



# Exploratory Study on Skills Development Interventions in Strengthening the Institutional Capacity of Civil Society Organisations (CSOs)

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## Acronyms

CBOs	Community Based Organisations
Co-ops	Co-operatives
CSO	Civil Society Organisation
DSD	Department of Social Development
NDA	National Development Agency
NGO	Non-governmental Organisation
NPO	Non-Profit Organisation
NQF	National Qualifications Framework
NSDSIII	The third National Skills Development Strategy
SAQA	South African Qualifications Authority

## Executive Summary

The purpose of this research study was to explore the continued relevance of capacity development interventions meant to support Civil Society Organisations. This is in light of the fact that while the NDA has spent over a R125 million per year since 2013 on capacity development, over 60% of the total registered NPOs have not submitted annual or financial reports within nine months of the end of their financial year, putting them at risk of being deregistered with the Department of Social Development. Moreover, concerns have been raised that the CSO sector is fragmented and has shifted to the periphery in terms of policy advocacy.

This report assesses the current implementation of the NDA Capacity building programme and the extent to which the programme actually addresses the Skills Development challenges faced by Civil Society Sector. The research also provides recommendations to the NDA on relevant skills development interventions to strengthen the institutional capacities of CSOs.

The key research questions include:

- How has the NDA interpreted its capacity development mandate? How is the NDA Capacity building programme implemented?
- Is the NDA Capacity Building programme aligned to the skills needs of the Civil Society Sector?
- How relevant are the skills development interventions and the capacity building programme of the NDA to strengthening the institutional capacities of CSOs?
- What skills development and institutional Capacity challenges does the Civil Society Sector face in South Africa?
- What skills development interventions can the NDA target to strengthen the institutional capacities of CSOs?

The National Development Agency Act 108 of 1998 gives the NDA a very wide mandate to build the capacity of CSOs. The capacity development programme that has been implemented focuses on organizational development and issues of compliance related to financial management and governance.

Three broadly clustered challenges to the implementation of the capacity development programme were found. First, the practical delivery of quality training, manuals and follow-up mentoring and support was found wanting. The quality of support was often said to be sacrificed for quantity. Training was generic and not targeted at the specific needs of the variety of CSOs. Moreover, demand far outstrips supply and the NDA lacks financial resources to cover all the struggling CSOs

Second, there was too much of a focus on compliance in the training. While many newly established CSOs do need support to meet fiduciary responsibilities, and such training remains critical, there is a concern that top-down training was being used to control CSOs and that government compliance regulations ought to be suited to the capacities of CSOs (rather than the other way around).

Third, the training programmes were too generic and did not address the changing nature and context of CSOs, nor did they address the changing relationship between CSOs and the state.

The changing role of civil society requires a new approach to capacity development. Given the tremendous socio-economic burdens and the increasing need for wide variety of support and policy interventions that civil society organisations provide, there is increasing need to support CSOs. The growth in size / number of CSOs in itself requires that there are more training and mentoring in terms of institutional capacity. But the findings from interviews with CSO stakeholders is that capacity development needs to extend well beyond financial compliance (as important as that is). Capacity development should encourage CSOs to be autonomous (and not only financially independent).

The financial resources that have been provided to the NDA seem insufficient to deliver on its huge CSO capacity development mandate in a country with increasing poverty. Given these constraints, there are several considerations for the NDA to position itself differently in relation to rest of government, the private sector, and civil society in order to deliver a sound capacity development package to the CSO sector:

- Beyond the Department of Social Development, the NDA should organise itself to activate that level of support from the rest of government. A mapping exercise can identify avenues for capacity development that could include SETAs, the NSF, development finance institutions, universities and TVET colleges, professional bodies and research councils.
- The NDA could position itself to coordinate CSI work with the private sector so that key development priorities receive coordinated effort. Such coordination would enable the NDA to equitably direct CSI funding to the relevant CSOs and South Africa's development priorities.
- The NDA could position itself as a partner to the sector to help shape an apex body for CSOs. Working through such an apex body would enable better coordination of programmes including pooling of resources, sourcing additional funding dedicated to building the capacity of smaller players and driving campaigns for meaningful participation of communities in the economy to eradicate poverty.

These considerations for positioning capacity development differently require the NDA to develop internal capacity to build networks, to lobby, to collaborate, and where required to execute large complex projects. Working across government, the private sector and CSOs will require dedicated effort and a clear strategy so that there are no mixed signals being sent.

# 1 Introduction

The civil society sector is assumed to have lost capacity and is weaker now than it was 10 years ago, worse still from 20 years and worse again from 30 years ago when civil society was often at the frontlines of the anti-apartheid struggle. One of the main indicators for this assessment is the high number of Non-Profit Organisations (NPOs) that are deemed 'non-compliant' – over 60% of the total registered NPOs have not submitted annual or financial reports within nine months of the end of their financial year. In addition, the NDA's Annual Performance Plan 2022/23 points out other weaknesses. It notes that the civil society sector is "fragmented and lacks coherence to present a convincing development agenda and programmes to advance local development." Moreover, "the sector has been shifted to the periphery regarding the influence on policy and active citizenry, thus making it weak as a key player in formulating national policies on social and economic development agenda."

According to the NPO Act, government should provide support to NPOs. Section 3 of chapter 2 of the NPO Act notes that: "every organ of state must determine and co-ordinate the implementation of its policies and measures in a manner designed to promote, support and enhance the capacity of non-profit organisations to perform their functions." The NPO Directorate in the Department of Social Development and the National Development Agency (NDA) are the two state institutions primarily mandated to provide support to the civil society organisations to enable them to carry out development work effectively (National Development Agency Act No 108, 1998).

The NDA designed an integrated capacity-building programme in August 2013 to provide organisational support to CSOs. It included skills development training, using formal SAQA aligned training approaches and materials, and mentorship to provide onsite support to NPO staff and to provide feedback on how staff were applying their knowledge.

However, the sector has been critical of the support it was getting from the NDA. In a consultation process organised by the NDA in July 2015, the sector raised concerns relating to NDA ability and effectiveness to play a role as the state organ for the civil society organisations in the country. A report produced by the HSRC for the NDA in 2020 reports that government (and the private sector) have not done enough to build the capacity of CSOs. In November 2022, at a conference organised by Kagiso Trust, delegates argued that while NPOs required capacity development on fund raising and fund management, there were equally issues with the inordinately complex funding applications and corruption that needed to be dealt with on the side of the NDA. Moreover, delegates complained about lack of transparency over how funding proposals were adjudicated.

The purpose of this study is to probe and explore capacity interventions through questioning long-held assumptions and excavating dynamics and tensions which exist below the surface level. It assesses the extent to which capacity has been lost to the CSO sector and reviews the expectations for capacity development of CSOs and the challenges in delivering successful outcomes from these programmes. It considers whether there is an argument to be made that the real problem is not with CSO capacity but with the legislation and procedures around funding to CSOs. Finally, the study provides a context within which to explain the differing positions on the need to capacitate NPOs by describing how the relationship between the state and CSOs has been evolving. NPOs are often dependent on the state for resources. The call by state institutions for CSOs to build their capacity

can feed into that power imbalance. It may be interpreted as CSOs not having the capability to govern and manage funds adequately and therefore having to develop that capacity before they can receive funding. It is a narrative that turns away any criticism of funders or the state and how funding is distributed.

The significance of this study lies in its positioning of skills development within the broader relationship between CSOs and government and its institutions. It is not simply intended to identify skills or evaluate skills development programmes targeting CSOs but to interrogate whether the assumptions about the capacity of CSOs to raise and manage funds hold true. Capacity development of NGOs should not only be understood as what is needed by CSOs (or as their deficiencies) but also from the perspective that capacity development is an expectation from government and funders that may not be aligned with the contexts in which CSOs find themselves. Capacity Development defines relations between the state and CSOs and the expectations of one from the other.

This study is therefore an invitation to re-evaluate the relevance of skills development programmes for NPOs and to rethink the implications of calls for capacity development from the perspectives of both the state (specifically the NDA) and the NPOs.

The purpose of this study is to unpack in a very deep way the relevance of NDA capacity development for CSOs. Relevance ought to be described from the vantage of different stakeholders. An assumption of this study is that donors and grantees are likely to have different opinions on the objectives of capacity development. While ideally there ought to be agreement on the purpose of capacity development, donors usually have an interest in ensuring accountability from their grantees on how funding is spent, while the NGOs may not see it as a reciprocal relationship. Their accountability may lie with beneficiaries though they feel they are answerable to donors on outcomes but not necessarily on the means of implementation.

This report assesses the current implementation of the NDA Capacity building programme. Secondly to identify the Skills Development challenges faced by Civil Society Sector and unpack, understand or examine the perceptions of NDA practitioners on NDA capacity building and skills development interventions. The research also provides recommendations to the NDA on relevant skills development interventions to strengthen the institutional capacities of CSOs.

The key research questions included:

- How has the NDA interpreted its capacity development mandate? How is the NDA Capacity building programme implemented?
- Is the NDA Capacity Building programme aligned to the skills needs of the Civil Society Sector?
- How relevant are the skills development interventions and the capacity building programme of the NDA to strengthening the institutional capacities of CSOs?
- What skills development and institutional Capacity challenges does the Civil Society Sector face in South Africa?
- What are the perceptions of NDA practitioners on the NDA capacity building programme and skills development interventions for CSOs?



- What skills development interventions can the NDA target to strengthen the institutional capacities of CSOs?

The underlying approach for this study was to gauge and then compare the views of the NDA and DSD with those of CSOs. Three methodologies were used:

- Survey of CSOs – the aim of which is to provide a quantitative snapshot from organisations on the skills and capacity development interventions needed in relation to fund management. The survey is also used to get an overall perception from CSOs on the relevance of training and its usefulness for improving the management of funds.
- Interviews with key stakeholders representing government funders (NDA and DSD) and CSOs. The purpose of the interviews is to compare CSO and government understanding of what capacity development is meant to achieve. The interviews should reveal the expectations of donors and recipients of capacity development and will be an opportunity to inquire whether they believe they hold similar views.
- Focus groups – these are an opportunity to forefront the debatable questions and go into some depth on whether capacity development [in terms of training] has been relevant in terms of funding? It interrogated whether lack of skills / knowledge on their own can explain NPO non-compliance. One of the primary questions was: Will capacity develop improve fund management or is the problem related to inflexible and complex government processes?

