

**EXPLORING THE IMPACT OF DONOR POLICIES, PROCESSES AND
MANAGEMENT SYSTEMS ON THE WORK OF CIVIL SOCIETY
ORGANISATIONS: THE CASE OF UNITED STATES AGENCY FOR
INTERNATIONAL DEVELOPMENT SOUTH AFRICA (USAID SA),
NELSON MANDELA CHILDREN'S FUND (NMCF) AND SIBAMBISENE
PARTNERSHIP.**

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ABSTRACT

The relationship between civil society organisations and donors in South Africa is dynamic, and takes different forms over time. This is attributed to a number of factors, including political landscape, domestic government policies and donor policies. These factors then affect the manner in which donors relate to civil society organisations and disburse development project funds.

Prior to 1994 civil society organisations enjoyed abundant financial support from foreign donors, mainly due to the illegitimacy of the apartheid government policies and humanitarian crisis. This situation changed after the election of democratic government in 1994, as most of the donor funds were channelled through the government to support its policies and programmes, and partly because of bilateral agreements with some of the developed countries across the world.

In this study the impact of donor policies, processes, and management systems on the work of civil society organisations was explored, using the United States Agency for International Development (USAID) South Africa, Nelson Mandela Children's Fund (NMCF) and Sibambisene partnership. Themes explored included policies, processes, management systems and tools, partnership and power relations.

The research methodology used included semi-structured interviews, documentary analysis, emailed questionnaires and telephone discussions. Theories on power, policy management frameworks, and partnership were reviewed, drawing on, for example, the views from the views of Lukes (1974), Parsons (1995), Brinkerhof & Cosby (2002), Howell & Pearce (2002) and Nchabeng (2001).


The results of the study highlighted a number of issues. Firstly that there is unequal power within the partnership relationship and donor agencies, and this is mainly caused by the fact that donors control policies, management processes and systems, as well as the disbursement of project funds. Secondly, civil society organisations, particularly NGOs, are dependant on their donors, and as a result prioritise their programmes at the expense of communities they serve. Thirdly, both parties value and

contribute complementary services towards the achievement of partnership goals. The study also revealed that donors embrace principles of equal partnership, participation, flexibility and mutuality; but in practice this was found to be wanting.

Thus donors are challenged to practice these principles, and NGOs to seek other strategies that would ensure their independence.

DECLARATION

Except where explicitly stated, I declare that this dissertation is my original work submitted to the Faculty of Human and Management Sciences, University of KwaZulu-Natal, Pietermaritzburg, and has never been submitted to any University for another degree or diploma.

Signature:  _____
Bhekinkosi Nowele

DEDICATION

This work is dedicated to the only One that I worship and serve, My Lord and Savior, the One who reigns forever, **JESUS CHRIST**, to Him be the Glory, Power and Honor, now and forever, AMEN.

Alongside, it is dedicated to my three precious “gifts” and esteemed family, my wife Sphume, and two sons, Khaka and Unako.

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ABBREVIATIONS AND ACRONYMS

NGOs	Non-governmental organisations
NNGOs	Northern non-governmental organisations
CSO	Civil Society organisation
USAID	United States Agency for International Development
USAID SA	United States Agency for International Development South Africa
NMCF	Nelson Mandela Children's Fund
M&E	Monitoring and evaluation
PEPFAR	President Emergency Programme for HIV and AIDS Relief
GRC	Grants Review Committee
M&E	Monitoring and Evaluation
AGM	Annual General Meeting
CEO	Chief Executive Officer
FICA	Finance Intelligence Act

LIST OF DIAGRAMS

1. NMCF Request for Proposal Document

INTRODUCTION

Prior to 1994, most donor funding to non-governmental organisations (NGOs) in South Africa was based primarily on solidarity with, and support of, community struggles and the broader social movements against the state. As such, funding went to a wide range of NGOs, including political, service delivery, research and education orientated organisations. Since 1994, however, with the goal of political liberation having been achieved in the country, the previous shortcut approach on donor support to NGOs was replaced by more strategic interventions around specific objectives. Thus, additional strain on the organisational capacity of NGOs has come from new demands placed on them by international donors. Before 1994, the nature of the anti-apartheid struggle meant that many donors adopted a less than stringent attitude towards the way in which their beneficiaries accounted for and spent the monies they received. After 1994, however, the “struggle-accounting” approach was replaced by a much tighter stance on the part of donors towards financial accounting and program reporting requirements for NGOs (Kihato, 2001:6).

During the apartheid era South African civil society enjoyed a remarkable degree of freedom and independence from donors, who imposed minimal controls on what, and how funding should be used by recipients. One of the main reasons for this was the understanding that NGOs under the apartheid government simply did not have the technical and organisational capacity to meet the demands of donors. However, after 1994 donors became more strategic in their funding approaches, and as a result had more influence on how the South African NGOs should use the development funding they received. Subsequent to this strategic approach to fund disbursement, donors designed policies, administrative processes and management tools to be used in managing the work of implementing partner organisations (ID21, 2000).

In this study, “policies” mean predetermined courses of action to achieve desired goals, including rules, principles and values that guide behaviour of the organisation to arrive at the desired end. The term “processes” refers to a series of step-by-step actions and behaviours that organisations follow in managing programme development and implementation. Such processes include strategic planning, programme development, request for proposals, contract management, and reporting.

“Management systems and tools” mean methods and systems that are used by donor agencies and recipient organisations to implement and monitor projects and use of resources. These include project assessment, monitoring and evaluation, financial management, performance management, and information management systems.

Howell and Pearce (2001) state that the foreign policy objectives of the United States (US) government international development aid, as well as the domestic financial imperatives, have prompted United States Aid for International Development (USAID) to review its funding policies and come up with a new strategy that seeks to promote developing democracies. As a result, there is an increasing trend among donors to channel their development funding through civil society organisations, based on the assumption that strengthening these organisations would lead to the achievement of strong and effective democracies. To this end, in 1994 USAID established a new *Centre for Democracy and Governance* as an institutional mechanism to implement its *New Development Partnership Programme*. Currently, USAID has decentralised its operations by opening offices in the countries where they work, so as to closely monitor the implementing partner organisations they fund (USAID, 2005a)

Critical to this arrangement is the extent to which USAID International policies are adapted to the country specific needs and capacities of civil society organisations. In other words, to what extent are USAID’s development funding conditions relevant to civil society organisations in South Africa? Do USAID funding conditions empower or constrain civil society in South Africa to do their work? This study investigated this issue, looking specifically at how the United States Agency for International Development South Africa (USAID SA) policies, processes and management tools impact on the work of the Nelson Mandela Children’s Fund (NMCF) as a donor recipient and Sibambisene¹ as a sub-grantee.

The findings revealed that donors have well developed policies, systems and management tools than their recipient partners. These policies and systems are developed by donors and imposed to recipient organisations as criteria for funding.

¹ Sibambisene is a Zulu word meaning “partnership” or “together”.

CHAPTER1: POLICY CONTEXT

NGOs largely rely on funding from individual donors, foundations, corporations and governments. Critics charge that funding sources can seriously affect NGO policy, making these organizations implementation potentially the extensions of donor agencies, and promoters of their interests. Such charges challenge NGO legitimacy especially when funds come from rich foreign governments, corporations and foundations (Global Policy Forum, 2003).

Roy (2004) argues that many Northern NGOs receive a large amount of funding from their own governments, and are thus inclined to support those government's foreign policies in the operating countries. He further argues that financial support from Western governments, multinational corporations and multilateral institutions makes NGOs accountable to their funders, not the people they serve.

Farouk (2002) quotes Haddad in arguing that the NGOs have lost their cutting edge to advocate for public policy change, in pursuit of limited international donor funds. He argues that governments and NGOs from developed states view social problems in developing countries as charity issues, and then engage with local NGOs in a clientilistic rather than partnership relationship. He advocates for fund-raising strategies that would ensure sustainability of local NGO resources, and reduce their detrimental dependence on international donors and subjectivity to their agendas. It is only then, Haddad argues, that local NGOs can claim their public policy advocacy space in pursuit of development agendas, free from donor agency manipulation.

Farouk (2002) argues that in South Africa there is still a strong culture of entitlement in the NGO sector and perceptible dependence on the international donor community. This has been exacerbated by the fact that most donor funds are directed to the recipient States, which then regulate distribution to local NGOs, based on their policy and programme priorities.

Pratt (1998) argues that definitions of civil society are important not for academic theoretical reasons, but because definitions used often determine donor policies and approaches to fund civil society organizations. Pratt (1998) quotes Howell and Pearce

in arguing that different societies, based on their experiences, have their own theoretical conceptions of civil society. This then largely influences the manner in which states and donor agencies engage with civil society.

Pratt (1998) cites Howell and Pearce in arguing that US donor thinking on civil society has been largely influenced by Putnam's argument regarding the relationship between civil society and democracy. This argument maintains that civil society organizations play a critical role in strengthening developing democracies. Stoddard (2003) argues that the US vision and interest in civil society organizations across the world is centered around making stable and effective democracies. Their view of civil society is that it is a tool to maintain or strengthen democratic system, in a manner that is complementary to the state.

This study explored the impact of donor policies, processes and management systems and tools on the work of civil society, with special reference to the case study of the USAID SA, NMCF and Sibambisene partnership. The NMCF receives funds from USAID SA to implement their HIV/AIDS programme. The NMCF then sub-contracts local NGOs to implement this project. Therefore, a hierarchical chain of partnership is revealed, with Sibambisene accounting to NMCF and NMCF then to USAID SA.

Based in the Mkhanyakude Municipal District in KwaZulu-Natal, Sibambisene (*meaning together*) is a consortium of community-based organisations. The organisation was established in 2001 out of multi-stakeholder consultation process, in order to address poverty and HIV/AIDS in the District. The organisation was established out of concern that there were no vibrant NGOs in the area to respond to the socio-economic challenges facing that community. A number of small community-based organisations that existed in the area lacked both technical and financial capacity to respond to this challenge. Its architects believed that Sibambisene would serve as a conduit for funding, provide leadership in the NGO sector, and support small CBOs in implementing their projects (Sibambisene Strategic document, 2004:8).

The partnership between Sibambisene and NMCF started in 2003, when the latter, in partnership with USAID, intended to pilot a comprehensive HIV/AIDS programme in the Mkhanyakude District. With its multi-sectoral strategy to HIV/AIDS and network capacity, Sibambisene was found suitable for the implementation of strategic objectives for NMCF and USAID SA, and was subsequently granted funding.

The NMCF is a national development and grant-making organisation that works in partnership with national and local non-governmental (NGOs) and community based organisations (CBOs) providing services to children and youth. Established in 1995 to address issues facing children and youth in South Africa, NMCF initially functioned as a grant-making organisation, promoting a humanitarian response to the plight of South Africa's children and youth (Nelson Mandela Children's Fund, 2000:11). This period was characterised by ad-hoc funding to meet immediate needs. The organisation played a meagre role in engaging with implementing organisations and other strategic partners.

In 1999, the NMCF undertook a strategic review, which led to a policy shift from pure grant-making towards a developmental approach to programming. Among other things, this meant a meaningful engagement with implementing organisations and other stakeholders. In 2000 the NMCF produced the *Sakha Ikusasa* strategic document, reflecting the new thinking and change in the organisational and programmatic approach (Kuljian, 2004:4).

According to the Chief Executive Officer (CEO) for NMCF, the current 2005-2010 strategy repositions NMCF as the funding and advocacy cum development agency. The organisational strategy is characterised by proactive funding, focussed programme objective and partner selection, and sustainable project impacts. The strategy shifts from seeing beneficiaries of services as passive recipients, to a developmental model that perceives people's participation in development as central to programmes that will achieve development goals (Nelson Mandela Children's Fund: 2005a). Another major shift in the new strategy is the move from one year towards a multi-year project funding (three years). This is based on the recognition that development impact cannot be measured over a short period, such as one year. The new funding approach also gives enough opportunity for planning, implementing

and evaluating funded projects (Nelson Mandela Children's Fund: 2005b).

The United States Agency for International Development (USAID) is an independent statutory organisation that administers most of the foreign economic development and humanitarian assistance programs of the United States Government. It funds programmes designed to promote sustainable development, including economic growth; agriculture and trade; global health; democracy, conflict, and humanitarian aid (USAID, 2003). The purpose of these programs is to contribute towards strengthening of sustainable social and economic development across the world, in order enhance good governance, freedom, peace and stability. USAID consists of a central headquarters staff in the United States and several overseas missions and offices (USAID, 2001).

USAID provides assistance to both non-U.S. governmental and non-governmental organisations, through programmes that are managed by missions and offices outside of the U.S. Recipient regions include Sub Saharan Africa, Asia, Latin America, the Caribbean, Europe and Eurasia. With headquarters in Washington, D.C., USAID's strength is its field offices in many regions of the world. The agency works in 100 developing countries and in close partnership with private voluntary organizations, indigenous groups, universities, American businesses, international organizations, other governments, trade and professional associations, faith-based organizations, and other U.S. government agencies (USAID, 2006).

The analysis of civil society in South Africa, like many development actors, is often situated within either the pre or post 1994 eras. Civil society organisations played different roles during these two eras, based on the political and socio-economic environment that characterised each period. Donors also had different motivations for funding NGOs during each of the two eras, and had different messages regarding how those funds were managed. The role of NGOs before 1994 was primarily political. NGOs served as vital structures for organising people around the struggle against apartheid. The function of many NGOs was to serve as conduits for foreign funding to support banned political movements, and provide development services to communities that were neglected by the apartheid government. The overtly political role of NGOs has become less relevant in the post apartheid era.

