

The Role and Effectiveness of Development
Aid as perceived by NGOs in
KwaZulu-Natal.

by

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Abstract

Since the end of the Cold War, the global development aid scene has evolved rapidly. At the heart of the changing world order is civil society and in particular NGOs, that are tasked to fill in the developmental gaps left by the state in retreat. Likewise, the abundance of foreign funds has also led to a dramatic growth of NGOs in both industrialized and developing countries. Philanthropy, at least in theory, has played a crucial role in addressing the global and regional causes of poverty and in advancing development.

In South Africa, non-governmental organisations (NGOs) became visible in the 1980's as these organisations played a pivotal role in the provision of welfare services to communities who were largely neglected by the apartheid regime. However, the transition to democracy in the early 1990s significantly affected the NGO sector. Development aid was mainly channelled to the democratic government; meanwhile NGOs had to diversify funding sources. This situation resulted in uncertainties as NGOs had to compete for limited funds. Many NGOs had to reshape their activities in order to survive the turbulence. The various literatures uncover that, many NGOs became donor-driven as they surrendered their autonomy, very few NGOs managed to adhere to their core business in order to best serve their constituencies.

This study explores the perceptions of KwaZulu Natal NGOs regarding the role and effectiveness of development aid, using comparative case study method. The intention in using this method is to compare experiences and opinions of different-size NGOs on how they survive the transition, more than ten years in the post-Apartheid South Africa.

Acknowledgements

This study would not have been possible without the generous contribution of NGO staff who took their time and effort to respond to interviews. A special thanks to Musa Mbatha, 'Ubuntu Community Chest' who supplied the information for the case studies.

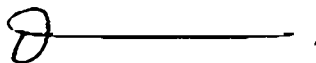
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Finally, I would also like to thank my children Maswazi and Thingy for the inspiration, love and support in the course of writing this dissertation.

DECLARATION

Submitted in fulfilment / partial fulfilment of the requirements for the degree of Master of Development Studies, in the Graduate Programme in the School of Development Studies, University of KwaZulu-Natal, Durban, South Africa.

I declare that this dissertation is my own unaided work. All citations, references and borrowed ideas have been duly acknowledged. It is being submitted for the degree of Master of Development Studies in the Faculty of Humanities, Development and Social Science, University of KwaZulu-Natal, Durban, South Africa. None of the present work has been submitted previously for any degree or examination in any other University.



Student name



Date

List of Acronyms

AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
APC	Association for the Physically Challenged
CBOs	Community Based Organisations
CBDP	Community Based Development Programme
CSI	Corporate Social Investment
CHEST	Ubuntu Community Chest Society
CIDA	Canadian International Development Agency
DANIDA	Danish International Development Agency
DCS	Durban Children's Society
DFID	Department for International Development
DTI	Department of Trade and Industry
EC	European Community
EU	European Union
GEAR	Growth, Employment and Redistribution Strategy
HIV	Simian Immunodeficiency Virus
IDA	International Development Association
KZN	KwaZulu Natal
IFC	International Finance Corporation
IFF	International Freedom Foundation
IIED	International Institute for Environment and Development
IMF	International Monetary Fund
IPPF	International Planned Parenthood Foundation
JET	Joint Education Trust
JHC	Johannesburg Housing Company
JICA	Japanese International Cooperation Agency
MPT	Micro Projects Trust
MUSA	Muthande Society for the Aged
NEDLAC	National Economic Development and Labour Council
NDA	National Development Agency
NGO	Non-Governmental Organization
NNGO	Northern Non-Governmental Organisation
NP	National Party
NPO	Non-Profit Organization
NORAD	Norwegian Agency
NZAID	New Zealand Agency for International Development
ODA	Official Development Assistance
ODA	Overseas Development Aid
OECD	Organization for Economic Cooperation and Development
RDP	Reconstruction and Development Programme
SA	South Africa
SACC	South African Council of Churches
SACBC	South African Catholic Bishops Conference

SAGA	Southern African Grantmakers Association
SANGOCO	South African National Non-Governmental Organization Coalition
SNGO	Southern Non-Governmental Organisation
SIDA	Swedish International Development Agency
TNDT	Transitional National Development Trust
UK	United Kingdom
UIA	Union of International Associations
UNAID	United Nations Agency for International Development
UNDP	United Nations Development Programme
US	United States
USAID	United States Agency for International Development
WTO	World Trade Organisation

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Chapter 1: Introduction

1.1 Outline of the Study

Since the end of the Cold War, the global development aid scene has evolved rapidly. Development multilateral funders (World Bank & IMF) have come to embrace a new set of development terminologies such as, civil society, good governance, democracy, environmental security, gender equality, social capital, empowerment, sustainability and so forth (Hayden, 1997:1). As a result of these fundamental changes civil society becomes a preferred vehicle in driving the development process, while the state was deemed incompetent. NGOs are considered as the main stakeholders in the civil society arena and as such play a prominent role in this sector (Deakin, 2001:168).

At the outset, it is necessary to clarify exactly the meaning of the term NGOs. While recognising the fact that different contributions to literature differ on the definition of NGOs, this study adopts the definition by Michael (2002:3), who defined NGOs as 'independent development actors existing apart from governments and corporations, operating on a non-profit basis with an emphasis on voluntarism, and pursuing a mandate of providing development services, undertaking communal development work or advocating on development issues'. This study also distinguishes between NGOs of different geographical origins, specifically between NGOs from the North (NNGO) and NGOs from the South (SNGO). The organisations examined in this dissertation fall into the latter category.

Furthermore, there has been tremendous growth in the number of NGOs involved in development efforts worldwide. While NGO statistics are notoriously deficient, it is estimated that there are somewhere between 40000 operating NGOs internationally, and 90% of these have been formed in the past 30 years (Anheier et al, 2001:2). In developing countries the rise of the NGO sector has been correspondingly significant. In South Africa, precise statistics are very difficult to come by due to the large number of unincorporated organizations. Nevertheless, in 1999 the Johns Hopkins study estimated that there are 98 920 non-profit organizations (NPO) in the country (Swilling and Russell, 2002:20).

Despite the rapid growth of NGOs and their heightened visibility, the environment under which NGOs operate does not seem to have kept pace with it. Therefore, this study examines the role and effectiveness of development aid as perceived by NGOs in KwaZulu Natal.

1.2 Research Purpose and Objectives

In South Africa, during the apartheid era, a 'philanthropic' non profit sector comprising of traditional charities, human rights and church-based organizations played a prominent role in the provision of welfare services to communities who were largely neglected by the apartheid regime. While the 1980s can thus be seen as a phase of growth and consolidation, the transition to democracy in the early 1990s affected the NGO sector. External funding to support prevention work among this population was scarce, due to sudden shift of donor funding channels, with more money being made available to the newly elected democratic government.

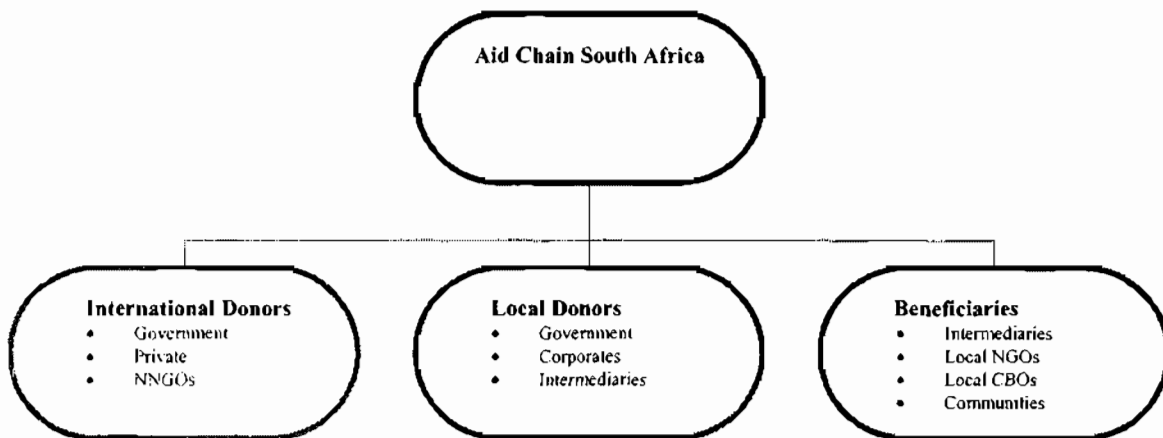
The new government that took control in 1994 was expected to be the driving force in delivering socio-economic needs to the poor. Meanwhile, NGOs had to approach government led agencies (TNDT) for funding or alternatively seek other funding avenues. In addition, this transition meant that NGOs had to re-examine their roles and undergo a reorientation phase in order to survive the turbulence (Habib and Taylor, 1999:79). Changing donor patterns, routes and conditions of funding affected the composition and development approaches of the NGO sector. For instance, NGOs often had to compete for limited funds and inevitably many became more 'donor-driven'. As a result, many NGOs have been pushed into adjusting their core activities and into adopting a more business-like approach to retain funding. Apparently, those NGOs who did not conform to the prevailing orthodoxy faced a gloomy future.

Therefore, the purpose of this study is to explore critically the perceptions of KwaZulu Natal NGO staff in regarding the role and effectiveness of development aid. Firstly, this study will examine the broad context of recent shifts in the global economic and political environment, notably the end of the Cold War. Secondly, it will look at the changing position of NGOs in South Africa's post-apartheid transition, regarding the overall patterns and the current trends

in funding circles. Within this context, the research explores how the adoption of donor policies and procedures affects the way development is understood and addressed by NGOs. The researcher believes that the current perceptions and prevailing evidence in development funded projects will provide insights into the subject under review.

1.3 Research Questions

There is a long history of debate and analysis on the role and effectiveness of development assistance worldwide. Likewise, due to the advent of democracy in South Africa, development aid has been undergoing a considerable revolution. The chart below depicts a typical current aid chain in South Africa.



As reflected above, development aid mainly comes from International governments, private donors and northern NGOs. Funds from international donors are mainly allocated to central government and a small percentage to local intermediary organisations. Also, local business contributes funds through corporate social investment schemes enforced by legislation. Local donors then disburse funds to intended beneficiaries, mainly intermediaries, NGOs, CBOs and lastly, to targeted communities. In view of the illustrated aid chain, the study derives the following questions to further refine the research purpose:

- According to NGOs, who sets the agenda for development aid programmes?
- Who, according to NGOs, benefits from development aid?

- What are NGO's conceptual understandings of participation and partnerships with donors?
- What reservations and concerns do NGOs hold regarding development aid practices?

Although it is difficult to get precise and definite answers to the above questions, the study will contribute to a better understanding of how development aid machinery is understood by NGO actors, and will ultimately produce results that would improve the ability of social sciences to describe and explain this phenomenon. Seemingly, donors no longer have faith in civil society as a major actor in development, but instead reinforce the state as the main agent for development aid. In particular, the key challenges facing South African NGOs is that much donor funding is now mainly channeled to the state, making public funds a major source of income for a new select group of NGOs. As a result South African NGOs are experiencing numerous challenges ranging from its own search for professionalism, external pressures concerning legitimacy and accountability, and primarily uncertainty with donors.

1.4 Research Methodology

The researcher has adopted a qualitative paradigm for this research. Data was collected in two stages. First, a literature review was conducted, focusing on the major theoretical approaches to development aid. Following this stage, field work was undertaken in the period between October 2005 and February 2006, focusing on a sample comprising of one stakeholder, an intermediary organisation and three case studies of KwaZulu Natal NGOs.