The report begins by providing an assessment of the NDA’s mandate in terms of capacity development. It then reviews the implementation of the NDA’s capacity development programme and the challenges experienced.

The report then turns to the current relevance of the NDA’s capacity development programme reflecting on the changing nature of the civil society sector and the changes in the broader socio-economic context of South Africa. Recommendations on development interventions to strengthen the institutional capacities of CSOs conclude the report

## 2 Background: The NDA’s Mandate

The National Development Agency Act 108 of 1998 aims to promote an appropriate and sustainable partnership between government and civil society organisation’s in order to eradicate poverty and its causes.

Section 2 of the NPO Act (Interpretation and objects of the Act), provides that the objectives of the Act are: “To encourage and support NPOs in their contribution to meeting the diverse needs of the population of the Republic by, amongst others, encouraging NPOs to maintain adequate standards of governance, transparency, and accountability, and to improve those standards”.

The NPO Act is a reflection of the post-apartheid period in which “Few would question that non-profit organisations (NPOs) have profoundly influenced the emergence, shape and nature of modern South

African society". Given its contribution to the democratic transition, "civil society" was read broadly as being capable, grounded and of strategic importance and an uncomplicated relationship was anticipated between civil society and the new democratic state. However, in the immediate post-1994 *"the CSO sector was thrown into turmoil as it sought to redefine its relationships (primarily with the government), roles, responsibilities, strategies, and identity, within the newly established democratic structure and associated civil liberties."* In addition, there was a perceptible shrinkage in resources and a lack of skills/capacity in the sector. The lack of skill is attributed to the "brain-drain" from the sector as many NGO leaders exited to take positions within the new democratic state. The resource crisis is largely explained as a shift in funding previously channelled to NGOs by foreign donors and governments to the new democratic state.

These two factors interacted in such a manner as to divert skilled staff and personnel to better paying and more secure employment. The less skilled and capable the NGOs became, the fewer resources they were able to attract and manage them effectively.

### 3 The NDA's Capacity Development Programme

The NDA's official interpretation of its mandate is wide. In its 2021/22 Annual Report, the NDA describes the purpose of its CSO Capacity Development programme as providing "a comprehensive package that is aimed at developing CSOs to their full potential to ensure that CSOs, especially those operating in poor communities, have capabilities to provide quality services to the communities they serve" (p52). However, in practice its mandate is more narrowly focused on institutional development. Its website explains the interventions as: "aimed at building and institutionalising organisational capabilities of CSOs to respond to their programmatic needs and compliance to registration requirements and reporting requirements to funders. The programme focuses on strengthening the institutional capacity of CSOs to ensure that their abilities and capabilities to manage their organisations and its programmes efficiently are enhanced."

It is acknowledged that CSOs have faced several challenges since the advent of democracy. Amid redirection of funding especially by foreign donors has been a mix of well-established CSOs coupled with a proliferation of new CSO registrations. Some of the capacity challenges that have been identified for the CSO sector include the following:

- Lack of formal organisational structures within their individual entities and lack of larger network support for lobbying activities results in their concerns not being appropriately ventilated or addressed.
- Lack of capacity of national and local CSOs to participate effectively in the decision making and implementation of national and local policies related to business and the economy.
- Lack of organisational and operational efficiency of CSO's that support the development of businesses.
- Non-compliance with legal requirements for registration with the Department of Social Development as well as a myriad of governance challenges

- Chronic limited human resource capacity, the inability to recruit and retain high quality staff, and high staff turnover are other areas where CSOs face urgent capacity challenges.

These shortcomings impact on the effectiveness of CSOs and credibility to provide citizens with a voice, and to also engage with governments and stakeholders in substantive dialogues on key development issues.

In order to address some of these challenges, the capacity development approach involves training, mentoring and incubation. NDA development officers, however, admitted that mentoring and incubation get short shrift.

### **Components of the NDA capacity-building programme**

#### ***Training***

CSOs training uses different methods of teaching and learning. Training was in a form of skills development training using formal SAQA aligned training approaches and materials that were presented by facilitators.

#### ***Mentorship***

Mentorship uses a method of on-site visit by the trainer to assess how the participants are applying the knowledge they have learned, to provide onsite support to the staff and to provide feedback on how staff were applying the knowledge. The mentorship was also done by qualified providers in the area of mentorship.

#### ***Incubation***

Incubation serves as a platform for CSOs to share experiences and have access to audio and visual materials, such as recorded lectures from experts on a number of business operational areas, which CSOs can view and have discussions and debates on the challenges they face in the sector. It is meant to assist CSOs on areas such as financial management, fundraising, networking and writing of business plans and reports for donors.

The NDA provides training for institutional strengthening by way of workshops and formal SAQA aligned training. Training may cover any of the following topics which were derived from an independent research study into the capacity needs of CSOs:

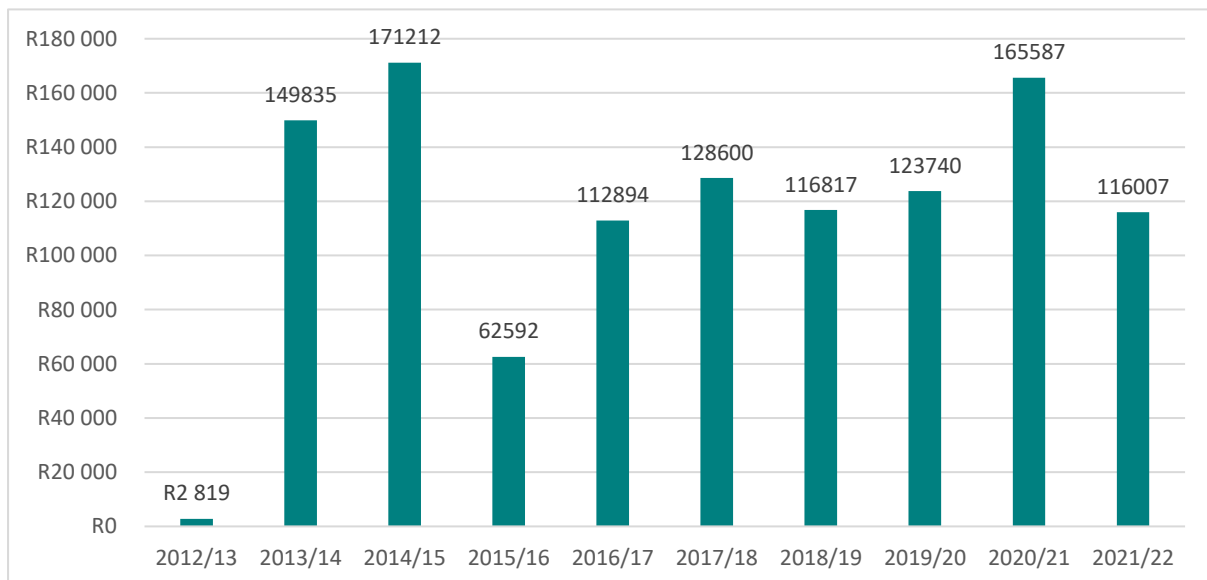
- Compliance to Registration Legislations and Requirements
- Governance - including developing constitutions, the role of board members

- Organisational Development, Management and Leadership (HR) – including how to develop employee contracts, developing organograms to show lines of authority and communication, operational structures; running of meetings and minute taking
- Financial Management - including management accounts, authorisation, delegations and accountability; procurement processes, procedures, banking, bookkeeping, asset management, reporting, record keeping and budgeting
- Strategic Direction - focusing on how to develop the organisational vision, mission statement, strategic objectives and strategic outcomes.
- Project Management – which covers managing project plans efficiently and effectively as well as managing any resources allocated to the projects/organisations.
- Conflict Management - assists CSOs to build cohesion between members of the board, management and staff; to improve teamwork and good organisational relationships.
- Resource Mobilisation

The focus of the NDA is on new and struggling community-based organisations that need support to improve and sustain the community-based programmes. A needs assessment is usually conducted to inform the most appropriate training. The system grades the organisations by level - level 1 are organisations starting out with no processes and resources in place and Level 4 are organisations that are well resourced, or that have been in place for more than 5 years. In the main, training is conducted via workshops.

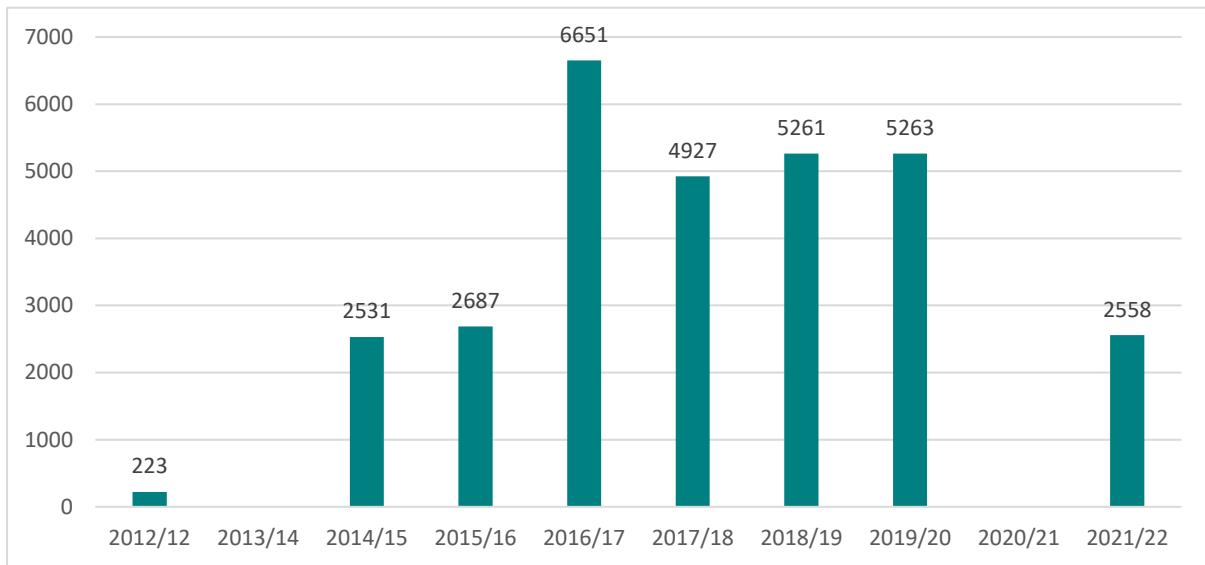
In the financial year 2020/21, the organisation spent just under R165.6 on CSO Development, dropping to R116 million in 2021/22. It trained 1114 individuals in 2020/1, and 2558 received training in 2021/22. (See Appendix 1 for detailed analysis).