Kihato (2001) argues that the nature of civil society-donor relations in pre 1994 South Africa was largely shaped by the apartheid government's hostility towards anti-apartheid organisations. Many donors, sympathetic to the political struggle, channelled funding to civil society organisations that claimed to support marginalized groups and promote democracy. Partly as a result of this hostile environment, the administration and expenditure of funds was not strictly controlled. Due to the secrecy of donor funds, many funding recipient organisations were not required to keep books, undergo independent audits or report back to donors.

Kihato also argues that after 1994 there was a shift of donor assistance away from civil society organisations towards bilateral agreements with the new democratic and legitimate governments (Kihato, 2001). During this period, civil society organisations were left with the challenge of redefining their role and adapting to the new turbulent and competitive funding environment. Many of civil society organisations could not cope with the transition challenges and faded away. The current situation is that a new generation of locally based NGOs and CBOs that mainly provide services to poor communities has emerged.

The characteristics of these organisations include their lack of technical, financial, and material capacity. As a result, they are more dependent on donors for their survival. Given this new trend of CSO and donor environment, it is necessary to understand how donor assistance programmes would strengthen the capacities on the weak NGO sector. The purpose of this study was to explore the impact of donor policies, processes and systems on the work of civil society, using USAID SA, NMCF and Sibambisene as a case study.

Based on previous studies on the impact of donor conditions for funding, there seems to be evidence that donor policies, processes and management tools have a major influence on the work of NGOs. Research done by the United Kingdom based International NGO, Training and Research Centre (INTRAC) on the impact of criteria for direct funding to NGOs in Bangladesh, Peru and Kenya revealed that donor funding negatively affects the shape of NGOs in the South. The study also revealed that the inflexibilities and complexities of donor policies, processes and management

tools conflicts with the needs and realities of project implementing partners based in rural poor communities.

Another study was conducted jointly by the Institute of Development Studies (University of Sussex, UK), Centre for Basic Research (Uganda) and Centre for Policy Studies (South Africa). The study focussed on the approaches and impact of donor interventions on African civil society organisations. This study revealed that most African civil society organisations lack capacity to generate internal (local) resources, and thus heavily depend on foreign funding (Robinson, Bazaara, Friedman and Gyimah-Boadi, 2001).

In a study conducted by Smith and Bornstein (2001) on programmes and partnership of the Northern Non-government Organisations (NNGOs)² in South Africa, it was found that NNGOs (donors) use management techniques, such as logical framework analysis (LFA), strategic planning, monitoring and evaluation (M&E) in managing their programmes. These tools in turn become conditions for approval and disbursement of development funds, and implementing partners are expected to use them in managing their projects. The study also revealed that implementing partners have limited capacity to use the above mentioned tools, due to their technical nature and limited mentoring and support from donors.

Sahley (1991:13) offers a similar view when she argues that sound management systems, procedures, processes and tools are necessary for effective functioning of organisations. However, she argues, most of the time NGOs do not usually prioritise organisational development issues like these. Instead, they put more emphasis on programming, operational issues, and achievement of results (Sahley, 1991).

Sahley (1991:15) further offer a framework of organisational management systems and tools, which includes the following components:

² Northern Non-government Organisations NNGOs refers to the NGOs from the developed countries (North) that work in developing countries (South). They receive funds from their governments, individuals and private sector, and fund local NGOs to implement development in developing countries (Smith and Bornstein, 2001).

- i) *Planning*: These are methods and systems that organisations use to plan their programmes, including strategic planning, project assessment tools, and request for proposal methods and processes.
- ii) *Financial management*: These are procedures and systems used by organisations to plan, monitor and evaluate use of financial resources in the organisations, including budgeting, financial procedure manuals, grant disbursement procedures, financial reporting formats, procurement policies, and financial auditing.
- iii) *Monitoring and Evaluation (M&E)*: these are systems and tools for gathering, synthesising and analysing project data. Monitoring is done on regular basis in order to know if projects are implemented according to the plan. Evaluations are done on periodic intervals to check if project outcomes have been achieved (Family Health International, 2004).
- iv) *Knowledge Management Systems*: These are systems used by organisations to collect and document project information, with a view to learn and share from the implementation, and to identify best practice for replication.
- v) *Performance Management Systems*: These are tools used to measure organisational performance, including operational plans, performance appraisals and reporting.
- vi) *Capacity Building/Technical Assistance*: These are tools used by organisations to strengthen their capacities and the capacities of those they partner with, including training, mentoring, coaching, and provision of resources.

CHAPTER 2: THEORETICAL FRAMEWORK

2.1. Power Relations

Power structures and systems are deeply embedded in society, and permeate the institutions of state and civil societies. Such structures give legitimacy to the dominance of particular parties over others in a partnership relationship, which results in power inequalities (Department of International Development Fund, 2005). Power is a key element in the process of policy making and implementation. Policy-making involves decision-making, which is shaped by the power of those that are involved in the decision-making process. Decision-making is a process of interplay between various actors, and final selection of alternatives to be implemented. These actors possess certain degrees of power, and the alternatives that will prevail are mainly determined by the power that is possessed by the actors involved (Colebatch, 2002). An analysis of power relations is important in this study in order to understand how decisions for partnership between donors and recipients occur, what the sources of power are, and how power is exercised. The analysis of power relations will also aid in understanding how policies, processes and management tools are developed and implemented. Indeed, Parsons argues that "power models view decision-making as something which is shaped and determined by the structures of power: class, wealth, pressure groups, political arrangements, and technical knowledge or professionals" (Parsons, 1995:248).

The pluralists endorse the Parsonian view of power, as something that is legitimately afforded to and exercised by a particular group over other groups in order to serve the collective interests. However, they reject the idea of 'variable-sum of power', and accept Weber's view of 'constant-sum' of power. The pluralists believe that population consists of different individuals and groups who have different interests, which cannot always be served homogeneously by the group that is in power. Most of the time these interests conflict with each other, leading to a situation of winners and losers in decision-making and policy implementation.

2.1.1 Lukes' Dimensions of Power

Lukes (1974) calls the pluralists' view of power the 'one-dimensional view'³. He further concludes that pluralists are concerned exclusively with the power that is displayed through observable conflict in decision-making. They believe that decision-making is the best way to determine who has more power, and observable conflict is the best test for determining which group has more capacity to influence outcomes. According to this view power is attributed to those whose ideas prevail in influencing decision-making. They ignore the presence of power that prevents some issues from reaching decision-making, or delay some issues from entering into the decision-making list (Kingdon, 1995).

Lukes (1974) furthers his critique of the pluralists' view of power by offering his 'two-dimensional view' of power. In this view he specifically analyzes the ideas of Badrarch and Baratz (Lukes, 1974), and suggests that Badrarch and Baratz's view of power embraces different typologies. The first typology is *coercion*, in which one party wins the compliance of the other through threat of sanctions or deprivation. The source of power for the dominating group could be legal, social, or economic. The second typology is *influence*, where compliance is a result of tactful influence rather than fear of deprivation. The third typology is *authority*, one group complies to another because of the recognition of the reasonableness and legitimacy of the demands of the dominating group. Such demands might be regarded as obligatory since they are arrived at through consensus, such as a contract. The fourth typology is *force and manipulation*, where one group complies unwillingly by compulsion to the dominant group. Lukes then concludes that the 'two-dimensional view' of power, unlike the first, is concerned both with decision and non-decision elements of power, as well as overt and covert conflict.

³ The pluralist view of power focuses on how power is distributed in the decision-making process. The original view of pluralists is that different groups have power in different policy arenas, which prevents power from gravitating always to the same group or individuals during the decision-making process. However, their revised view acknowledges that power and decision-making is not played on a level playing field, but biased in favour of those who are well resourced, and functions to the disadvantage of those who are less resourced (Parsons, 1995:253; Taylor, 2003:105).

Luke's 'third-dimensional view' of power is a critique of the first two dimensions of power. He argues that the 'two dimensional view', even though recognizing power to suppress some issues from reaching decisions, is still too behavior focused. In other words, it focuses on non-decision behaviors that are purely observable, such as grievances. Power is however not only displayed through observable conflict, but can also be hidden and not expressed. Conflict may exist even in situations where it is not displayed in observable behavior (latent)⁴. Neutrality or 'non-decision' making does not always mean consensus, and sometimes people may agree not because they have interest in that decision, but because they have no alternative. In such cases conflict of interest will exist, and there will be silent or indirect resistance from those whose real interest is absent.

Lukes (1974) provides a wider critical analysis and dimensions of power, and brings together different views of power and their critiques. His analysis helps the researcher to have a broader view of a power analysis framework. In this study, Lukes' framework assists with analyzing and understanding the expression of power, both in terms of behavior and non-behavior display.

2.1.2 "Rule of three" Power Analysis

Galbraith (1984:17) analyses the anatomy of power with what he calls the "rule of three". He identifies three instruments for wielding or enforcing power and three sources or characteristics of power. The first instrument is condign power, which wins compliance by imposing alternatives to the individuals or groups that are unpleasant, painful and contrary to their interests, and cause them to abandon their preferences. This power wins submission by threatening appropriately adverse consequences, such as public rebuke deprivation of resources. This form of power is similar to Badrarch and Baratz's coercion power, whereby groups with less power comply as a result of fear of deprivation (Lukes, 1974).

The second type is compensatory power, which wins compliance by persuasion. The party that holds power influences the other by changing their beliefs and attitudes.

⁴ Latent conflict refers to a conflict that already exists but not yet manifested or displayed in observable behaviour.

The holder of power wins submission by offering something of value to the groups submitting. In the modern economy compensation power is expressed through pecuniary reward-payment of money for the services rendered. In both condign and compensatory power, the submitting group or individual is unaware of their submission. In the former submission is compelled, and in the latter it is rewarded. Galbraith's (1984:18) third instrument for yielding compliance is conditioned power, where submission is won by changing beliefs and conviction. Instruments for conditioned power include education, persuasion, and ethical obligations. Galbraith argues that conditioned power is central to the functioning of the modern economy (Galbraith, 1984)

Galbraith (1984:20) further identifies three sources or traits that separate those who wield power from those who submit to it. These are personality, property and organization. In the modern society personality is associated with conditioned power-the leadership ability to negotiate and persuade others to willingly comply to the rules of the power holder group. Property is in the form of disposable income, which is associated with compensatory power. Galbraith argues that wealth accords an aspect of authority and certainty of purpose, which in turn invite conditioned submission. From this assumption, it can therefore be argued that wealth purchases submission.

Galbraith also (1984:21) argues that the organization is the most important source of power in modern societies. Organizations have become legitimate instruments of exercising power and seeking submission. It is within organizations that policies are formulated and implemented, laws are made and mechanisms for compliance developed.

Galbraith's analysis of instruments for yielding power is relevant to this study because each organization has certain conditions and expectations which arise in a funding partnership relationship. For example, implementing organizations are expected to comply with donor policies, procedures, performance standards and timeframes. Donor agencies may withhold fund disbursement if implementing partners fail to comply to their requirements - an example of Galbraith's condign power. On the other hand donor agencies may reward the compliance of implementing partners through their disbursement of funds. Also, through their capacity building programmes for

implementing partners, donors may condition the implementing partners to uphold their policies, processes and strategies. This study thus examined the extent to which condign, compensatory and conditioned power instruments are exercised in the partnership of USAID SA, NMCF and Sibambisene, and is elaborated upon in the analysis.

2.2 Implementation

“Successful policy outcomes depend not simply upon designing good policies, but upon managing their implementation. Instead of identifying ideal solutions up front and top down, policy implementers need to iteratively develop second or third best answers that collaborating agencies and stakeholders can agree upon. The best technical solution cannot be achieved unless there is cooperation, which means making modifications to accommodate the views and needs of the various parties involved” (Brinkerhoff and Crosby, 2002:6).

This statement suggests that ready made policies that are imposed on implementers, without consideration for their input and adjustments of such policies to the realities on the ground, often fail. This implies that organizations that are involved in the implementation of policies or programmes should be given enough chance to participate and agree on policy design and implementation strategies. This would ensure that there is no tension among organizations who partner to implement policies or programmes.

Brinkerhoff and Crosby (2002) argue that policy implementation is a political, technical, complex and interactive process. It demands consensus building, participation of key stakeholders, conflict resolution, compromise and adaptation. They also argue that no amount of external donor pressure or resources, by themselves, can produce sustained policy outcomes. For them, there must be individuals or groups who strongly believe that the policy is the best alternative, and its implementation is worthwhile, in order for a policy to enjoy longevity.

2.2.1 Policy Implementation Frameworks

Parsons (1995:471) identified six policy implementation frameworks, which will be explained in this study: *top-down rational control approach*, *bottom-up models*, *policy action frameworks*, *managerialist framework*, and *inter-organizational analysis framework*. The *top-down rational approach* emphasizes a good chain of command and a capacity to coordinate and control as a means of policy implementation. Its proponents argue that effective implementation occurs when goals have been clearly defined and understood by actors involved; resources are made available for the implementation; the chain of command is capable of assembling and controlling resources; and the system is able to communicate effectively and control those individuals and organizations involved in the performance of tasks.

It emphasizes the 'forward mapping' rational planning approach to policy implementation, which assumes that planned activities will produce certain outcomes if controlled, coordinated and well resourced. This model recognizes that conflict during the implementation process is inevitable, but systems of control and communication reduce it and bring about compliance (Parsons 1995:469).

The second framework, *bottom-up approach*, is an alternative model to the top down approach. Lipsky (1980:15) argues that policy is made at the implementation level, during the interaction between the implementers (bureaucrats) and clients. Street-level bureaucrats are the officials who implement the policies on the ground, and who are often not involved in their design. Lipsky (1980:18) argues that by their collective actions and the individual's discretion, street level bureaucrats devise mechanisms of coping with their work pressures, including rationing of services, control over clients, and reducing demands on their services. In short, the advocates of this model argue that key actors that determine the success or failure of policy implementation are the street level bureaucrats, who interact with clients on day to day basis, rather than managers who facilitate the implementation of such policies.