Stakeholder NGO:	Ubuntu Community Chest Society (Chest)
Large NGO:	Durban Children's Society (DCS)
Medium NGO:	The Association for the Physically Challenged (APC)
Small NGO:	Muthande Society for the Aged (MUSA)

The researcher involved the Ubuntu Community Chest Society as an intermediary donor agency in selecting suitable case studies. The Chest, although it is a non-profit organisation it is classified as a stakeholder because it is involved in raising and disbursing funds to NGOs

and charity organisations. All three case studies, categorised according to their budget size were selected from a list of up to 60 KwaZulu Natal organisations receiving funds annually from the Chest.

There are a number of scholars who provide comprehensive definitions and suggestion for the conduct of case study research. Key among these is Yin (2003:12) who defines the case study as ‘a phenomenon in its natural employing multiple methods of data collection to gather information from one or a few entities (people, groups, organisations)’. This makes it possible that through case studies reality can be captured in greater detail by an observer-researcher, with the analysis of more variables than is typically possible in other types of research such as experimental or surveys.

It is however; imperative to mention that just like all other research designs case studies also have shortcomings. Case studies can be considered weak as they are typically restricted to a single organisation and it is difficult to generalise findings since it is hard to find similar cases with similar data that can be analysed in a statistically meaningful way. Also, different researchers may have different interpretations of the same data, thus adding research bias in the equation. Nevertheless, the study consists of multiple cases as this permits cross-case analysis, a necessary feature for widespread generalisation.

1.5 Data Collection

According to Silverman (2001:11) case studies require multiple data collection methods whose results hopefully converge, in order to establish constructive validity. Therefore the study utilised the following methods, (i) Direct observation of activities in their environment during site visits, (ii) Structured interviews, (iii) Documentation, such as written, printed or electronic information about the company and its operations and (iv) Financial records.

Initially, a pilot of the questions was administered by means of a structured interview in one case study. The researcher identified some gaps when reviewing initial responses and made necessary changes. All four organisations involved were given a summary of the research purpose either verbally or by email and were asked questions derived from the research

summary and relevant to their situation. Subsequently, a series of in-depth face to face interviews were conducted, with at least two key decision-makers (directors and fundraising officers) in each organisation. Interviews generally lasted about one hour, some being slightly longer and some shorter. All interviews were tape-recorded and later transcribed for storage and analysis. Several participants requested that specific comments not be attributed to them; therefore specific quotes in the report have been kept deliberately anonymous to protect the confidentiality of the interviewees.

According to Lofland and Lofland (1995), 'the use of interviews as a data collection method begins with the assumption that the participants' perspectives are meaningful, knowable and able to be made explicit, and that their perspectives affect the success of the project'. Furthermore, Bailey (1987:174) points out 'one major advantage of the interview process is its flexibility'. As far as Bailey is concerned, the interviewer can probe more specific answers, and can repeat a question when a response indicates that the interviewee misunderstood the question. As indicated earlier, the organisation's programme documents and financial records supplied by all organisations were also used as secondary sources of information. Below is a brief profile of each organisation involved in this research.

1. Stakeholder - Ubuntu Community Chest (UCC)

Background

Ubuntu Community Chest, previously called Durban Community Chest was established in 1932 under the guidance of the Chest President, Walter Greenacre who convinced members to form one fundraising organisation operating on behalf of many welfare societies. In the first year of its operation, the Chest budget was 15 000 pounds, allocated to only 12 organisations. Over the years the Chest gathered momentum, bringing assistance to more societies and helping to co-ordinate the Durban public's contribution to charity. Today, the Chest supports up to 60 organisations rendering welfare services in KwaZulu Natal.

Furthermore, the Chest is a voluntary organisation led by a board composed largely of professionals and businessmen looking after the interests of donors, ensuring that all money subscribed is paid out to its members in accordance with the Chest constitution and good

corporate governance. Previously the Chest was registered with the Fundraising Directorate with a fundraising number. Under current legislation the Community Chest is registered with the Non-Profit Organisations Directorate. The Chest also operates the Community Chest Section 18A Fund which allows donors tax deductions for their support.

Services

The Community Chest partners with community organisations, donors, community service providers, development agencies and volunteers in investing resources to poor communities. The Chest raises and disburses funds to organisations rendering welfare services to the community. Also, the Chest supports and guides beneficiary organisations to deliver effective programmes to their target groups.

Income

The Chest raises funds from various sources including municipalities, the business sector, individual donors, charitable trusts, bequests and through a “*workplace giving*” or “*Give-as-you earn project*”, which is called SHARE. In the 2005/2006 financial year, the Chest raised up to R80 million (Trusts 43.10%, Corporations 20.60%, eThekweni Municipality 0.81%, SHARE 28.60%, Individuals 4.09% and, Promotions & Sundries 2.80%).

2. Large NGO - Durban Children's Society (DCS)

Background

Durban Child and Family Welfare Society, previously called the Children’s Aid Society was established in 1918 by Dr and Mrs. Sam Campbell. Since then, the society expanded and more community facilities were opened in and around Durban. For instance, in 1923 the Society built its first facility, a crèche. Again in 1946 the Edith Benson Babies Home was opened. In 1967 a second children’s home, the William Clark Gardens was opened. Then, in 1989 the Society opened a shelter for Durban street children. Subsequently in 1999, the Society merged with like-minded children’s care organisations including ‘the Durban Child and Family Welfare Society, the Child Family and Community Care Centre, and the Umlazi and District Child Welfare Society’.

The Society is currently registered with the Non-Profit Organisation's Directorate and operates the Community Chest Section 18A Fund, which entitles the organisation autonomy to raise funds.

Services

The Society render various child care services ranging from looking after abused, abandoned, orphaned, neglected and children at risk. The Society also runs welfare centres including: 'Educare, Children's Homes and, Homes for Street Children. The Society's area of operation is EThekwini Municipality North and South Areas. Services are offered from children's homes, service points, decentralised offices, community homes and crèches.

Income

The Society is subsidized by the state and also raises funds from corporates, individual donors, charitable trusts, 'red nose' fundraising campaigns and through service fees and sundry income. In the 2003/2004 financial year, the Society's total budget was R16million (State Subsidies 59.65%, Trusts 3.18%, Community Chest 8.29%, eThekwini Municipality 0.31%, Donations 23.94% and Promotions & Sundries 8.39%).

3. Medium NGO - The Association for the Physically Challenged (APC)

Background

The Association for the Physically Challenged (APC) was established in 1945 in Durban and has since expanded, opening up eight branches throughout KwaZulu Natal (Dundee, Newcastle, Vryheid, Empangeni, Pietermaritzburg, Kokstad, Port Shepstone, and Mooi River). The Association is a non-profit organisation rendering welfare services to physically challenged persons.

Services

The Association services include social work methods, mainly casework; group work and; community work. They also render care attendant services; loan of orthopaedic equipment and aids; social centre for physically disabled persons and their carers. Other services include, physiotherapy, skills training and sheltered workshops where participants acquire

sewing skills and produce toys and other articles for sale on the open market, Day Care, Residential units and Rehabilitation Centres.

Income

APC branches are autonomous in raising funds. In the 2003/2004 financial year, the APC Durban branch total budget was R6 million. The society mainly relies on a government subsidy, covering 80% of its running costs and capital needs. The shortfall was raised from Corporate 12%, Community Chest 3%, Private Donations 5% and Products sales 10%.

4. Small NGO - Muthande Society for the Aged (MUSA)

Background

Muthande Society for the Aged was established in 1982 by a group of Durban women. The organisation is registered as a Section 21 Company and is a member of Help-Age International. The organisation targets mainly elderly citizens, running offices in Durban townships (Clermont, KwaDabeka, Lamontville and Chesterville). Muthande also operates satellite offices in outlying rural areas including Richmond Farm, Illovo and Tafelkop. Driving Muthande's programmes are 48 full-time staff members and 60 volunteers.

Services

Services offered by Muthande include advocacy and lobbying for the respect of the human rights of older persons and HIV/AIDS support to promote a better understanding and awareness of the phenomenon. The following training is offered to equip older persons who are in most instances called upon to care: Community care: this entails training programmes for social care at grassroots level which will ensure adequate care for the frail and disabled and simultaneously provide job opportunities; Lending Depots: these provide family carers with the necessary equipment and aid to lighten their burden and Healthy Ageing: training programmes for literacy, recreational and physical exercise to ensure optimum functioning of older persons, both physically and mentally.

Income

In the 2003/2004 financial year, the Muthande total budget was R1, 2 million, raised from State Subsidies 80%, Help-Age International 10%, Community Chest 6%, Donations 3% and Equipment Loan 1%.

1.6 Strengths and Limitations of the Research Design

The researcher previously worked for a donor agency, disbursing funds to NGOs in KwaZulu Natal. This put the researcher in a favourable position to explore the dynamics of aid as perceived by recipients. The researcher has direct experience of the aid industry behaviour, policies, roles and practices and has been in contact with many organisations in the Province. Also, the researcher has networked and has established positive relationships with project managers, fundraising officers and fieldworkers. This had the advantage of ensuring easy access to these organisations.

Admittedly, the research has some restrictions. The researcher's track record as a former donor agent is a potential limiting factor, as the researcher cannot be perceived as neutral. Moreover, it is impossible to remove a researcher's influence on the surrounding environment when conducting interviews. Not only does a researcher's presence influence the answers of the interviewee, but the researcher also has a bias that must be recognized as having an effect on observations and interviews. Furthermore, the sample is small; it consists of only local NGOs, while CBOs (community-based organisations), international NGOs and other civil society organisations are excluded. Of course, the results may not apply to the wide spectrum of groups that receive funding. Also, time limitations and financial constraints meant that covering a whole range of NGOs was not possible.

1.7 Structure of the Study

The study is organized into four chapters. Chapter One is the introduction. Chapter Two covers major academic approaches to development aid. The chapter starts with an overview of development aid and then identifies a synopsis of funding sources. This is followed by an outline of NGOs in South Africa's post-apartheid era.

The remaining sub-sections cover wider aid-related issues, including funding patterns, the impact of donors on NGOs in terms of management practices and conditions attached to funding.

Chapter Three is the analysis of data drawn on information from the experience of four KwaZulu Natal organisations receiving funds from donors. The findings are summarized into diverse themes, mainly about NGO perceptions regarding development aid and generally about NGO funding in KwaZulu Natal. The concluding chapter brings together findings derived from the literature review and the analysis of data.

Chapter 2: Major academic approaches to development aid

2.1 Introduction

This chapter provides a broad overview of some of the major theoretical approaches and perspectives on development aid that scholars have propounded since the advent of development aid in the 1940s. It begins with some background details on ‘development aid’ and extant reviews on the subject of development. This is followed by a general overview of the current status of funding sources and their roll-out criteria. In the process, the role of the donor development programmes and their relationships with intended recipients are critically examined. The chapter ends with an exposition of the dilemmas, problems, challenges and the potential cost that NGOs face when implementing donor-funded programmes.

2.2 Perspectives on ‘Development Aid’

‘Development Aid’ can be traced back to the post-World War II era, when the United States spearheaded the Marshall Plan (1947) in order to restore the economic infrastructure of Europe that had been depleted by the War. A similar strategy was used two decades later, when ‘Third World’ countries (Asia, Africa) gained independence from colonial governments. The US, encouraged by the success of the Marshall Plan in Europe, again took the lead in providing capital and technical assistance to the newly emerging nations (Gillis et al, 1992:375).

Since then, many OECD (Organization for Economic Cooperation and Development) countries became important players, practicing diverse styles and pursuing different agendas. Nevertheless, the rationale for development aid remained the same, ranging from humanitarianism, economic leverage and political force (Gillis et al, 1992:376; Sabatini, 2002:8). Soon after gaining independence from colonial powers, the flow of aid to developing countries expanded and the independent states gestured towards assuming the same role of leadership and development practiced by developed nations.

By the 1980s however, there were devastating trends in the manner in which the development paradigm was practiced.