**Figure 1: NDA Actual Expenditure on Capacity Development in R'000; 2012-2022**



Source: Calculated from NDA Annual Reports

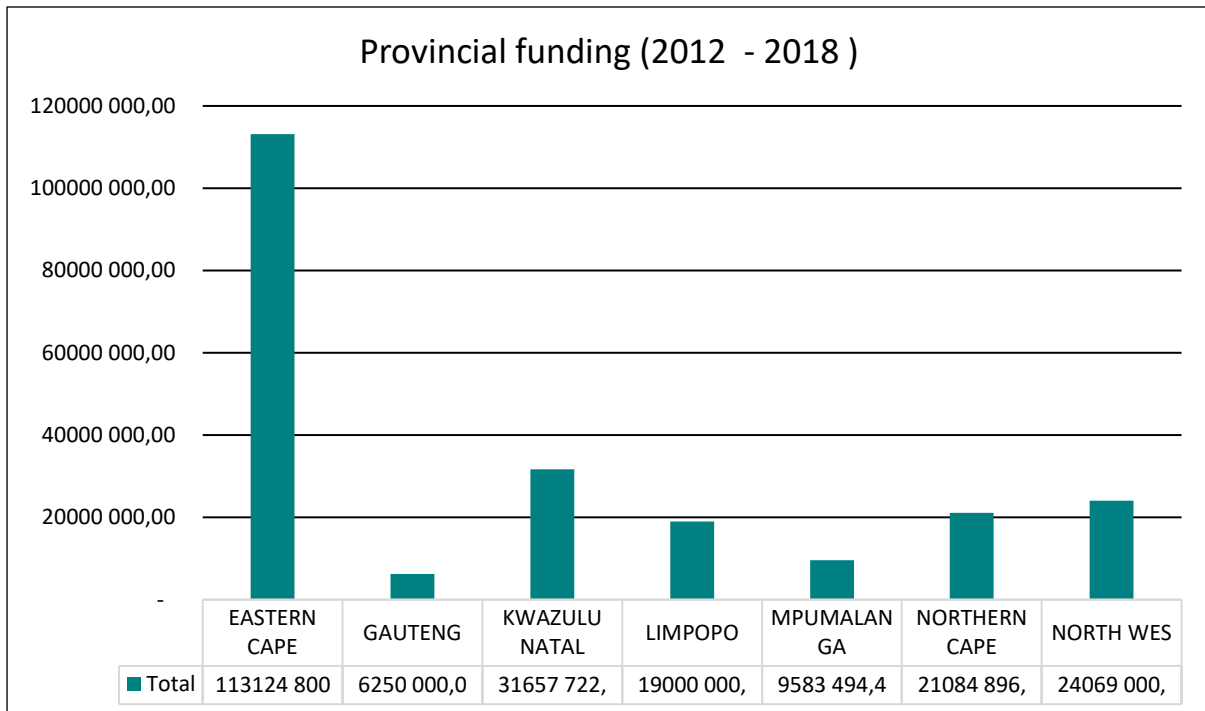
**Figure 2: Number of CSO capacitated, 2012-2022**



Source: Calculated from NDA Annual Reports

CSOs in the Eastern Cape received a significantly higher amount of funding than the rest of the country between 2012 and 2018.

**Figure 3: NDA Capacity Building Funding by Province**



Source: NDA presentation to Parliament, Social Development Portfolio Committee, 22 August 2018

### 3.1 The SETA model of capacity development to NGOs

SETAs are also mandated by the National Skills Development Strategy to provide training to NGOs. NSDSIII states that SETAs should identify skills needs of NGOs and strategies to address these needs. It notes that: “NGOs play an important role in the further education and training of workers in broader sectoral policy and capacity to effectively engage in the workplace and broader economy” (p20).

There is little information on how SETAs have supported NGOs. The HWSETA’s analysis of WSP/WSS data of NPOs between 2018 and 2020 reveals that the proportion of individuals trained relative to the staff database was 71% in 2018, 26% in 2019 and 64% in 2020. Across the 3 years, 74% were registered for short courses. The report points to there being a progression from low to intermediate levels of education but not to higher levels of education. It states: “Such an improvement could also be an indication that improving education within the NPO sector has been priority in addressing inequalities created by the past” (p44). The top skills programmes between 2018 and 2020 include Social Auxiliary Work training, Management skills training and firefighting and health and safety training. According to the report, key management skills include organisational management; conflict management; and stress management and financial management.

**Table 1: Top Five Short learning skills programmes across the SETAs**

2018	2019	2020
Social Auxiliary Work	Management skills (stress; data; NPO management; incident, financial management and problem management)	Firefighting and Health and Safety
Computer Skills and literacy	Basic Guide to Reporting Occupational Diseases	First Aid Training
Health Promotion Officer	Computer Skills and literacy	Management skills (Performance; time; conflict; stress; emergencies; financial management; customer; data)
Skills Programme (Management skills; Environmental and personal safety)	Harassment Policy	Workshops (Entrepreneurial; WSP&ATR; behavioural; Wellness)
Learnership	Sponsored Study Program Policy	HIV/AIDS (Awareness; education; testing and counselling)

Source: HWSETA

## 4 Evaluations of the efficacy of CSO capacity development

The efficacy of the CSO training is under question in this study given that there continues to be a high rate of non-compliance. This has been a long-standing issue. In the NDA's presentation of the 2010/2011 Annual Report to Parliament, the CEO reported that 80 per cent of NDA projects supporting vulnerable groups failed and conceded that, "The NDA would continue to face a challenge in terms of capacity building because new organisations needed basic training to manage funds" (PMG, 2011).

The most comprehensive evaluation of NDA training is written up in a doctoral thesis by Kraai. Her study evaluates which factors related to the training itself (content, etc) are likely to result in positive outcomes. Based on a survey of 209 participants and interviews with individuals trained in NDA-funded programmes between 2016 and 2017, she concludes that "The results of the study showed very little positive change in the acquisition of new skills and knowledge. This demonstrated that the program was not that effective in improving the skills and knowledge of the trainees, and this may be the cause of non-transferability of training back on the job" (P240).

Other assessments of organisational capacity development of CSOs (not only those of the NDA) has been negative. According to van Donk and Pieterse the approach to capacity building of CSOs "is characterised by dispersed and uncoordinated interventions" (2002). The ETDP SETA describes the training provided to NGOs through private providers as "inadequate, disparate and not cost-effective" (2019). It is often not aligned to unit standards and in many instances, appropriate unit standards do not exist. A finding from an evaluation of the third National Skills Development Strategy (NSDSIII), was that "civil society generally is weaker today than it has been historically and that little has been achieved in terms of skills development to strengthen NGO capacity" (Mzabalazo Advisory Services, 2018). There was very little evidence that training that had been provided was effective.

In Kagiso Trust's Typologies report (Kagiso Trust, 2019) the consensus is disappointment in the support of government agencies to the governance challenges of NPOs. Capacity building initiatives by both the state and private sector for CSOs, have, it is suggested focussed on the ability of deliver programmes 'on their behalf'. The focus it is suggested should rather be on building capacities of CSOs to formulate their own programmes and strategies, acknowledging the value of the sector's independence and ability to identify its constituency needs.

Three underlying reasons for this seemingly lacklustre performance of capacity development interventions emerge: the first relates to the poor delivery of training; the second relates to concerns around training being too narrowly focused on compliance and the third has to do with the changing characteristics and contexts of CSOs which requires the CSOs have access to a wider range of training content related to their policy and advocacy roles. The finds on each of these reasons will be taken in turn.

## 5 Challenges with the delivery of capacity development

Findings from interviews conducted for this study as well as from literature reveal a range of challenges with the way in which capacity development is delivered.

Interviews with NDA development managers and officers for this study (interviews, February and March 2023) revealed the following impediments to training:

- Budgetary constraints
  - “There are budgetary constraints that we have within the agency, where we are unable to reach as many as we would love to, because of the issues of budget.”
  
- Logistics and accessibility to training:
  - “We must ensure that training is conducted in a centralised venue where public transport can be accessed. Also, that there is infrastructure that can accommodate people with disabilities.”
  - “Traveling from home to the venue where training takes place, although training mostly happens in a local community hall, but CSOs will still complain and say they need transport for and NDA does not provide transport.”
  - “Workshops cannot always do it in one day. So, in these instances, before Covid, they would choose a central location and do it as a group. But the logistics of workshops related to transport to a centralised venue can make accessibility to training a problem.”
  - “SCM processes is another challenge. Maybe they arrange transport but then they struggle with a caterer. If no catering for the day, then the programme must be cut shorter.”
  - “It can be difficult to find venues that can accommodate people with disabilities. SCM processes in arranging transport and caterers can sometimes be an impediment.”
  - “When we provide or we engage with the communities in terms of providing these trainings, they would expect that you will provide them with refreshments and sometimes budget is so limited that for each group, you can't provide refreshments and also they complain with money because mostly trainings takes 3 days.”
  
- Limited duration of support / training given to CSO
  - “CSOs would expect to support for 36 months, but in most cases, it is 12 months. With the level of education of the CSO members, they are setting them up for failure. The period of support does not allow them to meet their objectives.”
  - “Capacity building needs more time. Some training is 2-3 days and some people need a week to understand concepts.”
  
- Quality of workshops / training materials:
  - “Some training material is very outdated. Some not speaking to the organisation so they must customise material to the level that the organisation is at. The material is still on English. Not in home language of CSOs.”