The third implementation theory is the *policy action framework*, which views policy implementation as an evolutionary process. Parsons (1995:472) states that the *policy action framework* is an action by individuals, which is constrained by the world

outside the institutional context within which they act. Policy implementation thus goes beyond just the chain of command, and requires an understanding of how individuals and organization perceive reality, and how they interact with others in order to achieve their goals. It is thus an interactive negotiation process between those who seek to put policy into effect and those who control resources. It is an action and reaction process in which new ideas emerge, negotiation takes place and adjustments are made to policy.

The fourth model is the *managerialist framework* which emphasizes the use of private sector techniques in policy implementation analysis, such as operational, corporate and personnel management. According to this model effective policy implementation would be achieved with the use of the project planning and management techniques, such as the critical path model (CPM) and project evaluation and review technique (PERT). It also emphasizes the systems analysis approach, looking at how the total sequence of activities, inputs, outputs, and information flow contribute to the success or failure of project implementation. The framework stresses the importance of soft systems⁵, cooperation and teamwork as a key determinants of successful implementation (Parsons, 1995:474).

Another element of the *managerialist framework* is corporate management, which analyses the organization's internal (structure, culture, skills) and external environment (political, economic, social, legal and technological). An implementation strategy is developed according to the capacity and culture of the organization in relation to its external environment. The key analysis technique to determine this organizational capacity is the SWOT⁶ analysis, through which strengths, weaknesses, opportunities, and threats of the organization are identified. The importance of personnel management as a tool for successful implementation is also emphasized. Good strategies do not automatically result in effective policy implementation. The values and skills of people who implement projects is key to the success of such projects.

⁵ Soft systems refers to computer based information and communication processes, tools and systems.

⁶ SWOT analysis refers to the identification of the organisation's Strengths, Weaknesses, Opportunities and Threats.

The sixth implementation framework is the *inter-organizational analysis model*, which stresses the importance of interaction among organizations. The model stresses the network of organizations and their behavior during the process of implementation as the key determinant of success or failure of projects. The *inter-organizational model* proposes two analytical approaches to policy implementation. The first one is power and resource dependency, which argues that the interaction of organizations is the product of a power relationship in which organizations can induce other less powerful and more dependant organizations to interact with them (Parsons, 1995:482).

This models also reflects Galbraith's concept of compensatory power. In this relationship the organization that owns resources controls the one that does not possess such resources. This leads to a dominance and dependency situation. However, the dependant organization may also use some form of power (such as community legitimacy) to protect its identity and autonomy from resource supplier. This also reflects the pluralist view that groups and individuals possess various forms of power, which they use to counterbalance power in the decision-making.

The advocates of organizational exchange theory, argue that organizations work with one another in order to exchange benefits (Parsons, 1995:483). Emphasis here is on mutual gain between organizations in a relationship. While the implementing organization may depend on its donors for funds, donors depend on the organizations for project implementation and local contact.

These models provide a basis for an analysis of how policies, processes and management tools of USAID are communicated, understood and used by the Nelson Mandela Children's Fund (NMCF) and Sibambisene.

2.3 Policy Instruments

The Concise Oxford Dictionary (2002:734) defines an instrument as a tool or something used in performing an action. Policy instruments therefore are strategies and systems designed to achieve policy outcomes. One of the attributes of policy is its instrumentality. The purpose of any policy is to achieve certain objectives. Policy

implementers should therefore devise mechanisms through which policy objectives would be achieved, including processes, procedures, tools and systems (Colebatch 2002). In order for policy outcomes to be achieved, it is important that organizations involved in the implementation process agree on the policy instruments, and that the users of such instruments fully understand and are able to apply them. If this is not the case, there is likely to be tension among partnering organizations, and this will thus impact negatively on the delivery of services (Cloete and Wissink, 2000:14)

Based on the assumption that each organization in this case study has its own systems, tools and processes, this study explored how these instruments are used to achieve collective goals of the three partnering organizations.

2.4. Partnership

According to Olive Publications (an organisation specialising in organisational development-2000:48) developmental partnership is a process whereby various partners assume collective responsibility for bringing about sustainable social change through the sharing of resources, skills, knowledge and experience, with a commonly held vision and commitment, in a relationship of mutual trust, respect, responsibilities and accountabilities.

Howell and Pearce (2001:1) state that the idea of partnership is premised on the notion that different actors (the state, civil society and donor agencies) work towards a common goal, and need to complement each other towards that goal. However, the assumption that partnering agencies share the common goal of development, and interact without conflict is not necessarily true. Partnership is a political game, with each agency involved seeking to satisfy its agenda. Foreign donor organisations seek to legitimise their community development mission objective to their funders, and business organisations seek to market their products (Howell and Pearce 2001:2). This study explored the extent to which the three organisations in the case study pursue their individual interests while at the same time they have a common development goal to achieve.

Pratt (1998) argues that underlying the politics of universality, partnership and choice are differential power relations, whereby donor agencies, with their financial, human and knowledge resources, inevitably dominate interactions with fund recipients (Pratt, 1998). This in turn raises the paradox that civil society organizations, which are supposed to be marked by their feature of independence, end up sacrificing this autonomy to varying degrees through their reliance upon donor funding. This statement suggests that there is unequal power relationship between donors and recipients of donor funds in a partnership, with donor agencies dominating, based on their financial and technical skills. The result is the submission, sacrifice of autonomy and dependence of donor recipients to their donors.

Pratt (1998) argues that most NGOs find it difficult to experience a meaningful partnership with donor agencies. True partnership, he argues, should be based on compatibility of vision and goals of the two parties. However, relationships between donors and NGOs are essentially unequal, with the former possessing more power than the latter. Donors retain the right to decide who should get funds, how much, when to disburse them and when to stop the funding. The exploration of policies, processes and management systems in this case study have enabled conclusions on power relations between donors and implementing organisations to be drawn.

Brinkerhoff and Crosby (2002:87) identified various challenges for the establishment of partnerships. Firstly, multiple organizations in a partnership, such as government departments, donors, and civil society groups have their own broad range of interests and agendas. In this situation it is generally difficult to agree on single policy and programme objectives. Secondly, partnership is often characterized by different levels of power among various actors. The objectives of stronger partners tend to prevail, while those of the weaker ones are suppressed. Thirdly, is the tendency of individual partner organization's strategies and objectives to shift over time. An example is the change of programme focus by international donor agencies, and subsequent shift in donor fund disbursement.

Brinkerhoff and Crosby (2002:88) further list several situational variable conditions which influence the nature of partnerships. The first is the type of regime, which influences the space available for civil society to engage with the state and donors. A

democratic political and bureaucratic system offers a more supportive enabling environment for civil society partnerships with the state and donors (Diamond, 1994). Secondly, is the presence of supportive legal and regulatory framework for partnerships. South Africa has made some progress in terms of developing partnership legal and regulatory frameworks, including treasury regulations for public private partnership (PPP) and non-profit regulatory frameworks. This study explored the extent to which USAID SA subscribes and complies with these frameworks in the formation of partnerships with civil society.

Thirdly, is the level of trust, which influences the willingness among partners to initiate joint activities and to work together over time. In order for trust to exist, there must be transparency, honesty and integrity among organizations in the partnership

Nchabeleng (2001:3) argues that the most common reason for choosing a partnership is out of contractual obligation. Most of the time donors come with pre-determined partnership requirements as conditions for fund disbursement. These conditions include policies, processes and management systems. She views partnership as a system with inputs, processes, outputs and a life cycle. It involves choosing partners, inputs, forming partnership, outputs and monitoring & evaluation, as well as closure of the partnership. In the formation stage it is important for potential partners to clarify their purpose, values and norms; agree on the management systems and working relations, use of resources; and have a common understanding of how they will maintain their autonomy (Nchabeleng, 2001:4).

Exploring the idea of partnership provides a framework against which to explore the relationship among the three organisations being investigated in this case study. Motivations for partnership, processes for its establishment, its management, and the power relations among the partnering organizations are some of the themes which emerged.

2.5 Management Systems and Tools

In this study, analysis of management systems and tools was done using the framework offered by Sahley (1991:12) and the study of Smith and Bornstein (2001:8). These management systems and tools were discussed in details in chapter one, and they include: *planning, financial management, monitoring and evaluation, knowledge management systems, performance management systems, capacity building and technical assistance.*

The analysis of these systems and tools provided increased understanding of the manner in which they are used by partnering organisations, and the impact they have in partnership and service delivery.

CHAPTER 3: METHODOLOGY

Rubin and Babbie (1997:264) distinguish among three main types of research: exploratory, descriptive and explanatory. Exploratory research explores a new research topic that might need further investigation. Descriptive research describes how certain courses of action or behaviours occur in a particular setting or the topic investigated. An explanatory study is concerned with the explanation of why research subjects behave in a particular way in relation to the topic being investigated. This study is both exploratory and explanatory. It is exploratory in the sense that an understanding was sought of policies, processes and management tools that govern the relationship among the three partner organisations: USAID SA, NMCF and Sibambisene. This study was also explanatory in the sense that an explanation is sought of why the three organisations in the case study operate the way they do.

In this study, qualitative research methodology was used. Rubin and Babbie (1997:268) define qualitative research methods as those methods that emphasise depth of understanding and deeper meanings of human experience, and that are used with the aim of generating theoretically richer, albeit more tentative observations. These include participant observations, unstructured interviews and historical research. Qualitative analysis is a non-numerical examination and interpretation of observations for the purposes of discovering the underlying meanings and patterns of relationships. This method was utilised in order to analyse and interpret responses given in an interview environment and draw on observations.

3.1. Data Collection Methods

i) Interviews

In this study, a semi-structured interview method was used which, as Rossouw (2003:278) states, is a set of preconceived questions asked by the researcher. This process allows the researcher to follow-up on responses to specific questions and issues of interest, and gain clarity when responses are not clear. This type of interview requires that the interviewer should be well informed about the issue being investigated. He should also allow the participants to express their views, and be careful not to direct the interview in order to meet his potentially preconceived view.

The disadvantage of the interview is its cost of dealing with a large number of participants. Interviews were used to supplement the literature review method, and to achieve two aims; firstly, to track changes that might have occurred and not yet recorded or updated in the documents of the target organisations, and secondly, to gain clarity on issues that were not clear from the reviewed literature.

ii) Literature Review

Rubin and Babbie (1997:252) distinguish between two broad types of data collection sources i.e. primary and secondary sources. A primary data source is the first hand encounter provided by someone present at the occurrence of the event. Examples include minutes of meetings, diaries and organisational laws. Secondary data sources include information that is analysed or reported on, on the basis of primary sources, by someone who was not present during the occurrence of the event. They further state that organisations generally document themselves, and therefore suggest an examination of official documents, such as charters, policy statements and speeches.

An assortment of documents were used in this study in order to gather a detailed information on policies, processes and management systems of the organisations under investigation. Documents reviewed from the subject organisations include strategic documents, project management cycle process manuals, annual reports, financial reports, and organisational policies. The advantage of a literature review is that it provides detailed and in-depth information that would potentially not be feasible to gather from interviews.

3.2. Sample

Purposive sampling method was used in this study in order to get selective respondents and documents that were relevant for the purpose of the study. According to Rubin and Babbie (1997:266) “purposive sampling is selecting a sample of observations that the researcher believes will yield the most comprehensive understanding of the subject of study, based on the researcher’s intuitive feel for the subject that comes from extended observation and reflection”.

USAID is a large development agency that operates in different parts of the world, and has offices in all the countries within which it operates. USAID SA is responsible

for USAID operations in South Africa, and has been chosen because the staff has a significant understanding of USAID work and NGO partners in South Africa. The NMCF and Sibambisene have been selected on the basis of their partnership with USAID SA. The other rationale for this selection is the diverse nature and location of the three partner organisations. USAID SA is an international donor, NMFC is a national organisation and Sibambisene is a local community and rural organisation. There is diverse technical capacity among the three organisations, which has bearing on their ability to accommodate the USAID policies, processes and management tools.

The following people were interviewed:

- USAID SA: Programme Manager and Monitoring and Evaluation Manager.
- NMCF staff: Project Manager, Grants Manager, Monitoring and Evaluation Specialist.
- Sibambisene: Project Director, Project Manager and Finance Manager.

All the selected interviewees were part of the top management team in the three organisations. They were selected on the premise that they understood the issues being investigated (policies, processes and management tools), and had extensive experience on practical issues of project partnerships. The programme and project managers provided information on organisational policies, strategic processes and management issues, and linkages of these issues across the partnership. The grants manager provided useful information on grant making, financial systems, and fund disbursement. The monitoring and evaluation managers/ specialists provided insight on the data collection, monitoring and evaluation tools, how these tools have been communicated to the partners, and how useful they have been.

3.3. Access

One of the limitations of this kind of literature review and interview based study is the extent to which the researcher can access the required documents. Thus, in this case the researcher made a formal request to the three organisations for use of their

information and documents. In addition, permission was sought to interview selected staff members for the purpose of this research. Being one of the project staff members for NMCF, the researcher had the advantage of a working relationship with the three organisations. These organisations generally showed enthusiasm about the study, and willingness to cooperate. However, concerns were later raised by some members of the management with regards to the use of the organisation's information for this purpose. To alleviate this fear the researcher provided the management with the research proposal, interview questionnaire, and statement of confidentiality from the University of Kwa-Zulu Natal.

3.4. Data Analysis

Data analysis involves an interpretation of research data, extracting meaning from the information. Rubin and Babbie (1997:398) argue that "such an interpretation of data is done within the context of predictions, explanations or expectations that originate from existing theories." The researcher explains his findings and determines meaning by comparing them with the results from previous similar studies. Data analysis allows the researcher to draw conclusions from the results of the study. In other words, by analysing data, the researcher contributes to the existing body of knowledge, by confirming, refuting or bringing new knowledge.

