should include a narrative, financial statements and a report from the accounting officer.

Figure 4: Growth of NPOs registered by legal form



Source: DSD (2009b, 2016 and 2018), DSD NPO Register as on 30 June 2019

Looking at the spatial distribution of NPOs across the various provinces of South Africa essentially reflects the population distribution, with Gauteng, KwaZulu-Natal and the Western Cape accounting for the bulk of the NPO applications and registrations in 2015/16 (Figure 5).

Figure 5: Spatial distribution of NPOs

	EC	FS	GP	KZN	LP	MP	NW	NC	C
Received	3,167	1,431	10,216	5,418	3,083	2,838	1,993	664	3,440
Processed	3,080	1,365	10,180	5,390	2,991	2,774	1,899	622	3,391
Registered	1,930	968	6,757	3,340	1,843	1,928	1,330	449	2,046

Source: DSD (2016)

Figure 6 shows that the provincial proportions with respect to the number of NPOs has remained fairly stable of time.

Figure 6: Distribution of Registered NPOs by Province 2008/09, 2015/16, 2018/19

	EC	FS	GP	KZN	LP	MP	NW	NC	WC
2008/09	9%	6%	32%	20%	10%	6%	5%	2%	9%
2015/16	9%	5%	32%	19%	10%	7%	6%	2%	10%
2018/19	9%	5%	32%	18%	10%	7%	6%	2%	10%

Source: DSD (2009b and 2016), and NPO Register as on 30 June 2019

Using the United Nations typology for NPOs, DSD reports the growth in the number of registered NPOs in each category. It is important to note that the number of unregistered NPOs in certain categories, such as Religion, is likely to be significantly under-reported. One would also expect there to be a disproportionate increase in the number of registered education and research NPOs in the period subsequent to that reported due to a government initiative to subsidise Early Childhood Centres that are legally registered as NPOs (Figure 7).

According to a national research study released in October 2017, the number of registered NPOs was 145 152 in October 2015. The DSD, which supplied these figures, indicated the number of registered NPOs "increases daily". In fact, DSD statistics for 2019 put the number of NPOs at 201 644. The study (an initiative of the Funding Practice Alliance – Inyathelo, the Community Development Resource Association and the Social Change Assistance Trust, funded by the National Lotteries Commission) showed that the majority of South African NPOs are newly established and 'micro' (annual income <R50 000) to 'small' (annual income ≥ R50,000 but < R500,000) (Jones, 2019).

5.3.2 NPO sector proportions and growth rates over time

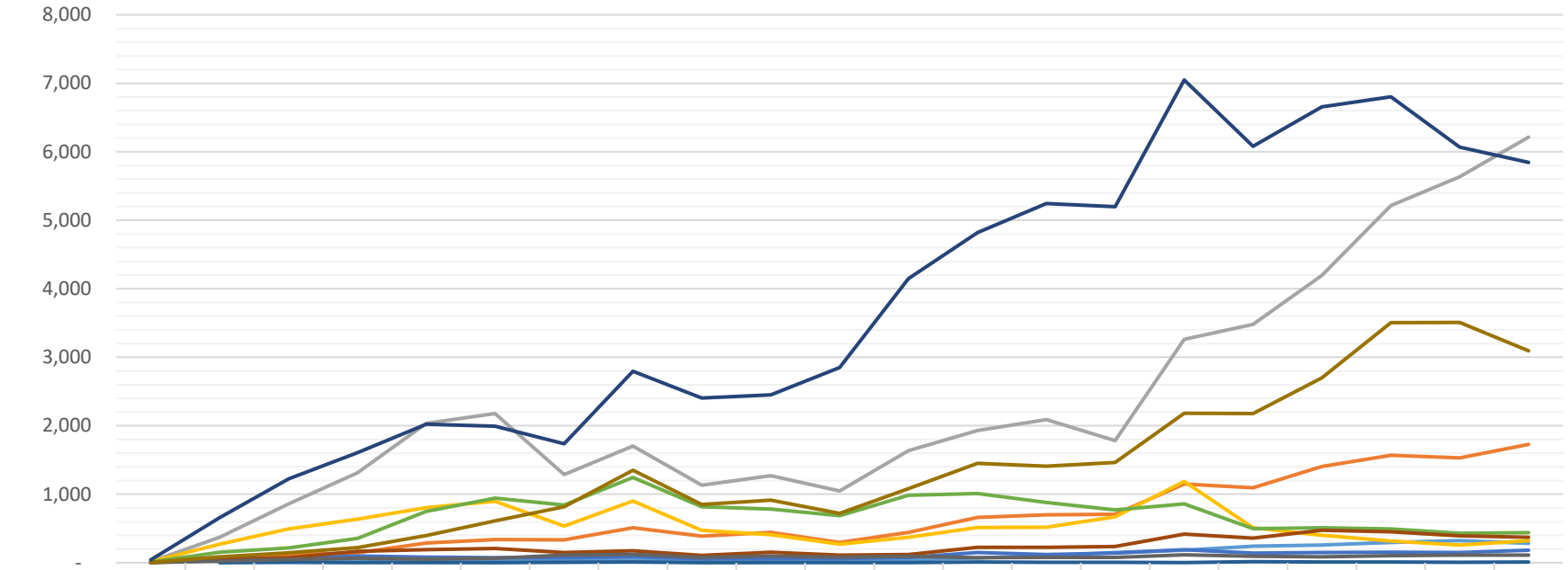
The DSD NPO register is the only continuous database that allow for some trend analysis. This register is the direct result of the NPO Act 71 of 1997, which requires the registration of the organisations within the sector. In terms of understanding the composition of the sector it is important to analyse changes in sector

proportions and growth rates over time. Both changes in the proportions and growth could reflect shifting priorities with respect to focus areas. Whilst Figure 2 shows relatively strong upward trends across all sectors, social services and development housing are not only the largest sectors but appear to have the strongest upward trends. Education and research appear have experienced a slight dip in 2011/12. Other sectors such as health and international, appear to have experienced modest increases over the eight-year period.

A look at the sector proportions (Figure 8) reveals that these have not changed significantly over the eight-year period under review, with social services accounting for a steady average of 37%, rising from 32% in the year 2008/09. The number of registered development and housing NPOs remained close to 21%. The only sector that experienced a reduction in its proportion was *education and research* which saw a precipitous decline from 14% of total registrations in 2008/09 to 6% in 2015/16.

Figure 2 shows that the number of registered NPOs, according the NPO register website, of 214 518 at then end of June 2019, represents a 206% increase in the number of NPOs over the last 10 years. Figure 9 shows the NPOs' annual growth rates. All sectors, with the exception of education and research, experienced double-digit annual growth rates, with five sectors experiencing annual growth rates close to 20%. Relative to these, *health* and *international* saw moderate growth rates of 10 and 13%, respectively.

Figure 7: Number of Registered NPOs by Sector 1998 to 2018



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
BPAU		10	11	10	31	40	36	37	23	44	38	46	71	103	150	181	241	258	295	323	282
C&R	6	68	114	144	289	340	334	510	389	445	295	444	662	698	709	1,148	1,094	1,405	1,569	1,533	1,728
D&H	15	372	861	1,313	2,034	2,176	1,289	1,703	1,133	1,270	1,050	1,637	1,931	2,089	1,783	3,261	3,482	4,195	5,216	5,637	6,214
E&R	17	273	492	638	805	897	535	899	474	410	272	370	516	520	671	1,187	512	401	316	257	323
ENVI	4	66	61	98	81	74	74	88	55	59	63	77	151	120	141	190	140	149	155	150	181
HEAL	10	152	216	357	750	944	841	1,245	815	785	688	983	1,009	881	769	859	497	510	492	431	440
INTE		1	5	2	2	1	8	12	1	4	2	4	11	6	6	4	16	11	11	8	12
LAP	2	48	74	164	192	206	148	173	109	153	110	121	226	223	237	417	358	474	452	392	372
PIVP	3	22	48	66	54	66	113	122	78	100	81	93	72	78	76	114	93	87	102	112	111
RELI	4	86	145	221	399	611	815	1,350	849	912	719	1,081	1,452	1,411	1,464	2,182	2,180	2,699	3,504	3,508	3,092
SOCI	42	659	1,226	1,607	2,024	1,993	1,735	2,796	2,403	2,453	2,851	4,146	4,821	5,246	5,200	7,048	6,080	6,655	6,804	6,066	5,847

Sources: DSD NPO Register as on 30 June 2019; BPAU - Business and Professional Associations, Unions; C&R - Culture and Recreation; D&H - Development and Housing; E&R - Education and Research; ENVI - Environment; HEAL - Health; INTE - International; LAP - Law, Advocacy, and Politics; PIVP - Philanthropic Intermediaries and Voluntarism Promotion; RELI - Religion; SOCI - Social Services

Figure 8: Sector Composition over time 2008 - 2018

Sector	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Average
Business and Professional Associations, Unions	1%	0%	1%	1%	1%	1%	1%	1%	1%	1%	**1%**
Culture and Recreation	5%	5%	5%	5%	5%	5%	6%	6%	6%	7%	**6%**
Development and Housing	22%	21%	21%	20%	20%	21%	21%	21%	22%	23%	**21%**
Education and Research	14%	12%	11%	7%	8%	8%	7%	6%	6%	6%	**9%**
Environment	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	**1%**
Health	12%	12%	11%	11%	10%	9%	9%	8%	7%	7%	**10%**
International	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	**0%**
Law, Advocacy, and Politics	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	**2%**
Philanthropic Intermediaries & Voluntarism Promotion	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	**1%**
Religion	11%	11%	12%	12%	12%	12%	12%	13%	13%	14%	**12%**
Social Services	32%	33%	34%	40%	39%	40%	40%	40%	39%	39%	**38%**
Total				100%	100%	100%	100%	100%	100%	100%	-
N	55,341	65,633	76,175	85,248	102,297	117,093	136,453	153,667	172,429	190,873	**115,521**

Sources: DSD (2009b, 2010, 2015, 2016, 2018)

Figure 9: Sector Growth Rates 2009 - 2018

Sector	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	verage Growth
Business and Professional Associations, Unions	(-42%)	24%	27%	30%	42%	21%	24%	21%	19%	**18%**
Culture and Recreation	25%	18%	12%	22%	11%	30%	18%	16%	14%	**19%**
Development and Housing	14%	13%	8%	23%	15%	19%	16%	16%	15%	**15%**
Education and Research	1%	8%	(-28%)	29%	12%	7%	4%	3%	3%	4%
Environment	44%	15%	12%	19%	16%	11%	11%	8%	8%	**16%**
Health	18%	12%	6%	15%	(-2%)	15%	4%	4%	3%	8%
International		13%	15%	7%	12%	16%	16%	9%	7%	12%
Law, Advocacy, and Politics	25%	16%	11%	26%	31%	6%	16%	11%	9%	**17%**
Philanthropic Intermediaries & Voluntarism Promotion	49%	10%	6%	13%	18%	1%	7%	10%	5%	13%
Religion	22%	19%	13%	18%	21%	17%	17%	18%	15%	**18%**
Social Services	22%	21%	29%	19%	16%	17%	12%	11%	9%	**17%**
Overall Growth	**17%**	**16%**	**12%**	**20%**	**14%**	**17%**	**13%**	**12%**	**11%**	**15%**

Sources: DSD (2009b, 2010, 2015, 2016, 2018)

Whilst the key trends in terms of size can be deduced from the national database, other issues such as function, values and other characteristics besides type of sector are difficult to deduce outside an empirical primary data intervention. The latter is also true for classification of NPOs, which has not changed since 2007 and is a direct result of the static classification used by DSD and an unchanging database with respect to the number and type of variables collected. Although these national databases have the longest series of estimates, any changes in composition that might have occurred over the past 10 years cannot be identified using the published figures and might require mining of the raw databases.

5.3.3 Unregistered NPOs in South Africa

Since the national database only gives estimates of the number of registered NPOs it is difficult to estimate the number of non-registered NPOs. Swilling and Russel (2002) estimated that 53% (53 929) of the 101 289 NPOs were informal and voluntary. However, the number of registered NPOs, as reported by DSD from the national NPO register in 2007, was only 49 826. Several reasons can explain the difference between the Swilling and Russel estimates and the figure from the NPO register. As mentioned above, the 2002 Swilling and Russel study might have captured a large number of unregistered NPOs, due to the sampling method used, alternatively the decrease could be the result of decreases in the number of entities in the sector due to changes in the funding landscape that might have put pressure on some NPOs to close. Regardless, the big difference between the two estimates requires further integration, more so given the fact that official estimates only reached 102 297 registered NPOs in 2012/13. Alternatively, these differences could also point to the size of unregistered NPOs.

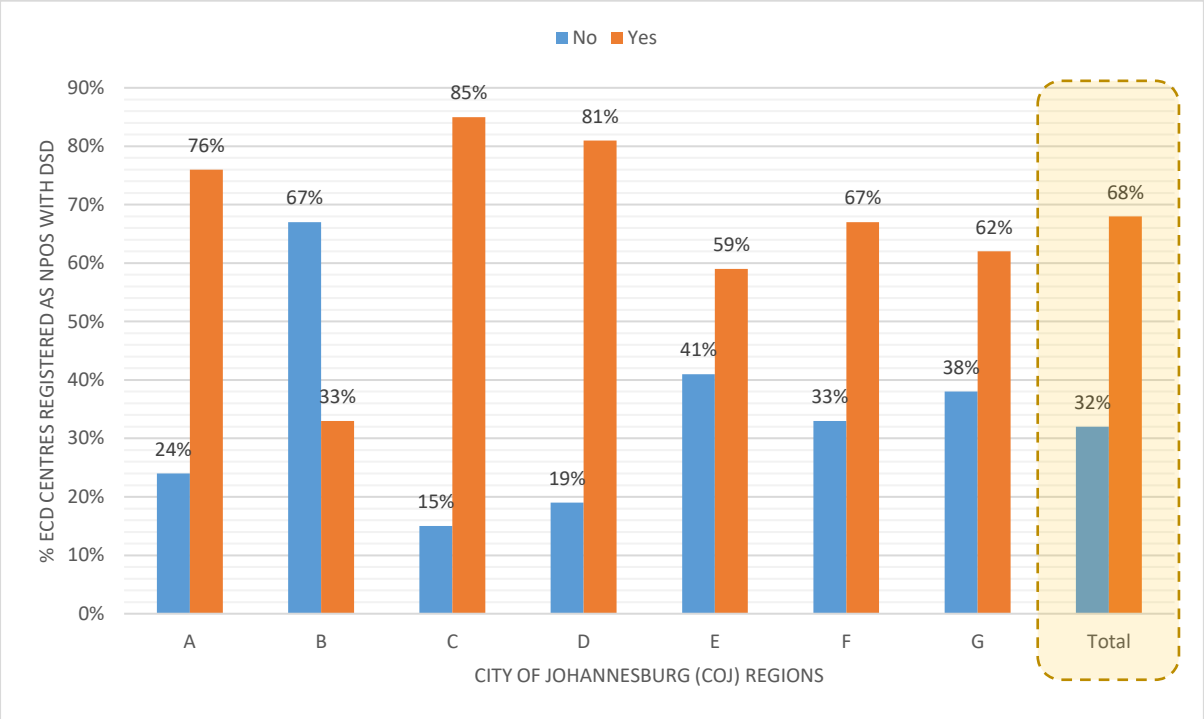
5.4 FACTORS INFLUENCING REGISTRATION

To the best of our knowledge, no study has systematically and explicitly explored reasons why NPOs choose not to register on the national database. A few studies have, however, explored the extent to which specific types of NPOs are registered. In 2015, the HSRC conducted an ECD Audit in 17 priority wards in all 7 regions of the city of Johannesburg (Motala and Ngandu, 2015). The audit used various approaches to target and identify centres. These included using the City's own databases and chain referral sampling during the fieldwork. In total, the study managed to survey 400 centres in the 17 wards and when they were asked whether they were registered with the DSD as NPOs, 68% of them said yes (Figure 10). The high number of registered NPOs might indicate that in urban areas and in the social sector the number of unregistered NPOs could be about 32%.

For ECD centres, the reason for registering was driven largely by the need to access government support and/or donor funding. Reasons that have often been cited as to why NPOs do not register include lack of capacity, lack of knowledge about the requirements of the NPO Act and the advantages of registering.

Registration on the NPO Registry is voluntary and many NPOs have registered in order to legitimise their right to raise funds. This has been an increasing demand of donors, be they government, private or even individual donors. Another reason for registering is the expectation of government funding. This, however, has not materialised at the scale of need or expectation.

Figure 10: ECD centres registered with DSD as NPO (n = 381)



Source: Motala and Ngandu (2015)

5.5 KEY FINDINGS

The following are the key findings in this section.

- There are several definitions and typologies for NPOs.
- NPO typologies should be fit for purpose with the ability to identify NPOs according to the priorities of the organisation. This means, an organisation can use multiple typologies depending on the objective of their classification needs at the time. In the national reports two typologies are used: a legalistic and an activity-based classification system.
- The UN's *International Classification of Non-profit Organisations* (ICNPO) typology is a comprehensive classification system which identifies 12 groups/sectors and a total of 69 activities. The ICNPO is also being used by the DSD's NPO directorate to classify organisations in the national NPO register.
- The raw NPO database obtained from DSD allows for the identification of registered NPOs that have focus areas that are similar to KT's programme units to varying degrees.
    - KT's **Socioeconomic Development** focuses on SMME and agriculture development; NPOs relevant to this focus area are found in *Group 11: Business and professional associations, unions,* under *Business associations*.
    - **Education Development** related NPOs fall in two groups. *Group 2: Education and Research* and *Group 4: Social Services,* which covers largely ECD services.
- Given the wide focus of the KT **Institutional Capacity Building** programme's focus on civil society as a whole, and local government support, it goes without saying that relevant NPOs will be found across all the 12 sectors.

- Whilst the key trends in terms of overall size of the sector, can be deduced from the national NPO database, other issues such as **function, values** and **other characteristics,** besides type of sector, are difficult to deduce outside an empirical primary data intervention.
- **Changes in composition** that might have occurred over the past 10 years cannot be identified using the NPO database due to **the cumulative nature of data collection.**
- **One key informant estimated that the NPO register could underestimate the number of NPOs by 30%** this means the actually size of the sector could be, 214,518 + 30% = 278,873.
- A few sector stakeholders have argued for the revision of the classifications to allow for more local classification of typologies which represent the diversity of NPOs in South Africa. Given the lack of information with respect to what the specific problem is with classifications it is not possible to make a firm finding in this respect.