Government authorities were accused among other things, 'corruption, nepotism, undemocratic, marginalisation of citizenry, militarism, wasteful investment and expenditure, distorting market forces, protection of uncompetitive national industries and the creation of large-scale monopolies' (Howell and Pearce, 2001:14). Subsequently, government intervention policies were criticised for being faulty and inefficient and hence were totally discredited (Kay, 2000:691; Martinussen, 1997: 231).

This was the time when 'market fundamentalists' like, Peter Bauer (1957), Ian Little (1970), Anne Krueger (1974) and Deepak Lal (1985) cited in Todaro (1997:85), questioned the ability of the state to direct and manage development. They argue the solution to be a 'simple matter of promoting free markets and laissez-faire economics within the context of permissive governments that allow the 'magic of the marketplace' and the 'invisible hand' of market prices to guide resource allocation and stimulate economic development' (Todaro, 2000:85). This way of thinking is more in line with Adam Smith's classical dictum of an 'invisible hand theorem', which asserts that since each individual capitalist is pursuing his or her self interest, it is maximizing common welfare and therefore state intervention is not necessary or rather should be minimal (Stiglitz, 1996:155).

Todaro (2000:95) further states that typically, interventionist's supporters highly contest this view, hence the pronounced trend of the 1980s was towards the 'Washington Consensus' dogma, spearheaded by the US government and the global institutions, the World Bank, the International Monetary Fund (IMF) and the World Trade Organisation (WTO). Many scholars like Chang (2003:45) assert that the neo-liberal agenda was a disaster because, during the neo-liberal age of the 1980s and the 1990s, per capita income shrunk at an alarming rate, ranging from 2.0% to 9.7% around the world. The effect was worse in Sub-Saharan Africa.

As a result developing countries found themselves more vulnerable than at any time in history since they were first colonized. Critics from both the left and right began to challenge the 'Washington Consensus' a situation, which intensified the advancement of the 'Post-Washington Consensus'.

The new consensus shifts away from the neo-liberal, market-driven approach and instead propels sustainable autonomous development as the core agenda (Hart, 2001:651; Salamon et al, 1999:4). Hence, in the 1980s many developing countries were facing a crisis in their development strategies which were mediated through the state and the market.

This has led to the prominence of the 'civil society' to complement and offer alternatives for the crumbling traditional development agents (Michael, 2002:5). Soon after the World Bank and international bodies such as the European Union (EU) adopted their 'Mainstreaming Participatory Initiative' perspective (a policy that espouse grassroots participatory development), many donors adopted policies that clearly emphasized the importance of civil society (Habib and Kotze, 2003:1).

Since the 1980s there has been a dramatic growth in the number and size of NGOs ranging from small grassroots organisations, to large multi-national development agencies (Hilhorst, 2003:3; Tandon, 2000:322). Clark (1997:43) notes that, NGOs have evolved as key components of civil society and equate with 'development practice'. Undeniably, non-governmental organizations engaged in development work have become central in recent years, to the extent that some analysts describe the 1980s as 'the decade of NGOs' (Nelson and Wright, 1995:181).

According to Anheier et al (2001:2), the Union of International Associations (UIA) listed 22 334 international non-governmental organisations in 1999 and 43 958 in 2000. Likewise, the growing importance of NGOs has been reflected in the presence of civil society organisations in international events like: '(i) the Earth Summit in Rio de Janeiro in 1992, (ii) the Copenhagen Social Summit in 1995, (iii) the Beijing Women's Conference in 1997, (iv) the World Trade Organization's Meeting in Seattle in 1999, and (v) the World Summit on Sustainable Development (WSSD) in South Africa in 2002' (Anheier et al, 2001:2; Hayden,1997:27).

Supporters of NGOs have identified various advantages of NGOs over governments in a number of areas of activity. Many scholars (Anderson, 2000; Chege, 1999; Clark, 1991; Clark 1997; Eade, 1997; Fehnel, 1997; Hailey, 2000; Hilhorst, 2003; Marais, 1997; Robinson, 1992; Stewart, 1997) have attributed the following strengths to NGOs:

- (i) NGOs tackle issues that Government are unable or unwilling to take up.
- (ii) NGOs provide efficient, innovative and cost effective approaches to difficult social and economic problems.
- (iii) NGOs, in some cases, provide leadership in producing and advocating public policy and operate in spheres where government officials are constrained by bureaucratic and political considerations. NGOs are able to balance the expectations and needs of powerful and less powerful constituents.
- (iv) NGOs are very effective in demonstrating that poverty, no matter how endemic, can be tackled by involving project beneficiaries in planning, implementation and sustainability of projects.
- (v) NGOs are strategically positioned with strong local contacts, hence are assumed to be relatively well equipped to identify and realistically represent the authentic needs of the poor.
- (vi) NGOs are active in various sectors including health, education, micro enterprise development, human rights issues and rural development.
- (vii) Some NGOs have developed critiques of government policies and programmes that offer a starting point for redefining old problems from new perspectives and reformulating development visions, which would eventually lead to sustainable development.
- (viii) NGOs have superseded the sovereignty of many nation states in their ability to protect the rights of citizens or provide adequate forums for their citizens to air their voices.
- (ix) NGOs access funds from various sources, including government, corporate, private international foundations, church-based organisations and from the general public.

In the early 1990s, however, the glorious image of NGOs became dented (Clark, 1997:51). Some analysts expressed concern that the potential for NGOs to fulfil these functions was exaggerated and that not all donors favoured NGOs (Deakin, 2001:173).

Evidently, attacks on NGOs came from all sides. NGOs were labelled as snobbish, hypocrites, depoliticised, tamed, undemocratic, corrupt and bureaucratic. Many were said to be flimsy and at risk of being unsustainable or liable to exploitation due to excessive donor dependence (Chege, 1999:6). Furthermore, Friedman (2003:16) also pointed out that there was a wide variety of 'fake NGOs' formed not to address social problems but to access funds from donors.

On another occasion, the Tanzanian government ridiculed such organisations by categorising them as 'briefcase NGOs', saying it would not tolerate NGOs set up to solicit public funds to fulfil ulterior motives. Meanwhile, an investigative study in Kenya followed a similar theme suggesting that many functioned as 'pocket NGOs' with neither constituency nor offices, while, others manoeuvred as 'family business', run exclusively by family members (Chege, 1999:6).

Speaking along the same lines South African former President, Nelson Mandela criticized opportunist NGOs labelling them 'watchdog organisations' in a mission to sabotage the newly found democratic government (Seekings, 1980:23). On another occasion, South African Minister for Public Works, Jeff Radebe, was extremely critical of NGOs pursuing their own agenda or donor-driven agendas. He warned that having NGOs participating and spreading thinly in most national development programmes might disrupt national planning.

Most notably, some analysts warned that 'Blue Chip' NGOs might crowd out governments by drawing away skilled personnel and offering them greener pastures (Chege, 1999:6). Furthermore, social movements have also criticized NGOs, claiming that NGOs are remote and have no mandate from the people on the ground (Robinson, 1997). Some critics have also argued that NGOs are more loyal to donors than to their constituencies (Clark, 1991:73) and, they are likely to become the 'community face of neoliberalism' (Petras, 1997).

This raises the possibility of donor-dominance, which limits the autonomy of NGOs who often divert from their core business to comply with donor driven-agendas.

2.3 An Overview of Funding Sources

According to Fehnel (1997:369), donors vary tremendously in the forms and levels of assistance that they provide to recipients. Some provide funds, either through grants or loans, while others provide technical assistance and ideas in the form of development experts. Donors are said to have been responsible for a variety of activities including provision of access to international information and provision of commodities like medicine, computers, tools and heavy equipment. Also, with donor assistance, people are fed, clothed, sheltered, employed, trained and educated.

Furthermore, Aid agencies come in many forms and complex ranges of bodies. According to Gillis et al (1992:379), the industry is dominated by giant national government agencies and by the multilateral international agencies like the World Bank, the International Monetary Fund, the International Development Association (IDA), the International Finance Corporations (IFC), the European Union and the United Nations Development Programme (UNDP). There are also bilateral aid agencies, which represent a single nation supporting another country, such as Overseas Development Aid (ODA), the United States Agency for International Development (USAID), the Department for International Development Agency (DFID), Canadian International Development Agency (CIDA), the Danish Agency (DANIDA), Sweden (SIDA), Japanese International Cooperation Agency (JICA), the New Zealand Agency for International Development (NZAID), and the Norwegian Agency (NORAD) (Fehnel, 1997; Frame et al, 2004 ; Hancock, 1996).

In addition, Powell and Seddon (1997: 4) remarked that the aid industry has been undergoing a considerable revolution. They have observed the increasing visibility of international philanthropy in the disbursement of development funds, in particular, with Northern NGOs (NNGOs), viz. Oxfam, CARE International, Save the Children Fund, Help-Age International, Red Cross, Christian Aid, Vision Aid, Ecumenical Centre and so forth. The list also includes private international foundations and institutions such as Ford, Mott, the Open Society, Kellogg, Mellon, Rockefeller, Carnegie, International Planned Parenthood Foundation (IPPF), International Freedom Foundation (IFF), International Institute for Environment and Development (IIED) and so forth (Swilling and Russell, 2002:58).

2.4 The Case of South Africa

According to Habib and Taylor (1999:73), many South African NGOs emerged in the 1980s due to substantial funding from international donors who were supporting transition from apartheid regime to democracy. Since the 1990s South Africa has experienced a rapidly growing number of NGOs working with government and donors on the social and economic well being of the communities. Swilling and Russell (2002:20) estimate that in 1999 there were more than 98 920 non-profit organisations (NPOs) in South Africa. Many (53%) were less formalised community-based organisations (CBOs).

Many NGOs began to access funds directly from official donors, which viewed NGOs as alternative service providers. However, this phase was short-lived. According to Anheier et al (2001:14), shortly after the first democratic elections in 1994, South African NGOs endured a difficult reorientation process when the government switched from the popularly embraced policy, the Reconstruction and Development Programme (RDP) to a Growth, Employment and Redistribution Strategy (GEAR).

The RDP national office was closed down and the GEAR plan was officially launched in June 1996. Habib and Kotze (2003:11-12), point out that GEAR has been criticized for not having achieved much, despite grand promises. Their argument is that, even though GEAR has resulted in macro economic stability, it has not succeeded in ensuring economic growth and equal distribution of wealth as envisaged. Likewise, Habib and Padayachee (2000:20) explicitly state that, 'the ANC's implementation of neo-liberal economic policies has meant disaster for the vast majority of South Africa's poor'. Instead, GEAR policy defects resulted in high unemployment, inequality and acute poverty.

Moreover, as a large proportion of official aid budgets is directed to the state, with limited resources being made available to civil society. NGOs have had to adapt and learn new roles in order to survive; others have not been able to cope with the challenges and have been compelled to close down.

In response to funding crisis faced by these organisations, the government then established the Transitional National Development Trust (TNDT) as an interim measure to provide financial support to the NGO sector (Habib and Taylor, 1999:77). This vehicle soon crumbled due to overwhelming institutional problems including major backlogs in the pay-out of funds.

Subsequently, TNDT was phased out and was replaced by yet another institution, the National Development Agency (NDA) (Smith, 2002:3). This agency however has also been perceived as a setback due to widely reported cases of financial mismanagement. Then, in March 2000 South Africa's first National Lottery was launched as an alternative source of funding for civil society organisations. As with other similar organisations, the National Lottery has been experiencing administration problems, hampering the disbursement of funds (Boulle, 1997:1; Smith, 2002:4).