Rubin and Babbie (1997:400) distinguish between quantitative and qualitative content analysis. In the case of the former, manifest qualitative material is transformed into quantitative categories. On the other hand, qualitative content analysis maintains a strict qualitative focus and does not change qualitative material into quantitative data. The limitation of this method of analysis is that it does not allow the researcher to probe the deeper meanings of the subject being investigated, as the researcher relies on recorded information. In this study qualitative content analysis will be applied to the data gathered through the two processes mentioned above – literature review (including documents from the three selected organisations, including organisational policies, strategic documents, and management tools), and in depth interviews.

3.5. Case study approach

A case study is “an empirical inquiry that: investigates a contemporary phenomenon within its real life context; when the boundaries between phenomenon and context are not evident, and in which multiple sources of evidence are used” (Rubin and Babbie, 1997: 402). As a research method, case studies are distinguished by their exclusive focus on a particular case and utilisation of full evidence regarding that case. Sources of evidence might include existing documents, observations and interviews. The rationale for using a case study is the availability of a special case that seems to merit intensive investigation.

Thus, a case study method was used in this study in order to gain focussed and detailed information on issues being investigated. This allowed the researcher to gain an insight on information of the selected organisations, and draw general conclusions about the specific sector that the case being investigated represents.

3.6. Limitations of the study

Researcher’s subjective bias: During the time of the study the researcher was employed by Nelson Mandela Children’s Fund. While caution was taken by the research to avoid subjectivity, this could have happened unconsciously during the design of the questionnaire and its administration to the interviewees.

Honesty of respondents: Some of the respondents may have not been completely honest in answering questions during the interviews. Given the fact that Sibambisene receives some of their project funds from the Nelson Mandela Children’s Fund, and that at the time of conducting interviews the researcher was responsible for managing such projects; it is likely that respondents from Sibambisene could have responded so as to avoid damaging their relationship with NMCF. It is likely that they might have avoided responses that criticize NMCF, and dwelt on those that portray the organization as a good one.

Access to information: Certain conditions were set out by NMCF when the researcher asked for permission to use the organization as one of the subjects for the

study. Initially an agreement was reached with the relevant Project Manager to proceed with the study on the understanding that this was merely for academic purposes, and that the results would also benefit NMCF in terms of understanding their relations with their partners. However, concerns were later raised by some of the members of the management with regards to the use of the organisational information. To alleviate this fear the researcher provided the management with the research proposal, interview questionnaire, and statement of confidentiality from UKZN. Based on this, permission was granted for the researcher to continue with the research as planned.

The researcher was unable to access one of the intended respondents. The questionnaire was thus e-mailed to her. This was followed up with an extensive telephone interview, with the purpose of embellishing some of the responses.

This study was based on a specific case study of partnership, in a particular context and content, and generalization of the findings should be done with caution.

CHAPTER 4: FINDINGS

The findings have been organised according to four themes: policies, processes, management tools and partnership. These themes are inter-twined, and in order to understand their linkage there is a need to do both comparative and cross-theme analyses. For example, in order to understand partnership one needs to understand policies that influence it, processes involved and systems used in managing it. Therefore, in order to effectively do this analysis, the findings are presented in themes per organisation. Thus for each organisation there are sections on policies, processes, management systems and partnership.

It is also important to note that the central theme of this research is power relations. However, this concept has not been investigated as a separate theme, because it cuts across all other four themes mentioned above, and thus the issue of power mainly features at the stage of drawing conclusions about the research findings.

4. 1. Sibambisene

4.1.1. Policies

According to the Director for Sibambisene, this organisation has no specific written policies, except a constitution and a programme strategy. This is mainly because, he argued, policies are evolutionary processes which are developed as the organisation grows. Sibambisene is a newly established organisation, and will develop policies as the need arises. However, the programme strategy does encompass some general guidelines for managing the organisation, such as human resources, financial management, and asset management. The Director also stated that both the constitution and programme strategy have been developed within the broad national, provincial and local strategic frameworks and priorities⁷, in order to ensure its legitimacy and relevance to the local development agenda (Interview with the Director for Sibambisene, September 2005). In addition to its programme strategic

⁷ In this context national, provincial and local strategic frameworks and priorities mean integrated plans for addressing social and economic development challenges in local communities. Strategic frameworks include Integrated Development Plans, Rural Development Strategy, Local Economic Development Strategy, Provincial Growth and Development Strategy.

guidelines, Sibambisene does accommodate policies from their donors, if they do not contradict theirs. Sibambisene selectively solicit donor funds based on their common vision, values, strategic objectives and needs of communities they serve (Interview with the Programme Manager for Sibambisene, September 2005).

4.1.2 Processes

The Programme Manager for Sibambisene stated that his organisation solicit funds in three ways. Firstly, they respond to calls for proposals from donor agencies. If these proposals are considered, certain processes are followed based on the specific donor procurement policies⁸. Secondly, Sibambisene proactively develop funding proposals for different donors. These may be generic, that is incorporating all programme aspects of the organisation, or specific to the needs of particular programmes. Thirdly, certain donors become interested in Sibambisene, and approach the organisation to develop a funding proposal (Interview with the Programme Manager for Sibambisene, September 2005).

The Director stated that Sibambisene communicates and interacts with NMCF more regularly than other donors. This has been made possible by the presence of provincially based Project Officers. They are the first contact with NMCF, and are easily accessible when the organisation needs them. However, NMCF is inconsistent in their communication approaches. The organisation often fails to observe communication channels and protocols, especially when under pressure (Interview with the Director for Sibambisene, September 2005).

4.1.3 Management Systems and Tools

Governance and Management

Sibambisene is governed by seven management board members and nine staff members. Staff members include the Director, Programmes Manager, five Portfolio Managers, Finance Administration Officer, and Administration Assistant. The management board is essentially responsible for running the organisation. Staff

⁸ In this context donor procurement processes refers to procedures and steps that donors follow in approving and establishing partnerships with implementing organisations.

members are responsible for the administration, facilitation, coordination and monitoring of implementation (Interview with the Director for Sibambisene, September 2005).

Planning and monitoring

Sibambisene have their own management systems such as, planning, monitoring and evaluation, reporting, financial, communication, information management, and performance management systems (Interview with the Finance Manager for Sibambisene, September 2005). In addition, donors including NMCF bring along their specific donor management systems and tools, as conditions for use of granted funds and implementation of projects. Thus, the organisation ends up using different systems and tools in order to meet donor specific requirements. While this system ensures that donor requirements are met, it disintegrates the management systems of the grantee (Interview with the Programmes manager for Sibambisene, September 2005). The Programmes Manager also stated that they have never participated in strategic planning sessions of the NMCF and USAID, except the Annual General Meetings for the NMCF. This implies that participation of donor funding recipients in strategic planning and decision making issues is very limited (Interview with the Programme Manger for Sibambisene, September 2005).

The Director stated that Sibambisene holds monthly reporting and planning meetings with its affiliates, where reports are presented and planning for the following month is done. This is followed by project monitoring visits by project managers, and provision of technical support where necessary. It was also stated that in addition to the general monitoring and evaluation tools of Sibambisene, the NMCF has brought along specific monitoring and evaluation (M&E) tools in order to monitor its projects, as required by the USAID (Interview with the Director, September 2005).

Finance Management

The Finance Manager stated that Sibambisene has its own finance management systems. However, donors including NMCF enforce their own procedures and guidelines for managing their funds. For example, based on the USAID SA's procurement policies, the NMCF instructed Sibambisene to use USAID SA approved auditors when auditing their financial statements.

Technical support

The NMCF provides different levels of technical assistance to Sibambisene. The first level is one provided by project officers, in terms of continuous monitoring and advice. The second is provided by independent consultants who are often contracted to provide specific technical services such as capacity building on project management and information management. The third one comprises of capacity building organisations who are contracted to provide training on specific technical issues to the NMCF implementing partners. These specific technical issues include report writing, presentation skills and financial management (Interview with the Programme Manager for Sibambisene, September 2005).

To a certain extent, the NMCF has provided some technical support to Sibambisene, especially training on monitoring and evaluation, financial management, psychosocial support, and micro finance. However, Sibambisene expressed a concern regarding NMCF's approach for technical assistance, stating that it is once-off training, without sufficient follow-up and on-site coaching and mentoring. As a result, Sibambisene staff find it difficult to apply technical skills learnt from these trainings (Interview with Finance Manager for Sibambisene, September 2005).

4.1.4 Partnership

In an interview with the Director for Sibambisene (September 2005), he stated that Sibambisene believes in partnerships as a mechanism for sharing resources and skills in pursuance of common vision. Sibambisene and NMCF formed a partnership because they had something "to offer" in order to achieve a common vision. The former had vision, human capacity, and legitimacy within the community. The latter had the vision, technical capacity, and financial resources.

The Director also distinguished between two levels of partnership that Sibambisene is involved in. One is formal and obligatory-entering into a binding contract with specific conditions and timeframes. In this type of partnership the two parties have to comply with conditions stated in the contract. Non-compliance might result in serious tension, breaking of the contract and withdrawal of funds. This is the type of partnership Sibambisene have with donors, including NMCF. The other type of

partnership is informal and voluntary. Organisations agree to work together in order to achieve a common goal, such as networking with government and private sector organisations (Interview with the Director for Sibambisene, September 2005).

4.2 The Nelson Mandela Children's Fund

4.2.1 Policies

The NMCF is guided by both national and international policy frameworks and instruments in planning its programmes. These include the *Constitution of the Republic of South Africa, Act 108 of 1996*, *The Social Assistance Act No. 13 of 2004*, *The Child Care Act of 1991*, *The South African Schools Act No.84 of 1996*, *The Child Justice Bill of 2002*, and *The National Action Plan for Orphans and Children Made Vulnerable by HIV/AIDS, South Africa, 2006-2008*. Also, the NMCF's approach to programming for children is based on the international conventions that South Africa has subscribed to, including the *United Nations Convention on the Rights of the Child, 1989*; and the *African Charter on the Rights of Children, 1990* (Nelson Mandela Children's Fund, 2000).

In addition, the NMCF is guided by its internal policies which are based on national policies and legislations, such as the *Non Profit Organisations Act 71 of 1997 (NPOA)*, *Finance Information Centre Act (FICA) 38 of 2001* and the *King Report on Corporate Governance of 2002*. The Board of Trustees has approved internal policies to govern NMCF operations, including financial, investment, human resource management, and fundraising policies (Nelson Mandela Children's Fund, 2005b).

The *Sakha Ikusasa 2005-2010* is the strategic guiding document for all operations of the NMCF. This document contains the goals, values, principles, and strategic objectives for NMCF. The *Sakha Ikusasa 2005-2010* strategy has introduced new criteria for partner selection. Each programme for NMCF has specific criteria which reflects the organisational values, strategic objectives, governance, administration, and management issues. These criteria ensure that there is an alignment between NMCF strategy and the implementing partners. They ensure that NMCF selects partners that would help the organization to achieve its objectives (Nelson Mandela

Children's Fund: 2005b).

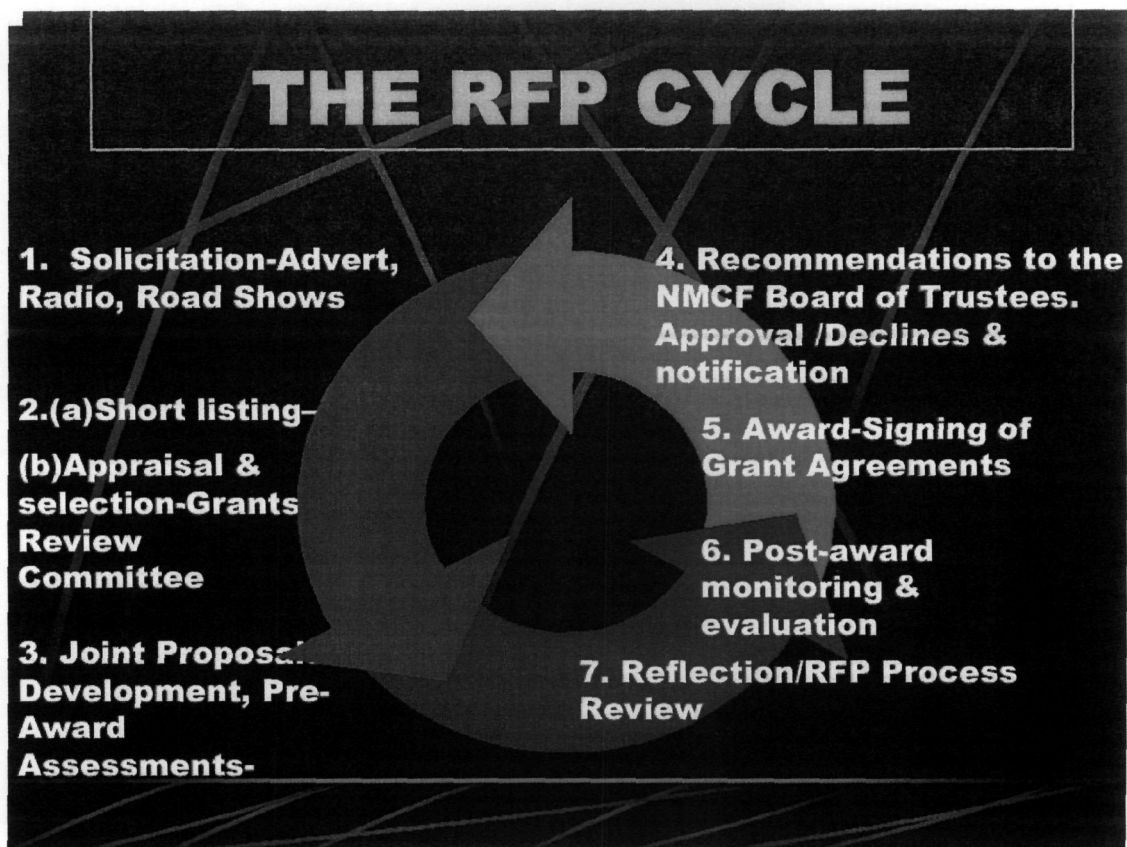
Since NMCF receives funds from various donors, some of them such as USAID attach their policies as conditions for funding. This means that the NMCF, in addition to its policies, has to comply with the policy requirements attached to certain donor funds (Communication⁹ with the NMCF Grants Manager, September 2005).