5.6 RECOMMENDATIONS FOR KT PROGRAMMING

- It is recommended that in the absence of a new audit of the sector KT adopts ICNPO's activity-based typology for its programming. This is because activity-based classification systems remove ambiguity in the identification of entities. Targeting can always be done on the basis of the activity being a given percentage of the organisation's core business, as detailed in Table 12.
- In the absence of a credible source of information on non-registered NPOs, and given KT's need to identify NPOs that are aligned to its programmes, it is recommended that KT should start the process of identifying the relevant NPOs by using the entire national database. The use of the national register can be justified under the assumption that NPOs that seek out registration are signalling a genuine intent to operate and might be distinct from the 'fly-by-night survivalist' NPOs.
- In order to address the limitations that a focus on registered NPOs might raise, it is recommended that KT considers undertaking an audit of NPOs using a methodology that can identify non-registered entities. The focus of this audit could be restricted to areas which are aligned to KTs current national footprint. Such a primary data exercise will go a long way in closing several gaps across the eight thematic areas that formed the basis of this review.
- KT should also consider partnering with institutions that have a vested interest in having a better understanding of the dynamics and composition of the NPO sector.

6 FUNDING ENVIRONMENT FOR THE NPO SECTOR

6.1 INTRODUCTION

NPOs can draw resources from various sources which usually consist of a combination of international funding, corporate social investment, donations from individuals, income generating activities, and government support, usually in the form of transfers and subsidies. In 2001, it was found that the bulk of the financial resources mobilized by NPOs came from domestic sources (government, 42%; domestic corporations, 21%, and self-generated income, 34%) (Wyngaard et al, 2012).

Civil society in the apartheid era, particularly in the latter part of the 1980s and early '90s, benefitted from substantial donor contributions from sympathetic stakeholders outside South Africa. In the period after 1994, NPOs witnessed a significant change in the funding environment, including the proliferation of organisations seeking funding for non-profit interventions and shifts by international governments and international development agencies towards bilateral funding arrangements. Post democracy, NPOs in South Africa had to address several challenges, namely:

- Loss of leadership which was absorbed by the public or private sector.
- A demand for greater accountability by donors with respect to how funds were utilized. This was a significant shift from the struggle period when minimal reporting had been the order of the day in order to protect individuals that were trying to hold the Apartheid government accountable from state security forces (Wyngaard et al., 2013).
- Donors refocused their priorities towards supporting Reconstruction and Development Plan goals and to bilateral support to the state or to channelling development funds through state structures.

As a result of the global economic crisis of 2008, NPOs have faced sustainability challenges as donations, particularly from individual and private donors have diminished significantly (Davies, 2012). The recession led to a decrease in official development assistance (ODA)[2] (Hanfstaengl, 2010) and Corporate Social Investment (CSI) budgets (Charities Aid Foundation Southern Africa, 2012). As a result of reduced private and corporate funding, many NGOs have sought more funding from government to keep afloat, ultimately creating increased competition among NGOs for government funds. This is affirmed by StatsSA (2017) which reports that government is the largest contributor of transfer income to Non-Profit Institutions in South Africa, followed by local donations and membership subscriptions. Local donations include transfers from national and provincial authorities as grants. Membership subscriptions include monetary donations by households such as from a street collection. The key distinction regarding subscriptions is that the benefit obtained far outweighs the subscription paid.

Most national and provincial government departments have allocations for NPOs on their budgets (Ratlabyana et al, 2016). Even where NPOs require membership fees, the benefits obtained typically outweigh the cost of subscription. The state or other donors would then make up for the shortfall. In 2014, government subsidies constituted 44.3% of all incomes to NPOs in South Africa. Reportedly, NPOs that provided social services received the highest government subsidies at 46.1%, followed by

[2] Although the share of total ODA received by CSOs is small, it can mean substantial funding for the CSOs themselves.

the education sector (16.8%) and the health sector (14.1%). The largest single expenditure was on compensation of employees at 83.8%. Ratlabyana et al (2016) note that funding for NPOs in South Africa is however unpredictable and fragmented and this makes it difficult for the NPOs to plan and execute their strategies. Furthermore, funders find it difficult to know which organisations or programmes have been successful at mobilising resources and which ones have not.

6.2 INSTITUTIONS PROVIDING INCOME TO NPOS IN SOUTH AFRICA

This section outlines the various funding sources, including the state, private sector, international institutions as well some of the key institutions involved in grant funding to the NPO sector. Special emphasis is placed on the National Lotteries Commission and National Development Agency as major conduits for NPO funding.

6.2.1 National Lotteries Commission (NLC) Lotto

The NLC vision *"a catalyst for social upliftment"* (NLC, 2019:13) informs its mandate of generating funding in the interest of promoting socio-economic development in South Africa and to distribute these resources in an equitable manner. Importantly, noting the triple challenge of poverty, unemployment and inequality, the NLC primarily focuses on funding sustainable initiatives that contribute to jobs being created and sustained. By 2019 the NLC claimed to have disbursed R 24 billion to development initiatives within the fields of job creation, rural development, infrastructure development and promoting wellness and social cohesion. The NLC has delegated the responsibility for grant making decisions to a distribution agency, the National Lottery Distribution Trust Fund and funds have been distributed to the Charities, Sports and Recreation, Arts and Culture and Heritage Sectors. The NLC's Annual Performance Plan (2019) claims that that its funding had reached 626 projects, benefiting 14 million people and created and/or sustained 37 471 permanent and temporary jobs

The NLC has been widely criticised for its lack of a developmental vision which informs its funding priorities, a lack of transparency, the slow pace of disbursement, poor administration and patronage-linked funding allocations to institutions aligned to political leaders and parties (NECT, 2017:23). In response it released in 2011 a 10-year analysis of its funding disbursements, which outlined the value of funds distributed to each of these sectors and totalled just under R11 billion between 2001 and 2011. A major concern of civil society organisations has been the perceived incorrect interpretation of the Lotteries Act by the NLC, which excludes making contributions to the operational and capacity development costs. The research study also highlighted significant gaps in levels of staffing and the skills capacity of existing staff as factors impeding the effective administration and management of the NLC and Distribution Agents, which it appoints to disburse funds.

6.2.2 The National Development Agency (NDA)

In 2000, the National Development Agency (NDA) was established as a statutory body, through an Act of Parliament, the National Development Agency Act, 1998 (Act No. 108 of 1998, as amended) and is classified as a public entity under schedule 3A of the Public Finance Management Act, 1999 (Ratlabyana et al, 2016). The NDA's mandate is "to contribute to the eradication of poverty and its causes by granting funds to civil society organisations" (NDA, 2017) and it does this through the establishment of a platform for supporting development going beyond the traditional role of a funding

conduit for channelling resources to include a broader developmental role of capacity development, promoting research and policy on development challenges and priorities, facilitating dialogues amongst development actors, both state and non-state, and undertaking impact assessments for evidence-informed funding decision making (NDA, 2013). It is reported as having disbursed over R1.5 billion between 2000 and 2016 (Ratlabyana et al, 2016). Since its inception, the NDA's approach to grant making has changed several times, initially from a call for proposals approach of demand and supply, to a programme formulation approach. The shift was necessitated by concerns that the demand for resources was growing incrementally, outstripping the resource base and, importantly, that a more evidence-informed situational analysis should serve as a basis for grant making decisions and for the delivery of a packages of services and benefits beyond finances.

The NDA's focus has been predominantly on support to CSOs operating in poor communities, with clear linkages to other development initiatives being implemented in the locality, including those implemented by the provincial Departments of Social Development and other public and private institutions. The programme formulation approach generated dissatisfaction among civil society stakeholders as it was perceived as lacking transparency and inclusivity (NDA, 2017).

In the past, the performance of the NDA in meeting its mandate has been affected by allegations of fraud and disproportionately high operational costs relative to the funds disbursed. It was also concluded that the initial mandate of the NDA duplicated many services already produced by other government departments and agencies as well as bypassing CSOs in the development of development interventions. To increase the NDA's efficiency and effectiveness, a new mandate was presented to Parliament's Social Development Portfolio Committee in 2016. The new approach included decentralisation of the NDA and increased the agency's focus on community level interventions.

6.3 OTHER SOURCES OF INCOME FOR CIVIL SOCIETY ORGANISATIONS

Funding for NGOs comes primarily from three sources: government subsidies, corporate social investment, and donors/foundations (both foreign and local) and own generated funding.

6.3.1 Government departmental subsidies

Government subsidies also include contracts and subsides from various departments within the government for delivering a specific service. While this is seen mainly in the health and social services fields there are examples of other departments which are doing this, for example the Department of Justice, in respect of diversion programmes for youth in conflict with the law. A study conducted in 2014 found that of the 40 national government departments, 24 had allocated funding to the non-profit sector. The combined budget allocation of these departments in 2013/14 was in the region of R1.8 billion, an increase of R100 million from the previous financial year. The expenditure in 2013/14 was approximately R1.4 billion. At the provincial level there were 113 departments, of which 59 reported budgeting for and expending resources to NPOs. The allocation of funds was R20.1 billion in 2012/13 and this had declined by 2013/14 to R14.1 billion. The study noted that this did not reflect a comprehensive analysis of government spending, largely due to the manner in which government departments reported on expenditure which made such analysis challenging (Ratlabyana et al, 2016).

6.3.2 Corporate Social Investment (CSI)

While the scale of CSI is relatively small, South African business have and continue to contribute to development, with the education sector being the main beneficiary of this support. Most corporate spend in South Africa is through CSI channelled through NPOs and while this contribution has resulted in many worthwhile education projects, it has not improved the education system as a whole (NECT, 2017).

South Africa's Broad-Based Economic initiatives, aimed at transforming the ownership of business, has promulgated the BEE code. BEE is defined as "the process by which previously disadvantaged South Africans are being empowered through the transfer of ownership, management and financial control of companies, the multilevel transference of skills and the widespread creation of jobs" (Department of Trade and Industry, n.d.). The revised Broad Based Black Economic Empowerment (BB-BEE) Act, 53 of 2003 forms part of resource mobilisation policies (HURISA: 2015:17). The focus of the Black Economic Empowerment Act is on ensuring transformation for the black South African where companies are called to support organisations (NPOs) with Socio Economic Development funds as part of profit-making companies' contribution to economic transformation.

Ditikeni is a 20-year broad based economic empowerment investment fund, established by eighteen NPOs which were seeking to create a capital base for funding their development initiatives. Ditikeni was established on the basis that only non-profit organisations would be shareholder and that investments would be informed by ethical principles. These included that they would not invest with corporations that were tainted in any way, morally, environmentally and socially; and that Ditikeni's directors would not receive fees or perks. Commencing with a small fund of R 2, 8 million in 2005, the fund stood at over R100 million with a total distribution as at 2015 of R10 million to the non-profit organisations (Sunday Times, 2015)

6.3.3 International development agencies

International funders are still a large contributor to the CSO sector but funding modalities have changed considerably since 1994, with much of the international funding going through bilateral arrangements with government partners. These arrangements, however, do still provide funding opportunities for NGOs. A necessary precondition for CSOs to benefit from this funding is a strong partnership with government and an alignment of work with its priorities. Although this may be restrictive, bilateral arrangements do hold greater potential for supporting the work of NGOs.

An example of bilateral funding is provided by the Global Fund, which in a partnership with the South African government through the South African National AIDS Council (SANAC) and is providing funding to support the South African National Strategic Plan (NSP) on HIV, STIs and TB (2012-2016). Through this grant, CSOs have been able to access funding to assist in the implementation of many programmes, which have been said to be responsible for the impact of South Africa's success in HIV/AIDS treatment and other interventions. Other examples of international organisations include the Swiss South African Cooperation Initiative (SSACCI), an example of a public-private partnership (PPP) in the area of vocational training between the Swiss Agency for Development and Cooperation (SDC) and Swiss enterprises in South Africa. This partnership in development is aimed at strengthening the public skills training system in South Africa and thus opening up new pathways to skilled employment for young South Africans (SDC, 2018).

A number of international faith-based organisations such as Catholic Relief Services, Caritas, Trocaire, Cordaid (Catholic Church) are also active in their support to CSOs in South Africa.

Foundations such as the Bill and Melinda Gates Foundation, Mo Ibrahim foundation, Ford Foundation and various others can be classified as Corporate Foundations, which are meant to provide strategic support to dealing with global development priorities.

6.3.4 Voluntary labour

Voluntary labour is another significant contributor to NPOs in South Africa, along with in-kind donations. The value of free time, however, is difficult to quantify but is likely to make up a significant component of NPO income (Ratlabyana et al, 2016).

6.4 FUNDING TO CIVIL SOCIETY ORGANISATIONS: KEY FINDINGS ON SCALE, TRENDS AND SOURCES OF RESOURCE MOBILIZTION

Based on StatsSA data from 2010 to 2014, government subsidies constituted 44.3% of all NPI income in South Africa. Reportedly, NPIs in the field of social service provision received the highest subsidies from government at 46.1%, followed by education (16.8%) and health (14.1%). The largest single expenditure was on compensation of employees at 83.8% (StatsSA, 2017).

Corporate Social Investment spending on CSOs in 2012 was reportedly R6.9 billion, with the largest share going to education at R2.96 billion, followed by social development at R1.055 billion and health at R800 million. It can be surmised that tax deductions for funding education is the main incentive in the scale of funding for that sector (NDA, 2016)

The National Lotteries Commission made a contribution of over R10.9 billion to CSOs between 2000 and 2011. The National Development Agency contributed approximately R1 billion between 2000 and 2001 (ibid).

The NDA study also identified a High Net Worth Individuals (HNWI) as a growing source of income for CSOs. Although the data is incomplete and outdated, it was reported that about 75% of such individuals contributed to CSOs, although the scale of giving is unclear (ibid).

The subsidy system, which DSD utilizes to fund services provided by NPOs on behalf of the state, actually represents a subsidy from the NPO sector to the state, instead of the other way round. This is because the system, does not pay full costs, but a portion. The financing model was subject to review more than fifteen years ago, but very little has since changed.

The BEE provisions, have significant potential for leveraging funding support to the non-profit sector. However, the benefits have not been maximized by the CSO sector as demonstrated by the Ditikeni case study.

Capacity for resource mobilization is lacking in the sector, more so as this has become highly specialised and requiring innovative approaches.

The scale of funding to the NPO sector across all sources cannot be established with any level of accuracy with the available data, although it would appear that the largest source of funding for the sector is through government subsidies. A big gap remains with respect to assessing the scale of

funding flows from the private sector through CSI spending. In addition, it is also not fully known to which sectors these funds flow, although evidence points to a large proportion of this going to fund education sector work.

6.5 FUNDING MODELS

6.5.1 A typology of funding models for large NPOs

In 2009, Foster et al developed a conceptual framework for analysing funding models for large NPOs. Using three factors, namely, source of funds, type of decision maker and their underlying motivation, the authors managed to identify at least 12 types of funding models. Using a sample of 144 large and well-established NPOs in the United States, the researchers found empirical evidence for 10 of these funding models. No evidence was found for NPOs being supported by earned income ventures distinct and separate from their core mission or NPOs that operated on a strictly fee-for-service model. The authors did note, however, that these two types of funding models were not likely to work well for large-scale, sustained NPOs. The suggestion being that the profit incentive will outweigh the incentives to remain an NPO.

The typology (ibid) is briefly discussed in Table 14, looking first at the 10 models for which they found empirical evidence and then the two conceptual models. It is important to note that this typology was developed for large NPOs in the United States and the extent to which this typology can be applied to the South African context is not clear, particularly for small CBOs.

Table 14: NPO funding models

Funding Model	*Description*	*Typical Source of Funding*	*Qualifiers*	*Example*
(1) Heartfelt connector	Used by organisations that focus on existing concerns that resonate with a large number of people at all income levels. The organisation creates a structured way for them to connect where there was none before. This typically excludes religious and political groupings engaged in social work	**Funding through individual donations**	• Is there a large cross section of people already interested in the cause? • Is it possible to communicate what is compelling about the NPO in a simple and concise way? • Is there a natural way to attract a large number of volunteers? • Is there, or is it possible to develop in-house capabilities to have a broad outreach, in one geographic area?	*Make a wish foundation*
(2) Beneficiary builder	Provide a service to individuals that pay part of the cost. Donations are usually from past benefactors. The NPO therefore specifically targets maintaining a relationship with previous beneficiaries		• Does the mission of the NPO create individual benefit that may be viewed as an important social good? • Do individual beneficiaries develop a deep loyalty to the organisation/programme? • Is it possible to reach out to beneficiaries in a scalable fashion?	*Education funds where beneficiaries often give back to the school they attended*
(3) Member motivator	Individuals that are members of the NPO donate money because the issues involved are important in their lives and are something they perceive as providing a collective benefit. The model therefore seeks to connect donors and beneficiaries in joint activities.		• Do members of the organisation feel like it is benefiting them even if the benefit is shared amongst the broader collective? • Can members be engaged in fundraising initiatives? • Can the organisation remain in tune and faithful to the core members even if it means turning down other funding opportunities?	*Typically, religious organisations, or entities involved in the arts, culture, humanities and environment*
(4) Big Better	These are organisations that rely on big donations from a few individuals or foundations. Often the founder is the main donor working on an issue that is deeply personal.	**Funding through a large donation by a single person**	• Can a tangible and lasting solution to a problem be found? • Is it possible to articulate how large sums of funding will be used to achieve the goal? • Are any of the wealthiest individuals and foundations interested in the issue and approach?	*Bill and Melinda Gates Foundation*
(5) Public provider	Typically, organisations that work with the government to provide essential social services such as housing, basic services, education etc. for which the government itself would also have previously allocated a budget. In some cases, the	**Funding by the government**	• Is the organisation a natural match with one or more large government programmes? • Can the NPO demonstrate that it can do a better job than its competitors?	*Early Childhood Development Centres*

Funding Model	*Description*	*Typical Source of Funding*	*Qualifiers*	*Example*
	government can outsource the provision of the service entirely to the NPO but sets norms and standards for the NPO to follow. Contracts can be awarded through a tender process or a reimbursement formula for approved providers.		• Is the NPO willing to take time to secure contract renewals on a regular basis?	
(6) Policy innovator	NPOs that rely on government money and have developed novel methods to address social issues that are not clearly compatible with existing government funding programmes. They have convinced government funders to support this alternative approach usually by illustrating that the novel method is more effective or less expensive.		• Can the NPO provide an innovative solution to a problem that surpasses the status quo (in impact and/or cost)? Is the innovation compelling enough to interest funders who typically gravitate towards proven traditional methods? • Can evidence be provided that the programme works? • Can the NPO cultivate a strong relationship with government decision makers to advocate for this change? • Is there pressure on the government to address the status quo?	
(7) Beneficiary broker	These NPOs compete with one another to provide government funded services such as housing, healthcare, and student loans.		• Can the NPO show that it can better connect qualifying persons with benefits (e.g. placement rates and customer satisfaction)? • Can the NPO provide supplemental services that maximize the value of the benefit? • Can the NPO master the government regulations and requirements needed to be a provider of the benefits? • Can the NPO find ways to raise money to supplement the fees received from the benefits programme?	
(8) Resources recycler	These NPOs can grow very large by collecting in-kind donations from corporations or individuals and then distributing these to the needy	**Corporate funding**	• Are the products distributed by the NPO likely to be donated on an ongoing basis? • Can the NPO develop the expertise to stay abreast of trends in the industries that donate products to the NPO so that it can prepare for fluctuations in donations? • Does the NPO have a strategy for attracting the cash needed to fund operations and overheads?	*Gift of the Givers*
(9) Market maker	NPOs that provide a service where there is money available to pay for it but would be unlawful for a for-profit entity to do so. For example, since there is a demand for human organs but it is illegal to	**Mix of funders**	• Is there a group of funders with financial interest supporting the work of the NPO?	