- “When you have 30 CSOs and you are the only training facilitator responsible for the training. Standard of the quality will not be up to par as opposed to you having a session with one or two CSOs.”
- Grouping of CSOs together is a problem: “Capacity building is done as a group of civil society organizations at different levels. One organization may be more advanced than the others and they would end up dominating the group. And those that are at a basic level, leave the training sessions scared to speak up.”
- “There are manuals that are compiled together with DSD. We are in a changing world so manuals must be updated. Economics of the country is changing, so manuals have outdated concepts. Eg financial management. It stresses CSOs members must sign cheques and these days there is no signing cheques.”
- “There’s a lot of theory in training but a little practical work. They don’t get practical activities to take home to fit into their own situation. Too theory orientated and not enough practical work.”
- “Literacy level of participants becomes a barrier because CSOs struggle to understand the concepts. The facilitator must ensure that concepts are simplified for everyone to understand.”
- “The workshop format reaches many CSOs in a single setting but may not be pitched at a level that is appropriate to all participants.”
- NDA officials have to meet certain targets and as a result, end up “chasing numbers”. “NDA officials find themselves having to capacitate 30 CSOs at once. The important thing here is the registers, whether people submitted ID copies, assessment forms.”
- “There is more of a focus on admin rather than the actual outcome of training.”
- On the use of English as a medium of instruction, the follow was said:
  - “Often members of CSOs attending training will have had little educational background. The training will normally be in English and financial and compliance concepts will be unfamiliar to participants from CBOs classified as level 1 and 2.”
  - “Participants indicated that they understood the concepts taught during the training, but there were those who needed an explanation in their mother tongue. The training language used was mostly English, with some translations or explanations in isiZulu and Sesotho.”
  - “The majority of people are coming from rural areas, they are older people. Training manuals are in English. NDA officials try to relay the message during training in their home language. But it becomes at challenge when they need to interact with the manuals at home. They cannot fully comprehend what is in the manuals. Manuals are from the DSD. NDA has made requests that they have copies in the local languages for CSOs to have a better understanding. This has been dragging on for quite some time. They are quite thick and need a massive budget.”
  - The Western Cape has 3 official languages, and NDA officials do not know all of these languages eg Afrikaans and it becomes a challenge to convey the message. Someone else must then accompany him.
- Apathy or lack of interest of CSOs to attend training

- Older people vs youth. Serious youth apathy on community development projects. Getting better than in the past. NDA tries to communicate the benefit of participating to youth. Some of these organisations are a benefit to youth. Some have computers. And older people cannot necessarily operate computers, so youth can assist by operating computers.
  - CSOs do not take capacity development that seriously. Some people do not even participate.
  - CSOs have contact with other funders. So, when NDA tries to arrange capacity building sessions the CSOs think it's the same as previous training attended so they don't attend.
- Limited follow-up mentoring post-training
    - "There are no follow-ups. No exit visit from trainers to see how well they are progressing or to see their struggles. Pressed on time. Difficult to do follow-ups. To check if the training is benefitting them. NDA does a 'hit and run'."
    - "There is no KPI on mentoring and incubation that feeds into Annual Performance Plans, so these are often neglected."
    - "CSOs expect to be hand held after training is conducted. Go help them in their own environment. Mentor. Monitor. But the NDA does not have the capacity for this."
    - "For financial management CSOs must also send 2 people, the finance manager and treasurer. These people must then go back and report on training. The NDA must then go monitor if they are implementing what they were trained in. But because of insufficient funding, monitoring is difficult, especially if the NDA is not funding the organisations. For those CSOs that get NDA funds, part of the process is setting up monitoring timelines. During monitoring sessions, you are able to meet the entire team and not only two people."

There is very little current impact assessment and little, if any, monitoring done on whether CSOs are implementing what they have received post-training.

NDA staff note:

- "A high turn-over of CSO staff or volunteers meant that skills developed would often just as quickly be lost."
- "What makes it difficult to see the improvement and the impact of our training is that especially with NPOs, they change their board members frequently. We train them now and then you come back to check to see if there has been any improvement you notice that when you check after you've done that program, you'll notice that the board has changed."

Read together these quotes from NDA officials are reflectively self-critical of the challenges they face. NDA interviewees also reported that CSOs feel that funders do not appreciate them or see their contribution. Said one: "They feel that the NDA does not do enough to ensure that they succeed."

Kraai's thesis on NDA capacity development training also points to problems with the delivery of the training programme. In terms of the design of the training itself, interviewees informed Kraai that

there was insufficient time to cover the content. There was also dissatisfaction expressed in the survey at the trainers’ level of comfort with the subject matter, the unpreparedness of trainers, language used during the training sessions (English) and the training methods. At the same time, Kraai notes a direct relationship between learning and behaviour so that: “if wrong skills or knowledge are learned during the training, these will be transferred on the job and as a result, this can negatively affect the organisation” (p227).

In her thesis on the use of language in NDA funded training, Moono (2019) found that there was a misalignment between the content taught in class and requirements from the Department of Social Development regarding submission of financials. Moreover, the format provided by NDA and DSD for submission of financials is not the same.

Moono’s research also found that post-training, practical work back at the office was easily implemented and that compliance and understanding of good governance were demonstrated through the submission of annual financial statements. However, it was noted that there was a need to train all board members and to separate participants based on their educational backgrounds to ensure balanced learning outcomes. The study also looked at the NDA CSO Development Framework’s adherence to the South African Constitution, community development tenets, potent components of capacity building, and the significance of delivering training materials in native tongues. The framework adheres to community development ideas including problem-based learning, utilizing existing knowledge, learning by doing, and teaching in the local language, as well as principles like problem-based needs and action-oriented learning. The report argues that to successfully empower communities, the NDA should consider matching the CSO Development Framework with those criteria.

Delegates at a Kagiso Trust conference in November 2022 pointed out their own challenges in relation to attending training interventions including: constraints to undertake training, being overwhelmed by community needs, burn-out, as well as the risk of staff and board members being poached post-training.

In a 2012 survey of 1700 NPOs conducted by CORE, Camay and Thinane report that there was insufficient capacity building by government departments, state agencies and donors. There were also many complaints of training being superficial, costly and not germane to NPOs.

In a research study in 2015 of the NGO education sector, respondents (21 NGO survey respondents; 2 donor organisations, 10 individual interviews and provincial focus groups) were asked what they believe were the challenges and opportunities regarding skills development in the NGO education sector (ETDP SETA, 2015). The following table summarises their responses:

**Table 2: Current Challenges and Opportunities regarding Skills Development in the NGO Education Sector**

Challenges	Opportunities
Lack of funding	Self-reliance

Lack of training	Empowerment
Lack of required skills	Advocacy
Lack of affordable training	Unlocking SETA funds

Source: CORE (2015) Survey for the ETDP SETA

Respondents were also asked to list the factors they believe promoted growth or decline in skills development. The following table is a summary of the most popular responses:

**Table 3: Factors Promoting Growth or Decline in Skills Development in the NGO Education Sector**

Factors promoting Growth	Factors promoting Decline
Collaboration amongst similar NGOs	Lack of funding
Partnerships with government	Lack of government support
Capacity-building	Poor marketing
Training	Weak financial management
Workshops and networking	Inadequate board compliance

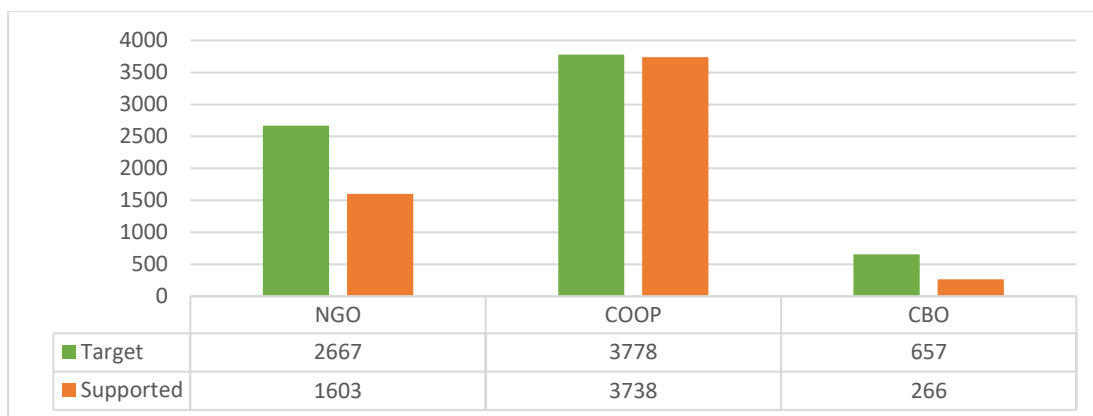
Source: CORE (2015) Survey for the ETDP SETA

Lack of funding to the NGO sector was seen to be the main factor behind a decline in skills development amongst NGOs in the education sector. The 2015 NPO Job Losses and Service Cuts Survey reported that 58% of organisations experienced funding cuts in 2014 (in 2013 this was 54%; and 80% in 2012). The majority of the organisations reported the situation had worsened.

When funding is provided by government departments, it rarely accommodates training opportunities. The ETDP SETA reports that corporate and foreign donors are also not enthusiastic funders of training budgets. Ratlabiyana et al (2016) note that funding for NPOs in South Africa is unpredictable and fragmented and this makes it difficult for the NPOs to plan and execute their strategies. A dependence on external sources for funding and the decline in donor funding and limited government resourcing is further compounded by the lack of cohesion in funding approaches and strategies towards the sector.

While SETAs are a source of funding for capacity development for NGOs (and there is a specific commitment in the National Skills Development Plan to support CBOs, NGOs and NPOs), low participation of CSOs during the period of NSDSIII is blamed partly on complex administrative systems and compliance requirements that characterises the grant disbursement processes among SETAs. The graph below shows just how targets were missed under NSDSIII to support training and skills development capacity in the cooperative, NGO and CBO sectors:

**Figure 4: NGOs, CO-OPs and CBOs Supported by SETAs**



Source: National Skills Development Implementation Report 2011 – 2016

Another limitation on capacity development for CSOs has been the relatively few registered training providers that focus specifically on the needs of the sector. According to the ETDP SETA: “those that are registered are not able to draw sufficient numbers of participants to break even or make a profit from their course offerings. This is related also to the fact that NGOs do not budget nor can they provide discretionary funds for training opportunities for their staff” (2015). The problem of supply of training is worst in rural areas where training is often most desperately needed. According to the ETDP SETA: “suitable training facilities are not always readily available in rural areas which can provide a conducive training environment” and the costs of travel and accommodation to attend centralised locations may be unaffordable. Access to high end skills programmes is also a noted problem and universities are not providing what the non-profit market place requires (2015, p. 54).

Distance education and online learning platforms could address the problems of access to training providers. However, concerns are raised in an ETDP SETA report that NGOs have been left behind in the digital revolution. The 2018 publication by Deloitte ‘Succeeding in the age of digital transformation’, notes that “NGOs and charities are expected to have the least amount of influence in shaping the digital era.”