Running parallel with government initiatives, the private sector has assumed a larger role in development financing. Since 1994, many established businesses have initiated and expanded their corporate social investment schemes. Swilling and Russell (2002:58) estimate that in 1997/98, Corporate Social Investment (CSI) contributed R4 billion and R5 billion, to development projects. Furthermore, several companies have joined forces in co-ordinating their activities through networks like the 'Southern African Grantmakers Association (SAGA)'. SAGA members contribute one percent of after-tax profits to community social investment. In a separate and yet related development platform, the 'Joint Education Trust (JET)' is spearheading education and social welfare initiatives. Similarly, other initiatives, like 'Business against Crime' have taken a special interest in the fight against escalating crime (Bratton and Landsberg, 2000:303).

Furthermore, there have been a number of forums and development coalitions like the South African NGO Coalition (SANGOCO) that have been set up to enable active civil society involvement in development. Moreover, the South African statutory and regulatory requirements governing non-profit development agencies have been endorsed in 1997 (Habib

and Taylor, 1999:77). Despite these promising and valuable initiatives, Boule (1997:1), maintains that 'the current reality is that government, labour, and business are the driving forces in society'. Meanwhile, civil society has fallen by the wayside and has become vulnerable.

2.5 Agenda setting in the donor-NGO relationship

There is a fierce debate regarding who sets the agenda in the donor-NGO relationship. On one hand, there is a perception that partnership between donors and NGOs is smooth and that NGOs are autonomous and free to determine their own fate without excessive pressure from donors (Brehm, 2004:1). Others believe that donors and large-scale actors predominantly call the shots and dominate aid recipients (Bond, 2001:27). James Ferguson (1990:255) asserts that development aid is a controlling tool used by powerful foreign institutions to depoliticize and cripple poor countries. In the same vein, White and Killick (2001:105) point out that inevitably, the provision of funds places the donors in a strong position to make certain demands, thereby removing the community's ownership and limiting their decision-making powers.

Howell and Pearce (2001:121) reiterate this and affirm that the relationship between recipients and donors has been uneven and characterised by mistrust and oppression by the latter. Similarly, Pearce (2000:16) explicitly states that 'the real world of development NGOs and official donors is characterised by mistrust and by fierce competition over resources and protagonism'. Hayden (1997:19) argues that, 'the prominence of the donors is itself problematic in that many of the beneficiaries of their financial support tend to lose their autonomy'. This suggests that as NGOs rely on donors, they are not in a position to negotiate with or participate in evaluating development agendas; instead they often find themselves having to comply with the commands of aid agencies that hold the purse strings.

Petras (1997) also expresses concerns that NGO's excessive dependency and increasing donor leverage remains widespread. His argument is that, on one hand NGOs constantly rely on outside support in order to survive. On the other hand, donors give funds to projects and organisations that fall within their priority areas.

They decide when to change the rules and in the process can easily dump or discipline those who fail to comply with their demands. They also monitor projects funded, making sure that NGOs conform to donor's goals, values and ideologies.

Additionally, Brehm's (2001:3) analysis of the relationship between Northern NGOs (NNGOs) and Southern NGOs (SNGOs) clearly substantiates the fact that the connection between NNGOs and SNGOs is rather patchy. The argument is that as NNGOs administer resources from their authorities, they typically assume a control function, whilst SNGOs have to follow suit. Furthermore, Howell and Pearce (2001:121), affirm that 'donor agencies, with their financial, human, and knowledge resources, inevitably dominate development aid interactions'. Meanwhile, civil society organizations become weak and as a result end up sacrificing their norms, values and autonomy. This means NGOs move away from their founding rationale and often become more important to the donors than originally intended.

In another version, Fehnel (1997:370-374) contends that donors tend to take the initiative because they seem to have the knowledge, experience, and resources needed to answer all the questions raised in problem defining and planning stages of development initiative and programmes. Nonetheless, Hailey (2000:411) expresses concern that donor bodies might unconsciously fail to respect the autonomy or value the advice given by the recipient organisation even though the donor's knowledge of the recipient is inadequate. Hailey further stresses that the possibility of donor-dominance is not as rife for well-established organisations, while less experienced organisations are more prone to become overly dependent on donors.

Despite the negative picture painted thus far, some scholars see donor funding as a key and unproblematic tool for development. For instance, Smith (2002:11) argues that in spite of excessive donor control in how NGOs spend allocated finances, South African NGOs still enjoy a considerable degree of autonomy from donors especially with private and NNGOs donors. Meanwhile, Anderson (2000:495) is adamant that donors have gradually acknowledged the importance of working with grassroots organisations. This is reflected in the evolving shift in the use of various terms like 'victims', then 'recipients', then

'beneficiaries', then 'counterparts', and recently 'participants' or 'clients' to characterise those who receive development aid. By the same token, Kasongo (1999:34) asserts that the development paradigm has changed for better over the years, as evident in some community driven development projects.

2. 6 Beneficiaries of Aid and its Effectiveness and adequacy

The notion of who benefits from development aid and its effectiveness and adequacy has been a matter of much debate. Development aid is perceived both positively and pessimistically (Bond, 2001:33). According to Anderson (2000:496), 'Recipient's reactions vary from heartfelt appreciation to extreme suspicion; from an attempt to get more of it to scorning donor's wealth; from disgust at outsider control to embracing of insider control; from acceptance of outsider expertise to rejection of dependence on the delivery of aid'. This implies that supporters of development aid claim that the 'aid machine' is a blessing from 'good doers'. Meanwhile, other analysts lament that development aid is a drop in the ocean, coming from rich Northern countries.

Anderson (2000:496) has distinguished a few broad features that tend to characterize development aid. He maintains that some advocates contest that aid is insufficient and that it should be increased, while others reject development aid bluntly. Some lobby for greater involvement in the decision making process; others single out specific types of aid as being inappropriate, while many spotlight particular cases where aid has been wasted or misused. While others take whatever is offered to them, sceptics believe that development aid always comes with hidden agendas.

Hancock (1996:3) concludes that perceptions of donor funding are often clouded with scepticism, if not absolute protest. Furthermore, at the extreme of the spectrum, ultra-sceptics have denied the existence of development aid. As far as they are concerned aid is just a big lie propelled by rich nations. Another version of this argument is echoed by Majid Rahnema (1997) cited in Pearce (2000:17), who argues that 'development could never offer a sustainable option to all the people on the planet, even if it was successfully delivered.

It is thus perhaps a blessing that the machine was actually not as efficient as its programmers wanted it to be'.

Friedman (2003:9) offers a more optimistic view. As far as he is concerned donor aid is commended as a key incentive for strengthening civil society and has kept many organisations alive. Similarly, Smith (2002:12) asserts that donors have contributed in raising awareness on important issues like HIV/AIDS and human rights. In addition, donors also support capacity-building programmes in an attempt to assist NGOs to render effective services (Wells, 2001:75). Other scholars cite specific development projects (schools, clinics, health centres, houses, community centres, bridges, roads, dams, boreholes, sanitation) implemented with development aid (Somolekae and van de Wallenn, 1997:211).

2.7 Challenges and Reservations Regarding Development Aid

The 1990s was a period of substantial growth for the non-profit sector; but such growth has not been without problems and challenges. Seemingly, NGOs are facing certain unresolved dilemmas. Therefore, this section examines NGOs enormous reservations vis-à-vis the development aid process.

Donor inconsistency and poor co-ordination

According to Tjonneland (1998:189), donors push diverse agendas, policies and overlapping priorities. For instance, the EU and United States mainly fund education, making this sector the leading beneficiary of aid. By contrast, Sweden and the United Kingdom invest large chunks of their funds in democracy and governance. Meanwhile, Germany, Norway and Denmark mainly fund civil society (Bratton and Landsberg, 2000:264). Furthermore, donors frequently change their funding priorities, sectors, policies and procedures. Quite often, donors fund organisations that 'well match their priority areas' (Howell and Pearce, 2001:109).

Another common trend observed is that donors prefer to fund big and well-established NGOs at the expense of less formalised organisations. Also, donors prefer to fund specific and short-term projects and are reluctant to fund institutional overheads (Pearce, 2000:26).

In addition, Bornstein (2001:13) asserts that donors have imposed new systems of financial management, preferring to pay capital expenses rather than running costs and also leaning towards invoice-based finance. As a result, donor inconsistency and lack of co-ordination caused, among other things confusion, and contradictions, disintegration of resources and projects and to a large extent crumbling civil society (Hilhorst, 2003:217).

Thus, there seems to be no doubt that many NGOs in South Africa tailor their programmes in order to fall within donors' stipulated parameters. In this case, NGOs are primarily concerned with making money rather than tackling social problems, and will appear and evaporate depending on where the money is (Sabatini, 2002:9).

Cumbersome donor procedures

According to Smith (2002:12), donors tend to manipulate the work of NGOs by imposing stringent management and accountability measures to ensure proper usage of funds. This implies that NGOs are constantly pressurised to advance their interventions so as to prove their worthiness to donors. As Hailey (2000:404) put it 'the resulting emphasis on value for money, accountability, and cost efficiency has encouraged the use of mechanistic playing and evaluation tools such as Logical Framework Analysis and various other assessment mechanisms that rely on measurable indicators of output, impact and capacity'.

Many aid recipients are not at ease with this new language since many NGOs are under-resourced. Many lack management skills and understandably are not comfortable with donors' cumbersome requirements (Pearce, 2000:20-22). Many NGOs perceive these management tools as a symbol of coercion, mistrust and disrespect on the part of the donor (Smith, 2002:12).

Likewise, Bratton and Landsberg (2000:292), express concern that 'the administrative performance of every donor was problematic, each in its own way'. As a result, NGOs now spend more time gratifying donors, and less in meeting the needs of their constituencies.

Scaling up

According to Sogge (2002:12), since the 1980s, donors have been persuading organisations to scale up and expand their operations. Slogans such as ‘Think Big’, ‘Act Big’, ‘Bigger is Better’ became UNAID buzzwords. The expansion of NGOs involves enlarging premises, decentralising services, adding up projects, intensifying client bases and case loads, recruiting additional staff, additional management layers, extra resources and more financial turnover. Furthermore, Habib and Kotze (2003:20) have observed that donors prefer to fund big, formal, eloquent, urbanised NGOs with the ability to fulfil their complex requirements. Meanwhile, many worthy and more community-driven smaller organisations stand to lose.

Salamon et al (1999:36) express concern that, as organisations grow bigger, they might become ‘unresponsive bureaucracies’ like other large development agencies and government. Cheru (1997:160) highlights the dangers inherent in scaling up NGOs operations. He points out that, ‘NGOs face problems that tend to confuse their identity and undermine their core values, such as autonomy, pluralism, diversity, volunteerism and closeness to the grassroots, bottom-up perspective’.

Shrinking aid

According to Tjonneland (1998:190-191) the end of the Cold War and the irresistible rise of neo-liberal dogma mark drastic transformation in the ‘aid machinery’ marked by shrinking aid. Correspondingly, there is skepticism on the value of increasing the flow of official development assistance (ODA), which is channelled mainly to governments and occasionally to civil society. ODA funding to developing countries has also declined sharply since 1990. For instance, total official development assistance (ODA) fell from ‘US\$ 44 billion in 1990 to US\$ 41 billion in 1999’ (Sobhan, 2002:539). As a result, there is a general consensus that the NGO sector in South Africa has suffered a tremendous decline in easy funding that has been in abundance previously.

However, Kraak (2000:18) has challenged this view, arguing that the speculated ‘funding crisis’ is an allegation, far removed from the truth. As far as Kraak is concerned shrinking aid budgets have not affected all NGOs in the same way.