Funding Model	*Description*	*Typical Source of Funding*	*Qualifiers*	*Example*
	sell them for a profit, market marker NPOs can exist to manage the matching of donors and recipients.		• Are there legal or ethical reasons why it would be more appropriate for an NPO to deliver the services? • Does the NPO have a trusted programme and brand name?	
(10) Local nationalizer	These are NPOs that have grown large by creating a network of locally based operations. These NPOs typically raise money locally for issues that are of local importance.		• Does the NPO's cause address issues that are a high priority issue for local leaders? Is the issue compelling for communities across the country? • Does expanding the organisation into other communities still fall within the mission and mandate of the NPO? • Can the activities of the NPO be replicated in other communities? • Is the NPO committed to identifying and empowering high-performing leaders to run local branches of our organisation in other communities?	

Source: Foster et al (2009)

6.5.2 A typology of funding models for large international NGOs

A 2014 typology by Hailey focused on sustainable funding models for large international NGOs (INGOs) (Hailey, 2014) (Table 15). The author notes that the more diverse the sources of funds, the more financially self-sufficient and sustainable the NGO becomes.

Table 15: INGO funding models

INGO funding model	Description
Gift-based INGOs	These NGOs rely on gifts and voluntary donations to finance their activities. The gifts may be once-off or recurring. These typically include faith-based NGOs and humanitarian programmes (e.g. Catholic Relief Services). The advantage of this type of funding is that it does not have strings attached for the beneficiaries. The disadvantages, however, are that amongst the younger generation there is rising secularism and cynicism as to the value of international development projects.
Direct Official Aid	Some large NGOs may receive funding from official donor agencies such as the Danish International Development Agency (DANIDA), DFID, and USAID. Official donors can provide as much as 90% of the funding requirements for an NGO programme.
Enterprise supported	Some NGOs generate income from commercial interests that they own. A popular example is Oxfam's high street shops.
Social enterprise	Where a private sector organisation, donor and NPO work together

Source: Hailey, 2014

6.5.3 A typology of funding models for CSOs

Hailey (2014) recognizes that there have been attempts to develop a CSO sustainability index based on seven dimensions, namely: the legal framework, organisational capacity, financial viability, advocacy capacity, service provision, infrastructure and public image or reputation. In a later study, Hailey and Salway expand on the "Financial Sustainability" component, identifying five CSO funding models and then categorizing them by risk (Hailey and Salway, 2016) (Table 16).

Table 16: CSO funding models segmented by risk

Risk	CSO Funding Model
High Risk	1. Public giving and philanthropy 2. Official development aid (ODA)
Moderate Risk	3. Social investment where a CSO establishes an income generating enterprise 4. Enterprise-supported CSOs

Risk	CSO Funding Model
	5. Evolving social enterprises where a CSO evolves (or incubates) an autonomous social enterprise, where a business, donor, and CSO work together to form new collaborative enterprises.

Source: Hailey and Salway (2016)

6.6 RESOURCE MOBILIZATION CHALLENGES

6.6.1 A general decrease in available funding

In 2012, increasing concerns about the impact of the funding crisis on the non-profit sector prompted a coalition of institutions to establish a Coalition of Civil Society Organisations with the aim of understanding the factors contributing to the financial and sustainability challenges being experienced by the sector and, importantly, to enhance resource flows to the sector (Coalition on Civil Society Resource Mobilization, 2012). The Coalition undertook research primarily focused on two state institutions, the NLC and the NDA, as they constituted the biggest donors to the sector and in view of the reported concerns about the governance and accountability challenges these institutions were facing.

The 2012 survey found that 80% of the organisations surveyed had experienced significant funding cuts in the last year, with two in five reporting funding reductions of up to 50%. Cuts had been made across the board, from corporate and individual donors to the National Lotteries Board. Some 64% of respondents reported having had to scale back services to beneficiaries, and respondents had retrenched 17% of staff on average (Reference). Some large organisations such as the Institute for Democracy in South Africa (IDASA) closed down.

The shift in available funding for CSOs has arisen in part due to funding being diverted by government engagements with donors to support the departmental mandates. More recently, large donor agencies have begun to explore social entrepreneurship as an alternative to donor funding. Social entrepreneurship holds enormous promise for addressing various issues of social injustice in South Africa but most 'traditional' NGOs find it difficult to make the shift required of them (NECT, 2017).

6.6.2 South Africa's relative success in addressing its development challenges

The fact that South Africa, deemed as a middle-income country, is no longer a priority for donors has also reduced the pool of funds available. Bilateral aid has reduced considerably and institutions such as the International Monetary Fund, World Bank and South African Reserve Bank have reduced South Africa's growth prospects and tough conditions are unlikely to ease in 2019 for the local NPO sector.

6.6.3 NPOs are uncertain about funding criteria

Some NGOs do not receive government funding because the adjudication processes are sometimes not transparent and the qualifying criteria are not standardised. This has led to discrepancies in the allocation of funds to NGOs. The DSD's Policy on Financial Awards to Service Providers, for example, included

guidelines for the implementation of the policy, which, although intended to provide broad direction, were nevertheless criticised for being too vague, leaving many NGOs unclear on *"norms, service standards and key performance indicators,"* (Wyngaard, 2013), which ultimately inhibits NGOs' ability to procure funding and ensure optimum function. It is not unreasonable for government to expect NGOs to meet certain funding criteria, but it is government's responsibility to ensure that criteria are clearly outlined and explained, particularly before they deregister so-called non-compliant NGOs. The global economic crisis can be blamed for some of these challenges and a shift in emergency preparedness and humanitarian assistance leading to reduction in funding for South Africa (Volmink, et al, 2019).

6.6.4 Competition for limited funds

Competition for limited funds, holistic integrated fundraising and innovation are the three critical trends in funding for the sector. Even if some NPOs are creative in addressing funding challenges, many more organisations are under-resourced and highly dependent on single sources of funding support. This situation is worsened by limitations in resource mobilisation skills.

6.6.5 Appropriate and Sufficient human capital to complete funding applications and conduct due diligence

The necessary skills to compete for funding becomes critical and there is a need to plan for and invest in strengthening organisations and staff in order to have a greater chance of making an impact within this sector. It has been observed that fundraising has become increasingly professional and has to be approached in a more holistic and integrated way (Agozzino and Fleck, 2016). NPOs are adopting professional approaches to grow long-term sustainability. Another interesting development, which may continue to gain traction, is greater awareness among South Africans of the impact they can make through personal giving. In relation to innovation, NPO leaders are challenged to be open to new ideas, which could involve everything from exploring new funding models to harnessing social media. As long as NPOs challenge themselves to be innovative, not only in terms of funding models, but also in terms of practices and approaches, they will continue to survive and to provide essential services and support (Agozzino and Fleck, 2016).

6.6.6 An over-reliance on government funding

As indicated earlier, a substantial proportion of funding for the CSO sector, particularly for service delivery, is derived from state sources. When NPOs are overly reliant on government funding, they can be co-opted by the government to no longer represent the interests of citizens (Naidoo, 2010). Further concerns have been noted that this has the potential to stifle innovation, through the servicing only of government programmes (Habib, 2013) This has serious consequences for their independence and therefore the imperative for ensuring sustainable funding for the CSO sector becomes even more important.

The distribution of state funds has also been criticised for being opaque, unpredictable, wracked by bureaucratic inefficiencies and characterised by favouritism, with few CSOs being able to benefit (Civicus, 2017).

6.7 STRATEGIES FOR CIVIL SOCIETY SECTOR RESPONSES TO FUNDING CHALLENGES

In order to address the financial challenges, NPOs need increased engagement with funders and it is equally important that both government and the funding sector (CSI, local foundations and international donors) review their engagement with NGOs. It calls for increased dialogue between the government and NGOs so that the role of NGOs is not seen as a threat by the government. There is a need to build trusting relationships and focus on areas where there is an openness to experiment.

Furthermore, CSOs need to strengthen their internal governance arrangements and their capacity for evidence-informed implementation, a key requirement of donors. To enable CSOs to embrace these challenges there is a need for capacity building for staff, especially where the staff is set in its ways or lacks innovative approaches, leadership, financial management, M&E, or project and knowledge management skills (NECT 2017).

A stronger and sustainable funding framework is also needed for NGOs to successfully fulfil their roles. To provide greater financial sustainability in the long term, CSOs need to be encouraged to diversify their funding base and work towards a mixed model of income generation. Often a relationship with one or two funders is established, with the result that the NGO is left high and dry when the relationship ends. Managerial effectiveness plays a role in ensuring that the relationship with funders remains positive (Claeye and Jackson, 2016).

It has also been noted that there is a need for a skill set that includes research and M&E for practical implementation activities to show success. Introducing standards such as social return on investment (SROI) would go a long way towards ensuring accountability and increasing levels of trust and cooperation between NGOs and the state and corporate sectors. In order for the sector to best respond to fluctuations and changes in funding amounts, models and financial management requirements, there is a need to advocate for the work and aspirations of NGOs to be acknowledged, valued and celebrated; create a clear vision that people buy into and find ways to accommodate volunteers who share the aspirational vision; and build optimism and belief that change can happen and develop a platform for the collective voice and agency of NGOs. Social media can help to form powerful and lasting relationships with donors (Agozzino and Fleck, 2016).

There are divergent views about the funding crisis within CSOs with some arguing that the inefficiencies in the manner in which CSOs function has been a contributor to their lack of financial sustainability. Weiderman (2012) argues that what is required is adaptive behaviour to be more resilient and sustainable and that this capacity is strongly lacking in the sector.

The International Labour Organisation (2016) has produced a guide on resource mobilization for small and medium sized NPOs which do not have managers with extensive financial management experience. The guide suggests that the organisation must master the following three stages (ILO, 2016):

1. ***Understand the NPO's unique situation***. Understand the funding options that the organisation qualifies for. These are typically affected by factors such as the organisation's life stage, the reason

for seeking the funding and the legal structure of the NPO. In the South African context, in order to qualify for funding by government entities, the NPO must be registered with the DSD.

2. ***Understand the available funding options***. The NPO managers must gain an understanding of what financiers are typically looking for and how to make the enterprise more attractive to investors. Funding options generally range from grants, debt, to equity where younger organisations typically qualify for grants and funding options that have a lower administrative burden.
3. ***Position the NPO for funding success***. Understand the due diligence process and how to prepare for it.

An increasingly popular funding option, not mentioned in the ILO guidelines, is online crowd funding. These are dependent on voluntary contributions, which reflects the "Heartfelt Connector" funding model (Foster et al, 2009), likely to appeal to a large cross section of people.

6.8 CSO RESOURCE MOBILIZATION AND IMPLICATIONS FOR SUSTAINABILITY

This chapter has set out the issues relevant to resource mobilization. From the foregoing it is apparent that the task of resource mobilization for sustainability is now much more complex and requires the application of diverse strategies and mixed models of income generation interventions. The reliance on government and the implications for independence and, importantly, for the oversight and advocacy role of CSOs, has been illustrated as a concern in this chapter. Managing these diverse fund development needs requires a range of skills and competencies and more importantly requires the ability to innovate and to think creatively about resource mobilization. A study on NGO funding noted that donors are increasingly looking to fund interventions which have the potential to demonstrate three factors *"replicability, scalability and high impact"* (Volmink and Elst, 2019). This however requires donors to consider different models of funding, with the concern noted that short term funded projects are not suited to delivering on these three factors.

7 GOVERNANCE ARRANGEMENTS IN THE NPO SECTOR

7.1 GOVERNANCE OF CIVIL SOCIETY ORGANISATIONS

South Africa, has a number of governance frameworks which inform the manner in which civil society organisations establish themselves as legal and systematic governing structures. These include the Department of Social Development Code of Good Practice for Non-Profit Organisations (DSD, 2001), the South African NGO Coalition (SANGOCO) Code of Ethics for Non-Profit Organisations (SANGOCO, 1997), the Independent Code of Governance for Non-Profit Organisations in South Africa (Inyathelo, 2012) and the King Report on Governance also referred to as the King III Code (Institute of Directors for Southern Africa, 2009). These reflect voluntary codes applicable to South African CSOs.

7.2 LEGAL FRAMEWORKS FOR CSO STRUCTURES

The current legal framework in South Africa makes available three alternative forms of legal structure for NPOs: a voluntary association, a trust, and a non-profit company. Each of these structures have advantages and disadvantages. An understanding of the various legal structures for NPOs is critical in distinguishing between non-profit and for-profit organisations.

7.2.1 The legal structures that govern establishment of CSOs in South Africa

Below is an outline of legal structures for CSOs as outlined in legislation and policy in South Africa:

- **Voluntary Association** for NPOs which are membership-based organisations. It should have a degree of separation from its membership so that it can manage its own assets. It may register as an NPO with the NPO Directorate, but many are not registered at all (Inyathelo, 2013).
- **A trust** operates as a structure governed within common law. Trusts are well recognised both under South African law and internationally and are frequently used to establish NPOs. It is the most flexible and cost-efficient entity as legislation governing trusts does not involve complex procedures or processes for trustees. The organisation's assets are held by the trustees for the purpose of the organisation and/or its beneficiaries and trustees are held to a high degree of accountability through the Master of the High Court where they are registered (Inyathelo, 2013).
- **Section 21 company** is a legal structure for an NPO. A non-profit company is not required to have members in terms of the new Companies Act. This means that a non-profit company has the prerogative to choose whether it will have membership and a board of directors, or, simply just a board of directors. However, where a non-profit company does elect to have membership its memorandum of incorporation must contain a provision that stipulates this. Under the old Companies Act, a section 21 company was required to have at least two directors. The new Companies Act requires that the non-profit company have at least three directors. Should an organisation want to structure their governance in such a way that there will be more directors, the memorandum of incorporation should set this out.

7.3 CODES OF GOVERNANCE FOR CSOS IN SOUTH AFRICA

7.3.1 The King III Code of Governance

The King III code sets out principles applicable to non-profit organisations, with an important shift away from the first two King Reports on Corporate Governance. With King III there was a shift from enforcing compliance to an 'apply or explain' approach, which aimed at providing NPOs with an opportunity to adopt specific measures based on the achievement of specific goals. Furthermore, application always takes place within a context, namely what is in the best interest of the particular organisation, and as is appropriate to the size, nature and complexity of its operations. The size, nature and complexity of an entity can be categorised with reference to a variety of measures, e.g. the number of employees, total income, number of members, geographical reach (Institute of Directors for Southern Africa, 2009).

This code operates on the basis that if a CSO has made an informed decision not to apply a particular practice as it believes it is not in the best interest of the organisation and if it provides a clear rationale for not complying, then compliance would have been deemed to have been achieved. A key message underlying the code is that the governance structure, members and management of the organisation must be fully conversant with the governance principles and how they apply to that institution. It is posited that only with such an understanding will they be able to translate the principles in practice.

7.3.2 SANGOCO Code of Ethics for NPOs

This code, while broadly in support of what is included in the King III code, specifically requires that CSOs *"specify the frequency of governance structures, meetings, quorums and the role and powers of the governance structures' and to 'ensure the governance structure understands and is responsible for overall policy-making and accepts ultimate responsibility for governance of all aspects of the organisation"* (SANGOCO, 1997).

With respect to conflict of interest issues, this code requires that CSOs develop policy on conflicts of interest including the need for declarations of conflicts of interest by governance structure members. The code also indicates the need for CSO governance structures to ensure gender and racial representivity and relevant constituencies, within financial constraints on boards.

7.3.3 Department of Social Development Code of Good Practice for South African NPOs

Key issues included in this code relate to the functions and responsibilities of governing board members. The code spells out that each and every member of the board is held accountable for the decisions taken by the structure, even if they delegated functions; the distinction being that accountability is not delegated as governing boards have a "duty of care" and a "duty of loyalty", with the duty of care requiring that board members apply themselves through attentive and active participation, even if they are not experts in an area but to perform as ordinary wise people would do. The duty of loyalty refers to the responsibility to act in good faith and in the best interest of the organisation (DSD, 2001). The code also distinguishes a good governing structure as one that does not get involved in the day to day running of the organisation. The importance of the board's role in regular reviews of the CEO's performance is also highlighted. The

"duty of obedience", which DSD imposes on Board members, relates to the importance of the board ensuring compliance with laws and in accordance with its own constitution. (ibid).

7.3.4 Independent Code of Governance and Values for NPOs in South Africa

The uniqueness of this code is that it has been developed by a group of non–profit organisations as a response to how CSOs would comply with the King III code. The main concern was that the King III code was written within a corporate framework, which these institutions believed did not convey the fundamental values of CSOs. More importantly, they called for greater self-regulation by CSOs. It was presented as a recommendation for consideration by CSOs but not imposed on them. The values which it believed were different to those espoused by corporates are:

- Fidelity to purpose;
- Altruism and benevolence;
- Integrity;
- Optimising resources;
- Conflicts of interest and self-dealing;
- Equality and non-discrimination;
- Democracy and empowerment; and
- Independence and impartiality.

CSO are required to demonstrate leadership in several core areas, including in defining their organisational purpose and values; in the practice of accountability and transparency; in the manner it addresses sustainability and risk management; its potential for collaboration and finding synergy with other stakeholders; the establishment of governance structures; and in defining procedural governance (Inyathelo, 2012).