One interviewee (Dlamini) addressed the issue of relevance of accredited training programmes:

“a lot of rural CSOs cannot even afford to send the staff on those training programs . And I'm not I'm not kind of knocking or criticizing those programs. There are those that have value. I find that they are fairly helpful and useful in equipping people with the theoretical knowledge. ...Initially I was very flippant about people say it must be accredited, but I am no longer flippant because I realize that accredited programs contribute towards people in a way becoming a lot more marketable in terms of taking the knowledge and skills into other areas. ... However, to help people in the in the application in using that knowledge to build organizational capacity, sustainable capacity, then it's not the other way to help them.”

The evidence from research thus far shows there have been issues with the actual delivery of the training which may explain the lacklustre impact on organisations. Two further reasons uncovered in

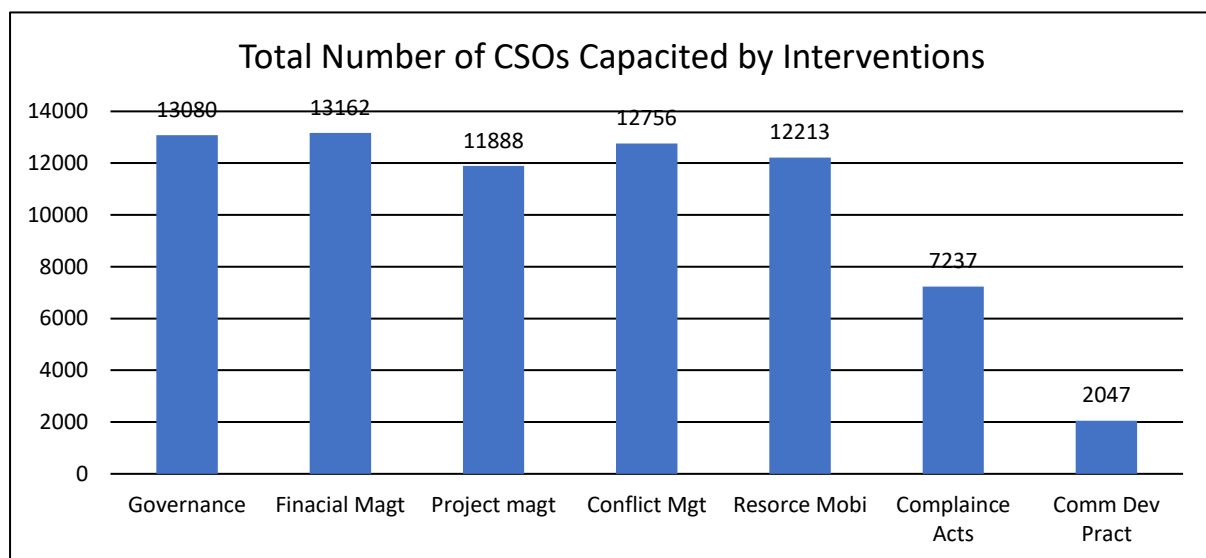
this study is the overly narrow focus on compliance and the content of training not addressing the changing context and developmental challenges of South Africa.

## 6 An overly narrow focus on compliance

The second challenge with a narrow focus on capacity development is that training intended to get NPOs to comply to the bureaucratic requirements of the NDA and DSD does not adequately address the capacity needs of NPOs in terms of fund management.

The graph below covers the years 2012-2018 and shows that on just over 7000 CSOs received training in legislative compliance related to CSOs. While other training themes had higher participation, there is a perception that even these tend to be focused on technical, legislative topics.

*Figure 5: CSOs Capacitated by Interventions, 2012-2018*



Source: NDA presentation to Parliament, Social Development Portfolio Committee, 22 August 2018

To qualify for funding from government, NPOs first need to be registered with the Department of Social Development and to be registered they need to comply with a number of norms and standards. Once registered, a NPO is obliged to submit information and submit reports and updates of any changes within the NPO. Section 17 of chapter 3 of the NPO Act states that “every registered non-profit organisation must, to the standards of generally accepted accounting practices, amongst others, draw up its financial statements within six months”. Section 18 of chapter 3 requires that NPOs must “provide a narrative report of its activities in the prescribed manner, together with its financial statements and the accounting officer’s report.”

The NPO Act of 1997 provides the legal framework for the sector. It is not compulsory for CSOs to register but, they must do so if they want to apply for government funding. All registered CSOs must submit annual audited financial statements to DSD to maintain their active registration status. Towards the end of 2021, DSD reported that more than 50% of CSOs were not compliant with the financial reporting requirements and that they would start phased deregistration of the non-compliant organisations.

There are three types of de-registrations:

- Voluntary de-registration: is when an organization voluntarily request to be deregistration and gives reasons thereof plus effective date.
- Dissolution/wound up: reasons and effective date needs to be provided.
- Non-compliant de-registration: All non-compliant organization are deregistered by being removed from the registered of NPOs.

The main areas of non-compliance relate to registered NPOs not providing the Director of NPOs with a narrative report describing their activities and the required annual financial statements within the prescribed timeframes. Other smaller areas of non-compliance relate to the organisation not updating their details or ensuring the activities carried out are in line with their constitution.

Compliance appears to have created tensions between CSOs and the DSD and government (although this was not a general perception with interviewees and should not be over-stated). One interviewee said:

“There is an expectation that the NDA should not question .... that this money does not belong to the NDA, it belongs us [CSOs].”

Moreover, the 2021 Civil Society Organisation Sustainability Index for South Africa report CSOs says CSOs that are not funded by government departments such as DSD are deliberately excluded government’s requests for input from CSOs on pending legislation and legislative reform. A study by Mwauche and Flanigan indicates that, at a policy level, the government recognizes CSOs as development partners, but does not always include them in development planning processes.

According to Lupin, the accusation in South Africa is that the authority of the NPO Directorate to administer the registration of CSOs has resulted in corruption, incompetence and bureaucratic inefficiency, creating significant barriers to the freedoms and functioning of many organizations. In 2013, the deregistration of 36,488 NPOs of the approximately 100,000 registered at the time was contested by NPOs that claimed their documentation was in order.

In 2021, DSD reintroduced a campaign titled “Know Your NPO Status” to assist CSOs to comply with their legal obligations. Many stakeholders however viewed this campaign as having the objective to deregister noncompliant CSOs from the DSD database. It is not publicly known how many CSOs were deregistered in 2021, but the number is estimated to be in the thousands (2021 Civil Society Organisation Sustainability Index for South Africa).

In her study of five Gauteng-based NPOs in the HIV/Aids sector, Mpufo found that the NPOs argued that donors required high levels of accountability from them including “excessive conditionalities or onerous reporting requirements to their funding”. Although these measures are meant to ensure that funds are efficiently and effectively used for the intended beneficiaries, Mpufo points out that excessive reporting requirements have a down-side. They take personnel time away from project implementation, create tensions and may shift NPO focus from their mission towards areas of donor interest. Moreover, she notes that the NPOs become: “mere subcontractors, uninvolved in local or national politics, and simple implementers of donor objectives”.

Donors would often provide capacity development to the NPOs to handle their compliance conditions but this could sometimes be counterproductive because those trained would leave for better opportunities. Mpufo writes that: “This resulted in an ongoing low capacity among NPOs as capacitating employees who subsequently left their employment created a perennial problem for both NPOs and donors.”

The issues of over-regulation are not only related to the NDA / DSD. Literature reflects that these are repeated in international donor-NGO relations. Hagelsteen et al report that: “The towering presence of donors continues throughout most capacity development projects, with rigid project plans and standardized templates for reporting that undermine possibilities to adapt to changing circumstances and limit honesty, reflection, and learning. In addition, many NGOs are extremely dependent on external funding, which pressures them to prioritize donors’ interests over internal partners’ interests” (p2).

If regulations around funding are onerous and inflexible, any capacity building is likely to focus on adherence rather than encouraging capacity to develop autonomy in fund management. But more to the point, it is questionable if capacity development (and specifically training) is the appropriate response to ensure adherence to procedures. Camay and Thinane report on a 2012 online survey conducted by CORE of over 1 700 organisations. The issues picked up have less to do with capacity or capability to adhere to the reporting requirements of the NPO Directorate and SARS, but have more to do with filing of documents being “tedious, lengthy and not user-friendly”. Moreover, many of the CSOs could not do online filing because they did not have access to computers and the necessary technology. Although smaller CBOs did not have skills to fill out lengthy documents, there were equally challenges with government officials who misinterpreted compliance requirements. The CORE survey respondents appealed for “a universal accounting procedure that would be simple and cheap which would comply with the conditions and principles of transparency and accountability.” (p119). While it was suggested that training be provided on “how to develop policies, norms and standards for NPOs to become more efficient”, the CSOs also suggested a more simple response to non-compliance by way of the development of guidelines for NPOs on “policies, norms and standards for NPOs”.

There is, however, a more distrustful view on capacity development focused on compliance. O’Hare notes that “‘up-skilling’ of communities can, instead of empowering localities, serve merely to capture actors within formal power arrangements.” Accepting funding almost always comes with preconditions and conventions that the CSO must adhere to. O’Hare writes that: “Groups can become, in such instances, preoccupied with ‘top-down’ forms of fiscal and operational accountability often at



the expense of ‘bottom-up’ forms of accountability that may help to ensure that groups are representative”.

While less pronounced in the interviews, international literature does worry that state agencies use sanctions and rewards to restrict or regulate CSO behaviour. Ostensibly, these restrictions are meant to ensure that funds are used to meet agreed-to goals, that services are delivered in a uniform manner and that there is no mismanagement or corruption around funding. But, according to O’Hare, state governance restrictions: “often exerts actors under severe strain.” State governance over CSOs becomes more complex and time-consuming. Moreover, “engagement may also steer or restrict otherwise independent and autonomous actors” (O’Hare). He writes: “it is also recognised the need to secure sustained funding (along with the training required to manage this) similarly places organisations under a range of burdens.”

Capacity development which is intended to promote greater accountability appears, therefore, to lead to scepticism over government using funding as a way to control civil society. For O’Hare, the provision of support is a means by which organisations are institutionalised into compliance with governance practices that regulate how organisations report to government, rather than necessarily being accountable to civil society. This is particularly so if CSOs become dependent on the state or other actors for training or for funding, “leading to them being institutionalised or captured” (O’Hare). O’Hare writes: “groups engaged in activities for which it receives payment from the state may neglect the important function of campaigning or even confronting power holders, either as the result of coercion, self-censorship, or even simply because they lack time for entering advocacy activities.” Accountability and management arrangements are criticised as being overly complex or even ‘alienating’. The concern is that funders are more interested in how money is spent than in the merits of projects, creating further tension between maintaining standards of accountability and fostering innovation. Volunteer groups are forced to become ‘professionalised’.