Commercialisation

Habib and Taylor (1999:79) state that due to financial cutbacks NGOs have been encouraged to look for local resources and to devise self-financing mechanisms. It is now common practice for NGOs to sell services and to implement projects for the state, local governments, official aid agencies and the corporate sector. A new source of state finance is the State Tender System, through which NGOs engage in state contracts. Here again, NGOs run the risk of competing for government contracts amongst themselves and with the private sector. Although, this brings financial dividends to NGOs, it often distracts them from their core business. Nevertheless, the fact that other sources of funding have declined has led to an increased number of NGOs taking this route (Robinson, 1997; Salamon et al, 1999).

Corporatist sustainability

According to Habib (2003:6), the vulnerability of civil society resulted in the formation of a cosy corporatist relationship with the state. For instance, in August 1995 the South African NGO Coalition (SANGOCO) was formed to co-ordinate and regulates the voluntary sector. On another occasion, the National Economic Development and Labour Council (NEDLAC), was launched to 'serve as a consultative forum for business, labor, and government, adding a fourth chamber to represent civil society' (Bratton and Landsberg, 2000:297). In spite of difficulties encountered by corporatist structures, donors have supported their operations and have surely strengthened the hand of the state.

2.8 Conclusion

The growing role of NGOs in development aid has been an important phenomenon in recent years. NGOs attempt to reach out to more vulnerable groups in developing countries and to reach out to remote and distant regions from the capitals. Despite the popularity of NGOs in the past few decades, NGOs are no longer perceived as irreplaceable 'magic bullet' by their stakeholders, such as donors, government and communities. Criticism against NGOs is widespread, and the conditions in which they operate are becoming increasingly complex and challenging.

Chapter 3: NGO funding in KZN: the experience of four organisations

3.1 Introduction

Prior to South Africa's first democratic elections in 1994, Overseas Development Assistance (ODA) was entrusted to multilateral and bilateral agencies, who then disbursed funds mainly to NGOs. Since the advent of RDP and GEAR, the trend of the ODA programme has refocused along government-to-government lines (Viva, 2006:2). The governments then allocates funds either through intermediaries like the Durban Community Chest and in some cases subsidizes respective NGOs to provide welfare, health and development services to their beneficiaries.

This chapter presents findings of a study on NGOs' perceptions regarding the role and effectiveness of development aid in KwaZulu Natal. It is based on a limited number of case studies and hence is offered as a preliminary rather than definitive analysis of what is a complex and rapidly changing aid subject. Despite the inevitable limitations of the research, it is possible to draw out the major themes that arise from NGOs' perceptions regarding development aid. The chapter covers various themes addressing the following research questions:

- According to NGOs, who sets the agenda for development aid programmes?
- Who, according to NGOs, benefits from development aid?
- What are NGO's conceptual understandings of participation and partnerships with donors?
- What reservations and concerns do NGOs hold regarding development aid practices?

3.2 Section 1 - Balance of power

As evident in the literature review, many analysts assert that development aid is contaminated by donors' excessive dominance over recipients. The argument is that NGOs are typically weaker because they are not as financially independent as the donors and are often dependent upon them. Or, even when independent, they typically do not have the resources and political power that the donors wield.

As a result, one of many effects is that the autonomy of NGOs is jeopardised (Howell and Pearce, 2001:121). Meanwhile, some believe that NGOs also hold an upper hand because of their link with various stakeholders and because donors use them as outlets to channel their resources and that in some cases cunning and credible NGOs can easily manoeuvre matters (Hillhorst, 2003:218-219).

The question of agenda-setting ‘autonomy’ was raised with NGOs to analyse the premise that the balance of power between donors and aid recipients is skewed. According to Brehm (2004), ‘autonomy is seen as an organisation’s freedom to determine its own strategic direction and development without undue pressure from external actors, particularly donors’. The argument is that autonomous organisations have strong links with their constituencies and are free to plan, design and implement their programmes.

In contrast, a dependent organisation becomes donor-driven and loses its power. In other words, NGOs are not in a position to challenge donors but instead are bound to accept the donors’ demands as legitimate. The NGO staff interviewed for this study had different views on this subject. For instance, some respondents strongly maintain that as donors hold the purse strings, they are inevitably in a dominant position. Some interviewees located power with donor headquarters. Meanwhile, some NGOs reported that they resist any external pressures and have remained grounded to serve their communities. A more modest perspective typically echoed by stakeholder personnel is that donors and NGOs coexist.

Balance of power with local donor agencies

A major concern raised by many NGO staff interviewed is that as they rely on donor funds, the balance of power becomes heavily skewed in favour of the funder. From the literature and the contributors to the research, there are clear pointers that donor agencies with their financial, human, and knowledge resources inevitably assume a control function. As a result, donor dominance limits how far NGOs can respond to the priorities of the poor. The research found that the almost inevitable power inequality between NGOs and donors raises questions about the support offered, or requirements imposed by these donors.

Similarly, Howell and Pearce (2001:35) point out that 'this in turn raises the paradox that civil society organizations, which are supposed to be marked by the feature of 'independence' end up sacrificing this autonomy to various degrees through their reliance on donors'. The findings revealed that donor agencies retain the power to decide key policy issues, formulate strategies, and decide how to best utilize the resources and even design monitoring and evaluation tools. This is supported by the comments of some of the respondents.

Donors have their own agendas; they have total autonomy because usually they have their focus areas. If they are not funding what you need at the time, you don't get anything and even the little that you get from them you find that there is strict control and you cannot use those funds for other programmes (interview-MUSA).

Certainly, donors are entirely in control of the aid circle, as quite often they decide who to fund, how much to allocate, which sector to focus on and how organisations should spend the allocated money (interview-APC).

Clearly, these respondents believe that local donors are entirely in control of the aid chain. Respondents indicate that donors set their own funding priorities and that NGOs wishing to access donor funding have to fall within specified priority areas. This has in many cases further constrained funding available for organisations which fall outside donor priorities. It arguably affirms donor's structural dominance.

Balance of power with 'Donor Headquarters'

Some respondents point out that the balance of power is not entirely on the visible donors but is more with their authorities, who hold the purse strings. This implies that donor agencies are custodians of public funds and thus are accountable, via their authorities, for the effective use of such funds. This view is further supported by Powell and Seddon (1997:3) declaring that the 'development aid industry is dominated by bilateral and multilateral agencies, which are in effect, the parent companies of aid agencies'. Correspondingly, the following quote from an NGO director summarizes this notion well:

I think donors also have their limitations in the sense that they are also messengers of their respective governments, corporate managers and senior officials. In most cases, aid officials have no choice but to stick to a set of pre-arranged rules (interview-MUSA).

The Community Chest Director mentioned that the Chest is registered under Section 18A of the Income Tax Act of 1962. Therefore, they are accountable to various funding sources including the government and international donors. 'So we can't do as we please' (interview-Chest). The director told me that donors and grant making agencies that once routinely renewed their contributions are now almost as fickle as recipients.

Furthermore, when Graham Hancock (1989) published his extensive critique of the international 'development industry', he remarked most pertinently that some donor agents are guided by legislation to solicit funds from the general public, hence they have to justify financial disbursement. This perspective simply echoes a point made by a Community Chest Fundraising Officer, when stating that:

A substantial chunk of the funds we manage is from Government and Ethekewini Municipality. So we are required to justify each and every expenditure. We only fund running costs because our funding is also limited. Also, we are mandated to fund only those organisations registered with NPO Directorate (interview-DCC).

Balance of power with NGOs

Besides the two perspectives highlighted in the foregoing discussion, research findings on the issue of agenda setting also reflect that some NGO staff located balance of power with NGOs. This is contrary to the preceding perceptions and the literature stating that NGOs are shaping their programmes around donor priorities rather than planning and implementing their programmes. Instead, these NGO officials are adamant that donors have little control over their organisations, even though they hold the purse strings. These NGOs have been active in trying to maintain their independence. More broadly, some NGOs claim to enjoy a remarkable degree of freedom and independence from donors. Research participants gave persuasive examples:

Yes, we solely design and plan projects in consultation with the elderly and present them to donors for assessment. Our planning is not donor-driven but needs-driven. I am actually proud to say that although we are not as glossy and well-resourced as other agencies servicing the aged, we are more grounded and we service mainly the previously disadvantaged in poverty stricken townships (interview-MUSA).

The Society sets the agenda for development programmes in response to the needs arising from the community. This is in conjunction with other stakeholders, where necessary and negotiated with the donor. Donors may decree specific parts of the programme as capital or running cost. We however present funding proposals accordingly, bearing in mind our mission (interview-DCW).

Similarly, another NGO director from a well-established organisation pointed out that they only approach those donors who are more likely to fund their programmes. Likewise, an intermediary organisation surveyed seems to enjoy a considerable degree of autonomy to administer the grants. As evident in the literature, experienced organisations are able to detect donor priorities and as such, know how to bypass donor restrictions. Thus, the possibility of donor-dominance is not so important for big NGOs, while less experienced NGOs becomes vulnerable (Hailey, 2000).

Balance of power is mutual

In another version, another interviewee from an intermediary agency points out that donors and recipient NGOs are dependent on each other. The argument is that, as much as NGOs rely on donors for funding, the donors in turn also depend on NGOs for operational capacity and visibility. The director from an intermediary donor organisation explains that:

The Chest exists in parallel with NGOs, without NGOs our organisation will simply perish. The sole mandate of the Chest is to raise funds, disburse and administer. We are an intermediary organisation linking donors and recipient's organisations and beneficiaries. We need NGOs in as much as they need us, so we have a mutual relationship. We even render capacity-building programmes to our partners, especially to community-based organisation (interview-DCC).

Despite diverse opinions, concerns over NGO reliance on external funding and increasing donor power remain prevalent. Many NGO staff interviewed mentioned that most NGOs are facing a dilemma on how to remain financially viable while remaining grounded.

3.3 Section 2 - Donor driven priorities and systems

This section examines NGO perceptions regarding the aid practice, bearing in mind the major evolution process that policies and practice of donor agencies have undergone. From the literature and the contributors to the research, there are clear pointers that donor funding

procedures are still prone to abrupt change. These may reflect new interests of particular donors or the creation of special funds to tackle donor driven issues.

There is general consensus amongst NGO staff interviewed that many donors have become more selective, for example, away from funding smaller community-based organisations to backing well-established and bigger NGOs. The findings also reveal that donors are also formalising the procedures by which agencies submit requests for funding and how agencies should spend the amount allocated. As referred to elsewhere, just as donor preferences, procedures and initiatives militate against the development of competence at local level, the power of donors can overwhelm recipient NGOs in setting the agenda.

Who donors like to fund

Despite development aid's potential, the literature indicates that the approach still suffers from a fundamental paradox. The majority of NGO staff interviewed seems to have comparable understanding of who donors like to fund. For instance, all NGOs interviewed reported that donors prescribe in some detail the elements of the aid content and process. In this case, donors map out their expectations to the recipient organisation. Some NGO staff also revealed that NGOs are alienated from the process of setting funding priorities and instead follow suit. As a result the aid system decides to accept or reject what the NGO proposes. The findings suggest that donors have their own funding priorities and that NGOs wishing to access donor funding have to fit their work into prearranged priorities. For instance, one director from a well-established NGO stated that:

Donors have a set of criteria and funding objectives to which the donor will adhere, their funding budget will determine the extent of their support (i.e. allocation) and how these funds will be disbursed (interview-DCW).

Similarly, another NGO spokesperson from a smaller organisation mentioned that:

As an organisation we think perhaps donors compare the needs of the organisation to their priorities. You have to fall within their desired parameters and within a specific budget (interview-MUSA).

Furthermore, a related concern revealed by the case studies is that many donors have shifted their support from NGOs to government funding. This point is also supported by research findings showing that all NGOs surveyed are either subcontracted, acquire subsidies or acquire grants from the State. This is elaborated in a quote from one of the directors:

My understanding is that many foreign donors allocate the biggest chunk of funding direct to Government, who then disburses funds to organisations like us. As you know Government has established agencies like NDA, DTI and Lotto. Also, different departments and municipalities have also set aside some funds to support community organisations. But there are hiccups in all these structures (interview-APC).