7.4 KEY FINDINGS RELATING TO GOVERNANCE

It has been noted that while the demand for increased accountability and the consequent corporatization of CSO's is not altogether negative, it has been argued that this may have led to the commercialization of the NPO sector. NGOs which successfully professionalize appear to stand a better chance of receiving funds from donors, compared to NGOs that follow a more classic donor-beneficiary model (Pratt and Myhrman, 2009). This increased professionalism affects the organisational culture of NGOs, leading many to adopt expertise that is stipulated by donors. There is a concern that the emergence of a "report culture" has placed more emphasis on measuring and counting activities completed and outputs achieved, than on asking what difference the programme or intervention makes. As such it has been noted that such demands for rigorous standards of accountability, transparency and financial self-sufficiency imposed by donors on the NPO sector has had the unintended effect of distancing these organisations from the very poor and marginalized communities that they are meant to serve.

According to Schillemans (2012), promoting board diversity (e.g. insider–outsider mix, heterogeneous backgrounds) and shared understandings (e.g. board management strategic decision making, informal and formal interactions) may help manage control and collaboration in governance. Moreover, board and

management need to periodically review how they are working together and whether they have a common vision on how the organisation should try to achieve its goals. Future research could investigate how the quality of communication influences the separation of roles and responsibilities between the board and management in public and non-profit organisations.

In the South African context, Wyngaard and Hendricks (2010) found that the composition of the national boards which they surveyed in relation to diversity did not raise particular concerns with regard to transformation and concluded that, overall, there was diversity in national NPO board membership. One notable exception to this was in regard to people with disabilities, who were poorly represented on the boards of NPOs which are not specifically focused on disability. In terms of NPO board development, Wyngaard and Hendricks (ibid) assert that a balance needs to be struck between ensuring constituent participation and having people with governance skills among the board membership. The researchers also advocate the adoption of professional recruitment and orientation strategies while also facilitating meaningful constituent engagement that encourages member and constituency engagement with and through the governing board.

A research study in Belgium (Puyvelde et al, 2016) found that boards of various CSOs may experience pressure to exercise control and collaborate with their managers. *"In a non-profit context, for example, some authors have suggested that controlling (agency theory) and partnering (stewardship theory) can be seen as the extremities of a continuum, and that it is important to find a balance between them"* (ibid:224). This implies that agency and stewardship theory can be combined into a more general internal governance framework to improve the management of NPOs globally including in South Africa. However, although the research findings show that boards may need to simultaneously control and collaborate with their managers, in practice, board members may experience difficulties in combining these roles because it requires them to behave in very different ways (ibid).

The study suggested that agency theory and stewardship theory can be used to remodel the governance of public and NPOs. Future research on the internal governance of NPOs in South Africa, therefore, may benefit from using a framework that combines these two theoretical perspectives. This may be particularly relevant in South Africa given Wyngaard and Hendricks' (2010) identification of key shortcomings of particular governance models in NPOS, and their assertion that such shortcomings, linked to context and external factors, have to be addressed in order to improve governance practices.

Some of Puyvelde *et al's* (2016) findings on NPO governance issues and interventions have particular relevance to South Africa given the contextual history of limited NPO board capacity, communication difficulties with management and similar challenges. The researchers assert a critical need for the board and management to regularly examine how well they are working together and strive to keep their vision fully aligned on how the NPO should work to realise it goals. They also maintain that boards and management must make clear distinctions between operational responsibilities and oversight responsibilities, the lack of which can cause what the authors refer to as *"governance tension" (ibid*). They concluded that such tensions can be exacerbated by the challenge of board members having to simultaneously play the roles of control *over* management collaboration *with* management. To address such difficulties, it is suggested that the importance of developing board members' skills and attitudes and

ensuring that long-term issues are prioritised on the board's agenda is underlined. The researchers assert that these and other measures should be undertaken to enhance board member's roles in strategy making without undermining their controlling function.

The findings from a comprehensive South African report by Wyngaard and Hendricks (2010) prepared for DSD resonate with the above findings including the need for NPOs to recruit board members with a variety of skills, the importance of defining the oversight role and equipping the board to undertake it, the need for an effective communication strategy to clarify the board's governance responsibilities, the importance of boards cultivating a shared vision for the organisation and the need for an active commitment to building the capacity of board members. It is most notable that some of their key findings and recommendations of were, to various extents, mirrored in a European-based study six years later. This suggests that many of the emerging issues related to NPO governance identified in South Africa are not at all peculiar to this country, or indeed the developing world, but indicate global shifts.

In summary this review has found that there appears to be a lack of effective and insufficient monitoring and oversight by NPO Boards. This is compounded by lack of understanding of the roles and functions of boards, more so the inability to balance and manage controlling and collaboration functions, with increasing pressure on these boards to exercise control. Boards and management both appear to lack discipline with respect to periodic reviews of their relationship and importantly for assessing whether the board and management have a shared institutional vision for realisation of the organisation's goals. A further finding is that accountability is mainly externally driven, predominantly demanded by donors.

7.5 TRENDS IN CSO LEADERSHIP

The World Economic Forum (2015) noted that CSOs need to ensure accountability, transparency, facilitate sustainability, ensure ethical conduct; and promote participatory development, ability to demonstrate impact, remain connected in a hyper-connected and youth-oriented world. This requires effective civil society leaders who possess sufficient insights, are flexible and able to adapt to changing circumstances.

There is consensus that the CSO sector requires a core set of leadership skills and capacities (Almeras, 2018) including:

- Ability to take responsibility when necessary and passing back responsibility
- Development of self-awareness and self-acceptance
- Enabling team members to recognise and develop their strengths and address their weaknesses
- Building trust through building relationships, acknowledgement of own vulnerabilities; active listening and demonstrating confidentiality.
- Mobilizing energy and potential
- Asking challenging questions
- Enabling people to cross thresholds.

Claeye and Jackson (2016) caution against what they identify as an increasing tendency of NPO managers to internalise and mimic a managerialist discourse predominant in the global structure of international aid in order to become more "business like". They assert that this approach may be inappropriate for, or even

at odds with, the fulfilment of an NPO's mandate. The researchers argue that a managerialist approach tends to over-emphasise means over ends, a bottom-line and ignores the historical, socioeconomic contextual and political dimensions, which define the situation in which NPOs operate.

Claeye and Jackson's findings suggest that the shift to such a rigid and poorly-contextualised business approach may stifle the achievement of the very developmental goals the NPO is trying to achieve.

An important trend in South African CBOs is departure of white women and the emergence of black leadership. However, it was noted by a respondent that the transfer from white to black executive leadership has not generally been undertaken effectively in the sector. She concluded:

> *"What is increasingly missing is leadership in the 40-plus age group where people have a lot of experience, so we end up with boards hunting for leaders and making very poor decisions. Leaders must have skills to develop the space to form partnerships, hire and fire team members, use media effectively, etc."*

One of the interview respondents, a finance and management expert, maintained that founder syndrome (see Congo Basin study citation below) is still prevalent among South African NGOs and asserted that it can lead to the death of the organisation. She concluded that *"To remain effective, there must be change in leadership."* Another argued that the sector needs leaders that are well-networked and noted that important corporate and other networks are not always accessible to local NPOs. The type of intervention to build social enterprise, for example, requires real skills. The participant noted that a leader is often expected to be the "jack of all trades" and have answers for all staff members. This can be indicative of the organisation not being able to get the right skills set. Reflecting the views of others, the participant expressed concern that leaders are departing with the knowledge and skill sets they have acquired without building up similar capabilities for remaining staff moving into senior management. She concluded that there needs to be more succession planning in the sector as a whole.

> *"Strengthening leadership is vital but it's the level below the senior leadership that is critical so all the responsibility does not fall on the CEO. The sector must develop and implement a model of shared leadership. This really has to happen."*

7.6 CHALLENGES FOR CSO LEADERSHIP

The challenges which CSOs face is that leadership is expected to navigate a diverse set of obligations and responsibilities. A study in the Congo Basin raised concerns about the "Founder syndrome", where the existing leader, makes no effort to cultivate new leadership and has almost no experience with transitioning of leaders. The study also noted the conflation of "leaders" with "leadership", with the latter focussing on a set of skills, attitudes and attributes that people in leadership roles need to possess. The assumption that a leader possesses all these leadership attributes is problematic as it negates the value of diverse forms of leadership within an organisation (Almeras, 2018).

Interview participants either expressed the view that the NPO sector is generally not well governed overall or that the quality of governance differed enormously across the sector. There was a strong consensus

that governing boards have many issues and challenges. Summing up the sense expressed by others, one participant argued that in order for NPOs to make a meaningful contribution they must have the right people on their boards and provide leadership. He cautioned that without the right mix of board skill sets in place, organisations will not operate an optimal level. He concluded:

> *"The lack of governance is ultimately about the lack of many NPOs having access to the best board members. This is a particular kind of leadership deficit – not necessarily executive management – but board members."*

A respondent argued that the sector needs to undertake a collective effort to recruit more people with much-needed expertise onto governing boards. He further advocated for a nationally driven strategy targeting professional institutions and bodies, among others, to identify and recruit appropriately skilled individuals. Yet, one interview respondent stated that NPO governance challenges in South Africa today are not simply about the board or the lack of capacity of board members but, more broadly, relate to the way in which an organisation operates, its systems and processes. Noting that governance is not just about the fiduciary role, the respondent argued that, among other governance deficits, very few NPOs have developed policies to mitigate and manage risk. Such risk factors include misuse of information technology, data hacking and social media messaging being misunderstood. She also maintained that NPOs need to examine more complex issues such as sexual harassment and discrimination in the sector and noted that there is a lack of policies on these. She concludes by asserting: *"We must understand that governance is not just about coming to meetings."*

While NPO leadership certainly needs to address the internal challenges identified here they must also have the awareness and skills to manage external pressures on their organisations and on the sector. Interviewees emphasised some of the factors that have impacted the sector negatively, factors (or "threats") which must be addressed and managed by leadership and the sector as a whole. One respondent noted a tendency for some politicians and public officials to cast NPOs as puppets of international bodies and non-South African causes. When this occurs, everything that the NPO advocates becomes suspect. However, with the recent change in national leadership, there has been a notable reduction in this kind of rhetoric.

The onerous reporting required by some donors (some requiring monthly reports) was also cited as a significant pressure on management. The often very late payment of funds, especially by government departments, continues to be a factor which places many NPOs under pressure. One respondent asserted that contractual payments *"should be an investment and a joint partnership, but are often not honoured."* Recently, removal of the municipal rates rebate scheme, brought about by a change in national legislation, means that many NPOs will pay significantly higher rates. In Cape Town, some affected NPOs have been advised to apply for alternative rebate but it is not clear how effective these will be.

7.7 PROGRAMMES TO STRENGTHEN LEADERSHIP AND GOVERNANCE FOR CSOS IN SOUTH AFRICA

South Africa has a rich and diverse set of programmes for strengthening leadership and governance among those in leadership positions, including in government, the private sector and civil society. Many of these are implemented through higher education institutions as degree, diploma or NQF level certified courses. These are structured training programmes, which often have an entry level and which require commitment of time away from work and dedicated study. Several public administration and development management faculties at universities offer such training.

There are other programmes, often funded by donors, which seek to support the institutions they fund. These are not necessarily formal courses, but can include workshops, forums for discussion and mentorship interventions which seek to support the development of strong leaders and governance members. Examples of these include training for school governing body members or for community policing forums, which are initiated by government departments. The Development Action Group (DAG), a CSO which focusses on development facilitation, hosts a course called Active Citizens, the aim of which is to strengthen skills and capacities of stakeholders to promote leadership throughout all forms of governance (DAG, 2018).

A major concern is that leadership in CSOs is aging and not enough is being done to recruit and develop new skills and capacities. Even where the sector is able to recruit and build leadership capacity, this is not sustained as such personnel are easily attracted to either the public or private sector. A related challenge is that with decreasing funding less resources have been allocated towards capacity development. It is proposed that this remains an area which donors need to revisit and explore modalities for leadership capacity development for the NPO sector.

Drawing from their research, Deloitte-GAP (2009) concluded that leadership of an NPO, whatever its size, is no less challenging than leadership in a corporation or government agency and go on to suggest that NPO leadership in the context of limited resources, uncertain revenue streams and the need to satisfy a range of stakeholder-related and public interest obligations, requires extraordinary leadership. One of the core recommendations arising from the Deloitte-GAP (2009) study was the importance for DSD (and in particular the NPO Directorate) to take a decisive lead in addressing the need for strong and skilled NPO leadership. The report asserts the need for a comprehensive national needs assessment and skills audit to identify training and development needs at the leadership levels of NPOs.

The universal opinion of interview respondents for this study was that government agencies have not responded well to the governance challenges of NPOs. While many such challenges have been identified in studies which were themselves commissioned by government (several of which are reflected in this report) such agencies have not been able to respond in a strategic way. One respondent, with expertise in NPO financial management, asserted that:

> *"Government is barely responding to governance challenges in the sector. There is no strategy and information gathering has been flawed."*

They further maintained that in governance and other matters the NPO Directorate only consults social service NPOs and not advocacy organisations and that this is problematic. Reflecting the views of others, she argued that there are also too many places to register (SARS, DSD, youth, children's authorities, etc.) and maintained that that there must be a single agency for all NPO registration.

What is required are interventions which seek to develop appropriates skills and capacities within management and governance structures in CSOs.

8 LESSONS FOR CSO COORDINATION AND STAKEHOLDER ENGAGEMENT STRATEGIES

8.1 CSO COORDINATION

For CSOs the term *coordinatio*n may be understood to mean the utilisation of, and structured collaborative efforts, of multiple organisations, which, motivated by the similar values and policy objectives, work closely together to actualise a common vision. Such a vision might entail, for example, the development of a new range of developmental services or a marked change in developmental policy or law.

Noting the global growth of non-profit collaborations in recent years, Simonin et al (2016) argue that coordination involves the development of formal relationships around specific efforts or programmes. They distinguish coordination from cooperation, noting that the former requires a greater degree of commitment, time, and resources and add that coordination can result in larger gains in terms of achieving the collective objectives. Simonin et al (2016:1) describe the potential power and influence that CSOs can have when joining forces and thus providing a strong and unified voice on policy issues affecting the sector.

8.2 PURPOSE AND VALUE OF CSO COORDINATION

While different CSOs may identify the same critical need for services for a particularly vulnerable community and/or the need for a fundamental change in government policy, programmes and budgets, a single organisation is unlikely to have the scope, range of skills, resources or energies required to bring about a major change. However, when such organisations plan and strategize to realise a common goal and coordinate their collective efforts to achieve it, the chances of securing the desired outcomes or making the desired impact is much greater. Few singular interventions can bring about substantial socioeconomic change.

Through strategically coordinating their efforts, NPOs can draw on a much more diverse range of skills and affect more fora and spaces which influence public policy. Coordination can also pool and make better use of the knowledge bases of the various CSOs to create stronger fact-based arguments to support the change. Furthermore, coordination can build credibility. The views and efforts of a single CSO, for example, might be easily dismissed. But where such views are asserted in a coherent and organised manner by a consortium of CSOs, the case being made is much more difficult for policy makers to ignore.

Drawing examples form different countries, Court et al (2006) demonstrate how CSOs can have a greater influence on policy development through coordinated engagement. They assert that for many CSOs which had historically focused on service delivery, coordinated efforts helped bring about broader policy initiatives and reforms to address the very socioeconomic conditions which they were attempting to ameliorate in their communities. Court et al (2006:36) also maintain that collaboration and coordination through networks can help CSOs "*bypass obstacles to consensus; assemble coalitions for change; marshal and amplify evidence; and mobilise resources.*"

8.3 BEST PRACTICE GUIDELINES FOR EFFECTIVE COORDINATION

Among the best practices regarding NPO coordination is when a network is able to effectively access and utilise the processes and structures made available in a constitutional democracy to affect policy. The ranges of fora and the coordinated efforts to influence them are very broad. These might include mobilisation of people to provide testimony at public hearings, utilising the media, taking direct action, for example through rallies, or undertaking class action lawsuits in the courts.

The ability to effectively communicate with, and influence the decision-making processes of government, is a core best practice of coordination. The Yezingane Network (Westmore-Suisse and Bain, 2011) of children's sector organisations, for example, worked to develop their credentials and strength in numbers so as to be able to engage with and advocate to government structures for their collective vision of social change.

Through its own experience of a huge effort to ensure that children living with HIV and AIDS received the care they needed, the Yezingane Network (ibid) found that there were two basic practice requirements for a network to remain active and impactful. One is that the common purpose and values that initially inspired the partnership's coordinated action must be re-affirmed on an ongoing basis and new members must be brought in and agreement around further action done in a transparent manner. Second, member CBOs must feel that there is value in sustaining their contributions and see the value of working collaboratively and of mutual support. The Network also found that effective means of communication and instilling a sense of inclusivity were vital ingredients for effective communication.

There are numerous capabilities that CSO coordinating networks can build and utilise to maximise their sustainability and thus their long-term impact. A broad and committed base that has many participants can withstand members leaving as there will be others who can continue the work. Building responsiveness and adaptability will enable networks to rapidly refocus their coordination efforts when the socio-political environment for their focus issues changes, thus requiring different approaches. Developing coordination abilities for the widespread circulation of information and ideas, and communication mechanisms to facilitate input and feedback, will strengthen the network, not least by maximising opportunities for participation of CSOs with different structures and levels of capacity, and which may be geographically far apart.

8.4 CSO COORDINATION IN SOUTH AFRICA

Since the transition to democracy there have been numerous examples of successful coordination efforts by CSO networks that have brought about profound and far reaching changes in social policy. Some such efforts strike right at the core of South Africa's status as a constitutional democracy.

The Right2Know campaign (2019), for example, brought together a wide range of CSOs and other networks to protect and strengthen democracy through ensuring access to information, communication rights and promoting government transparency (Privacy International, 2019). To achieve this, Right2Know coordinates its members to undertake targeted advocacy, direct action, legal and other action and provides the research and structure to enable this. One of several successes was the stalling and eventual

dropping of plans to restrict journalists from reporting on issues the government found too sensitive and to more tightly regulate the media.

Imali Yethu (2017) is a coalition of South African CSOs that works with National Treasury to make budget information more accessible, user-friendly and empowering. The coalition coordinates a diverse range of CSOs that have a particular interest in ensuring that public budget processes are fully transparent, meaningful and that public participation is facilitated. One participating organisation, OpenUp, was contracted by National Treasury to develop the Open Budget Portal.

From the late 1990s, the struggle to spur South African Government action to address the enormity of the HIV and AIDS crisis affecting the country was, in large part, undertaken by organised social movements and coordinated NPO networks. The Treatment Action Campaign (TAC), for example, brought together not only its own membership but a range of other organisations into an enduring and ultimately successful campaign to oblige the government to provide life-saving treatment through the public health system for those affected by HIV and AIDS (Berger and Heywood, 2010).