## 7 Narrow focus of training content

The third reason for the limited impact of capacity development is that the training, while still relevant to the institutional capacity needs of CSOs, does not go far enough to support the changing character and role of civil society in policy and advocacy.

Over the past decade the character of CSOs have changed, the socio-economic context within which they are working has changed and so has relations with the state. These factors have added further complexities and pressure on the need for capacity development and the NDA’s approach, over a decade old, no longer addresses the needs of CSOs.

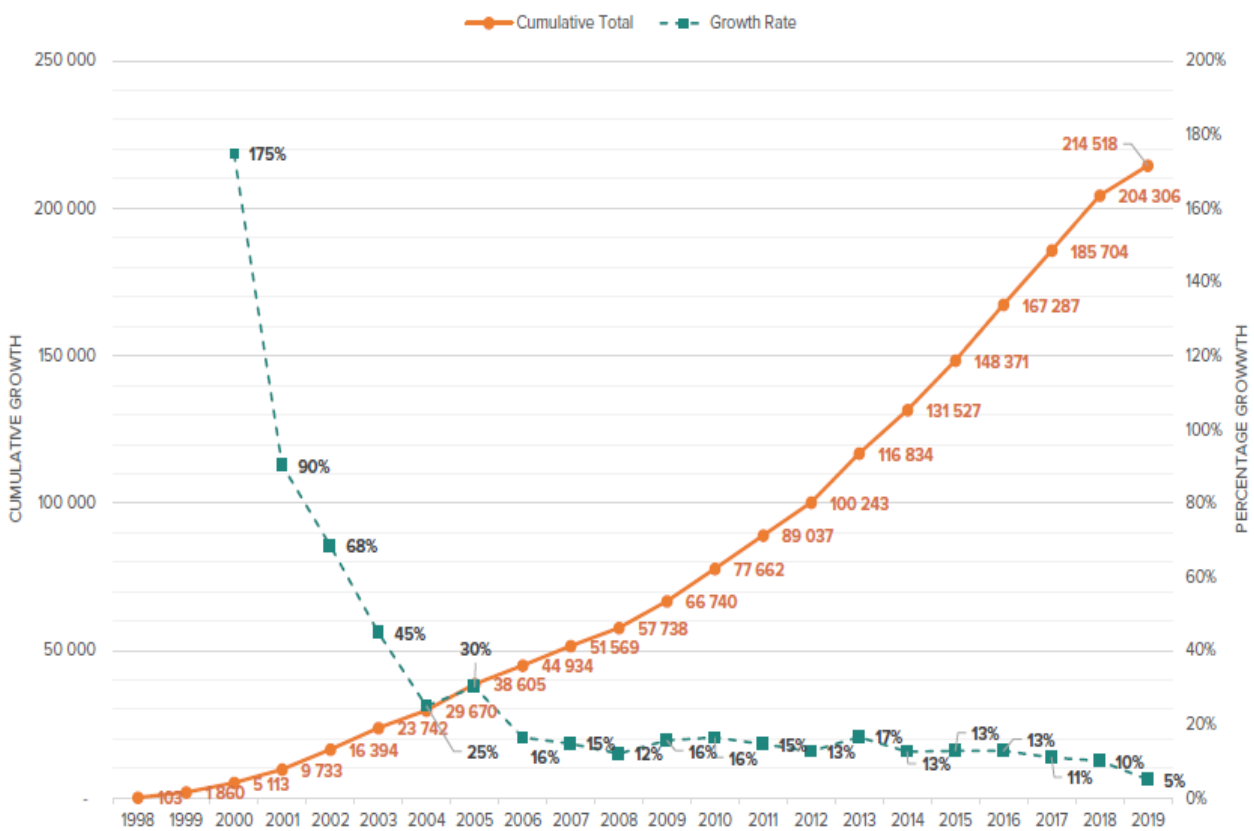
These contextual changes are discussed below.

### 7.1.1 The changing nature of civil society

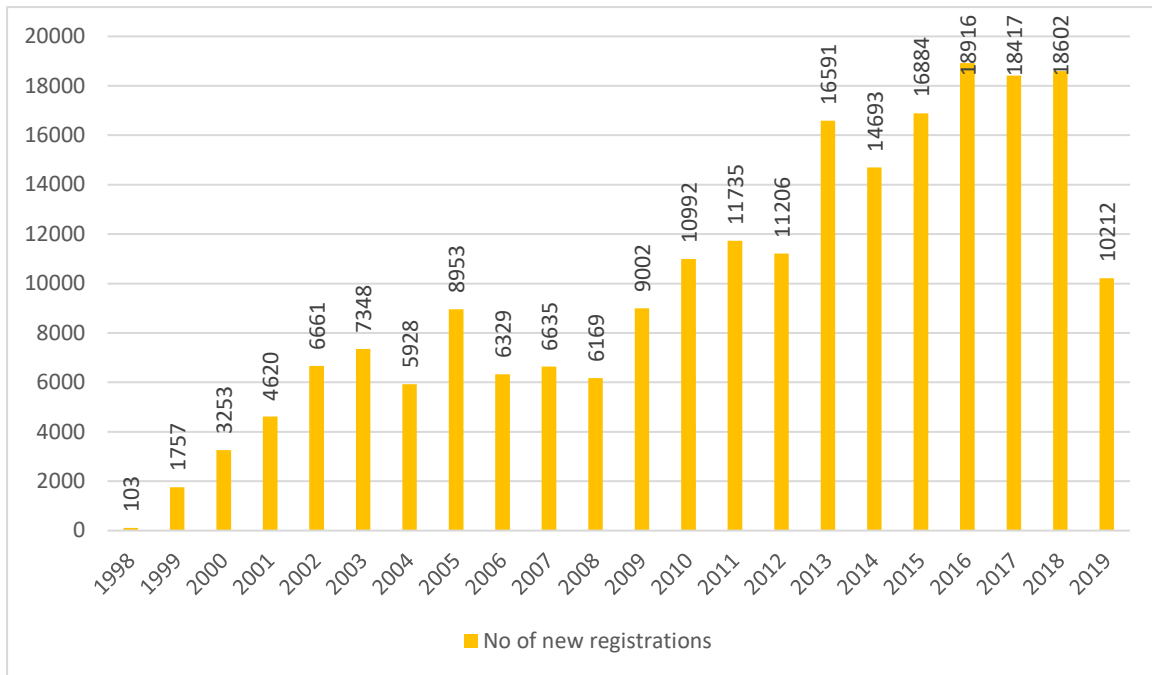
Since the NDA’s capacity development programme was established in 2013, there have been significant changes in the character of civil society. One of the most significant trends is that the number of CSOs has grown. Between October 2020 and September 2021, the number of CSOs registered with DSD increased from 230 000 to 248,902. Possible reasons for the increase are developmental needs linked to COVID-19 and the year’s civil unrest, along with increased population growth and increased service-delivery needs.

Analysis of the DSD NPO register (KT Typologies Report) is shows relatively strong upward trends across all sectors. Social services and development housing are not only the largest sectors but appear to have the strongest growth. Education and research appear have experienced a slight dip in 2011/12. Other sectors such as health and international, appear to have experienced modest increases over the eight-year period.

**Figure 6: Number of Non-Profit Organisations Registered**



**Figure 7: No of new NPO registrations per year**

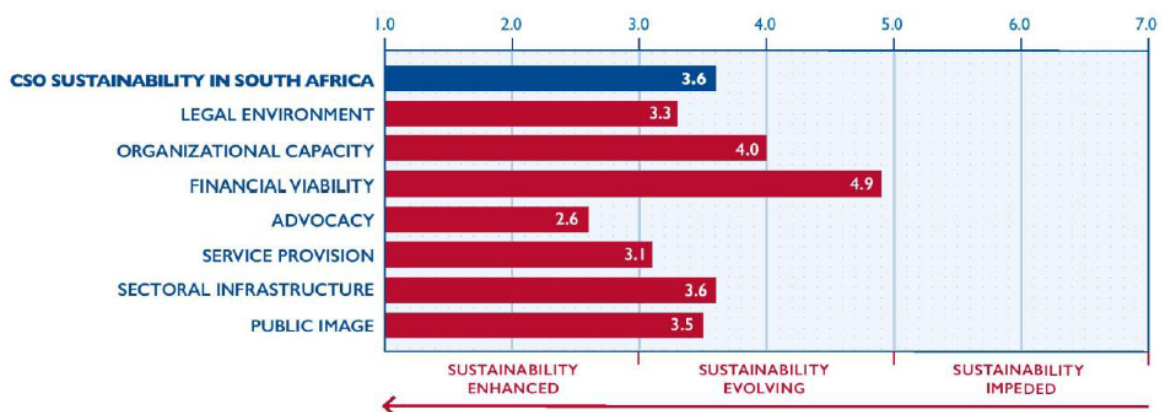


In a report dated October 2022, “2021 Civil Society Organisation Sustainability Index for South Africa” and published by the United States Agency for International Development, Bureau for Democracy, Conflict and Humanitarian Assistance and the Center of Excellence on Democracy, Human Rights and Governance, the overall sustainability rating for 2021 was 3.6, out of a possible score of 7.

Figure 8 gives an overview of the rating on each of the seven dimensions:

Figure 8: CSO Sustainability in South Africa

## OVERALL CSO SUSTAINABILITY: 3.6



### 7.1.1.1 Organisational capacity

According to the 2021 Civil Society Organisation Sustainability Index for South Africa report, CSOs generally have good working relationships with their constituencies. There is an increasing number of CSOs that have clear vision and mission statements and develop strategic plans, but mostly use data

collected through monitoring and evaluation for reports to funders rather as an input to their strategic planning.

As can be seen in Figure 9, the organizational capacity of CSOs stabilised in 2021 at a rating of four, after a moderate decline in 2020.

Figure 9: CSO Organisational Capacity



#### 7.1.1.2 Financial viability

The NDA’s Annual Performance Plan 2022/23 points out that: “the majority of organisations in this sector are in a survival mode. This has made them prone to accept any funding – regardless of organisational alignment – and resources to maintain their survivalist nature as opposed to create and expand development programmes at the local level.”