This quote suggests that funding from donors is no longer as freely available as previously, while alternative funding sources, such as funding through state agencies, have been partially ineffective. Other NGO staff revealed that donors have shown a preference for funding larger organisations, or for forming partnerships with intermediary NGOs who then serve as links for funding smaller organisations. As the director from a well-established NGO has typically remarked:

It is understandable that donors prefer to work with a bigger organisation than a smaller one, which in most cases lacks the skills to manage their projects and funds (interview-APC).

Another feature highlighted by respondents is that donors also check the organisation's credibility and track record. This is revealed by the quotes from two NGO directors below:

Funders also give consideration to the organisation's credibility, standing and ability to sustain themselves (interview-DCW).

Donors also check your track record as an organisation. They emphasise that they also have to be assured of the project's sustainability. They want assurance that there will be proper financial management and evaluation systems in place. That is why some donors prefer to fund projects as a once-off event rather than to fund day-to-day running costs of the agency (interview-APC).

This analysis is also supported by a director from Community Chest, who confirms that:

Indeed, donors have become selective. We are also selective in disbursing donor funding. As the Chest, we only fund welfare and community development programmes, and can only fund running costs. We are also restricted in areas of operation as we have limited

resources; we can't fund all organisations in the Province. We also specify criteria and procedures for an organisation to access funding (interview-DCC).

As a result the Chest has made considerable investment in providing more detailed guidance to their partners on how to apply for and manage funds. These guidelines have sought to formalise the logic of project preparation. The majority of NGO officials interviewed for this study view such guidelines as legitimate and as broadly in line with their own policy priorities. Nevertheless, it has become more difficult for some NGOs doing particular kinds of work in some areas to obtain funding. Moreover, there is mass anecdotal evidence to suggest that NGOs routinely adjust their requests for funding and their assessment of needs to the interest of donors.

Donors will not fund certain costs

Donors are accused of being selective, using their power as financiers to impose their own interests and values on those they finance. As a result the type of funding that NGOs have access to has an impact on the day to day running of their operations. For instance, one director remarked that some donors won't fund certain groups and certain activities. As far as she is concerned 'donors decide on their target group before they select the organisation rendering services to this group. Also from their exclusions criteria, it distinguishes what activities will be considered for funding' (interview-DCS).

Correspondingly, a Community Chest officer mentioned that 'NGOs supported by the Chest must be operating where donors want to support because most funders stipulate priority areas and sectors'. Furthermore, research revealed that there is a trend amongst donors towards funding certain portions of the proposed budget. Few donors are willing to fund core expenses, but instead prefer to fund capital costs.

Meanwhile, covering core costs remains a constant challenge for many NGOs. This has created many difficulties for NGOs, who battle to find funds to cover their overheads. As one director remarked 'at times, donors prefer to fund a certain aspect of the programme, others prefer funding capital needs like machinery, tools and tangible asserts. Very few fund running costs and consumables' (interview-APC).

Furthermore, another director from a smaller NGO laments that:

Most donors are not eager to fund projects that deal with older person's issues. We are an older person's organisation that addresses, in a holistic manner, whatever issues confront them and their families. We do not regard older people as being useless and that they can make no contribution to society but we respect them as very vital members of the society who should be included and involved in the development agenda and decision-making. It is absurd though that because they are not regarded as a targeted group in most donor agendas, projects in which they benefit either are not prioritised or do not receive any recognition at all (interview-MUSA).

Additionally, all NGO staff interviewed reported that the most popular sector in recent years is HIV/AIDS. As a result many NGOs have adjusted their programmes to include HIV/AIDS projects. This is of course because of the prevalence of the epidemic in South Africa.

Donors prefer to fund short-term projects

A number of recent trends in official donor policies have become evident. There is a general agreement that funding has become increasingly tied to immediate, specific and short-term, quantifiable projects instead of long-term programmes. The NGO officials interviewed for this study had differing views regarding the issue. For instance on one hand one director mentioned that, 'definitely, there has been a shift to long-term projects, especially if the donor is interested in sustainability and the impact to the intended beneficiaries' (interview-DCS).

Another director argues that donors prefer to fund specific short term projects for that financial year, depending on the nature and type of services being rendered. She further remarked that, 'donors too evaluate funded projects and review their priority sectors now and then. So in this way most donors find it safe to fund short-term projects rather than long-term projects' (interview-APC).

In another version, an interviewee from a smaller organisation has expressed rather very mixed feelings. As far as she is concerned development aid is:

... Both short and long-term. But most of the projects funded are long-term because they fund for instance, I would say over a 3-year period, which I think is a long term as

compared to a one-year period. I am referring to our current donors. Of course, others prefer to fund short-term projects and just disappear thereafter (interview-MUSA).

In addition, another director remarked that ‘in most cases, some major donors, especially overseas donors, would prefer funding over a period of time with six-monthly evaluation report backs and may reconsider the extension of funding over a further period’ (interview-DCS). Also noteworthy is a statement made by another NGO official who asserts that, ‘some donors even check who else is funding your organisation. This will either make or break you, as some donors avoid co-funding projects, meanwhile others compete with each other on the amount to allocate, so as to get good publicity’ (interview-APC).

This implies that some donors not only restrict NGOs’ operations but also exploit humanitarian playing fields to fight their battles and to raise their flags. Another director from an NGO told me that ‘at times she is pressured to steer grants in directions that funders think are advantageous for public relations and away from anything that might be considered controversial or embarrassing’.

Donors influence NGO’s operational focus

Debate regarding the unpleasant effects of donor-imposed agendas is widespread. It is clear from the case studies that many South African NGOs have undergone major changes in the way they work. However, research findings reveal that this was not due to donor influence, but instead many organisations felt that adjusting their programmes was necessary due to the prevailing socio- political climate. In most cases NGOs reported that after the 1994 democratic elections they were compelled to extend their boundaries in order to accommodate previously disadvantaged communities. This is articulated in the quote from one of the directors:

What has happened in our case is that prior to the 1994 elections there were many child - welfare agencies operating in isolation. After the elections, in consultation with relevant stakeholders we felt it was imperative to merge with other smaller organisations. We did this in the name of ‘better service delivery’. Amazingly, the merger and the transition have been very smooth and we even attract more funding than before (interview-DCS).

Another interviewee reported that they have also expanded their services and operations in response to pressing social needs. This is echoed in the quotation below:

Yes, our operational focus has somehow shifted because previously we have been dealing with only the home-based care, but due to pressing demands as a result of older people abuse that is now prevalent and the scourge of HIV/AIDS we had to introduce new programmes. But we change our focus in response to the needs of our members but have not abandoned our core business (interview-MUSA).

This implies that as organisations gained momentum, inevitably NGO's operational focus changes, not necessarily due to donor pressures. Likewise, all NGO officials interviewed admitted that they have adjusted their programmes bearing in mind donor proposed parameters.

3.4 Section 3 - Difficulties with donor procedures

According to Hailey (2000:404), NGOs are constantly reminded to improve their image so as to prove their worthiness to donors. As a result many donors utilize various financial accounting programmes and management tools to measure NGOs' outputs and their impact. NGO officials interviewed revealed that donors also enforce stringent procedures by which agencies submit funding proposals. NGOs also reported that donors take time to respond to requests for financial assistance and very few donors provide feedback as to why proposals are refused. Moreover, even when funding is eventually approved, donors tend to delay disbursing funds and in most cases donors are not flexible on the use of funds.

Accountability measures

This section explores the complex question of accountability. Donors take much more seriously their responsibility to ensure the effective and accountable use of funds. NGOs receiving funds from donors are often required to use management systems imposed by various funders. The log frame is the most popular one. The findings of the research revealed that many NGOs are uncomfortable in using donor management tools. The quotation below eloquently summarises the situation.

The problem with these techniques is that each donor presents an assessment and evaluation form per particular project funded. So we end up being flooded by these

forms. Some present different formats and others are almost similar. But in the end the rationale is the same. It can be very strenuous to complete the forms, especially because you have to please each and every donor, so there is no room for errors. Some can be very lengthy and abstract. The unfortunate part is that organisations are compelled to complete the forms; otherwise you risk the chance of not getting funding in the future (interview-APC).

Many NGOs surveyed complain that it is a waste of money and time to deal with donor management systems and this further eats into their overheads. As one director points out:

We feel that donors are really unfair. It looks like there is no co-ordination amongst them. There is no uniformity of these instruments. They would rather have a uniform instrument, so that it would be easy for us to do our day-to-day work. You find that there is a lot of time that is consumed changing from this instrument to the other (interview-MUSA).

Furthermore, many local NGOs have been severely lacking necessary skills to comply with donor management requirements. As a result some NGOs, find themselves running a parallel reporting system with community-based monitoring reports not linked into donor reports like the log frame. For instance, one director from a small NGO reported that:

We use community-based monitoring and evaluation tools. Some of the funders need the Logical Framework Analysis, though it is very time consuming to compile and it is really a problem. We also use both the internal and external monitoring and evaluation technique and the Strategic planning and processing. These techniques are the requirements from donors. Although the community-based monitoring and evaluation is for our own purpose, we designed it (interview-MUSA).

Some NGOs resort to employing staff dedicated to dealing with relations with donors, meanwhile another NGO revealed that they sometimes pay external consultants to prepare proposals and write reports to donors. For example, one interviewee stated that:

I am very familiar with almost all the donor techniques. As a fundraising officer, I had to learn some administrative skills. As a result, I am very good in handling various administrative paperwork. As you get used to them, you find that they are almost similar so you end up repeating one and the same thing. What I did to make my life easy was to create a standardised template so that I don't have to write the same information all over again (interview-DCS).

This implies that some of the largest NGOs can at least afford to hire fundraising officers who are able to adapt to requirements. These NGOs are able to negotiate and participate in the evaluation practices of their projects. They can provide input about what makes their projects more effective. Nevertheless, for many local NGOs reporting involves large overheads, which eats into the limited core funding. NGOs are mainly concerned with the administrative and technical costs and in utilising scarce human resources. Primarily, their hesitations have more to do with what they consider are cumbersome pressures from donors. However, in recent years, these reservations are largely being overcome, both on the recipient and on the donor sides, but they have not gone away.

Donors inflexible on the use of funds

Another way in which donors have shaped the work of NGOs is through donor's inflexibility regarding the use of funds. NGOs surveyed revealed that many donors stipulate how and when NGOs should spend the money allocated. Providing evidence of this view, a director from an NGO reported that:

The little that you get from them you find that there is strict control and you cannot use those funds for other programmes. This is somehow problematic because if, for instance, you receive funds for providing home-based care and somehow a 'Good Samaritan' contributes towards the same project, should funds remain you have to send back to the donor and you cannot use it to buy food parcels for hungry families because that is not what the fund was allocated for. Even if you ask for permission from the donor he will not allow it to happen. You just have to turn a blind eye to the family's hunger, leaving with your conscience biting you (interview-MUSA).

Another director also reported that many donors prefer to pay the supplier or the service provider directly. While others can only pay on completion of the 'agreed project' or after required services have been rendered. In this case NGOs are required to submit lengthy reports and invoices requesting payment. In essence, only those organisations with sufficient capital to sustain operations prior to payment can take the risk of delays in payment. Yet, the 'good doers' can expect to receive more money in future while 'non-performers' will be penalised.

Aid is shrinking

There is general consensus that development aid becomes harder to come by as most donor governments are cutting back. According to Bond (2001:31), the South African NGO sector has suffered a significant decline in donor funding since 1994 as most donors diverted from funding NGOs to funding the State. However, Kraak (2000:18) largely contests this view, arguing that ‘the so-called ‘funding crisis’ in the sector is more myth than reality’.