Focusing specifically on the critical needs of children living with HIV and AIDS (a crisis of great magnitude which government was slow to address) a broad range of child-focused CSOs developed the Yezingane Network in 2003. The credibility and effective coordination of the network was such that it was able to represent the children's sector on the South African National AIDS Council (SANAC), a national coordinating body which had replaced an ineffective ministerial committee (Westmore-Suisse and Bain, 2011). Through its formal inclusion in SANAC, the Children's Sector was able to disseminate its knowledge and ideas, and make policy impacts, in a way that simply had not been possible previously.

Donor agencies facilitated the establishment of networks across sectors as an effective and economic method of engagement with stakeholders. Such networks have included the establishment of the Urban Sector Network (USN), Rural Development Sector Network (RDSN) and the National Land Committee (NLC) among others. With the withdrawal of donor funds, such networks collapsed as the costs of maintaining them were unsustainable.

An interview respondent with a philanthropic and donor background noted a positive trend of greater coordination and cooperation between NPOs in recent years and cited examples in the youth and elder-care sectors. She emphasised that effective coordination of, and collaboration between, NPOs is a vital ingredient in securing the policy, legislative and broader socio-political advances they wish to manifest:

> *"When they come together, they have power. The more the organisations working in similar fields work and strategize together, the more they can be an effective voice for change."*

This participant strongly emphasised the importance of those NPOs providing services on the ground coordinating with and working closely with advocacy-focused organisations

Another respondent, a finance and management expert, identified an important lesson in that coordination requires solid leadership and that administration and coordination can only be effective if someone takes a leadership role and houses the initiative. However, she also cautioned against the creation of additional bodies to play the coordination role as this creates a whole new level of administration and costs. This participant cited a current initiative in the Western Cape where a forum of

NPO collaborative dialogues is helping people link up but noted that the challenge is how to make this happen across the country. She concluded that even on the local level:

> *"It just takes one person to get organisations to work together in one community and this makes a huge difference. We just have to incentivise this on a national basis."*

8.4.1 A National Network of CSOs in South Africa

In 1995, the South African Non-Governmental Organisations Coalition (SANGOCO) was established to coordinate CSOs across different sectors in South Africa. This was necessary in order to present a unified platform for engaging with government and importantly to deal with the crisis that CSOs were experiencing with donor funding withdrawal. SANGOCO was established as an umbrella body for CSOs with structures at provincial level across all provinces. At the height of its establishment it comprised a membership of 4000 CSOs. The structure was resource intensive as it required forums to be held at regular intervals for information sharing, accountability and decision making. During the early 2000s SANGOCO experienced leadership challenges, with staff resignations arising from concerns about the leadership and management practices of the then Director.

Regrettably, it would appear from media reports that the board did not address the matters head on and the Coalition slowly began losing members as CSOs became disillusioned with the functioning of SANGOCO The gap arising from SANGOCO's organisational challenges has not to date been filled and it is suggested that this has impacted negatively on the *"effectiveness, unity of purpose and impact of the sector"* (http://www.ngopulse.org/article/2018/02/08/call-renewal-south-african-ngo-movement-activism).(.https://mg.co.za/article/2003-03-17-we-are-gatvol-with-sangoco).

A renewal effort was initiated by SANGOCO in 2018, aimed at reunification of the NGO sector; this involved SANGOCO structures and a number of national networks, although it would however appear that not much progress has been made as the sector remains fragmented.

8.4.2 Development of Social Movements in South Africa

Social movements are simply framed as purposeful and organised groups working towards a common goal. Social movements emerge when there is a disjuncture between systems. A Brazilian scholar of social movements, Scherer-Warren, has identified that *"organized social movements have a relative temporal permanence and in the contemporary world tend to be structured in the form of networks of militancy that operate as a strategy for a construction of common political or cultural meanings, aiming to conquer and mobilize citizens and to produce social transformations"*(Buttelli and le Bruyn, 2017)

The 2000s saw a major growth of social movements in South Africa, although these had existed previously, with the Bantu Education protests which prompted the Soweto Uprising in the 1970s and the United Democratic Movement in the 1980s. Social Movements drew inspiration from movements in Latin America such as those which championed the rights of slum dwellers and La Via Campesina International Peasant's movement, established globally in the 1993. Other social movements formed since the 1980s include the the Landless Peoples Movement, the Anti-Privatisation Front and the Anti-Evictions Front and subsequently the Abahlali base Mjondolo (shack dweller) movement. More recently the "fees must fall" campaign has been contested as to whether it can be classified as a social movement or an

uprising/revolt.The *#Me Too* campaign against sexual harassment is another example of mobilization which has harnessed the power of technology and global communications.

8.5 CHALLENGES WITH COORDINATION OF CSOS

As with any coalition or structure which facilitates collaborative efforts, coordinating CSO structures are prone to limitations and even failure. One of the challenges is that a particular CSO or CSOs may have a different agenda, or even values, to the network. Some coordination efforts have failed due to an inability to develop effective communication and inclusion mechanisms. Another limiting factor, which has been experienced in South Africa, is when, for a range of possible reasons, trust between the participating organisations breaks down.

In their study of CSO policy engagement, Court et al (2006) identified various barriers and challenges. Among these is the possibility that CSO staff may simply not have the knowledge base or capacity to coordinate complex advocacy or other trans-organisational efforts on a large scale. Related to this is that many smaller, service-focused CSOs in particular may not have sufficient knowledge of how to participate effectively in policy processes. However, an important best practice in coordinated networks is to draw on the skills and knowledge present in the larger, more capacitated member CSOs and use this to build the capabilities of those which do not have such skills.

Both funding and time constraints, so common in CSOs, may also limit the potential to participate in coordinated efforts. Deficits in the broader socio-political environment may also pose major challenges to the effectiveness of CSO coordination, not least corruption among policy makers and extreme ineptitude in public institutions. On this last point, however, it is worth noting that factors such as these can be the very motivations and rallying points that drive the development of coordinated efforts aimed at ending official corruption and reforming institutions.

One interview respondent emphasised that good coordination and ensuring that CBOs come together is a vital strategy for capacity building. She noted that while there is a wide range of offerings for CBO capacity building, they are often difficult for organisations to access.

> *"It's not just money, but also where they take place – i.e. only major cities - and thousands of other CBOs can't get there. There is also the time factor: CSOs have so much on their plate and can't spare the time or staff."*

However, two participants noted that a current major NPO collaboration dialogue in the Western Cape, the main goal of which is to get people to collaborate to become more effective, has been successful. There is a strong capacity building component in this dialogue. One of these respondents noted that many CBO staff do whatever they can to find the money and fly to Cape Town as they are so desperate for the ideas, inputs and knowledge.

Another participant addressed herself to the question of how to strengthen coordination and maintained that much of it comes down to the quality of governance. Like other NPO activities, coordination efforts must be well governed. However, as coordination necessarily requires the meaningful participation of multiple organisations and it thus becomes more complex, effective governance becomes especially important. Also, NPOs that are themselves well-governed will usually have greater capacity, and contribute more effectively, in multi-organisational efforts. The level of importance attached to the issues

around which the coordination is being facilitated is also a factor in determining the success of collaborations and this underlines the importance of broad buy-in.

One respondent emphasised the importance of coordination in terms of helping ensure organisational and sector-wide sustainability but added that many CBOs simply do not make the time. She suggested that one way to strengthen coordination is through the donor agency. Many donor organisations have substantial leverage and NPOs do sometimes come together through them. Donor agencies are usually more trusted than government agencies or even other others within civil society. This participant concluded that it requires enormous capacity to bring the sector together, noting that coordination is difficult as it requires organisations to network intensively, whilst running their programmes at the same time. She asserted that the process is very complicated and must be based on trust, particularly around financial issues.

8.6 CSO ENGAGEMENTS WITH STAKEHOLDERS

8.6.1 National Economic Development and Labour Council (NEDLAC)

One of the key mechanisms through which the South African government can work with civil society and the private sector is through the National Economic Development and Labour Council (NEDLAC). This is a statutory body that was designed to coordinate the activities of the government, labour, the business community and the broader community for the upliftment of South Africa. Through NEDLAC, it is hoped that some of the socio-economic challenges facing the country, such as labour and development issues, can be addressed through (social) dialogue (RSA, 1994). The focus on enabling social dialogue is premised on the social pact between stakeholders in South Africa towards the progressive realisation of our constitutional rights. Theorists suggest that this is the backbone of a pluralist approach which recognises that society is comprised of different groups, with different and at times competing interests, and that the interest of society is best addressed through compromise and bargaining (Dentlinger, 2017). It is hoped that the development agenda that is developed and implemented through this mechanism is clear, universally accepted and addresses the country's challenges.

The NEDLAC Act (No 35 of 1994) (RSA, 1994) not only contains provisions for the establishment of NEDLAC, but also outlines the objectives of the Council and the roles and functions of its members. The Council thus has a governing Executive Council that consists of representation from the state, organised business, organised labour, and civil society. Section 8 of the Act requires that all proposed legislation that affects any of the four sectors represented in the Council should be presented to them for comment prior to finalisation (ibid). NEDLAC therefore creates a formalised structure that allows entities such as NPOs, which by definition act in the interests of the public, to affect public policy making and legislation.

The NEDLAC Act also outlines the four focus areas of the Council, which are:

(i) public finance and monetary policy;
(ii) trade and industry;
(iii) labour markets; and
(iv) development (NEDLAC Act, 1994).

The social dialogue processes of the Council therefore aim to achieve the development and implementation of a national development agenda in which all constituents of the community have the same understanding of the country's development challenges and priorities.

8.6.2 Civil Society capacity to engage with stakeholders

There is a dearth of evidence with respect to the ability of CSOs to effectively engage with stakeholders in the interest of policy or programme development and to understand the factors which contribute to or negatively impact such engagements. Available literature cites the main reason for the unevenness of engagement as the capacity, or lack thereof, within CSOs' including technical capacity and leadership skills. Using a case study of CSOs engagement in medicine pricing it was argued that it was not lack of capacity but rather the level of power over an issue that CSOs can exercise which is a fundamental factor in the ability of CSOs to participate on an equal footing with other stakeholders in the public or private spheres (Buckland-Merrett et al, 2017). Importantly, the study noted that despite efforts to strengthen technical capacity it did not increase the level of influence of CSOs in the decision making process as the power balance lay with the state and private sector. The study refers to the academic debates regarding the "democratic deficit" in policy making and what is required to make this process more accountable. The study concludes that stakeholder engagements are fraught with power imbalances and that more rigorous accountability mechanisms are required to establish greater equality and legitimacy of decision making in such structures (Buckland-Merrett et al, 2017).

8.7 GLOBAL IMPERATIVES DRIVING STAKEHOLDER ENGAGEMENTS IN DEVELOPMENT

The Sustainable Development Goals (SDG) Agenda 2030 adopted in 2015 has as its motto *"leaving no one behind"* reflecting a critical shift and commitment to multi-stakeholder engagement in the realisation of the SDG agenda. It noted that the failure in realising the Millennium Development Goals (MDG) was largely due to ineffective involvement of multiple and diverse stakeholders in the realisation of those goals. In comparison, the process of finalising the SDGs was heralded as unprecedented in the engagements across stakeholder groups and in its ability to influence and thereby enrich the goal making process. CSO engagement in global policy setting is not new, with Agenda 21, in 1992, having outlined the importance of civil society and which identified nine main groups of stakeholders in civil society, including women, non-profit organisations and indigenous people, among others, as important groups to involve in agenda setting. Several clauses in the SDG Agenda refer to the necessity of inclusion and participation of CSOs in the development agenda (United Nations Development Programme [UNDP], 2015).

In supporting concretely the effective inclusion of CSOs, the UNDP has identified a set of activities it will facilitate to promote the active engagement by countries such as showcasing best practices in formal mechanisms for engaging CSOs; stimulating platforms for multi-stakeholder dialogues on how to realise the SDG agenda and facilitate regular and effective communication with CSOs on SDG programmes (ibid). The World Bank Africa Region has also committed itself to strengthening engagements with CSOs in order to enhance development outcomes. It has identified the need to demonstrate successful country approaches to CSO inclusion in development planning as a means for encouraging governments to adapt

such practices. To this end, it has produced a set of case studies which provide examples of how such processes can effectively be implemented (World Bank, n.d.).

South Africa is one of the eleven country case studies included in the publication with the focus on how engagements between the Bank and parliamentarians are facilitated. A case study from Uganda celebrates the work of Municipal Development Forums (MDFs) which were established under the Municipal Infrastructure Development Programme with the aim of enabling citizens to give voice to concerns about infrastructure development plans. Another initiative, known as the Transparency Accountability and Anti-Corruption (TAAC) initiative promotes citizen engagement in monitoring of development projects and capacitates CSOs and government departments to train beneficiary groups on their oversight role in the implementation of projects (ibid).

The 2018 SDG Index noted that South Africa was ranked at 107 of 156 countries for the aggregate SDG Index of overall performance which is clear evidence that more needs to be done for South Africa to make progress on the SDGs and in "*leaving no one behind".* StatsSA and other government institutions at national and local level have established forums for engagement. It remains unclear to what extent innovative measures will be adopted to facilitate CSO engagement so that it is not *"business as usual".* This is an area of work which requires substantial further work. (Sachs, Schmidt-Traub, Kroll, Lafortune, and Fuller, 2018).

8.8 RECOMMENDATIONS

Three recommendations are put forward.

- Donors have a core role to play in supporting and strengthening CSO coordination
- Development of leadership capacity for coordination remains central to effective coordination
- Value of coordination needs to be communicated widely to secure greater commitment from the Sector.

These are covered further in the recommendations.

9 IMPACT OF TECHNOLOGY AND FUTURE-PROOFING NPOS

9.1 IMPACT OF INFORMATION TECHNOLOGY

Information Technology (IT) plays a foundational if not a central role in virtually all sectors. Despite this hitherto the role of technology in the NPO sector has received very light attention even though the application of basic technology plays a major role in assisting NPOs to achieve fundamental goals and objectives, making them better communicators, helping them become more-efficient organizers, and strengthening their connections to people (Honmane, 2013). Some of the areas where technology has an impact on NPOs include improvements in cost effectiveness, optimization of NPO's services, provision of new services (new opportunities), maximisation of stakeholder satisfaction and sustaining the competitive advantage of NPOs. With regards to effective communication, IT can provide not only fast access to information, but it can also provide the necessary knowledge by bridging distance and time differences.

Although many studies have suggested that IT plays a vital role in improving the quality and quantity of information, its potential for adoption and innovation is often uncertain (Honmane, 2013). Information can improve NPO's productivity, increase the overall effectiveness through better collaboration or extend services to new communities in need and support their resource mobilization efforts. In this way, adopting a more-comprehensive application of new technology tools in NPOs will continue to enhance organisational performance, encourage citizens to participate in the development of their communities, and change the way that NPOs do business.

Information and communication technologies have opened up spaces of power, influences and association to new configurations of actions leading to a significant growth of online civil society activities and enabling networks built across geographical, social and physical divides (Raspopovic, 2014). It is common for NPOs to have partners and collaborate with others who are not always local to where NPO activities are conducted and/or coordinated from. Through increasing access to the internet, social media and mobile phones technology, the power of the individual and the collective virtually is on the rise. The scale of social networks and the speed of information transfer has shifted the paradigm of citizen expression (ibid).

Non-hierarchical communication structures are one outcome of the information transfers. The crucial benefit of technologies such as websites is that they are able to readily connect with interested and related people, by providing substantial and clear information about vision and mission of NPOs to both contributors and beneficiaries. Given this context, Raspopovic, (2014) noted that the presence of IT in NPO activities is low and that where it is present it is not being harnessed optimally.

However, without the ability to make good choices and having an already established good organisational practice, the implementation of an IT infrastructure is a waste of time and money (World Economic Forum, 2013). Even though some technologies can be very useful to increase the effectiveness of NPO activities, their integration has not always been possible, arising from resource constraints, within an already strained resource environment. A further challenge impeding the effective integration of IT into the work

of NPOs has been the communication gap between NPO professionals and information, communications and technology experts.

While the growth of IT is celebrated, it has also been recognised as being disruptive in terms of displacing traditional activities and jobs and also placing institutions at risk as has been evident with the increasing reporting on cybercrimes.

9.2 TECHNOLOGY TRANSFORMATION IN THE NON-PROFIT SECTOR

Laporte et al (2018) explored the extent to which technology could transform the NPO sector over the next few years by asking four questions and the answers are summarised in Table 17.

Table 17: Can Technology Transform the Non-profit Sector? Yes! But….

Questions	*Answers*
Q: Why should technology be an area of focus for non-profits?	• To improve operational efficiency, increase mission impact, and enhance sector competitiveness. • Few integrate technology into their organisational strategy. • Lack of the latter is a growing performance gap that is limiting their organisational mission and fundraising potential. • Need to figure out how technology heightens NPO effectiveness, a more difficult assessment but essential. • The Child In Need Institute is an example of using technology to improve mission impact with an innovative digital solution called Girl Power.
Q: How does technology become enough of a priority that non-profits dedicate limited time and money toward increasing their capabilities?	• By showing how not making technology a priority adversely impacts their organisation and the non-profit sector in general. • Non-profits that choose not to invest in necessary technology will see an ever-widening performance gap between their outcomes and the organisations that have adopted technology effectively. • This will require a culture change, leadership is going to have to come from the top.
Q: Are there particular areas that are most exciting and most promising?	• The area of digital collaboration. • "We can see a time when someone, inspired by a story they see on social media, could donate by simply telling their phone or smart speaker, 'Give $10.' With artificial intelligence, the Internet of Things, and a secure messaging application connected to that particular project, there's real potential in on-demand donations. It will also provide clear feedback on which projects donors connect to." • Assessing impact is an ongoing challenge for non-profits but there is the potential for mobile technology, using smartphones and tablets in the field, to collect data on individual projects, which can be analysed for mission impact and service delivery.

	• For NPOs there is a real challenge of continually assessing information technology infrastructure, the data that is being collected, and how it is being analysed. But those challenges need to be overcome to fully embrace digital systems.
Q: Can you envision a time when there will be technological tools or capacities targeted at the needs of non-profits that are effectively plug and play?	• Before the sector can adopt plug-and-play approaches to technology, there needs to be non-profit-by-non-profit capacity building. • There need to be culture shifts within each organisation developing confidence and comfort with technology. • There need to be champions who can embrace, push and construct a culture that uses and adopts technology on an ongoing basis. "If you don't develop that foundation, you can offer 1,001 technologies with plug-and-play usability—they just won't stick." • Since the overall goal is to strategically use technology to impact the mission, different classes of non-profits may be best aligned with different areas of technology. • If one non-profit has successfully deployed a technology in the field, theoretically, it could be readily replicated in other similar projects at other organisations. But different non-profits have different missions and different scale. That complicates things.