According to the 2021 Civil Society Organisation Sustainability Index for South Africa report, the financial viability of CBOs declined year-on-year between 2017 and 2021, in line with South Africa’s general economic decline.

A 2002 study funded by Johns Hopkins’ University indicated that government is by far the largest financial donor to civil society, accounting for 42% of contributions to the sector (Swilling & Russell, 2002). More recent figures show a slight increase with almost half (47%) of the NPOs receive funding from a South African government department (HWSETA NPO study, 2015, p.10). The private sector continued to provide substantial support to CSOs in 2021 through its CSI funds.

Foreign funding for CSOs continued to decrease during 2021. The UK Aid’s overall budget for South Africa shrank from GBP 26.3 million (approximately \$34.7 million) in 2020 – 21 to GBP 15.4 million (approximately \$20.5 million) in 2021–22. USAID funding for South Africa decreased from \$403 million in 2020 to \$272 million in 2021.

The 2021 Civil Society Organisation Sustainability Index for South Africa report, quoting from the Triologue Business Handbook 2021, states that CSOs are seeking to diversify their funding sources.

Almost 48 percent of CSOs engage in some type of income-generating activity, even though more than half of organisations lack full-time staff dedicated to fundraising.

### 7.1.2 The changing relationship between the state and civil society

One other important factor affecting CSO capacity development interventions is the way in which the state and civil society interact.

Habib and Kotze point out that as a result of market supremacy and the shrinking role of the state in delivering services, civil society in the developing world has increasingly been carrying the responsibilities of state functions around social welfare, health and promoting democracy. These responsibilities were partly driven by “standard neoliberal budgetary and fiscal directives” which rationalised that NPOs were more efficient at service delivery than government departments because they were unhindered by large bureaucracies and had closer links with communities. Because they are either contracted by government departments or funded directly by foreign donors to implement programmes on the state’s behalf, Habib and Kotze argue that NPOs become directly accountable to their donors and the government. The NPOs are therefore set up as “mere implementing agencies for the agendas and policies of other institutional actors” (p4).

NPOs have become the face of service delivery in communities and may receive pundits if they succeed but are equally at risk of receiving opprobrium should they fail. Magongo points out that the relationship of “master and subordinate” that characterises government and civil society is problematic because if the state’s instructions on deliverables are not clear or not backed with adequate resources, then CSOs are likely to fail. Being unable to provide services therefore potentially turns community anger onto the NPOs rather than government. Habib and Kotze suggest this may be a conscious strategy on the part of government when outsourcing service delivery. They write: “Apart from the cost-cutting concerns though, there was also a strong element of social containment implicit in this project.”

While NPOs took on these social welfare roles that were palliative in nature, Habib and Kotze argue that they had little chance of success: “they took risks and made compromises that are already starting to turn against them, not only in increasing cynicism from community constituencies and smaller more radical grassroots groupings, but also in growing scepticism from official donors.”

Magongo also recognises that the consequences of this “private approach towards development” has been a fragmentation of the sector and a scramble for resources. He writes that: “Organisations contracted through the government or CSI programmes are forced to operate with a focus on the contractual agreements and deliverables rather than responding to community felt needs” (p6).

Camay and Thinane forecast even more pessimistic outcomes for CSOs as short-term intermediate service providers. “This is not a pragmatic solution and will lead to manifest corruption, short-termism, and delivery in spasms, rather than in a sustainable fashion. This short term situation cannot build certainty or sustainability of funding agreements and as such, life-spans of service-delivery-oriented CSOs are cut short to the detriment of South Africans” (p117)

In this context, where CSOs seem to take a disproportionate responsibility for service delivery yet without sufficient resources, the suggestion that NPOs need capacity development in order to comply with state policies may be seen as an affront and a denigration of NPOs. Jimmy Gotyana says at NDA-organised seminar: “There is no harmonious and institutionalized relationship between state and NPO Sector – there are trust deficit issues. The NPOs do not trust government. The element of trust and collaboration needs to be brought back. There are serious issues of capacity within the sector - the sector faces constraints in human resources, infrastructure and financial resources. These constraints also impact on the transformation of the sector on many fronts, government does need to come to the party to assist the sector” (NDA report, p18).

Weinberg, interviewed for this study, points out that one of the limitations of government’s approach to CSO capacity is:

“The problem is with how they are defining development and sustainability. They are defining development in a very narrow service delivery and small enterprise-focussed way. In terms of service delivery, it’s trying to get citizens doing the work for the state, in terms of small business, it’s the whole neoliberal, capitalist enterprise model of monopolised value chains. The majority of the projects they choose to support fall into one of these two categories. Volunteer citizens groups can’t do the work of the state on a shoe string budget. It’s very difficult to get a sustainable business model on that basis.”

### 7.1.3 The changing South African context

The socio-economic challenges confronting South Africa have impacted the role of civil society – as well as increased pressure on sustainability. The Trialogue Business Handbook 2021, states that 54% of CSOs reported that the demand for their services increased in 2021. The graphs below graphically highlight those trends:

The number of people living in extreme poverty increased between 2016 (16.8 million people) and 2022 (18.03 million people). The biggest increase was recorded between 2019 and 2020, by 3.37%.

However, when looking at the number of people living in extreme poverty as a percentage of the total population, the trend is relatively stable over the 2016 – 2022 period.

**Table 4: Number of people living in extreme poverty, 2016-2022**

	2016	2017	2018	2019	2020	2021	2022
<b>Number of people living in extreme poverty</b>	16 790 475	16 981 397	17 124 665	17 322 123	17 905 048	17 904 189	18 027 362
<b>Percentage increase</b>		1,14%	0,84%	1,15%	3,37%	0,00%	0,69%
<b>Total population</b>	55 908 900	56 521 900	57 725 600	58 775 022	59 622 350	60 142 978	60 604 992
<b>% of the population</b>	30,0%	30,0%	29,7%	29,5%	30,0%	29,8%	29,7%

Source: Statista, 2022; General Household Survey, 2022

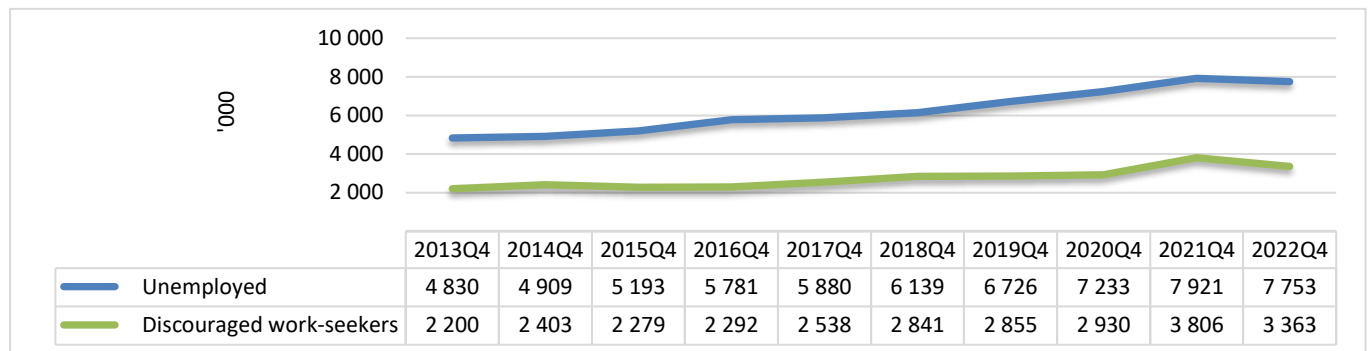
The percentage of persons who have benefitted from social grants increased consistently between 2005 and 2021. The percentage increased significantly between 2019 and 2020, by 4 percentage points. Between 2013 and 2021, it increased by 5.4 percentage points.

In 2021, 35.7% of persons benefitted from social grants (21.5 million people when using the 2021 population size).

In terms of households, the trend is more volatile, but overtime there was an increase in households who have benefitted from social grants. Again, a significant jump is recorded between 2019 and 2020, by 6.9 percentage points. In 2021, 50.6% of households benefitted from social grants.

The number of unemployed people in the country increased consistently between 2013 and 2021, with a decline recorded between 2021 and 2022. 4.8 million people were unemployed in 2013Q4 which increased to 7.8 million people in 2022Q4, a 60.5% increase.

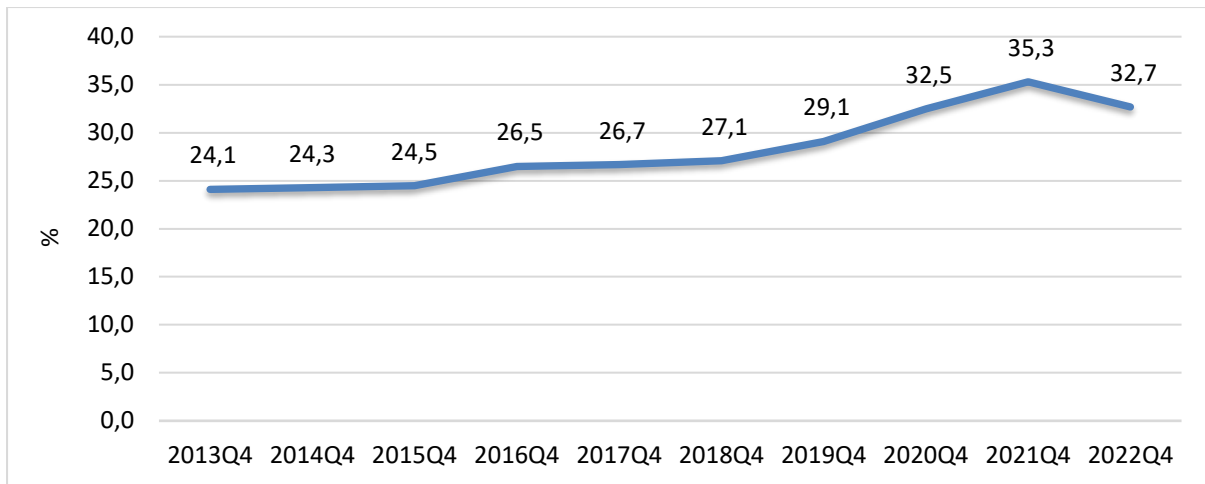
**Figure 10: Number of unemployed and discouraged work seekers, 2013Q4-2022Q4**



Source: StatsSA QLFS, 2022Q4

Similarly, the number of discouraged work seekers increased over the 2013 to 2022 period, from 2.2 million people in 2013Q4 to 3.4 million people in 2022Q4. The increase was consistent between 2015Q4 to 2021Q4, before declining in 2022Q4. The increase was significant between 2020Q4 and 2021Q4, a 29.9% increase. This is most likely due to the Covid-19 pandemic.