In the research findings, there is a shortage of convincing evidence that development aid has declined. While some NGOs have experienced a decline in funding, others have reported that funding has (or has gradually) increased. Providing evidence for the former view, one participant reported that donations to its operations have dropped by 25% over the past 5 years. Another participant mentioned that ‘we are not getting the critical mass of funds to make development possible’. Similarly, an official from a stakeholder stated that there is a lot of uncertainty in the current climate, ‘we are having trouble, but we are not to the point of losing any staff yet’. Another version from a director is that funding has not declined but has been rather consistent. The quote below is illustrative in this regard.

Funding has not decreased as such. The only problem is that of uncertainty, especially with regard to government schemes. Over the years we have built up our good reputation and have established networks, we also keep a database of donors. So funding has been consistent (interview-APC).

On another occasion, one interviewee reported that, ‘funding to our organisation has gradually increased, being as a result of more programmes that have been introduced and our reputation with our funders’ (interview-MUSA). Likewise, a director from a big organisation mentioned that funding has increased from R1.3 million in 2000 to R4 million in 2004 (interview-DCW).

The general argument here is that falling aid flows do not constitute a severe problem to all NGOs. In some cases experienced NGOs generate additional revenue by marketing and selling their products and services and presumably by being involved in the correct sectors such as HIV/AIDS.

Aid is inadequate and insufficient

A question of whether funding of NGOs by donors is sufficient or appropriate was posed. The overwhelming majority indicated that the budget was inadequate to implement their programmes and to cover their operational costs. The quotation below clearly illustrates this point.

I do not think there is sufficient support given the fact that child abuse is very rife, HIV/AIDS is spreading rapidly, especially in this Province. So, the needs are endless, and we as a society cannot say we are well resourced. That is why we are always searching for new donors (interview-DCS).

The situation is the same for mid-sized NGOs. As one director laments:

The major problem we are facing is lack of funding for operational costs, especially for salaries. As we expand, we have to take in new clients and as a result we 'therapists' work under pressure. Many donors don't fund salaries; they rather pay for the training of volunteers. Even our Government's subsidy is inadequate to recruit more professionals (interview-APC).

Correspondingly, accessibility to funds is even much more critical for smaller organisations, as one official from a smaller organisation lamented:

It is 'funding, funding, funding'. We end up spreading thinly throughout our target areas. Even our current office space, you did notice when you came here that there are so many of us and the space is very small (interview-MUSA).

Furthermore, a follow-up question was posed to NGOs, as to what they would do with more funding. The endless list includes the following:

- Obviously with more funding more needy children and families stand to benefit.
- I would act as an intermediary like the Community Chest and identify and fund more grassroots related projects for the physically challenged and smaller community-based organisations.
- I would add more orthopaedic equipment, purchase more machinery for the sheltered employment workshop so as to accommodate more disabled persons.
- I would extend and furnish our current premises.
- We could employ more professional social workers and therapists so as to speed up the rehabilitation process and help many more disabled.
- Our organisation would mentor up-coming organisations that seek to address older people issues.

- The Chest would fund more grassroots organisation and render necessary capacity-building services.

In summary, most NGOs would like to expand their operations in order to address enormous social problems, reaching out to community-based organisations. Seemingly, some organisations even aspire to abandon their services and graduate into an intermediary agent like the Community Chest. Meanwhile, other smaller NGOs are in need of basic necessities like therapy equipment, income generating tools and to extend and furnish their offices.

3.5 Section 4 - The nature of partnerships and relationships

In recent years, there has been heavy emphasis on a constructive donor-recipient partnership. The donor-recipient type of development aid relationship is being replaced, at least conceptually, by a focus on developing mutual partnerships to implement agreed tasks. The idea is to stimulate a more equal relationship between donors and recipients and also to instil a greater sense of ownership of the activities undertaken through development aid. Amazingly, while the majority of NGO officials interviewed are optimistic about the nature of partnerships with donors, others convey scepticism vis-à-vis the nature of relationships with donors.

Donor - NGO partnerships are unequal

The academic interest and NGO debate about the concept of partnership is well documented and this discussion does not seek to reiterate that debate. This section mainly explores factors affecting the partnership between donors and NGOs and how those influences serve or limit development aid. Fowler (2001:3) asserts that aid recipients are often not considered as equal partners by other players in development activities. As far as he is concerned 'recipients are unable to negotiate a truly common agenda, despite explicit donor rhetoric for the recipients to be "in the driving seat", continuous chauvinistic conduct by donors eliminate choice as a vital dimension'.

No doubt, a move from 'donorship to ownership and shared responsibility' is a good idea. Donors agree as a matter of policy that civil society participation is crucial, but it is much

easier to talk about partnership and participation than it is to achieve it. For instance, some NGO officials commented that the relationship with donors is more about securing contracts than authentic relations. Nevertheless, the majority of NGO staff interviewed reported that NGOs are increasingly accepted and considered more as equal partners in development projects. This is evident in the quotations below:

Our partnership with the donor is based on equality and mutual agreement instead of partnership of convenience (interview-MUSA).

We relate well with many of our donors and they treat us as equal partners. What is helping us is that we consult and update our donors regularly (interview-DCS).

Generally, partnership with donors has improved over the years. Maybe we have established a good reputation, given our track record. In some cases other donors wanting to form partnership with us have approached us (interview-APC).

These comments suggest that gradually it is being recognised that development is a partnership and that donors and recipients must agree on a common language of priorities. A consensus is emerging around the view that development means increasing the control that poor people have on their lives. However, it is rather disturbing to learn that other organisations, ‘fake partnership’ solely to access donor funds. As one director put it, ‘we know of organisations forming artificial partnerships with donors only to find that the ultimate aim is just to solicit funding’ (interview-MUSA). This further confirms the view that ‘partnership’ has been diminished by misuse and is applied to a range of relationships.

Donor / NGOs relationship is uneven

NGOs by nature are engaged in a multifaceted web of relationships including donors, government, private sector, beneficiaries etc. In essence relationships are the cornerstone of sector operations and yet quite often NGOs are engaged in complex relationships with their partners.

The literature demonstrates that, despite manifold changes over the past decade, some persistent problems in relationships between donors and aid agencies remain prevalent.

Similarly, the findings from case studies confirmed that there is tension between donors and NGOs. This means that relationships between donors and NGOs are patchy. Yet, the nature of relationships with the donor determines the predictability and overall volume of funding forthcoming. These problems are common to very large organisations, as well as very small ones.

As referred to elsewhere, there are significant levels of cooperation with few exceptions; there is a general consensus that the relationship between donors and NGOs remain characterised by mistrust and absolute misgivings. This is exemplified by a statement by an interviewee, who said that:

We try to establish an enabling working relationship with all our donors. We treat them as friends of the organisation as we need them for survival. Most donors, after establishing trust with us, begin to open up and become flexible. However, other donors can be very demanding and even difficult to penetrate. They expect you to drop everything else and attend to them. For an example, one donor official will just come here unceremoniously and insist that you take him to the project; this is just to check if the project is still up and running (interview-APC).

Most NGOs agree that trust is fundamental to the character of the donor-recipient relationship. As a Community Chest director put it 'it is not money that matters, the nature of the relationship between donors and recipients is also important'. As a result many organisations now talk less of fundraising and most frequently of establishing and maintaining donor relations. This change means that a fundraising officer's duty is not only to raise and account for funds but also to manage a complex set of relationships for the organisation to survive.

Nonetheless, the prevailing conditions in donor-recipient relations seem likely to favour larger agencies which are better able to invest in the human and technological resources necessary to ensure compliance with donors and to constantly sustain their relations. The experience of smaller NGOs is by no means unique. The director laments that it is difficult to maintain a lasting relationship with donors funding short-term projects. As the director put it:

There are those donors that only provide a once-off funding, it is very difficult to maintain relationships with them because they just give you a once-off sum of money and then vanish. Thereafter it is difficult to maintain relationship with them and yet we very much need them (interview-MUSA).

What has been useful for this small NGO was to become an active member of Help-Age International. 'Help-Age began as just a donor until we applied for membership, which was granted... We are a full member of Help-Age International and our President is a Board member thereof' (interview-MUSA). Undeniably, it is self evident that the nature and qualities of these relationships significantly determine the benefits that arise from the partnership.

NGO / Beneficiary relationships are not balanced

There is a growing body of literature arguing that NGOs are effective catalysts to reach out to less privileged communities. As such, NGOs are deemed downwardly liable to grassroots people and clients and internally to their own mission and staff. In many cases, grounded NGOs represent the very poor, ethnic minorities who are not represented equitably by formal institutions. For instance, NGOs may have more field presence in a given area and employ local people familiar with local dynamics and low-cost techniques relevant to poverty alleviation.

The literature reveals that, in most cases, the mechanism for downward accountability from NGOs to communities is poorly developed. Moreover, few NGOs have well-established internal accountability mechanisms that enable them to remain focused on their missions. The research findings reveal positive achievements as well as challenges. At one extreme, findings indicate that some NGOs are effective in ensuring beneficiary participation within their own programmes. As one director put it:

Yes, we do involve beneficiaries in project planning. As we operate in four areas, each area has a committee with its own chairperson. So after having met, identified areas of need and how they should be addressed, one representative from each area, usually the chairperson, will meet with others from other areas. They will consolidate their needs and forward them to the Director of the organisation. When there is a strategic planning workshop, which is done annually, representatives from all areas are always involved. They then report back to their centres (interview-MUSA).

At the same time, abundant limitations of NGOs have also been identified. According to a Community Chest director, 'some NGOs have limited financial and management expertise and institutional capacity to reach the poorest of the poor. Others work in isolation, and are confined to small-scale interventions'. As a result, there is considerable concern about the rapid ascension of 'bogus' NGOs which serve their own interests rather than those of vulnerable people.

In some cases, NGOs have been criticised for misusing funds to pay high salaries and flashy offices and running costs, instead of channelling resources to the needy. There are umbrella bodies springing up raising funds for smaller organisations but the bulk of the money raised goes towards staff salaries.

3.6 Section 5 - NGOs' perceptions on beneficiaries, roles, impact and effectiveness of development aid

This section examines the current state of aid from the perspective of NGOs and reviews the main issues, opinions and attitudes of NGOs. The opposing views and arguments are presented, mainly in order to highlight the multi-faceted debate on these issues. While development aid is increasingly under attack as insufficient, unsuccessful and irrelevant, some believe that it is necessary and effective in addressing overwhelming social problems.

NGOs' perceptions vis-à-vis beneficiaries of development aid

The question was raised as to whom NGOs think benefit from development aid? The majority of NGOs reveals that they strive to reach out for segments of the poor and marginalized beneficiaries. As one director explains:

It is mainly organisations who address the community's pressing needs and review support from the community. Our allocation is for running costs and this is of benefit to organisations because most funders do not fund running costs, as they prefer to fund tangible or capital projects (interview-DCC).

Likewise, other NGOs thought that projects funded by different donors were of good quality and that financial resources from donors are absolutely imperative, and many organisations cannot survive, and the community at large stands to benefit (interview-DCC).

However, another director from a smaller organisation has expressed concern that bigger organisations, intermediaries and government are the main beneficiaries of development aid, as donors prefer to work with them. She further cautioned that if NGOs seek to develop their programmes in response to donor requirements rather than to needs derived from their vision and goals, the results are less likely to serve the best interests of beneficiaries (interview-MUSA).

NGOs' perceptions of the role of development aid

Respondents were asked to evaluate the role of development aid. The results reveal a relative consistency in NGOs' viewpoints regarding this subject with the majority rating donor's performances as good. This is contrary to the preceding perceptions and the literature stating that development aid can often fall foul of political agendas and of donor interests. Research findings reveal that it is not always true that donor programmes are entirely negative, at least from the perception of insiders. This is supported by the comments of respondents from all four organisations.