Source: Laporte et al (2018)

9.3 CSO ENGAGEMENTS WITH INFORMATION TECHNOLOGY IN SOUTH AFRICA

9.3.1 SANGONET

There are a few key initiatives supporting IT access by CSOs in South Africa, first and foremost of these being the Southern African NGO Network (SANGONeT). SANGONeT is over 30 years old and was formed to provide CSOs with IT products and services. SANGONET's mission is to *"support the effective use of ICTs in Southern African CSOs by providing quality services and initiatives"* the objective of which is to strengthen social transformation initiatives through ICT. Services and platforms provided by SANGONeT include the following:

- NGO Pulse is a web portal aimed at promoting communication and networking amongst CSO's in the Sector (https://www.ngopulse.org.za).
- TechSoup is in the business of providing access to IT hardware and software and in finding technology solutions to development challenges. They also provide training for CSOs with respect to IT (https://www.techsoupsouthafrica.org/).
- Tipfuxeni Project, which is an online web funding portal and capacity development programme (https://www.tipfuxeni.org.za/).

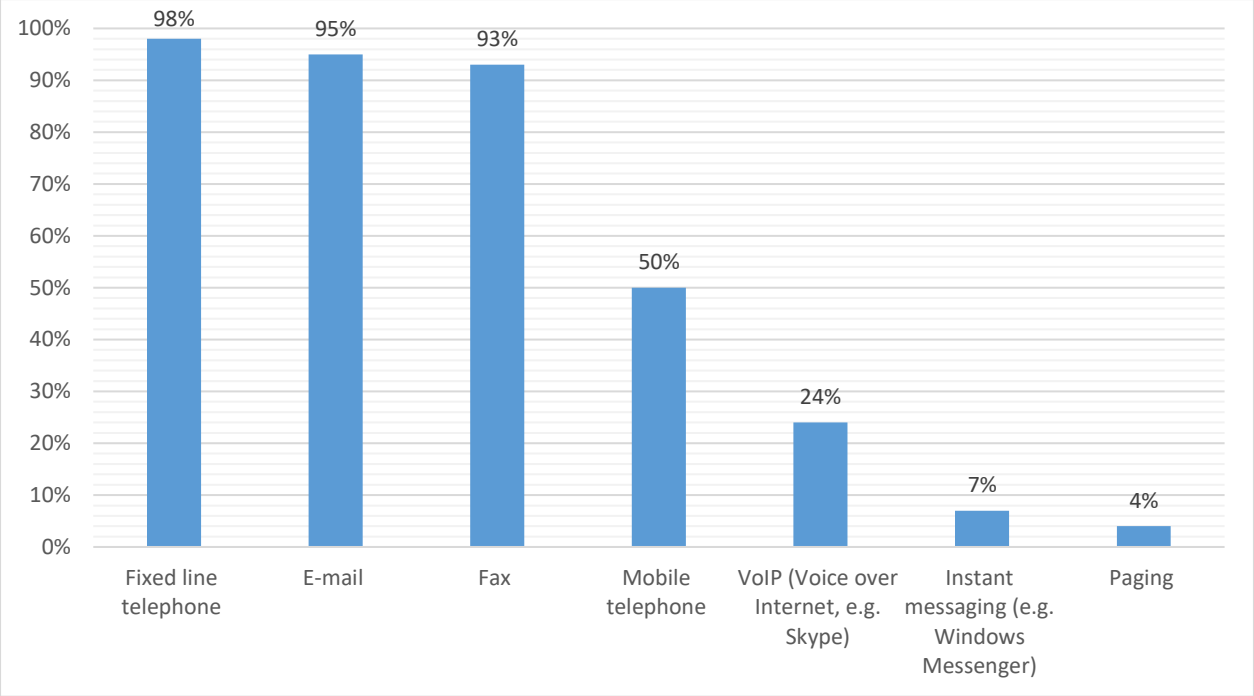
A study by World Wide Worx for SANGONeT in 2009 assessed the state of ICT in the South African NGO sector. The sample was drawn from Prodder, an online directory of NGOs compiled by SANGONeT. This is

one of the only recent studies that we could find that focused exclusively on the role of technology in the NPO sector. Whilst helpful, perhaps as a baseline, the study does not help to answer some of the key questions that KT requires answers to, such as;

a. What is the impact of technology on the sector *currently*?
b. What are the anticipated changes within organisations and the challenges that the new technology will have on the sector, its operations and organisational models?

A limitation of this study is that the technological landscape has changed drastically over the past 10 years and that the trends depicted in this study has probably changed significantly. Nonetheless, in 2009 the dominant means of communication was fixed line telephones (98%) followed by email (95%) and fax (93%) (Figure 11).

Figure 11: Telecommunications Services Used % 2009

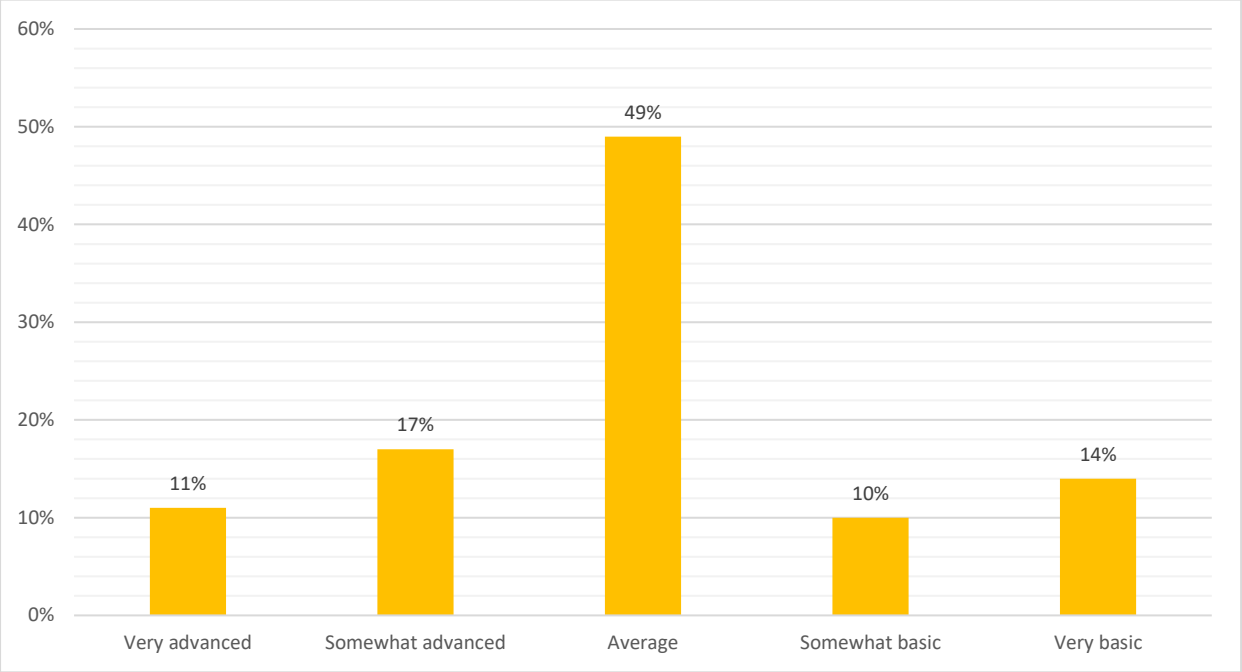


Source: World Wide Worx (2009)

The reliance on instant messaging at a mere 7% is indicative of how outdated this study is particularly given the rise of popular instant messaging applications like WhatsApp which are now used frequently in business communication, through one-on-one interactions and organisational theme-based chat groups and also to communicate with stakeholders outside the organisation.

In terms of assessing the impact that technology could have had on NGOs at the time, Figure 12, shows that when this group of NGOs was asked what their level of technological adoption was, only 28% felt that it was advanced (i.e. Somewhat advanced, 17% and Very advanced, 11%). This shows a potentially low impact of technology on the other 72%. This resonates with recent findings by Laporte et al (2018) that NPOs in general are not fully exploiting the use of technology. However, it remains to be seen how this picture looks in South Africa currently.

Figure 12: Level of technology adoption % 2009



Source: World Wide Worx (2009)

9.3.2 *OPENUP*

OPENUP is a CSO dedicated to promoting active citizenry through making access to information easier. OPENUP actively campaigns for data on government to be accessible and in a form that can be utilized to enhance social good. Initiatives that it has developed or supported government in developing include:

- WAZIMAP which provides the public with information on census and elections (https://openup.org.za/tools/wazimap.html).
- Pocket Reporter, a free web app tool for the public to use to share a story. This could be a concern about a problem which requires attention. It was originally developed for media reporters (https://openup.org.za/tools/pocketreporter.html).
- Municipal Money: which is a web-based platform which provides the public with information on how their municipality is performing. This is intended to encourage civic oversight and advocacy related to local government accountability and performance. This platform has been developed by OPENUP for National Treasury (https://openup.org.za/tools/municipalmoney.html).
- Open Bylaws – for easy access to legislation that governs South Africans (https://openup.org.za/tools/openbylaws.html).
- Open Gazettes – for access to all gazettes (https://openup.org.za/tools/opengazettes.html) .
- Youth Explorer – which provides demographic data on youth (https://openup.org.za/tools/youthexplorer.html).
- Vulekamali – is a platform for information about national and provincial budgets (https://openup.org.za/tools/vulekamali.html).
- Trace – makes data about corporates public for accountability (https://openup.org.za/trace).

9.4 ACCESS TO INFORMATION NECESSARY FOR EVIDENCE-INFORMED DEVELOPMENT

There is growing pressure on policy makers to ensure that policies adopted are effective; more so in the context of increasing fiscal austerity. The call for evidence-based policy and programming has thus become more prevalent. Underpinning this call is the premise that sound and effective decision making can only emerge if it is backed by empirical evidence and rational analysis of this evidence (DPME, 2014).

The preceding section showcased work being done in South Africa with respect to data. Globally there has been a growth initiative that seeks to make information more accessible and to encourage transparency. This is premised on the notion that open data initiatives have the potential to unleash economic, social and political benefits (Canares and Shekhar, 2015).

It is widely posited that the popularity of open data initiatives in developing countries is based on the following reasons (Verhulst and Young, 2017):

- It improves democratic governance by increasing transparency, enhances public services and resource allocation decisions and exposes corruption.
- It contributes to empowering citizens to take control of their lives and demand change. Thus, open data initiatives facilitate this dimension of impact by ensuring that the country's citizens are making more informed decisions.
- It plays an important role in terms of creating new economic opportunities for citizens and organisations, by fostering innovation and promoting economic growth and job creation.
- It can provide solutions to complex public problems by focusing knowledge and expertise around specific issues which allows more targeted civic and policy making engagement.

While such open data initiatives are welcome, it must be cautioned that it requires careful planning in the design and implementation, if it is committed to advancing inclusive policy making and programming.

9.5 NON-PROFIT SECTOR AND THE FOURTH INDUSTRIAL REVOLUTION

Grasping the opportunities and managing the challenges of the Fourth Industrial Revolution (4IR) requires a thriving civil society deeply engaged with the development, use and governance of emerging technologies. According to the World Economic Forum (WEF) (2019) is important to highlight and share more widely the ways in which NPOs (including advocacy, development, humanitarian and labour unions) can potentially use digital and emerging technologies to increase impact and efficiency, as well as how they are advocating for responsible practice across the sector and society. The Fourth Industrial Revolution demands that NPOs recognize new, distinct roles for the sector in responding to existing and new societal challenges. To successfully navigate this new terrain, NPOs need to enter into cross-sector partnerships and to develop new sets of skills (WEF, 2019). However, there are obstacles that NPOs must overcome to responsibly play their fundamental roles and respond to the governance and use of emerging technologies. NPOs' ability to grapple with these obstacles in their approach to innovation and technology will impact

their ability to positively harness the influence the Fourth Industrial Revolution. Addressing these obstacles involves the following:

- NPOs need to be clear on how they maintain independence while participating in corporate digital platforms from the private sector.
- They need to identify driving forces in using technology and clearly define problems they are trying to innovate solutions for.
- They have to strategize on making sound economic decisions within the parameters of scarce resources about technology geared towards the realisation of both short-term and long-term goals.
- They also need to be clear on how they manage knowledge and learning, drawing from best practices globally which are context specific.

To capitalize on the wealth of experience and proximity to community issues, the civil society sector should make investments in areas which allow them to lead the way in modelling a human-centred approach to the Fourth Industrial Revolution (WEF, 2019).

This includes championing and facilitating:

- Responsible, rights-based use of digital and emerging technologies.
- Inclusive and participatory approaches to social innovation and technology.
- Models for translation across sectors, disciplines and experiences on technology and society issues.

The Electronic Frontier Federation (EFF), a 30-year-old digital advocacy NPO, fighting to protect digital rights, has urged NPOs to develop their digital governance protocols as a means of protecting their intellectual property rights. This EFF's advocacy and litigation is to be acknowledged for its work in protecting ownership, privacy and free speech within the spheres of a digital society (Bernholtz, 2019)

Finally, it is critical for NPOs to realize that although they need to adjust to maintain relevance, they cannot change on their own or in silos. Knowledge-sharing, cross-sector learning and multi-stakeholder cooperation and investment will be needed both to accelerate their readiness for the Fourth Industrial Revolution and to ensure that they are active leaders in shaping the development and adoption of technology in ways that are beneficial to the communities they serve.

This brief summary raises a key question about the extent to which the NPO sector in South Africa is harnessing the significant potential of the digital revolution and understands the implications of global technology revolution. These remain key knowledge gaps that need to be addressed. In the context of the demand for embracing 4IR the following is thus recommended:

- Innovations in Open Data initiatives in the CSO sector need to be encouraged
- Protection of data from risks needs to be enhanced.
- 4IR literacy for the CSO sector is critical

- Facilitation of Think Tanks to understand consequences and opportunities arising from 4IR for the CSO sector
- Need to support sector specific focus on the impact of 4IR

9.6 DRIVERS OF CHANGE FOR NPOS INTO THE FUTURE

The World Economic Forum in 2018 highlighted key drivers of change affecting NPOs globally, as outlined in **Error! Reference source not found.**. Essentially, 17 key drivers were identified and the level of risk associated with each was also rated, green equal's low risk and red denotes high risk. Of the 17, eight were flagged as being high risk, and the ones that are of particular concern to the South African NPO sector are related to sources and models of funding. These relate to the economic growth, geopolitical conflict and global integration drivers and to the extent to which they can have an impact on return on investments due to changes in global financial markets.

These drivers of change must inform the focus of efforts of donors and CSOs in building effective and strong civil society organisations.

Table 18: Important Driving Forces of Change in the NPO Sector Next 10 Years (2030)

Driver	*Relative uncertainty*				*Definition of Driver*
1. Level of inequality	**Low**			**High**	The level of wealth and income inequality between and within nations.
2. Degree of trust in institutions	**Low**			**High**	The level of trust expressed by citizens towards governments, business and international organisations. This is linked to the ability to determine trustworthiness as well as external events affecting trust levels.
3. Level of citizen engagement with societal challenges	**Low**			**High**	The propensity of citizens to direct activity towards or to identify with societal challenges and care for others.
4. Level of religious adherence and spirituality	**Low**			**High**	The level and type of religious or faith identification by citizens, and the propensity for this to drive particular behaviours.
5. Democratisation of information and communication	**Low**			**High**	The level of access to skills, infrastructure and devices that enable information sharing and general communication.
6. Governance of information and communication	**Low**			**High**	The level of openness of the Internet and technologies used to access it, including the structures by which it is governed, who has the power to make decisions around content and access, and how these decisions are made.
7. Economic growth rate	**Low**			**High**	The rate of economic growth, both globally and within different countries and regions.
8. Geopolitical and geo-economic power shifts	**Low**			**High**	The shift in economic and military power away from Europe and North America.
9. Nature of global governance and decision-making	**Low**			**High**	The mechanisms and success of global governance, including the structure and effectiveness of international institutions, pluri-lateral, multilateral and bilateral decision-making processes.

Driver	*Relative uncertainty*				*Definition of Driver*
10. Environmental degradation and climate change impacts	**Low**			**High**	The extent to which climate change and damage to the environment manifests as significant costs or recurrent crises for populations, particularly vulnerable ones.
11. Scarcity or abundance of natural resources	**Low**			**High**	The abundance or scarcity, both physical and economic, of key natural resources such as energy, food, water and minerals.
12. Demographic shifts and migration	**Low**			**High**	Changing population age profiles, dependency ratios and the impact of movement of people across borders.
13. Geopolitical conflict and state of global integration	**Low**			**Very High**	The risk of widespread conflict and state of globalization in the future.
14. Pandemics and major global health crises	**Low**			**Very High**	The risk of widespread infectious disease.
15. Sources and models of funding for societal challenge	**Low**			**High**	The level and sources of funding for development, such as bilateral donors, individual giving, foundation grants etc. and the development, implementation and uptake of new models for funding, such as social investment bonds.
16. Role and influence of government	**Low**			**High**	The level and type of national government control related to organized and spontaneous societal activities.
17. Role of private sector in development	**Low**			**High**	The level and type of engagement by the private sector in development and in tackling societal challenges.

Source: World Economic Forum (2018)

10 CONCLUSION

10.1 CIVIL SOCIETY POSITIONED AS KEY TO REALISATION OF DEVELOPMENT OUTCOMES

This report has identified the value of the CSO sector and equally its vulnerability. It has brought to the fore the complexity of CSO typologies and has identified challenges with regards to governance and leadership within CSOs. The study was not intended to and cannot offer an exhaustive insight largely as it relies predominantly on secondary data, much of which is outdated and a scan of available literature. Here to it was noted that compared with the nineties there has been a reduced output of primary research on CSOs in South Africa. The research gaps have been indicated in the various chapters.

The findings from this review confirm the critical role that CSOs have and continue to play in South Africa's development trajectory. Globally, this recognition has been taken to its highest level with the SDG agenda requiring that development *"leaves no one behind*". It is informed by an implicit acceptance that partnerships are critical to the effective realisation of development goals. Notwithstanding this recognition, CSOs in South Africa are in both an interesting and challenging space. They have been at the forefront of championing policy development arising from advocacy efforts, have exposed corruption and poor governance, as evidenced by the outcome of litigations sponsored by the sector and CSOs are serving a vital role in innovation.