4.2.2 Processes

Previously, the NMCF solicited project implementation partners through newspaper adverts. These projects would then undergo procurement processes, including proposal assessments by project officers, presentations of assessment reports to the Management, and recommendations of selected partners to the Management Board for approval, contracting, monitoring and evaluation. However, this method was found to have shortcomings, as the organisation could not direct funds to the targeted geographic areas. With the advent of the new programme strategy, a new method of project solicitation was developed (Nelson Mandela Children's Fund: 2005c).

⁹ Communication in this context refers to information received through an informal conversation with the respondents. It differs from the interview in that there is no pre - set and structured questions.

The diagram below illustrates the process for requesting funds:



(Diagram 1: Adopted from the NMCF Request for Proposal Document)

The first phase involves the request for concept papers through adverts in national and local newspapers and radio stations. This process is complemented by public meetings, which allow for more face-to-face interaction between NMCF staff and interested organisations. These meetings are publicised through national and community radios, as well as invitations to individual organisations. The structure of these meetings includes an NMCF staff presentation, explaining the organisational strategy, programme goals and focus areas. The presentation is followed by a discussion with the participants (Nelson Mandela Children's Fund: 2005c).

The second phase involves short-listing of project proposals, appraisals and selection by the Grants Review Committee (GRC). The third phase is the pre-award assessments and joint proposal development. NMCF visit the short-listed projects, to gather more project information, and develop the proposal jointly with prospective organisations. This process allows implementing organisations to participate in the

programme design. The fourth phase involves the presentation and recommendation of proposals jointly developed with the prospective partners to the NMCF Board of Trustees. This is followed by the contracting of approved projects, and monitoring of implementation (Nelson Mandela Children's Fund: 2005c).

4.2.3 Management tools

Governance and Management

The NMCF is governed by a Board of Trustees from various professional backgrounds. This Board ensures that NMCF upholds the principles of effective governance, such as accountability, integrity and openness. The Board has delegated the Management Trustees Committee (MTC), to manage decisions on behalf of NMCF. The Management Trustees Committee has further established sector specific subcommittees, such as finance and auditing, development, investment, human resources, and marketing committees. These committees ensure an effective and focussed web of good governance (Nelson Mandela Children's Fund, 2004).

The Management Trustees Committee has delegated the implementation and day-to-day operations to the NMCF staff, under the leadership of the Chief Executive Officer (CEO). However, the MTC is still responsible for all key decisions for the operation of the NMCF, including strategic, policy, and financial decisions. This system of governance creates a hierarchical structure that ensures a strong sense of accountability (NMCF, 2005). According to the CEO, the NMCF staff are competent enough to respond to the needs and demands of communities they serve (Nelson Mandela Children's Fund: 2005a).

Planning and Monitoring

Each year the NMCF undertakes a strategic review exercise to reflect on the progress made and challenges encountered during the previous year (NMCF Strategic Review Document, 2004). Monitoring and evaluation is a priority and at the centre of NMCF's work. This is evident in the organisation's development of Monitoring and Evaluation Strategic Framework, time spent by their officers in project monitoring, and evaluation studies undertaken in the past. The objective of monitoring and evaluation is to ensure regular collection and analysis of information, based on the

progress made towards the achievement of defined objectives and goals. It is also to ensure continuous learning, identification of best practice, and improvement of programmes.

The NMCF also uses monitoring and evaluation system as a tool to account to their Management Board and donors. In order to achieve monitoring and evaluation goals, NMCF acknowledges the need for building the capacity of implementing partners. As a result, monitoring and evaluation training has been done for all NMCF partners. This is followed by continuous support from the monitoring and evaluation specialist (Interview with the NMCF Project Manager, September 2005).

Financial management

According to the Grants Manager for NMCF, There are three units that deal with finances: Grants Management, Resource Mobilisation and Finance Administration. The grants unit is responsible for the management of grants, including fund disbursement, expenditure control, project finance reporting, compliance monitoring, and capacity building for partners on financial systems. The unit provides a support function, and works closely with the programmes department. Working in collaboration with the project officers, grants unit is NMCF's contact for implementing partners (Interview with the NMCF Grants Manager, September 2005).

The finance administration is responsible for NMCF's internal finance management, including finance policies, systems, procedures, and processes. This unit is also responsible for the day-to-day finance administration, including accounts payment, cash management, and financial reporting. The resource mobilisation unit is responsible for donor management, including liaising and maintaining good relationship with NMCF donors and affiliates (Nelson Mandela Children's Fund: 2005d).

Technical Assistance

One of the key values for NMCF is institutional development and transformation. In its strategy, the NMCF acknowledges that in order to achieve its objectives, there is a need for capacity among the implementing organisations to successfully implement funded projects. The organisation also acknowledges that implementing partners vary

in their capacity levels to achieve programme goals. Therefore, there is a need to strengthen the capacity of implementing partners, if NMCF has to succeed in implementing its strategy. As a result, capacity building and institutional development is a cross cutting theme in the NMCF strategy, providing a mechanism to strengthen the internal capacity of implementing partners (Nelson Mandela Children's Fund: 2005*d*).

The NMCF strategy identifies two levels of technical assistance. Firstly, NMCF commissions consultants and research institutions to provide necessary capacity building services to its partners. The second level of technical assistance is provided to the partners by NMCF internal staff. The NMCF strategy highlights the point of employing experienced and skilled programme specialists and technical advisors to provide ongoing technical support to the implementing partners. These specialists include programme, monitoring and evaluation, and knowledge and information management (Nelson Mandela Children's Fund: 2005*b*).

4.2.4 Partnership

The NMCF strongly believes that its strategic goals can only be achieved through partnership with other organisations, communities, and donors. Emphasis on partnership features across the organisation's strategy, programmes and activities. Partnership is emphasized in the mission statement, as follows: "to develop partnerships and initiate programmes that which empower and improve the wellbeing of children and youth; and sustain these initiatives through the development of sound financial and knowledge support base" (Nelson Mandela Children's Fund, 2005*d*:4).

The concept of partnership is also emphasized in the NMCF strategy as a cross-cutting theme. The NMCF *Sakha Ikusasa* Strategic Document identifies institutional development as a critical area for the implementation of the strategy. Through this objective NMCF seeks to build and strengthen the internal capacity of implementing partners to perform service delivery. Partnership is also emphasised in the rationale for the Request for Proposal document. NMCF identifies three principal aims of the RFP process. Firstly, it is a tool to meet partner objectives, which feed into NMCF strategic objectives. Second, it is an efficient grant management system that ensures

governments' foreign policies. USAID is an independent federal agency that receives overall foreign policy guidance from the U.S. Secretary of State (USAID, 2006:25).

The U.S. *National Security Strategy* identifies four complementary programme areas for implementing the Strategy. These are defence, diplomacy¹⁰, development and humanitarian assistance. Both defence and diplomacy programmes are the implemented by the U.S. government respectively through its military programmes and country-based diplomatic missions (USAID, 2002). The USAID is responsible for implementing both the development and humanitarian programmes (USAID, 2005a).

However, even though each of these four pillar programmes has its own specific programmes and objectives to achieve, they all operate in a complementary manner. For example, when diplomatic interventions (negotiations) fail in a country, resulting in a state of conflict and war, the U.S. government deploys its military force to the affected country in order to normalise the situation. During the crisis period, the USAID, through its partners in the affected country, provides the humanitarian assistance to the destitute citizens. This is evident from the current crisis situation in Iraq, where the USAID is engaged in a humanitarian and development activities, while the U.S. military carries its defence operations (Stoddard, 2003).

The USAID policy is aligned to the U.S. government policies and strategies, and adapts to the changes of the latter. Quoting the USAID Administrator Andrew Natsios, USAID (2006) states that the USAID seeks to use bilateral foreign assistance to build a safer and more secure, democratic and prosperous world to enhance the U.S. national security; and that the implementation of the USAID policies is coordinated with other U.S. government policies and programmes.

The USAID (2006) further states that the USAID policy and strategy development in the USAID is an evolutionary process that changes with the emerging demands of the U.S. National Security Strategy, as shaped by the global changes and interests of the U.S. government and American people.

¹⁰ Diplomacy is the art and practice of conducting negotiations between nations, and the skill to do so without causing hostility. Development refers to long-term and sustainable interventions to social and economic problems of a country, including poverty, inequality and HIV/AIDS. Humanitarian assistance refers to the short-term interventions in situations where there is human

The USAID has developed a number of policy frameworks including the Foreign Aid in the National Interest; U.S. Foreign Aid: Meeting the Challenges of the Twenty-first Century (2004); Fragile States (2005); At Freedom's Frontiers: A Democracy and Governance Strategic Framework (2005); and the Policy Framework for Bilateral Foreign Aid (2006).

The USAID (2006) also state that the strategic alignment of the USAID policies to respond to the U.S. *National Strategy* positions the organisation to implement the foreign policy objectives of President Bush, including the Global War on the Terror and the Freedom Agenda (quoted in the USAID Policy Framework for Bilateral Foreign Aid, 2006:2). According to the USAID Policy Framework on Bilateral Foreign Aid (2006), USAID's policy framework is based on five strategic goals. These are promoting transformational development¹¹; strengthen fragile states¹² support strategic states¹³ provide human relief; and address global issues¹⁴.

The USAID believes that development is critical for reducing risks that could lead to "fragile states", and that fragile states have four main characteristics. These are weak and collapsing governments, poverty, humanitarian crisis, criminal and terrorism networks. The USAID also believe that instability, acts of violence and terrorism result from a lack of economic opportunity, poverty, poor social and health conditions, and weak democracy (USAID, 2005b).

Thus, in order to reduce risks associated with the above, USAID promotes economic growth, health and social wellbeing, and enhances democracy and provision of human relief services in crisis situations. These efforts to improve the lives of millions of people worldwide represent U.S. values and advance U.S. interests for peace and prosperity (USAID, 2005b).

crisis such as war or natural disasters such as floods. It includes provision of resources such as food, shelter, clothing and health facilities.

¹¹ Transformational development refers to the changes in governance and institutions, human capacity, and economic structure, for sustainable development without dependence on foreign funding.

¹² Fragile states refers to governments which are characterised by weak government leadership and capacity, and there is a threat of instability and security.

¹³ Strategic states refers to specific countries that are high priority to the U.S. government.

¹⁴ Global issues here refers to social, economic and natural problems that affect people across the world.

USAID SA policies are developed in Washington and cascaded down to the Mission Office. Mission Offices then consult with implementing partners, both Government Departments and NGOs. However, USAID policies are aligned with policies, strategies and programmes of donor recipient governments. USAID development funding is granted based on both the USAID programme objectives as well as priorities of recipient countries. For example, USAID SA funded the implementation of the *South African National Integrated HIV/AIDS Strategic Plan 2000-2005* (Interview with USAID SA Programme Manager, September 2005).

4.3.2 Management Systems and Tools

Governance and management

The USAID Administrator, Andrew Natsios (quoted in the *USAID Policy Framework for Bilateral Foreign Aid*, 2006) states that the primary responsibility for achieving the USAID development goals largely rests with the host nations, including their leadership and citizens. USAID seeks to play a catalyst role in facilitating the development agenda within recipient countries, in order to ensure that leadership and ownership remains with country leaders and citizens. Thus, the USAID believes that political will and good governance are prerequisites for a successful development agenda. Where this is lacking, this is a characteristic of “fragility” and a diagnosis for development failure (USAID, 2005b). In order to promote good governance in developing countries, the U.S. government has enacted a number of laws and forums. These include the *African Growth and Opportunity Act*¹⁵ (AGOA) of 2000, Africa Investment Incentive Act of 2006, and the Presidential African Global Competitiveness Initiative of 2006 (U.S. Department of State, 2006:1).

The USAID is a hierarchically structured organisation with a Central Office in the U.S, Regional Offices (eg Sub-Sahara), and Mission Offices (Country Offices). In addition, the central Office has Bureaus (technical support units, such as Policy bureau) who are responsible for guiding and supporting Regional and Mission Offices on various development issues. At the strategic level, USAID is headed by the

¹⁵ African Growth and Opportunity Act (AGOA) of 2000 is the mechanism for the U.S. government to encourage trade and investment sub-Saharan Africa, with a view to create development opportunity for the African people. These are trade benefits for African States that make continuous progress towards a market-based economy, rule of law, free trade, poverty reduction, and protection of the workers' rights.

Administrator, who accounts to the Secretary of the U.S. State on policy and strategic issues. The Secretary of the State then accounts to the U.S. Cabinet and President on all policy issues and foreign assistance programmes. At the operational (country) level, USAID is headed by the Country Director, who is accountable to the U.S. Ambassador.

Previously, Country Offices were not directly accountable to the U.S. Ambassador, but now has been integrated into his office, due to the integration of USAID and U.S. government strategic plans (Interview with the USAID Programme Manager, September 2005). This is fuelled by the strategic changes and alignment of the USAID and U.S. Government policies and strategies, with a view to synergise their operations in order to effectively achieve the U.S. National Security goals (USAID, 2006).

In addition to the internal governance and management structures, the *Advisory Committee On Voluntary Aid (ACVFA)*¹⁶ was established by the Presidential directive after the World War II to serve as link between the U.S. Government and the *Private Voluntary Organisations* (USAID ACVFA, undated).