Yes, aid is useful in meeting increasing development challenges and has benefited many organisations and communities over the years. Development aid is the ultimate hope for most NGOs as it help them to render valuable services and in setting up development projects. Also with development aid, development practitioners like us earn a living and feed our families (interview-UCC).

Its role is to alleviate poverty, address to the social needs of the poor, support welfare organisations to render welfare services to the community. It is also used for infrastructure development, like building dams, schools, health-care centres, roads, houses etc. It's also assist during disaster times to provide clothing, shelter, food, medicine and related basic needs. Again, development aid assists in setting up self-help, income-generating projects. With development assistance some disadvantaged people are trained in hard and soft skills. The ultimate goal is to alleviate poverty and for economic development of poor countries (interview-APC).

I think development aid plays a vital role in helping governments that are faced with developmental problems. The aid sources funds and provides to organisations that are in dire need of funds to address social problems in their communities (interview-MUSA).

Development aid and donor funding in general fulfils the role first and foremost of Social Responsibility: to share the responsibility of the State in the provision of welfare services to the needy in their communities. They also have a role to form committed partnerships (with service providers) with developmental foresight for the upliftment and development

of deprived individuals, families and communities. The main function would be to provide support by way of financial/material/manpower of the services offered to those in need (interview-DCS).

NGOs perceptions of the impact of development aid

Debate regarding the negative impact of donor development programmes and their relations with partners and local communities is widespread. The argument is that aid has limited impact on NGOs and that it may impede rather than help growth and development in general. Likewise, some argue that many development projects are unproductive and were started only because of the availability of donor money. NGOs were asked to evaluate the extent to which various aspects of services and institutions have improved through donor funding. The results provide an extremely useful indication on how donor assistance has impacted the every day lives of NGOs.

The majority of respondents indicated that donor funding had a positive impact on their organisations and had direct positive impact on beneficiaries, their families and communities at large. This is evident in the quotes below:

Oh yes, development aid is making such a great impact in our organisation as we exists solely at the mercy of donors. Through funding from donors we then allocate it to worthwhile development projects. With donor assistance we have seen organisations growing from humble beginnings to big successful development agents (interview-DCC).

With donor funding, we feel that we are making a very good impact because our objectives are somehow being met. We time and again see smiling faces because of the satisfaction from elderly people. So we are more grounded (interview-MUSA).

Most NGOs reported tangible improvements in service delivery. The majority of NGO's energies go directly toward providing services to people who are vulnerable and in need. Thus with donor funding NGOs have had a positive impact in changing the lives of beneficiaries. There is also quite a heated debate on the efficiency of aid, questioning the sound effects of development aid. The pessimistic argue that aid is insignificant and outright harm is substantial. The more optimistic strand stress that aid has made a positive difference in the lives of the many people. The NGOs interviewed are satisfied with the effectiveness of development aid. This is exemplified by the quotations below:

Yes, development aid is effective in addressing our needs. We are able to render social work services, we provide day-care and rehabilitation facilities and we provide proper nutrition, occupational and physiotherapy services to the physically challenged. We also provide orthopaedic equipment and aids. Really, with donor funding our organisation has been operating for the past 50 years, and is currently running ten branches (interview-APC).

Yes, development aid is effective because the lives of older people are bettered in our organisation. For instance with the funds that we receive, the older people are transported to clinics, to the hospitals free of charge. They have free access to paralegal services, free HIV/AIDS training. They have meals everyday. They are visited at home; those who are sick are cared for by our home-based carers and many other services. In that way, I would say yes, it does make a difference. But there are many other things that we cannot do because of the shortage of funds, so it is not adequate (interview-MUSA).

The financial/funding received by the Society has been effective in that it enabled the implementation of specific projects and programmes (e.g. the Co-ordinated Orphan Response Programme-funded by Bernard van Leer) which was needed to effect a response to the impact that AIDS was having on the care of children. Other funding received ensured the continuation of the Society's services (interview-DCS).

There is a dilemma in the discussion on aid effectiveness, with some analysts being sceptical. However, research findings show that those who participate in this sector believe that it has a positive contribution.

NGOs perceptions vis-à-vis development aid industry in KwaZulu Natal

Respondents were asked to share their understanding regarding development aid trends in the provinces. NGOs seem to have limited understanding and appreciation of development aid in KZN. A number of issues emerge from this analysis. It has become more difficult for NGOs to describe development aid in the Province since donors have diverse objectives and principles. This is exemplified by the quotations below:

Most funding comes from our local government, and local municipalities. I am not aware exactly how the aid industry is structured in the Province (interview-MUSA).

It is difficult to keep track of the aid industry in the Province. This is because there are many donors, funding diverse recipients. I don't think resources from donors are recorded somewhere. In my view, the whole process is haphazard and donors do not speak the same language (interview-APC).

Development Aid Industry in KZN is seeking to implement integrated and sustainable community-driven projects that contribute towards the eradication of poverty. Funding is available to service organisations that are able to collaborate with other service providers in the region to affect their objectives (interview-DCS).

Our situation has changed here in KZN; we have many more people willing to help others less fortunate. Again, government is also very proactive in addressing social needs, even in rural areas and targeting the previously disadvantaged areas. However, I have also observed that NGOs operating in rural areas are battling to survive; given the disparities in communities they serve (interview-DCC).

Clearly the institutional arrangements for managing aid are rapidly evolving. This is reflected at all stages of the funding cycle, and extends from demands for more comprehensive planning, monitoring and reporting, through to the introduction of new mechanisms to identify and fund projects.

Chapter 4: Conclusions and recommendations

4.1 Introduction

Debates about the role and effectiveness of development aid have grown more complex in recent years, in the face of the evolving shift in the aid agenda. In the 1980s civil society became a popular development agent preceding the state. As a result there was a phenomenal expansion of the NGO sector worldwide. NGOs were commended for being the face of the poor, providing efficient welfare services, superseding the state development institutions. In the early 1990s however, NGOs encountered negative attacks from all angles and were deemed inefficient. During this time, the state re-emerged as the supreme development change agent.

As it happens in South Africa, many donors prefer to channel development funds to the central government and in some case intermediaries like the Community Chest. Thus, state funding becomes the major source of income for many NGOs. From the contributors to the research there are clear pointers that this situation has created anxiety amongst NGOs who somehow feel marginalised in the development process.

Similarly, for NGOs operating in KwaZulu Natal the changing environment in which NGOs operate raises uncertainties about their possible future roles. Therefore, this chapter provides an indication of the perceptions of a sample of KwaZulu Natal NGOs regarding the role and effectiveness of development aid. The conclusions and recommendations below are in relation to the four areas which have been the focus of the research.

- According to NGOs, who sets the agenda for development aid programmes?
- Who, according to NGOs, benefits from development aid?
- What are NGO's conceptual understandings of participation and partnerships with donors?
- What reservations and concerns do NGOs hold regarding development aid practices?

The research is based on limited case studies, exploring limited issues covered. The researcher did not seek to be comprehensive but has allowed for general consensus to be drawn and recommendations to be put forward.

4.2 Agenda setting

There is much talk of where the aid agenda is set and by whom. The research led us to the issues around power, partnerships and agenda setting. Research findings highlight the tensions, lack of understanding and mistrust that exist in the relationships between the two parties. Research findings suggest that some NGOs do not feel that they hold the upper-hand and the extent of agenda setting and conditionality by donors often renders them submissive. This means that some NGOs are conforming to donor pressures in ways that compromise their mission, confuse their staff and beneficiaries.

Meanwhile, other NGOs have managed to sustain good relationships with donors and are not passive recipients; instead they have maintained their independence. These are mainly the largest and well-funded NGOs who seem to cope with the prevailing aid policies and are able to manoeuvre donor systems. Although they are dependent on donors, they had a lot of choice in choosing donors and in negotiating their autonomy and thus easily survive donor turbulences. These NGOs are able to follow through on projects they undertake, conducting long-term programmes with sustainable results.

Therefore, it is essential for NGOs to have a clear strategic focus and do some self-reflection to avoid being donor-driven. They should focus on whatever their primary agenda is and not be diverted from this by demands of donors or obstacles in their operational environment. Furthermore, both parties should identify approaches that can lead to better and healthier relationships within the current aid system. This includes mutual respect, listening and learning between agencies, as opposed to imposed agendas. This is only possible where donors and local NGOs work together on shared and negotiated planning, and where the donor has trust and confidence in the implementation of the project and takes a 'hands-off' approach.

4.3 Donor priorities and procedures

Literature and research findings reveal that donors seem to be propelling diverse policies and procedures. The sad reality is that prevailing global aid policies deprive NGOs of independence and autonomy to drive community initiatives. NGOs interviewed said that they needed to be part of the process from the strategy setting and planning stages, and they needed to be able to find ways to allow the needs and voices of the poor to be integral to the agenda. Most development actors, international donors and private foundations subscribe to these principles and values, in theory. In practice, however the language of ‘partnership’ and ‘participation’ has been abused.

There was some agreement among the NGOs that partnerships with donors are formally structured through funding contracts, linked to donor driven policies and procedures. Therefore, there is an urgent need to revise policies and procedures in order to eliminate bureaucratic hindrances to financing an authentic development process. New policies and procedures must ensure flexibility as well as long-term commitment. Donor policies that need to be designed must go beyond a projection of national (state-run) interest and look to funding civil society organisations.

Furthermore, donor policies and procedures encompass western accountability tools enforced on local NGOs. All NGOs interviewed have to deal with multiple reporting systems and tools such as the logical framework. Some of the largest NGO representatives interviewed don’t appear to think donors impose unreasonable reporting requirements on them. These NGOs are able to negotiate with donors to reach common reporting systems. Some well-off organisations employ specialised staff to deal with relations with donors; meanwhile others even outsource expertise to cope with reporting deadlines. However, smaller NGOs seem to have a problem with donor reporting tools, which further eats into their limited funds.

4.4 Donors’ conditionalities

NGOs are operating in an increasingly complex world, due to conditionalities that are usually attached to funding. Some of the interviewees spoke about various ways in which donors control their operations.

There appears to be a trend towards funding larger, well-organized, delivery-oriented urban based NGOs at the expense of smaller, often rural and peri-urban, community-based organizations. Also, the findings also indicated that most donors fund short-term projects, often of only one year and are reluctant to make a long-term and substantial contribution. As a result some NGOs reveal how they were sometimes forced to adjust their programmes to suit donor parameters.

Furthermore, donors are reluctant to fund overhead expenses (salaries, rents), further limiting the ability of NGOs to address the priorities of the poor. In fact, NGO representatives interviewed mentioned that the greatest financial difficulty is securing funds for their core expenses. Also, the manner in which donor funding is channelled (via government) is a matter of concern for many NGOs. Also, literature reveals that NGOs are compelled to adapt to free market pressures. Some NGOs express concern that donor demands and market competition for funding mean civil society organisations become misplaced and run the risk of losing their identity.

4.5 Conclusion

Findings from the case studies and a stakeholder sampled indicates that development aid to NGOs is decreasing with more funding being allocated to central government, and in most cases accessed by a new select group of recipient NGOs. There have been many discussions on what should be the relationship between the two, and how NGOs can make the state more accountable and sensitive to the needs of the poor. This study reveals that donors, including government, dictate the terms and conditions for NGOs to access funding. Many respondents found donor requirements harsh, confusing and redundant.

This study is based on a limited exploration of the issues covered. The study was an attempt to make a contribution to the understanding of the development aid industry, by exploring the perceptions of KwaZulu Natal NGOs as recipients, and who are central to the aid debate. The study may have some wider relevance in an understanding of what this development aid apparatus is all about.

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