The sector however is under attack, from various directions internally and from external sources. Internally the sector has displayed weak governance practices, lack of capacity for fundraising and mission drift arising from its focus on securing resources from any source. It has also disconcertingly been complicit in activities which have been harmful and unethical. Externally it has had to deal with a hostile state, of being ignored and excluded from key policy platforms (*Cinderella status*). This requires the sector to adapt, to transform and to embrace the challenges as opportunities for growth Some CSOs have adapted, while others are struggling and a few have succumbed and no longer exist.

The study posits a role for Kagiso Trust and other institutions which seek to support the sector to contribute to enabling the sector to navigate these challenges through the adoption of innovative responses, which enable them to future proof the sector.

10.2 RECOMMENDATIONS

In each of the thematic chapters specific recommendations have been made. These are endorsed. In this section, five overarching recommendations are put forward.

1. **Capacity Development for CSO's:** An overarching recommendation is a focus on capacity development for CSO's. Here a multi-pronged approach is proposed which supports capacity development targeted towards strengthening management and governance structures. The focus would-be on-board governance and accountability functions, which extend beyond fiduciary

responsibilities. The nature of capacity development interventions provided needs to be customised rather than generic, one size fits all interventions.

2. **Improving the models of financial investment in CSO's**: Donor – grantee partnerships are complex and varied. These partnerships need to be carefully developed with the aim of building effective CSOs able to deliver on their desired goals of transformation and change. These new and emerging models of financial investment need to be underpinned by strong organisational and institutional systems.
3. **Leadership development:** Strong and effective leadership underpins the sustainability, efficiency and effectiveness of the non-profit sector. The sector has a range of models for supporting leadership development. These have not necessarily been tested and evaluated for its efficacy. Nurturing leadership among youth and women is a priority, at all levels. The report has identified the skills set that new emerging leaders are required to possess. This is a priority area for scaling up access.
4. **Monitoring, evaluation and knowledge sharing:** Growth is premised on ongoing reflection and action learning. This is a cyclical process and builds on wealth of knowledge and experience that exists within the sector and avoids the need to reinvent the wheel. Building a culture of monitoring and evidence-based programme design and implementation must be central to the work of CSO's.
5. **Strengthening Networks and Alliances:** CSOs need to work outside of their silos in partnerships with other CSOs and with donors. This provides an opportunity for skills sharing and maximizing of outcomes which can impact a wider community.

11 REFERENCES

AFRA (2019) Press Release: Labour tenants case goes to the Constitutional Court in May (8 March 2019). Retrieved from https://www.afra.co.za/2019/03/08/labour-tenants-case-goes-to-the-constitutional-court-in-may/

Africa, S., African, T. S., & Ii, W. W. (2007) Overview of the 2005 Budget, 1–24.

African Union Commission. (2015) Agenda 2063: The Africa we want. First Ten Year Implementation Plan 2014-2023Addis Ababa: African Union Commission.

Agozzino, A., & Fleck, K. R. (2016) Examining Non-profit Strategy for Fundraising on a Social Media Platform: A Content Analysis of Top 10 U.S. Non-profit Power Brands Fundraising Efforts on Facebook. *Public Relations*, *10*(1), 1–33.

Aldashev, G., Marini, M., & Verdier, T. (2015) Governance of Non-Profit and Non-Governmental Organizations - Within- And Between- Organization Analyses: An Introduction. *Annals of Public & Cooperative Economics*, *86*(1), 1–5.

Almeras, E. (2018) "The Challenge of Leadership in Civil Society Organisations in the Congo Basin" Well Grounded Discussion Series: April 2018, Issue 1. Retrieved at https://well-grounded.org/wp-content/uploads/2018/04/Leadership-Discussion-Paper-Eng_FINAL.pdf

Barnes, M. & Schmitz, P (2016) Community Engagement Matters (Now more than ever*) Stanford Social Innovation Review*, Spring 2016, Stanford University.

Berger, J and Heywood, M. (2010) "The story of the TAC case" AIDS and the Law, Wits University, 19 October 2010, Retrieved at http://section27.org.za/wp-content/uploads/2010/07/Lecture-10-TAC.pdf

Bernholtz, L. (2019) Case Study – The Invention of Digital Civil Society, *Stanford Social Innovation review*, Summer 2019, Stanford JR University, California

Bhorat, H., Naidoo, K., Oosthuisen, M. & Pillay, K. (2015) Demographic, employment and wage trends in South Africa. Paper produced by the Development Policy Research Unit, University of Cape Town, for the Brookings Institute within the UNU-WIDER Macro-Economic Management (M-EM) Project. University of Cape Town.

Black Sash (2010) Social Assistance: A guide for paralegals. Retrieved from: https://www.blacksash.org.za/images/publications/social_assistance_guide_2010-1.pdf

Broughton T (2017) KZN pupils head to court over school transport. Mail & Guardian, 7/11/2017. Available at: https://mg.co.za/article/2017-11-07-kzn-pupils-head-to-court-over-school-transport

Buckland-Merrett. G L, Kilkenny C. and Reed T. (2017) 'Civil society engagement in multi-stakeholder dialogue: a qualitative study exploring the opinions and perceptions of MeTA members.' *Health Action Internationa*l, Overtoom 60 (2), 1054 HK. Amsterdam, The Netherlands.

Budlender S, Marcus G and Ferreira (2014) Public interest litigation and social change in South Africa: Strategies, tactics and lessons. Published by The Atlantic Philanthropies. Retrieved from: www.atlanticphilanthropies.org/wp-content/uploads/2015/12/Public-interest-litigation-and-social-change-in-South-Africa.pdf

Buttelli, F.G.K. & Le Bruyns, C., 2017, '#FeesMustFall as social movement and emancipatory politics? Moving towards an apocalyptic theological praxis outside the limits of party politics', HTS Teologiese Studies/Theological Studies 73(3), a4789. https://doi.org/ 10.4102/hts.v73i3.4789

Canares, M., & Shekhar, S. (2015) Open Data and Sub-national Governments: Lessons from Developing Countries. Phillipines, Published by World Wide Web Foundation

City of Johannesburg (2019) Inclusionary Housing Incentives, Regulations and Mechanisms. Retrieved from: www.joburg.org.za/documents_/Pages/Key%20Documents/policies/Development%20Planning%20%EF%BC%86%20Urban%20Management/Citywide%20Spatial%20Policies/City-Wide-Spatial-Policies.aspx

Civicus (2017) Contested and Under Pressure: A Snapshot of the Enabling Environment of Civil Society in 22 Countries, Johannesburg: Civicus

Civicus (2019) State of Civil Society Report: The Year in Review, Johannesburg: Civicus.

Claeyé, F., & Jackson, T. (2012) The iron cage re-visited: institutional isomorphism in Non-profit organizations in South Africa. *Journal of International Development 24*(5), 602–622.

Coalition on Civil Society Resource Mobilization (2012) Critical Perspectives on Sustainability of the South African Civil Society. Report produced by Coalition members Charities Aid Foundation Southern Africa, Cooperative for Research and Education, Legal Resources Centre, National Welfare Forum and Sangonet.

Coetzee, M. (2015) Business Models for Social Entrepreneurs, Presentation to Graduate School of Business, University of Cape Town.

Costoya, M. M. (2007) Toward a Typology of Civil Society Actors - The Case of the Movement to Change International Trade Rules and Barriers. Source?

Court, J., Mendizabal, E., Osborne, D. and Young, J. (2006) Policy Engagement: How Civil Society Can be More Effective. Source?

Croty, A (2015) BEE Outfit that plugs gaps in NGO's Funding, Article in the Sunday Times Retrieved at https://www.timeslive.co.za/sunday-times/business/2015-11-22-bee-outfit-that-plugs-gaps-in-ngos-funding/

Cunningham, I., Baines, D., & Charlesworth, S. (2014) Government Funding, Employment Conditions, and Work Organization in Non-Profit Community Services - A Comparative Study. *Public Administration*, *92*(3), 582–598.

Dangor, Z. (1998) Creating an enabling environment for South African NPOs. *Legislation Watch*, *3*, 36–37.

Davies, P. (2012) The Role of the Private Sector in the Context of Aid Effectiveness Consultative Findings Document Final report, 2 February 2011

Deloitte-GAP Consortium. (2009) *Developing good governance practices within the South African NPO Sector*. Pretoria: Department of Social Development.

DPME (2014) What is Evidence-based policy making and implementation: Overview Paper, October 2014, Presidency, Pretoria, Government of South Africa.

Department of Social Development (2001) Codes of Good Practice for South African Non-Profit Organisations (NPOs). Pretoria: Department of Social Development.

Department of Social Development (2009a) Governance Practices of National Non-Profit bodies and National Networking Organisations. Pretoria: Department of Social Development.

Department of Social Development (2009b) *State of South African Registered Non-profit Organisations Issued in Terms of the Non-profit Organisations Act 71 of 1997*, A Report from the National NPO Database, Pretoria: Department of Social Development.

Department of Social Development (2010) *State of South African Registered Non-profit Organisations Issued in Terms of the Non-profit Organisations Act 71 of 1997*, A Report from the National NPO Database, Pretoria: Department of Social Development.

Department of Social Development (2015) *State of South African Registered Non-profit Organisations Issued in Terms of the Non-profit Organisations Act 71 of 1997*, A Report from the National NPO Database, Pretoria: Department of Social Development.

Department of Social Development (2016) *State of South African Registered Non-profit Organisations Issued in Terms of the Non-profit Organisations Act 71 of 1997*, A Report from the National NPO Database, Pretoria: Department of Social Development.

Department of Social Development (2018) Department of Social Development mandate in Non-profit organisations' registration, database, support and compliance monitoring in terms of the NPO Act. Presentation made to the Portfolio Committee on Social Development, 22nd August 2018, Parliament of South Africa, Cape Town.

Department of Social Development (2019). Social Development rolls out five-year intervention programme. Retrieved from https://www.gov.za/st/node/787617

DAG (2018) Development Action Group: Annual Report, 2018, DAG, Cape Town.

Distell (n.d) Distell Non-profit Sustainability Programme: Case Study, produced in partnership with the Social Enterprize Academy, Cape Town, Distell.

Economic Development Department. (2011) The New Growth Path Framework (NGP). Retrieved from https://www.google.co.za/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#

Environment and Language Education Trust (ELET) (2019) Scorecard 1984 – 2017. Retrieved from https://elet.co.za/page6.html

Equal Education (EE) (2017) Media release "Victory for EE in Scholar transport case." Available at https://equaleducation.org.za/2017/11/07/equal-education-media-statement-victory-for-ee-in-scholar-transport-court-case/

Foster, W., Kim, P., & Christiansen, B. (2009). Ten Non-profit Funding Models. Stanford Social Innovation Review, Spring 2009. USA

Gordon Institute of Business Science (2018) Social Enterprises in South Africa: Discovering a vibrant sector, University of Pretoria, South Africa. Retrieved from: www.gibs.co.za/programmes/Entrepreneurship-Development-Academy/Documents/18103%20Stakeholder%20Report_FINAL.pdf

Gumede, W (2017) Policy Brief 19: Citizen, civil society and media-based monitoring and evaluation. Prepared for the Democracy Works Foundation. Retrieved from https://democracyworks.org.za/policy-brief-19-citizen-civil-society-and-media-based-monitoring-and-evaluation/

Hanfstaengl, E. (2010) Impact of the Global Economic Crises on Civil Society Organizations, Department of Economic and Social Affairs (DESA) Working Paper No. 97 ST/ESA/2010/DWP/97 September 2010, United Nations.

Hailey, J. (2014). Models of INGO Sustainability: Balancing Restricted and Unrestricted Funding, BRIEFING PAPER 41. November 2014. Published by (INTRAC) International NGO Training and Research Centre

Hailey, J. and Salway, M. (2016) New routes to CSO sustainability: the strategic shift to social enterprise and social investment July 2016, Development in Practice 26(5):580-591. DOI: 10.1080/09614524.2016.1188886

Honmane VN (2013) *Technology Enabling NGOs*. Masters Dissertation. Department of Computer Engineering and Information Technology. College of Engineering Pune.

Human Rights Institute of South Africa (HURISA) (2015) A National Assessment of the Enabling Environment for Civil Society Organisations in South Africa, HURISA, Johannesburg, South Africa

Human Rights Watch. (2019) World Report 2019: Israel and Palestine Events of 2018. Retrieved from https://www.hrw.org/world-report/2019/country-chapters/israel/palestine

Husy, D., Taback, R., Hassim, F., Komani, T., Toit, L. Du, & Plaatjie, E. (2005) *Assessment of the NPO Act*. Pretoria: Department of Social Development.

Imali Yethu (2017) Civil Society Coalition for Open Budgets: Open Budgets for What? For Who? Retrieved from https://imaliyethu.org.za/

International Labour Organization. (2017) The ILO at a glance. Retrieved from http://www.ilo.org/public/english/download/glance.pdf

Inyathelo (2006) Governing Boards in Non-Profit Organisations. Inyathelo, Cape Town.

Inyathelo (2013) A New NPO Act for South Africa: The implications of the proposed new framework for South Africa. Inyathelo, Cape Town

Iovu, M. B., & Turcan, C. (2018) Usage of Social Media by Non-Profit Organizations for Fundraising Purposes. *Agora Psycho-Pragmatica*, *12*(2), 66-75 Retrieved from https://www.uav.ro/jour/index.php/app/article/view/1127

Jones, S (2019) Main Report of the 2018 Annual Survey of Philanthropy in Higher Education. Inyathelo, Cape Town.

Julie, F (2009) The Roots of the NGO Crisis – Look Beyond the Surface. Retrieved from http://www.ngopulse.org/article/roots-ngo-crisis-look-beyond-surface

Korten, D. C. (1987). Third Generation NGO Strategies: A Key to People-centred Development. *World Development*, 15, 145–159.

Kridge, K. (2016). The future is entrepreneurship. (Presentation to a conference recorded on video). https://trialogueknowledgehub.co.za/index.php/overview-socialenterprise

Laporte, S., Kelly, D., & Agbabiaka, T. (2018) *Can Technology Transform the Non-profit Sector?* Yale School of Management. Retrieved from https://insights.som.yale.edu/insights/can-technology-transform-the-nonprofit-sector

Legal Resource Centre (2018) NPOs: From starting up to closing down: a how to guide to the relevant statutory and governance framework. Source?

Littlewood, D & Holt, D. (2018) Social Entrepreneurship in South Africa, *Business* & *Society*, 57(3),525-561

Mair, J., & Marti, I. (2006). Entrepreneurship in and around institutional voids: A case study from Bangladesh. Journal of World Business, 41, 36–44. 2006.

Makgoba, W. M. (2017) The report into the circumstances surrounding the deaths of mentally ill patients: Gauteng Province. Office of the Health Ombud (Vol. 1). https://doi.org/10.1007/978-3-642-04235-5_35

Manyaka, S. (2015) Social entrepreneurship: A solution for transforming the disadvantaged community of Nellmapius. Retrieved from: https://hts.org.za/index.php/hts/article/view/2821/5844

Molele, C. (2018) Work programmes for Gauteng youth. Sowetan on-line (15.3.2018). Retrieved from: www.sowetanlive.co.za/news/south-africa/2018-03-15-work--programmes-for-gauteng-youth/

Motsoaledi, A., & Matsoso, M. (2013). National Mental Health Policy Framework and Strategic Plan 2013-2020 National Mental Health Policy Framework. Pretoria, Department of Health.

National Association of Childcare Workers (NACCW) (2019) Isibindi-Creating circles of care. Available at http://www.naccw.org.za/isibindi

National Department of Human Settlements. (2015) Annual Performance Plan 2015-2016. Annual Performance Plan, 1–100. https://doi.org/10.1017/CBO9781107415324.004

National Development Agency (2008) Review of the State of Civil Society Organisations in South Africa. Report compiled by Community Agency for Social Enquiry. Publisher?

National Development Agency (2012) Active Citizenship Dialogue and Partnerships – A Situational Analysis of Civil Society in the Western Cape. Publisher?

National Development Agency (2013) Funding constraints and challenges faced by Civil Society in South Africa. A Research Report produced by Cooperative for Research and Education (CORE), Johannesburg, South Africa

National Development Agency (2016) Enhancing Active Citizenry Engagement in South Africa. Research Report produced by the Human Sciences Research Council. Retrieved from: www.nda.org.za/assets/resources/CF824421-4FA0-41EE-AB69-4DB10CD0384A/Research_Report_Enhancing_Active_Citizenry_in_South_Africa.pdf

National Development Agency (2017) NDA Strategic Plan 2017-2022, Pretoria: Department of Social Development.

National Development Agency (2018) Briefing by the NDA on the capacitation and compliance of the NPOs. Presentation to Portfolio Committee on Social Development, 22 August 2018. Parliament of South Africa, Cape Town.

National Lotteries Commission (2019) Annual Performance Plan 2019/20, Johannesburg: National Lotteries Commission.

National Lotteries Commission (2019) Strategic Plan 2019/20, Johannesburg: National Lotteries Commission.

National Planning Commission. (2012) National Development Plan 2030: Our future - make it work. Pretoria: Government of South Africa.

National Treasury. (1996) Growth, Employment and Redistribution: A macroeconomic strategy. Retrieved from http://www.treasury.gov.za/publications/other/gear/chapters.pdf

Patel, L., Schmid, J., & Hochfeld, T. (2012) Transforming Social Work Services in South Africa: Perspectives of NPO Managers. *Administration in Social Work*, *36*, 212–230.

Phillips, L. (2016) Understanding the Labour Tenants Act and its purpose. *Farmers Weekly (November, 2016).* Retrieved from https://www.farmersweekly.co.za/bottomline/understanding-labour-tenants-act-purpose/

Plagerson, S and Ulriksen, M. (2015) The right to social security in South Africa. Retrieved from: https://www.fhr.org.za/files/3915/1247/0319/Social_Security.pdf

Pletzen, E. van, Zulliger, R., Moshabela, M., & Schneider, H. (2013) The size, characteristics and partnership networks of the health-related non-profit sector in three regions of South Africa: Implications of changing primary health care policy for community-based care. *Health Policy and Planning*, *29*(6), 742–752.

Pratt, B. and Myhrman, T. (2009) 'Improving aid effectiveness: A review of recent initiatives for civil society organisations, Published by International NCO Training and Resource Centre, May 2009, www.intrac.org

Privacy International (2019) Title?? Retrieved from https://privacyinternational.org/partners/right2know-campaign

Priyardarshi, P.K (2002) Global Civil Society – Mapping the Concept, *Indian Journal of Political Science* 63 (2/3), 233-245.