Planning, Monitoring and Evaluation

The US *Government Performance and Results Act* of 1993 requires the U.S. Government and all its agencies to produce a strategic plan, an annual performance plan, and an annual performance report. In order to fulfil this requirement, the USAID has put managing for results¹⁷ at the centre of its operations, and as one of its core values. To this end, the USAID developed the Results Framework (2001) to serve both as a planning and performance management tool.

The USAID is also required to prepare and submit *Performance Accountability Reports* (annual performance reports) to U.S. President and Congress. The report reflects progress on achievement, set objectives for the fiscal year, challenges

¹⁶ The Advisory Committee On Voluntary Aid (ACVFA) consult, provide information and advises the USAID other U.S. Government agencies on development issues relating to the foreign aid. They also liase between private organisation, USAID on issues of development and foreign aid.

¹⁷ Managing for results means organising work around results sought to be accomplished.

encountered and explanation of variances, plans for addressing those challenges, and best practice learning from programmes implemented. (USAID, 2002).

The USAID defines results as 'significant', 'intended', and 'measurable change' in the lives of service recipients. The results framework serves three purposes. Firstly, it provides a framework for programme managers to measure progress towards achievement of result and to make appropriate adjustments. Secondly, it helps operating units and implementing partners to reach consensus and ownership around objectives and approaches to meet those objectives. Thirdly, it serves as a communication tool between operating units implementing partners (USAID, 2002).

Another management tool for USAID is the U.S. Government Auditing Standards. The *U.S. Inspector General Act of 1978* set U.S. Government Auditing Standards as the mechanism with which all U.S. agencies and implementing partners have to comply (USAID Office of Inspector General, 2003). The *Office of the Regional Inspector General* ensures that the recipients of USAID donor funds undertake quality audits in line with the U.S. government Auditing Standard. This is done through maintaining data of USAID approved audit firms, which are categorized as "preferred", "regular" and "conditional"¹⁸.

The U.S. government and USAID have developed a number of instruments and tools to ensure effective performance systems. In 2004 USAID and the US State Department produced a joint strategic plan for the financial year 2004 to 2009, in order to ensure that diplomatic efforts and development programmes are fully aligned to advance the *President's National Security Strategy* of 1993. In addition to the strategic plan, the USAID is required to develop an annual plan and performance measurement plan (USAID, 2005c).

According to the USAID SA Programme Manager, the process for developing plans and budgets is hierarchical, starting from the bottom to the top. Firstly, USAID

¹⁸ Preferred audit firms are those who comply with the U.S. Government Auditing Guidelines.

Regular firms refers to those audit firms who regularly conduct audits for USAID donor recipients, and whom the Regional Inspector General believes can comply with the U.S. Government Auditing Standards.

Conditional firms are locally based auditing firms which can be used by USAID implementing partners subject to the approval of USAID.

implementing partners submit their individual plans to USAID Mission Offices, with detailed activity plans, measurement plans and budgets. Secondly, the USAID Mission Office compiles *Country Operational Plans* and submits these to the Operation Units (program sectors). Operation Units then compile a comprehensive USAID plan and submit them to the Bureau Office (Highest USAID Office), which then present them to the Congress (Interview with the USAID Program Manager, September 2005).

Charles and McNulty, (1999:1) state that USAID, like other government agencies, is required to develop useful and meaningful performance goals and indicators consistent with the US government *Performance Results Act* of 1993 and Foreign Assistance Act of 1961. USAID staff and partners are required to develop a performance monitoring plan that includes performance indicators and their definitions, data source and quality, method of data collection, frequency and schedule of data collection, responsibilities for acquiring data, and a data analysis plan.

USAID embraces new evaluation and review models to ensure the use of robust and accurate data in USAID's budget and performance planning and reporting. The organization believes that programme evaluation is an important tool to determine whether USAID programmes have reached set objectives, as well as being tools providing objective inputs to policy and planning decisions. As a mechanism for tracking the results of its work, USAID identifies two levels of results: strategic objective and intermediate results. The former refers to the highest level of result for which USAID Operating Units are held accountable. The latter refers to those results that USAID funded development partners are held accountable for. Intermediate results are essential steps towards the achievement of Strategic Objective. They are measurable results that may capture a number of discrete and more specific outcomes (USAID, 2005d).

Technical assistance

According to the USAID SA Program Manager, USAID management systems and tools are developed centrally from the headquarters of the organisation, by the office of the relevant Bureau (technical) unit and cascaded down to the Mission Offices for implementation. USAID continuously review and change their management systems and tools, with a view to improving them. This results in the constant changes and adaptation to such changes, by both the USG mission staff and USAID implementing partners.

USAID implementing partners have complained that the tools are in-depth and technical, and as a result, the first year of implementing them is always a challenge. However, USAID always provide ongoing technical support and training to its partners, so as to ensure their proper understanding and application (Interview with the USAID SA Programme Manager, September 2005).

USAID manages its programmes through a customer-driven, results-oriented strategic planning and performance measurement approach. This means setting clear objectives and targets, collecting adequate information to measure progress, and adjusting strategies and tactics as required—all in consultation with partners and customers. USAID planning and management processes are based on the principles of participation, customer focus, empowerment, accountability and diversity. The organisation involves its partners in all its management processes (USAID, 2005*d*). This is based on the recognition that the achievement of USAID results is largely dependent on the capacity of their implementing partners (Interview with the USAID Programme Manager, 2005).

While USAID Mission Offices employ full-time programme specialists to manage their programmes, in cases where capacity is lacking, services are solicited from external organisations. The USAID's NGO Sector Strengthening Program is specifically designed to build the capacity of the NGO partners (USAID, 2005*e*). For example, Pact World¹⁹ has been contracted to provide technical capacity for all USAID partners in South Africa (USAID, 2005*e*). USAID also believes that technical

¹⁹ Pact World is a U.S. based capacity building organisation that works across the world, providing technical assistance to local NGOs. The organisation is contracted by USAID/SA to support their implementing partners on performance management and monitoring and evaluation.

support for its implementing partners is important to ensure sustainability of projects beyond the USAID funding.

4.3.3 Partnership

USAID is not an implementing organization itself, and so works through partners. The definition of a partner is quite broad and includes, all organisations and individuals that USAID collaborate with in order to achieve its results (USAID, 2002). These include national governments and departments, international organizations, other donors, corporate and business organisations, national and local NGOs. Partnership occurs in terms of both funding and non-funding relationships. USAID uses the term partnership to explain that the organisation works with others to accomplish its goals.

Partnership is seen in terms of common vision, values and commitment towards the achievement of shared goals. It offers an opportunity to share knowledge and resources, joint planning, achieving together, and learning from implementation. USAID sees partnership as a long lasting relationship that stretches beyond the boundaries of a funding relationship (Interview with the USAID SA Programme Manager, September 2005).

In the interview, the Programme Manager for USAID SA stated that implementing partners are selected through a competitive process, based on the criteria set by the USAID head office, and administered by the local field missions. USAID SA selects partners that believe in its values, share a common vision, and contribute towards the achievement of their strategic objectives. Project implementing partners are selected through an annual request for proposals process, which is advertised publicly with clearly stated program objectives. Proposals are then reviewed by a team of experts, including the USAID staff and external experts from the government and NGO sectors. However, government departments and municipalities do not undergo a competition process, but grant funds are provided based on specific bilateral foreign aid agreement with the between the U.S. and S.A. governments. For example, the S.A. Department of Health receives HIV/AIDS funds from USAID not on a

CHAPTER 5: ANALYSIS

5.1 POLICIES

5.1.1 Sibambisene

The findings from this study have shown that all the three organisations studied (Sibambisene, NMCF, and USAID SA) have come into existence based on certain values and the desire to pursue a certain policy agenda. However, it appears that the manner in which the three organisations articulate their identity and reasons for existence are not the same. Sibambisene emphasizes the needs of community, as well the organisations' legitimacy to address such needs.

This is evident in the manner in which the interviewees proudly articulated the consultative process out of which the organisation was born, and rationale for its establishment. Exploring why the organisation does not have internal, codified policies, several reasons were cited; including that Sibambisene is new; and that there are more pressing needs from communities served, leading to staff spending more time on service delivery than internal organisational issues, including development of organisational policies.

This can be argued in terms of *policy action and managerialist frameworks* discussed in the literature review section, especially Brinkerhoff and Cosby (2002:40), who argue that policy management²¹ is a technical, complex, and interactive process which demands the involvement and participation of key stakeholders. It demands consultation, consensus building, conflict resolution and compromise. It also demands strong vision and leadership, individuals or groups who strongly believe such a policy is necessary.

Parsons (1995) argues that policy implementation is an interactive process between those who seek to implement the policy and those who control resources. The managerialist framework theorists argue that policy management demands a strong institutional capacity, including human resources, organisational culture and skills.

²¹ Policy management in this context refers to processes and actions undertaken in designing, implementing, monitoring and evaluating a policy.

Based on the evidence from this study, and in relation to the policy implementation theories discussed above, conclusions can be drawn on three key issues. First, that there is a strong relationship between the organisation's period of existence and its capacity to manage policies. If policy management is an evolutionary, complex, and technical process; it can be argued that new organisations are less likely to have matured policies compared to organisations that have existed for a long time management.

As Brinkerhoff and Cosby (2002) argue, policy demands the consultation and participation of multiple stakeholders, it may be concluded that Sibambisene has not yet built strong stakeholder networks that are conducive for policy making. Even though the findings revealed that the organisation was established based on a multi-stakeholder consultative and participatory process, its focus was on the pressing community need for service delivery than policy making. It is therefore unsurprising that Sibambisene has not developed and codified policies at this stage.

The second argument relates to institutional capacity. As the managerialist theorists argue, policy management is a technical process that demands strong institutional capacity, including vision, leadership, technical skills on policy issues, and financial resources. The findings revealed that Sibambisene still lacks this capacity. This is evident from their organisational structure, which largely consists of field workers who mainly deal with project related issues. These field workers were recruited based on the priorities of the organisation (service provision to communities), as well as the needs of donors to meet their performance objectives.

Still related to institutional capacity is the culture of the organisation and vision of its leader. Sahley (1991) argues that local NGOs tend to focus more on the project outputs and overlook their internal organisational development and management issues. This stems, she argues, from the way NGOs perceive themselves as existing to serve communities, as well as pressures and demands to achieve donors programme objectives. They are often caught up in a cycle of addressing immediate pressures and priorities from donors and communities, and neglect the internal development of organisational capacities. NGOs are indeed overwhelmed with the short-term project contract demands for immediate results and donor reporting requirements. This also

became evident in the manner in which Sibambisene interviewees proudly and confidently articulated their main priority as serving communities of Umkhanyakude Municipal District. This is understandable given the purpose and history for the establishment of Sibambisene. Linked to this is the fact that communities provide legitimacy to local NGOs. Unlike donors, NGOs evolve within communities and interact with people on regular basis.

Thirdly, Sibambisene's policy situation can be viewed in terms of the *inter-organisational analysis model*, that policy making is mainly influenced by power and resource dependency. The argument here is that development is an interaction process between different actors, with some depending on others for resources. Those that have resources possess more power than those that do not. Theorists on power argue that parties who hold more power in the decision-making process will determine decisions that will prevail (Colebatch, 2002).

It emerged from this study that donors, including NMCF, only fund project implementation related activities rather than organisational development. While there seems to be evidence that donors acknowledge the importance of capacity building and organisational development as a strategy for the sustainability of local NGOs (Eade, 1997), donors still prioritise project implementation when granting funds to local NGOs.

5.1.2 Nelson Mandela Children's Fund

The findings revealed that the NMCF has evolved from a grant-making to development organisation²² (Nelson Mandela Children's Fund, 2005b). This move reflects a shift in development policy thinking, from a welfarist to participatory development; clientilist to partnership; and interventionist to capacity building and sustainability. The transition of the NMCF from grant-making to development approach can be argued to be the result of learning from its programme

²² The NMCF makes a distinction between grant-making and development organisation. They argue that a grant-making organisation only organise and distribute funds, without meaningful engagement with beneficiaries. Such organisation provide once-off immediate and unsustainable interventions. On the contrary, development organisations focus on the long-term sustainable and empowering interventions. They apply participatory approaches to development, uphold human rights principles and advocate for the poor and marginalized population sectors.

implementation process. When the organisation started to operate, grant-making was thought to be the best strategy for achieving set objectives, and policies were then designed according to that thinking. However, through implementation and programme review processes, the organisation has learnt that it needed an alternative approach to do its business, which has resulted in the strategic shift from grant-making to a development approach.

Based on these results, it may be argued that policy is an evolutionary process that changes over time based on the learning experience of those who implement it, and the will of policy makers to change the policy. Findings from this study contradicts both the views of the *top-down theorists* that policy is made from a higher administrative levels and cascades to the bottom; and the *bottom-up approach* that policies are made at grassroots levels to the higher administrative levels. Instead, it suggests that in practice policy making is a combination of the two approaches.

In other words, policy making is a cyclical process that originates from decision makers to those responsible for implementing it, with a view to learn from implementation and adjust accordingly. In other words, implementation is a testing ground for policy making process. This implies that policy making is an ongoing process that changes with the changing needs of targeted beneficiaries.

The NMCF also seems to have both the finances and capacity to develop and manage policies. This is evident from the research that it has commissioned, with a view to inform their policy and strategy²³ development processes. The NMCF also puts emphasis on knowledge management, and identifies itself as a learning organisation. Analysis of the NMCF policy situation can be done using theories on power and policy frameworks. Based on the argument of the *policy action theorists* that policy making is an evolutionary process that requires strong technical and institutional capacity, it can be argued that the NMCF possesses this capacity. The Management Board offers a strong structure of governance. It consists of leaders from various professional backgrounds, including legal, government, finance, business, and political sectors. Such a structure of governance has sufficient capacity to lead the

²³ Studies commissioned include 2004 Strategic Reviews for Grants Administration by Kuljian; Programmes by Mamabolo; and Monitoring and Evaluation Report by Khulisa Management Consultants.

policy making process in the organisation. For example, the Management Board is divided into various committees, including finance and audit, human resources, development, investment and marketing. These committees are responsible for leading the organisation on relevant policy issues. In addition, the organisation has sufficient funds to hire technical experts to research or advise on certain policy and strategic issues. Therefore, this combination of skills creates a conducive environment for effective policy making and management within the organisation.