Puyvelde, S. Van, Caers, R., Bois, C. Du, & Jegers, M. (2016) Managerial Objectives and the governance of public and Non-profit Organizations. *Public Management Review*, *18*(2), 221–237.

Raspopovic M & Vasic V (2014) Challenges and Benefits of Incorporating ICT in NGO Initiatives and Activities. Conference Paper. ICT Forum. Serbia.

Ramadan, M. and Borgonovi, E. (2015), Performance Measurement and Management in Non-Governmental Organizations, IOSR Journal of Business and Management, Volume 17, Issue 2, Page 70-76, February 2015

Ratlabyana, L., Mkhonza, L., & Magongo, B. (2016) *South African government funding to non-profit organisations: What is the investment value?* Johannesburg: National Development Agency.

Right2Know (2019). Title?? Retrieved from https://www.r2k.org.za/about/

Ringer, R. J., Schuler, D. K., Mooney, K., & Dennis Bristow. (2016) Clarifying Roles in Non-profit Organizations Reach-Up Inc. *Global Education Journal*, *2016*(4), 101–117.

Rothbard, A. (2015) Quality issues in the use of administrative data records, University of Pennsylvania 2015, USA

RSA (1996) Constitution of the Republic of South Africa, 1996. Pretoria: Government Printer.

RSA (1997) Non-Profit Organisations Act, No 71 of 1997. Pretoria: Government Printer.

RSA (1994) National Economic Development and Labour Council Act (1994), South Africa. Pretoria: Government Printer.

RSA (2004a) Social Assistance Act (Act No. 13 of 2004), Pretoria, South Africa, Government Printer

RSA (200b) South African Social Security Agency Act (**Act** No. 9, 2004), Pretoria, South Africa, Government Printer

RSA (2019) Final Report of the Presidential Advisory Panel on Land Reform and Agriculture., South Africa, Pretoria, Government Printer

Rustambekov, E., & Unni, V. K. (2017) The Effectiveness of Strategy in Non-Profit Organizations: An Exploratory Study of Academic Institutions. *Journal of Business Strategies*, *34*(1), 15–32.

Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G. (2018): SDG Index and Dashboards Report 2018. New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN).

Sacristán, I., Mozos, L. de los, Duarte, A. R., & Ruiz, Ó. R. (2016) Resource Dependence in Non-profit Organizations: Is It Harder to Fundraise If You Diversify Your Revenue Structure? *Voluntas: International Journal of Voluntary & Non-profit Organizations*, *27*(6), 2641–2665.

SANGOCO (1997) South African National NGO Coalition's Code of Ethics for Non-profit Organisations (1997), Johannesburg, South Africa

Seelos, C. and Mair, J. (2005) Social Entrepreneurship: Creating New Business Models to Serve the Poor. In Business Horizons 48(3):241-246· May 2005 DOI: 10.1016/j.bushor.2004.11.006

Shapiro, S. J., & Oystrick, V. (2018) Three Steps Towards Sustainability: Spreadsheets as a Data-Analysis System for Non-Profit Organizations. *Canadian Journal of Program Evaluation*, *33*(2), 247–257.

Schillemans, T. (2012). Moving beyond the clash of interests on stewardship theory and the relationship between central government departments and public agencies. In Public Management review. 15.

Shucksmith, M (2016) Interaction – How academics and the third sector can work together to influence policy and practice. Carnegie UK Trust.

Simonin, B., Samali, A., Zohdy, N., Laidler-Kylander, N. (2016) Why and How Do Non-profits Work Together? *Philanthropy News Digest* May 2016. Retrieved from: https://philanthropynewsdigest.org/columns/the-sustainable-nonprofit/why-and-how-do-nonprofits-work-together

Social and Economic Rights Institute (SERI) (2019) SERI contributions to discussion on urban land reform. Text in a private funder report (provided by the SERI Director of Research and Advocacy on 13.8.2019)

Social Enterprise Academy (n.d) Distell Non-Profit Sustainability Programme, Distell and Social Enterprise Academy, Cape Town.

Social Housing Regulatory Authority (SHRA) (2019) To the Next Level: State of the Social Housing Sector Report 2016/2017. Retrieved from: www.shra.org.za/images/PDFs/Sector%20Reports/State%20of%20the%20Sector%20Report%202016.pdf

South African Revenue Services (SARS) Basic Guide to Tax-Deductible Donations (Issue 2) 2016, Pretoria, Government of South Africa.

StatsSA. (2017) Statistics of the Non-Profit Sector for South Africa, 2010 to 2014. Pretoria: Statistics South Africa.

Stuart, L. (2013) *The South African Nonprofit Sector: Struggling to Survive, Needing to Thrive*. SANGONeT. Retrieved from http://www.ngopulse.org/article/south-african-nonprofit-sector-struggling-survive-needing-thrive#

SDC (2018), Regional Cooperation Strategy for Southern Africa 2018– 2022. Published by the Swedish Agency for Development Cooperation

Swilling, M., & Russell, B. (2002) *The size and scope of the non-profit sector in South Africa*. University of Natal: Durban: Centre for Civil Society.

The Presidency - Republic of South Africa. (2008) Accelerated and shared growth initiative for South Africa (Vol. 1).

UKEssays. November 2018 The Concept of Civil Society Politics Essay. [online]. Available from: https://www.ukessays.com/essays/politics/the-concept-of-civil-society-politics-essay.php?vref=1 [Accessed 14 July 2019]

United Nations Development Programme. (2015) Transforming Our World: The 2030 Agenda for Sustainable Development, United Nations, New York.

Uwhejevwe-Togbolo, S. (2005) The Role of Non-Governmental Organizations (NGOs) in Development. Coalition of NGOs in Delta State. Retrieved from http://www.nigeriavillagesquare.com/articles/the-role-of-non-governmental-organizations-ngos-in-development.html

van Wyk, A.; Ramahlo, A Starke, H., Copley, N., Camay, P., Henry, T., & Nambiar, Y (n.d) Practice Notes – A guide to the application of King III for non-profit organisations.

Verhulst, S. and Young, A. (2017): OPEN DATA IN DEVELOPING ECONOMIES. Toward Building an Evidence Base on What Works and How? Produced for the Mobile Solutions Technical Assistance and Research (mSTAR) Project, United States Agency for International Development, USA.

Vita, C. J. De, & Fleming, C. (2001) *Building Capacity in Non-profit Organizations*. The Urban Institute.

Volmink, J. & Van der Elst, L. (2019). The evolving role of 21st century education NGOs in South Africa: Challenges and opportunities. Johannesburg: National Association of Social Change Entities in Education (NASCEE).

Wang, Y. (2015) Affective and cognitive influence of control of navigation on cause sponsorship and NPO. *International Journal of Non-profit & Voluntary Sector Marketing*, *20*(4), 331–346.

Weideman, E. (2012). Donor decision making in a non-profit religious organisation. Business Management Research. Stellenbosch University.

Westmore-Suisse, J. & Bain, K. (2011) Telling the Yezingane Network Story: Successfully Networking to Strengthen Civil Society Action on Children and HIV and AIDS. Yezingane Network.

Wilkinson, R. and Pickett, K. (2010) "The Spirit Level" in Geography, 95(3):149-153, January 2010, Sheffield, England.

World Bank (2018) Stakeholder Engagement in Africa: Strategic Partnerships for Development Impact, World Bank Africa Region, Washington, D.C. USA.

World Economic Forum (2013) The Future role of Civil Society, World Scenario Series, World Economic Forum.

World Economic Forum (2015) 5 strategic concerns of Civil Society Leaders, Agenda in Focus- Civil Society, World Economic Forum.

https://www.weforum.org/agenda/2015/08/5-strategic-concerns-of-civil-society-leaders/

World Economic Forum (2019) Civil Society in the Fourth Industrial Revolution: Preparation and Response. In Collaboration with Pact. Source??

World Wide Worx. (2009) *The State of ICTs in the South African NGO Sector 2009*. SANGONeT. Retrieved from http://www.ngopulse.org/article/state-icts-south-african-ngo-sector-2009

Wyngaard, R. G. (2013) The South African NPO Crisis: Time to Join Hands. *International Journal of Not-for-Profit Law*, *15*(1) (1-10)

Wyngaard, R., & Hendricks, P. (2010) Governance Practices of National Non-Profit Bodies and National Networking Organisations in South Africa. Pretoria: Department of Social Development.

ANNEXURE 1: TOWARDS A UNIFIED KT THEORY OF CHANGE

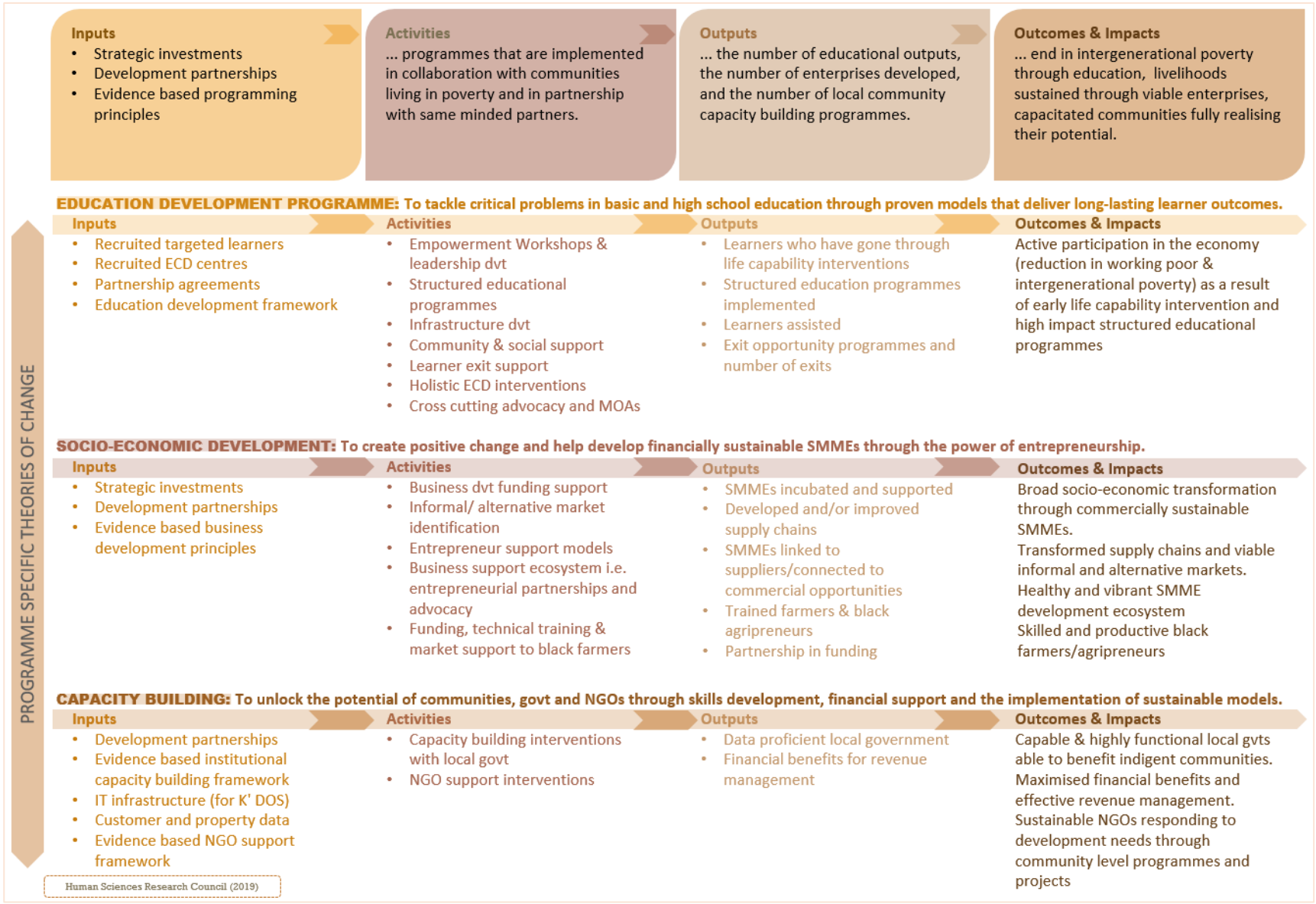
One of the research activities was to develop a ***Theory of Change (ToC)*** for the KT's CSSP programme. Due to circumstances beyond the control of the researchers, the planned ToC workshops that would allow for a participatory reconstitution of the ToC did not materialise. Nonetheless, we were able to sketch out an indicative stacked KT ToC, **see Figure 13, below**. This high level ToC begins to suggest the main elements of the causal pathways of KTs thematic areas. The advantage of a stacked ToC is to ensure consistency between the programmatic focus and the overall KT strategic thrust. A ToC based approach places emphasis on detailing the assumptions on which the intervention logic is premised. The Theory of Change is a tool for developing solutions to complex social problems, and is meant to provide a roadmap that describes how a set of activities are understood to produce a series of results that are meant to produce the outcomes and final impacts.

A full-fledged ToC maps out the causal pathway of what is required from a programme (inputs, activities) in order to achieve planned outputs and bring about change (outcomes) towards achieving a given long-term goal or impact (poverty reduction). There is often a commonly understood vision of the long-term goals, how they will be reached and what will be used to measure progress along the way. This is referred to as the ***"pathway", "logic model or "theory of change"*** *(*ISPC, 2012).

The different aspects of this literature review explore many issues that are critical in the understanding of the different elements of the ToC, for example, issues of governance and funding are related to the *inputs* that are invested in the sector, with the former playing an important role in ensuring that sound management principles ensure the efficient running of the very *activities* that produce developmental *outputs* that generate the desired *outcomes*.

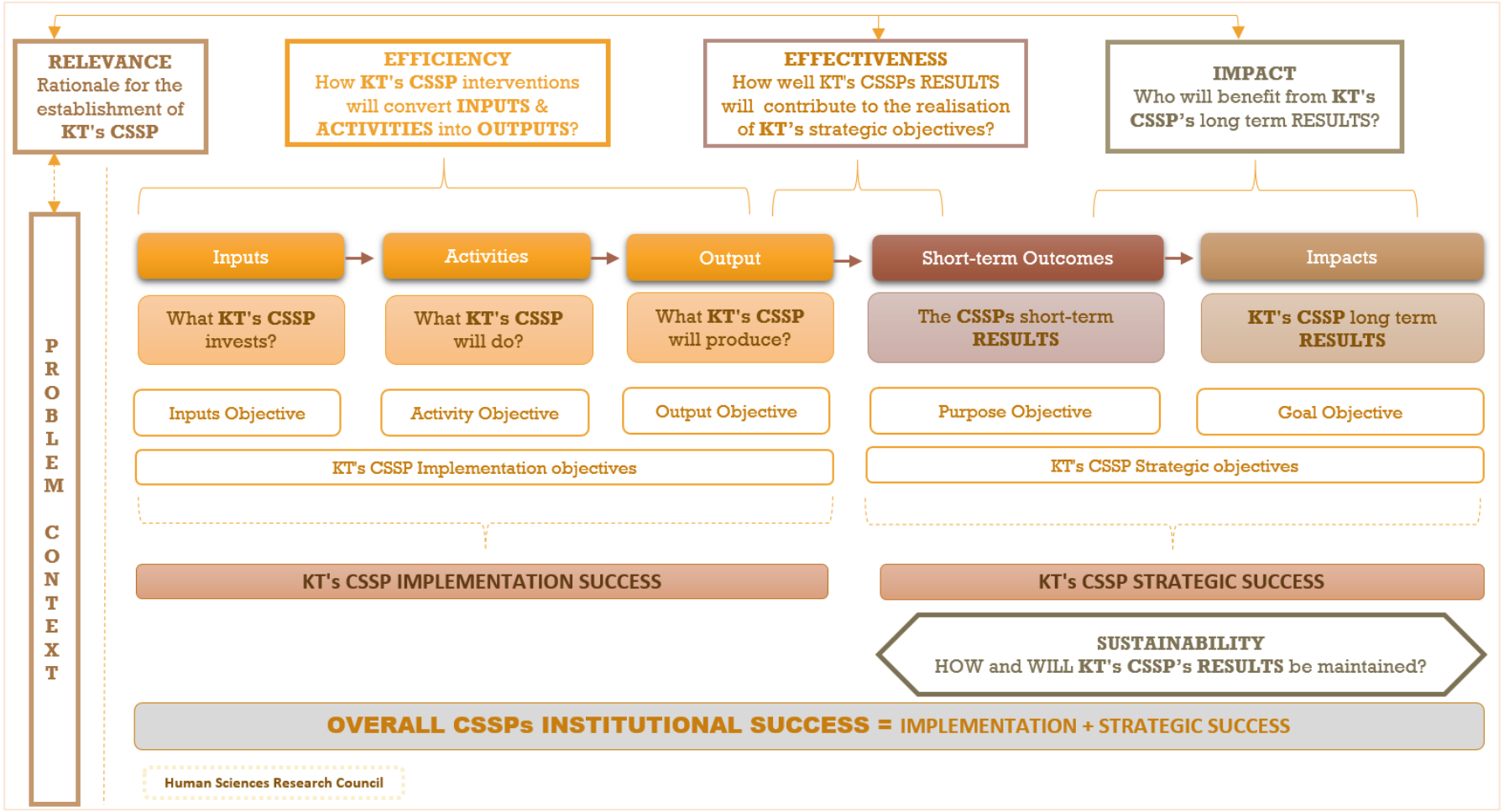
The logic model can be articulated in a logframe and **Figure 14, below**, presents a schematic CSSP logframe which shows the **five point criteria** that can be used to evaluate the success of the CSSP, which is **relevance**, **efficiency**, **effectiveness**, **impact** and **sustainability**. The logframe also goes further to divide **success** into two components, **implementation success** and **strategic success**. More often than not, it's not uncommon for organisations to focus on implementation success, the production of outputs. This outcome creates strategic myopia, the inability to recognise that the **relevance** of any organisation is measured by the extent to which it can achieve its **strategic objective,** which defines its **strategic success**. In other words, whilst implementation consumes the day to day activities of the organisation, the outputs from the implementation effort are not produced for the sake of producing them. The outputs are produce to fulfil the needs of the targeted beneficiaries, thereby achieving **the strategic objective** of the organisation and by extension its **strategic success**.

Figure 13: Indicative Stacked Kagiso Trust Theory of Change



Source: Authors

Figure 14: Log frame schematic for KT's Civil Society Support Programme (CSSP) highlighting components of success



Source: Authors