5.1.3 United States Agency for International Development South Africa

This study revealed that USAID SA has well developed policies and management systems, which cascade from the central office in Washington down to the mission offices at country level. The study also revealed that USAID was established to achieve the goals of U.S. government policies, particularly the *National Security Strategy* of 1993 and *Foreign Assistance Act* of 1978. It may therefore be argued that USAID is the U.S. government apparatus for its development agenda in order to mitigate the risks of instability, terrorism and humanitarian crisis across the world. There is also evidence that USAID policies change over time, as a result of changes in U.S Government priorities and influence from social, economic and political changes across the world.

It may be argued that the USAID policy making process is both demand and supply driven. It is demand driven because it responds to the changing political, social and economic environments across the world. It is supply driven because it primarily serves the interests of the U.S government and American people. While the U.S. development agenda benefits people from recipient countries, it is primarily for the safety and prosperity of America. It may also be argued that the USAID development policies are influenced by international conventions, institutions and forums, such as United Nations (UN), World Health Organisation (WHO), International Labour Organisation (ILO) and World Trade Organisation (WTO).

Based on the fact that USAID policies are demand driven, it can be argued that policy making is not entirely in the control of those who have resources. Even though

America might have financial power, circumstances such politics, economy, and social factors across the world dictate what forms of policies the U.S. government should pursue. While policy implementation theorists view policy making as mainly influenced by actors involved, we may add that at times the environment (rather than people) in which policy making takes place can largely influence people who make decisions about policies.

The findings showed that USAID has a strong culture of planning, learning and performance improvement. One may conclude that USAID has both technical and financial capacity to make and manage policies. This is evident from the planning and management processes and tools that the organisation has developed and uses in managing its programmes, including 'managing for results' framework²⁴, annual performance plans, annual reporting, monitoring and evaluation tools.

A strong policy development culture within USAID is also evident in the manner in which the organisation is structured, with policy and research bureaus responsible research and policy development. There is also a strong evidence of vision, leadership and political will on policy issues, both within the organisation and the U.S. government. Performance management appears to be a priority for the U.S. government and USAID. This is evident from legislation such as the *Results Framework Act* of 1993.

Thus, it appears that the approach of the three partnering organisations to policy implementation is a combination of a top-down and bottom-up approach. On the one hand, the USAID develops policies from the central office in Washington and filters them down to the mission offices for implementation. Nonetheless, there seems to be a deliberate mechanism (monitoring and evaluation) for project implementing partners to provide feedback and share learning experiences from the implementation process. This suggests that policy development and implementation is neither exclusively a top-down nor bottom-up process but rather a combination of the two approaches. Policy development is thus a continuous and evolving process that keeps

²⁴ Managing for results framework is a tool that is used by USAID and its partners to manage programme performance. It includes programme planning, monitoring and evaluation tools, as well as key success indicators.

on changing and improving over time, based on the changing needs and demands of beneficiaries and targets for which the policy has been made.

5.2 PROCESSES

The study has revealed that both donor agencies and recipients of donor funds follow certain processes in selecting partners, implementing and evaluating their programmes. However, donors dominate the control of these processes, initiating them and determining how they should unfold. The processes are developed internally by the donor based on what seems best for the organisation to manage its programme. They are then communicated to potential donor recipients as policies and procedures to follow in applying for funds.

The study also showed that participation of partners in the processes of programme development is one of the principles for donor agencies. For example, USAID SA stated that relevant managers work with short-listed donor applicants to develop proposals that meet USAID requirements. The NMCF's new strategy has introduced a new process for developing partnerships with implementing partners. The aim is to ensure participation of community organisations from the initial planning stages of partnership, in order to have a proper understanding of processes to be followed.

However, even though the process allows the participation of potential recipients, donors are still in the driving seat, determining and controlling when and how such processes should proceed. It can be argued that what donors call 'participation' is actually 'information sharing', since such sessions do not allow partners an opportunity to give their views or critique what the donor is presenting. In other words, partners participate in such meeting in order to get information rather than voice their views or challenge the position of the donor. This is understandable, as challenging or criticising a donor might jeopardise chances of getting funds.

Brinkerhoff and Cosby (2000) argue that institutions possess certain power (based on their resources), and use such power to impose their ideas and decisions to others. This implies that when donor recipients share a platform with donors, power is

skewed towards the latter. In such a situation meaningful participation is almost impossible.

Also, applicants are involved only in certain stages of the process, while other stages remain confidential. For example, applicants that are rejected are not given detailed feedback about the reason for this, other than a brief decline letter. It is the donor agency that compiles information, based on the applicant's proposal, for motivation to their decision-making bodies, such as the management board. The criteria used for donor agencies to approve or not approve funding remains their secret. The study also revealed that donor management processes demand more time from implementing partners, such as time to prepare reports, and this limits time spent serving communities.

The study revealed that donor processes receive higher priority from donor recipient organisations than communities they serve. Even though Sibambisene stated that service provision to communities is their first priority, in reality donors get top priority. For example, field staff often postpone community activities when there are urgent matters or tasks required by donors, such as reports. This is understandable as non-compliance with the donor might discredit donor recipients, and sometimes result in sanctions.

In terms of Luke's (1974) typologies of power it may be argued that donors win power by *coercion* and *authority*. Donor recipient organisations comply with the demands of donors because of fear of sanctions, such as withdrawal of project funds. It was discovered that both NMCF and USAID SA disburse funds to their recipients in tranches (instalments), which are paid out based on the compliance of the recipient with the conditions of the contract. Non-compliance can result in the withdrawal of outstanding tranches.

This is similar to Galbraith's (1986) concept of *condign* power, in which compliance is won by imposing an unpleasant condition. Galbraith uses *compensatory* power to refer to the opposite of *condign* power. In this case, the holder of power wins compliance by attaching a reward or something of value to the other group to whom

power is exercised. Project funds can be viewed as a form of reward to the donor recipient organisation.

Lukes (1974) argues that authority applies when the demands of one group over another are legitimised such that the enforcement of these demands are perceived to be reasonable, fair and just. It can then be argued that donors impose project contracts on the recipients attach a monetary value so that it becomes obligatory to recipients. This implies that the contract gives authority to the donor over the recipient, and thus inequality of power exists in that relationship. Therefore, recipients have no other choice in this kind of relationship, as non-compliance often results in a certain form of 'punishment', such as deprivation of resources.

5.3 MANAGEMENT SYSTEMS AND TOOLS

Sahley (1991) states that NGOs require effective management systems and structures in order to function efficiently. These systems include decision-making, financial management, people management, project management, knowledge and information management. However, she argues, developing sound management systems and procedures is not usually an explicit priority for most NGOs. Most of their planning efforts focus is on programming and operational issues, and ignore their internal capacities.

This study has revealed that there is a huge gap in terms of management capacities among USAID SA, NMCF and Sibambisene. While USAID SA and NMCF have well developed systems and tools for managing their work, these are lacking in Sibambisene. This was also confirmed by the study on the Capacity of Small Enterprise Development Agencies in Africa (Sahley, 1991).

Poor management systems among small NGOs can be explained in terms of organisational culture, technical capacity, resource availability and influence of donors. The general organisational culture of programme implementing organisations focuses on programme planning and implementation, with little attention on their internal management systems. This might be largely based on their perception that their core function is to provide services to communities. If the general belief of the

organisational theorists that people bring their own cultures to the work place is true, in the South African context this perception of prioritising community needs above internal management matters might be rooted and perpetuated by the spirit of *ubuntu* (Human Kindness), which permeates our policies and practices (such as “Batho Pele” -People First). On the other hand, this perception might be embedded in the core principles of democracy, such as participation, accountability and consultation.

Secondly, community organisations generally lack the technical capacity to address their internal management systems. Development and application of internal management systems requires technical skills that community service organisations often lack. Community service organisation tend to recruit staff that are more skilled in programme issues than administration and management. For example, out of six managers within Sibambisene five were programme staff. This shows that priority is given to programme management.

The third reason for poor capacity in the area of systems management systems within this civil society organisation is the scarcity of resources. This organisation exists in a turbulent environment of fast changing technologies and competition for scarce resources. Development and maintenance of sound organisational management systems requires resources, which are not easily affordable to civil society organisations. These organisations largely depend on donor funding, and a large percentage of this amount is normally restricted to project implementation.

5.3.1 Technical Assistance from donors

This study has revealed that donors have capacity building plans as part of the grants’ package for projects funded. Both the USAID SA and NMCF employ programme specialists and technical advisors, whose role is to continually provide advice and support in specific technical programmatical areas. In addition, the two organisations employ consultants to provide skills that are lacking internally. These consultants perform short-term technical tasks for implementing partners on behalf of donor agencies, including programme evaluations, development financial management and monitoring and evaluation systems.

Also, there seems to be a new trend from donor agencies to contract technical organisations to provide specific technical services to their partners during the term of the contract. These organisations include research and specific technical programme specialists. For example, USAID SA has contracted PACT to provide support on monitoring and evaluation; and research institutions such as South African Population Council to provide support to their partners.

Based on the above examples it seems evident that there is some degree of commitment from donors to provide technical assistance and build the capacity of their implementing partners. Donors acknowledge that community service organisations have limited capacity to manage programmes and to account for granted funds. Capacity building has become an integral part of project funding. This might be fuelled by three factors: accountability, programme effectiveness, and project sustainability. Donors have to account to their management structures, and therefore have to develop systems of accountability at all levels of programme management.

The hierarchical structure of USAID demands a strong system of accountability from the lowest to the highest level of the organisation. As a result, the organisation has developed technical management systems that are cascaded from the headquarters to the mission offices, and then to the implementing partners.

Donors also want to ensure programme effectiveness among their partners, and therefore develop performance management systems and tools, such as monitoring and evaluation. This is necessary in order to report to the decision makers about the worthiness of the programmes supported, and the impact of funds being donated on the beneficiaries. Donors also seem concerned about the sustainability of projects beyond the funding contract. Capacity building therefore is designed so as to ensure that projects will continue beyond the funding relationship with donors.

However, the question that arises is the extent to which these capacity building arrangements really strengthen the capacity of service organisations. The study revealed that technical assistance from donors is provided on an ad hoc and short-term basis. Training on organisational management systems is packaged as a "one size fits

all”²⁵, and offered to implementing partners without considering their levels of literacy. Respondents confirmed that capacity building is done once off, and not followed up with coaching and mentoring until partner organisations can apply learned knowledge and skills. It was also found that at times donors relay inconsistent messages about their management systems, as a result of different technical advisors and consultants. At times there are no standard procedure manuals to refer to for consistency, and this often results in confusion rather than capacity building for the organisation.

Sahley (1991:16) makes a distinction between organisational development and technical capacity building. She argues that the former starts from “within” and should be at an integral part of the organisation’s vision and strategy. It is a long-term process that goes beyond the funding relationship with donors. On the contrary, technical assistance comes from the “outside” and is driven by donors. It is a short-term capacity-building process to aimed at enabling implementing partners to achieve intended goals during the partnership period.

Therefore, it appears that donors recognize the lack of capacity among NGOs, and implications for this on project quality, performance and sustainability. There also seems to be a strong commitment to enhance this capacity, as is evident from the donor’s capacity building plans and budgets for their implementing counterparts. However, there is also evidence that these capacity building programmes are once off trainings, and not effective and sustainable.

5.4 PARTNERSHIP

This study has shown that the Sibambisene, the Nelson Mandela Children’s Fund and USAID SA all describe their relationship with each other as a partnership. It also emerged that these organizations formed the partnership based on the recognition that there are certain benefits that each partner receives, and services they need to offer. But what are the benefits that each of these organisations receive, and what contributions do they make in the partnership? This partnership arrangement may be

²⁵ “One size fits all” training refers to training programme that is designed and offered to organisations without adaptation to their levels of capacity.

explained using the *organizational exchange theory* on policy implementation, which views partnership as a mechanism for the exchange of benefits between two or more organisations. It may therefore be argued that donors contribute financial resources and technical skills into the partnership in exchange for service delivery. In other words, they buy services of donor recipients in order to fulfill their development goals in the operating countries. On the other hand, donor recipients contribute service delivery and time and receive financial resources and technical skills. Thus, there is something that each partner offers and receives. Also, in this partnership arrangement the autonomy of donor recipients is compromised, due to the unequal power relationship in favor of donors.

Therefore, partnership between donors and recipients is characterized by a certain degree of inter-dependence, based on the recognition that by themselves they could not achieve their organizational goals. This implies that each organization brings something of value to the partnership. However, interdependence does not suggest equality of power between the two parties. Donors hold more power than recipient organisations.

It may be argued that one of the reasons for the dominance of donors over recipients in this partnership arrangement is that donors own and control the process partnership. They initiate it, approve it, contract, monitor, and decide when to how long should it take it. This was evident in the manner in which the partnership between Sibambisene and the Nelson Mandela Children's Fund was formed. It was initiated by the latter through a competitive call for proposals. Sibambisene simply responded to a call from donor agencies, something that leads to compromise of their power throughout the process.

Another observation from this study is that both donors and recipients enter into partnerships in order to achieve their individual interests and goals. While the partnership may be said to be intended for a common goal of improving the quality of life for poor people, the end result might be for selfish benefit. For example, this study has shown that the USAID's development agenda, while targeted at poor people from the host countries, is primarily intended for the benefit of American people. The USAID development agenda is an instrument for achieving the goals of the U.S.

USAID development agenda is an instrument for achieving the goals of the U.S. *National Security Strategy* of 1993, whose goal is to ensure safety of the American people through promoting peace, social and economic development of developing or fragile states. Thus, the ultimate outcome for the USAID's development programme is peace and freedom for the Americans. It may then be concluded that donor funding and partnership is not free to the developing states, but an investment for the prosperity of the donor countries.

There is also evidence that USAID promotes and supports a "co-existence" approach to civil society organisations and the state relations. Quoted in the USAID (2006) the USAID Administrator Natsios states that political will, leadership and co-operation of development actors are key for the successful implementation of the USAID's development programme. This is also evident in the U.S. laws that promote cooperation of states on partnerships with the private sector, such as *African Growth and Opportunity Act of 2000* and *African Investment Incentive Act of 2006*. The purpose of these legislations is to give trade investment incentives to African States who have scored high on the U.S. development objectives, as laid out in the USAID development agenda.

Additional evidence of support for the "co-existence" approach by the USAID is in its Global Health Programme in South Africa. For example, USAID funds the National Comprehensive HIV/AIDS Strategy 2000-2010, which is a government programme. This then influences the selection criteria for NGO partners who apply for HIV/AIDS funds, as they are selected on the basis of whether their activities are in line with this plan.

In other words, in principle it appears that NGOs that are likely to get funding from USAID are those that complement the state in delivering its services. The support of the "co-existence" approach by the USAID comes as no surprise, given their relationship with the U.S. Government. While it is stated that USAID is independent (USAID, 2006), in reality it appears to be an extension of the U.S. Government.

One of the critical questions to be answered in this study is the rationale and motivation for USAID Programme in South Africa. Having discussed USAID's

involvement in U.S. foreign policy and the national security agenda across the world previously, it is important to specifically explain USAID involvement in South Africa in particular. According to the USAID SA *Annual Report*, "South Africa remains critical to US foreign policy interests and plays a key economic and political role in Africa bilaterally and regionally as an active member of regional bodies, such as the African Union and the New Partnership for Africa's Development.

South Africa has been actively engaged in efforts to peacefully resolve conflicts in Angola, the Democratic Republic of the Congo, Mozambique, Rwanda, and Burundi and most recently in Zimbabwe. South Africa remains by far the most important U.S. trading partner in sub-Saharan Africa, excluding Nigeria, a major oil exporter" (USAID SA, 2004:2).

The USAID *Fragile State Strategy* states that when development and governance fail in a country, the consequences engulf entire regions and leap around the world (USAID, 2005). Based on these two statements, one may conclude that the USAID SA programme is strategic, in order to achieve the goals of political, economic, and social stability. This statement seems to suggest that political, social and economic instability around the world poses a threat to the US government and American citizens in general. The logic is thus that underdevelopment may result in political and economic turmoil, which may spread to other parts of the world, and affect global economies, peace and governance.

One may therefore conclude that the U.S. Government is concerned with both economic and socio-political risks of unstable states. The political concern is that underdevelopment may lead to violence, wars, terrorism, and corruption. The economic effects may be disruption of international trade protocols and agreements. It also appears that foreign assistance programme yields some investment benefits, since one of the USAID procurement conditions for donor funds recipients is the purchase American manufactured products.

The *inter-organizational analysis* views decision makers as sourcing power from their organizations. This organizational power is derived from such things as structure, resources and technical knowledge. Therefore it may be argued that the hierarchical

dominance of the USAID in this partnership relationship. Power in the organizations is expressed through policies, procedures and processes. The study revealed that policies, procedures and management systems are developed from the central office and devolved to the regions and country mission office for implementation. This implies that decisions are taken from the top for implementation at the local levels. This further confirms the views of the top-down approaches to policy implementation, that policy flows from the top to the bottom.

5.5 Rationale for funding Civil Society Organisations (CSO)

Another critical question to answer is what are the motives for USAID to fund CSOs. Studies on the changing donor environment in South Africa suggests that the post 1994 democratic era resulted in the shift of donor funding from the civil society organisations in favour of the government, in order to strengthen the new democracy (Kihato, 2001). If this is the case why then does, within the bilateral agreement framework, USAID still continues to fund CSOs instead of channelling all its funds to the government. One of the motivations might be the recognition of CSOs as key actors in the strengthening of democracy.

USAID Private Voluntary Cooperation programmes such NGO Sector Strengthening, Global Partnerships and Capable Partners Programme²⁶ give evidence to this fact. Supporting the State alone might not be enough in order to achieve the objective of democracy strengthening. In some cases the governments of hosting countries might have different policies or views on certain development issues from those of the U.S. government. In cases where hosting countries have policies certain development issues that are contrary to USAID, USAID might have alternatives of channelling such funds to organisations that best meet the interest of the U.S. government.

Another motivation for direct funding to CSOs might be largely influenced by the national policies, strategies and perceptions of hosting governments on the role of CSOs. The neo-liberal nature of South Africa's economic and development policies

²⁶ NGO Sector strengthening aims to enhance NGO capacity to deliver services. Global partnership programme mobilises and co-ordinates funds from private sector organisations for development work in developing countries. Capable partners programme provides technical support to local NGOs.

CSOs. The neo-liberal nature of South Africa's economic and development policies has resulted in the development of multi-stakeholder strategies towards development, which calls for the active participation of the CSOs and private sector. These local policies then influence the manner in which donors distribute their development funds. For example, the *South African National Comprehensive HIV/AIDS Plan*, which is largely supported by the U.S. government, bears witness to this. USAID SA respondents stated that the implementation of the USAID Health Programme in South Africa is determined by the National Health Policies on HIV/AIDS. As a result, USAID supports the *National Comprehensive HIV/AIDS Plan*. Because this plan involves the active involvement of CSOs and business sector, USAID SA also supports CSOs that are actively involved in mitigating HIV/AIDS.

Therefore, it appears that policies that demonstrate democratic principles, such as participation, accountability, good governance, corporate governance are attractive to the USAID foreign assistance programme. Based on this, conclusions can be drawn that the U.S. Government is in favour and encourages a corporatist and co-existence relationship between the state and CSOs. The co-operation between the state and civil society organisation has some implications for the U.S *National Security Strategy*.

Firstly, it means is that there is generally no conflict between the two, stability of South Africa's democracy (less fragility) and thus less threat to the U.S. national security. Secondly, it means that there is a conducive environment for USAID to achieve its development goals of addressing poverty, under-development, and strengthening democracy. It means that the USAID is in a better position to address poverty and underdevelopment at a larger scale.

Given the limited capacity of the state to address problems of underdevelopment, the will of civil society organisations to co-operate with and complement the state in this regard enables the provision of services to communities at a larger scale. In other words, the civil society becomes the service delivery arm of the state. This is very important in the South African development context, which is characterised by geographically widespread rural and semi-urban populations, unequal resource distribution, and poor social and economic services.

The stability of South Africa's democracy has implications for other parts of the African region. It means that South Africa can be trusted to resolve conflicts in other countries. The findings of this revealed that USAID's support to South Africa is also influenced by the role the country plays in addressing conflicts in neighbouring countries through peace negotiations and defence programmes, such as in Burundi and Democratic Republic of Congo. By so doing, this intervention contributes towards the achievement of some goals of the U.S. *National Security Strategy*: to reduce war, violence, political instability and underdevelopment; which if unchecked may affect economic development and peace across the world.

It may therefore be concluded that the USAID's support to South Africa is two-fold, to address its internal development challenges, as well as to use support its diplomatic peace mission in the Southern African region.

5.6 CONCLUSION

Development is a chain of human relationships linked by a common desire to improve lives of poor people. This chain links ordinary people, local NGOs, international NGOS and grant-makers. The links may become weak in the chain because some partners in the relationship possess more power. Power penetrates every aspect of human relationships, and it is sourced and used in different ways.

The purpose of this study was to explore the impact of donor policies, processes and management tools on the work of civil society organisations, using Sibambisene, NMCF and USAID SA as a case study. Themes explored include each organisation's policies, processes used, management tools employed, the type of partnership practice in evidence and the power relations among them.

Based on the analysis of findings from this research, and literature reviewed from the previous studies, it appears that both donor and implementing organisations recognise partnership as necessary for pursuing a common vision for development. It also seems that organisations, both donor and implementing partners, enter into partnership with different expectations and for different reasons. Donors need local NGOs to implement projects that will contribute to the achievement of their objectives and vision. On the other hand, implementing partners need donors for financial and technical support.

It is also suggested that the partnership between donors and implementing NGOs is characterised by unequal power relations. This can be attributed to a number of factors, including financial control and technical capacity of donors, their control over policies, processes and management tools used. Policies are developed from the USAID central office in Washington and cascade down to regional and country mission offices for their actual implementation. Mission offices then communicate the implementation strategy as guidelines which need to be adhered to in order to qualify for donor approval and fund disbursement.

Implementing partners consistently encounter difficulties in applying the donor management systems due to a lack of technical support from donors. Implementing

partners also spend increased time on administrative tasks in order to ensure compliance with donor requirements and deadlines. This then compromises the quality of their services and time spent with the communities to which they serve. The administrative burden attached to donor funding forces implementing partners to give increased priority to accounting to donor programmes rather than the communities they serve.

By virtue of controlling funds, having technical capacity and managing the contract, donors possess authority over recipient organisations. It was revealed in this study that donors generally initiate and monitor project contracts. They develop terms of reference, undertake procurement processes, disburse funds, and decide whether the partnership relationship should continue or not.

Sahley (1991) argues that the concept of partnership is largely rhetoric, overused and poorly defined. It obscures the reality that donors control funds and set priorities and conditions for donor funds disbursement, resulting in an unequal relationship. Overton and Storey, (2001) share a similar view in their argument that development agencies have adopted the rhetoric of building 'partnership' and 'relationship' in their programmes.

They further argue at one level, this can be seen to reflect the call from the development theory that communities should be empowered by being given the opportunity to participate in their development initiatives, and thus have "ownership". In practice, however, this concern for relationship between donors and recipients seems to involve a strengthening of the latter in as far as improving efficiency and accountability in the use of donor funds. Overton and Storey, (2001:23) conclude by stating that relationships and partnerships are structured in a particular utilitarian way that reinforces the donor-recipient model and inequality.

The findings from this study therefore suggest that the relationship between donors and implementing partners does not qualify to be called 'partnership', given that it is characterized by power inequality, dependency, and disempowerment of the recipient organisations.

Strategies that seek to address dependency of implementing partners are necessary partnerships should be adapted to fit needs of each partner. This should include joint planning and learning. Joint planning would also give opportunity to each partner to clarify its role, expectations and get an in-depth understanding of the partnering organisation. Effective implementation of partnership programmes starts with joint planning by the parties involved or intending to enter into partnership, and followed by continuous participation in all the processes of the partnership initiative. Joint planning and implementation would ensure that capacity gaps are identified, and that systems are adapted to the diverse levels and needs of each partner.

While donors do undertake pre-award assessments for their projects, this is not effective as it does not encourage honesty and transparency on the side of assessed potential grantees. The reason being that potential donor recipients are more likely to impress donors by emphasising their strengths rather than weaknesses, in order to increase their chances of receiving funds.

It is also important for donors to adapt their policies, systems and programmes to local conditions where they are intended to be implemented. Effective policy implementation is clouded with a number of internal and external environmental factors, that implementers should keep checking in order to minimize risks for implementation. Local and implementing partners should ensure that they have defined their identity, both in terms of values and core business, before they enter into a partnership relationship. This would ensure that they do not lose focus.

Local NGOs should also ensure that they develop new fundraising strategies, that are more internally and locally focussed. Suggested ways of reducing donor financial dependence include locally based fundraising, membership subscription fees, and income generating activities. Best-practice cases in this regard in South Africa include the *Victory Songqoba Community Stokvel*, *Men on the Side of the Road project*, and *Cape Mental Health Society* (Global Policy Forum, 2005).

In summary, this study has examined power relations between donors and donor recipients, within the context of decision-making processes, policy implementation, partnership, and application of management systems and tools. The study revealed

that the partnership between donors and civil society organisations displays unequal power relations, with the latter dominating policy decision-making processes. This is largely attributed to the financial dependence of civil society organisations on the donor funds. The result is that civil society organisations compromise their autonomy in their interaction with donors. Therefore, there is a need for financial independence on the side of civil society organisations, in order to maintain their autonomy and sustainability.

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ANNEXTURE A

Interviewees and personal communications

Director for Sibambisene, Jozini, 2005.

Programme Manager for Sibambisene, Mkhuze, 2005.

Finance Manager Sibambisene, Hluhluwe, 2005.

Programme Manager for USAID SA, Pretoria, 2005

Programme Officer for USAID SA, Pretoria, 2005.

Director for GAP(USAID and NMCF consultant) Johannesburg, 2005.

Project Manager for NMCF, Johannesburg, 2005.

Grants Manager for NMCF, Johannesburg, 2005.

ANNEXTURE B

Interview Guide

1. Briefly explain the purpose, values and goals of *your organisation*.
2. Explain your key organisational policies as well as national and international policies that provide a framework for your activities.
3. How does your organisation view partnership?
4. Are there particular criteria which guide your organisation in selecting and engaging with implementing partners?
5. If so, describe them.
6. Explain the process your organisation follows in selecting partners.
7. What happens when organisations do not meet your organisation's selection criteria?
8. In terms of this study I understand management tools as processes and systems used to manage the planning, implementation, monitoring and evaluating programmes and projects. What tools does your organisation use to manage its projects.
9. How does your organisation communicate such tools to partner organisations.
10. Do you think your implementing partner organisations fully understand these tools and systems?
11. If not, why?
12. How do you address conflict that may arise between your organisation and its partners?
13. How does your organisation ensure sustainability for its projects or interventions?