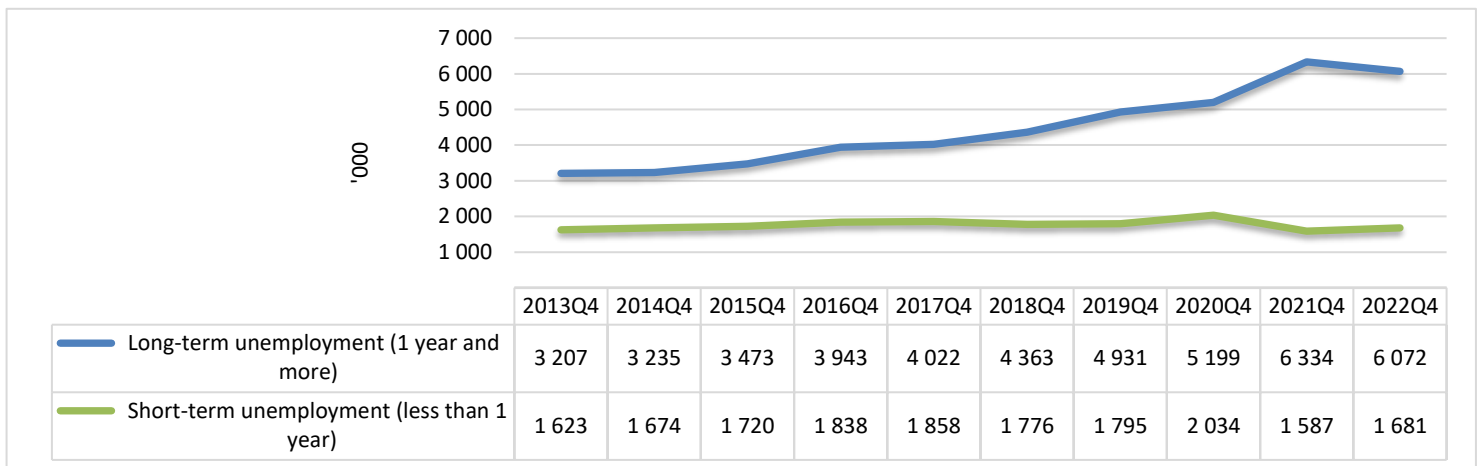
**Figure 11: Unemployment rate, 2013Q4-2022Q4**



Source: StatsSA QLFS, 2022Q4

Between 2013 and 2021, the unemployment rate increased consistently, with a significant increase recorded between 2019Q4 and 2021Q4. A decline in the unemployment rate is recorded between 2021Q4 and 2022Q4, from 35.3% to 32.7%.

Figure 12: Number of unemployed by length of time, 2013Q4-2022Q4

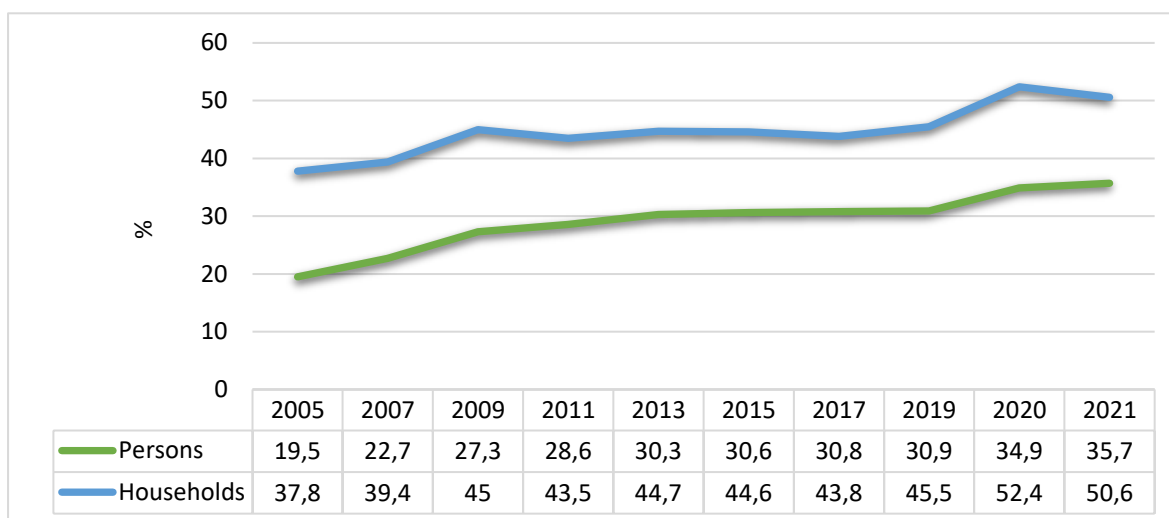


Source: StatsSA QLFS, 2022Q4

The number of people in long term unemployment is significantly more than the number of people in short term unemployment, with long term unemployment capturing 78% of total unemployment and short-term unemployment capturing 22% in 2022Q4.



**Figure 13: Percentage of persons and households who have benefitted from social grants, intermittent years, 2005-2021**



Source: General Household Survey, Selected development indicators, 2021

## 8 Updating CSO capacity development needs

The contextual discussions above point to a need to relook at the capacity needs of CSO. However, the very wide distribution of typologies of CSOs and levels of maturity means that CSOs' capacity needs are as wide ranging.

As Dlamini says:

“We cannot have a framework that pretends civil society is monolithic. Over the last maybe five to seven to 10 years, there has been a real mushrooming of social enterprises that this country makes no provision for that.”

Nevertheless, there generally is acceptance that basic compliance, financial management and governance training remains critical. NDA interviewees pointed to the following needs:

- “CSOs tend to have multiple funders. That money goes into the same account. Then they have problems reporting finances. It’s those with multiple funders that have problems with reporting.” Another interviewee echoes this: “DSD will assist with project X for X amount of funds and the NDA will come in and also assist. ... CSOs will request funds for stationery from NDA, DSD and other funders. They double or triple dipping so it is necessary that funding institutions share notes as regularly as possible. Because there is a danger of an organisation sending one report to DSD, NDA and National lottery. Must strengthen monitoring.”
- “NDA reporting is very detailed and CSOs struggle to structure reporting well.”
- “When they are supposed to have their finances audited there is a challenge because they do not keep receipts. Small spending receipts tend to get lost. Try and tell them to paste it somewhere or make a copy. Receipts for bigger things, they have.”

- “Should also have governance training. This includes mentorship”
- “Exit strategy resource mobilisation to put them in a better position to seek funds outside of the contract period.”
- “In order for CSOs to understand finances, they need basic accounting skills and need to know basic accounting principles. Need to know the importance of managing finances. Need to know an organisation cannot survive if they cannot manage funds.”
- “Try to provide financial education to CSOs. But this might be difficult for them. Maybe something simpler is needed.”
- “Members of CSOs require training in Basic Bookkeeping and Financial Management in order to enhance skills and knowledge around this area.”
- “Members of CSOs also require mentorship, they need support and guidance from someone with relevant expertise.”
- “CSOs need to be capacitated on governance so that they can be able to manage and plan for their organizations because even if they receive funds, but if they don't know how to plan and how to manage their organization's it's not going to work.”
- “CSOs need to be assisted on financial management because when they receive the funds, and they use the funds for things that are not in the contract as per the funders.”
- “They also need to be capacitated on market and linkages, where they are trained on how to navigate the market and also how to be assisted to sell the product that they produce.”
- “Resource mobilization, by resource mobilization, we are referring to capacitating them on how to look for funding for themselves in terms of we assist in developing proposals with them. For an example if there is a call for proposal from any funder, we would intervene in terms of assisting them filling in the forms, also, compliance which is the biggest problem because some of the organizations whether it's co-ops or NPOs, they don't know how to comply, or know which acts they belong to.”

Thus, the need for financial skills came up as a high priority and also that CSOs needed to build those skills beyond the person tasked with financial management. As one NDA interviewee says: “When requesting financial statements, members will say it is the Chairperson’s responsibility.”

Delegates at the Kagiso Trust-organised National NGO Consultative Conference (Birchwood Hotel: 8-11 November 2022) identified that capacity needed to be built in the areas of leadership, roles and responsibilities, functions of board members, delegation, human resource management, strategic planning, and compliance. They noted that a limited understanding of the needs of the community and the lack of resources/funding can compromise the impact of capacity-building initiatives. Having considered their own experiences of training, delegates confirmed that capacity building must be preceded by a needs analysis in order to be relevant and applicable. They added that accredited training followed by mentoring worked well in affording people some form of qualification and support post-training. Cross-learning was seen to be valuable as well as training that includes practical and theoretical components. What does not work as well as training is information that is not geared to respond to the needs of the organisation nor the need of the community being served, training that is not fit for purpose (cut & paste) and content and methods that are more suitable for the private sector or government. The interference by funders in determining what capacity building will take place is undesirable. Some felt that accredited training was overrated, and that experiential learning

was undervalued. Project management is a critical skill for community development, yet value is often placed on academic qualifications that are not always relevant and responsive to the context in which work is being done.

Basic ethical issues were also mentioned as a necessary theme for capacity development. An NDA interviewee relates that: “CSOs are cooperative during the time when there is no funds. But once the funds come in, things go wrong. At times they will share the assets amongst themselves and then that is the end of the organisation.”

For Gastrow:

“non-profits need to focus on good governance. And I cannot say over and over - the problem very often is the governance. And secondly, it's the leadership. And if those things are in place, generally everything else can settle down. Those are my two things.”

CSO board members serve in a voluntary capacity, and board members often do not understand their role and engage in operational functions instead of oversight. Gastrow points out:

“Almost every organization I've worked with, has been sent back to the non-profit lawyer to redo their founding document, because they have no strategy in that document. no purpose in that document. And it offers no guidance. And if you understand your purpose - I'm not talking about your visions and missions - those are corporate ideas - a corporate doesn't have to have a purpose. We all know what it is. It's to make money. It's unsaid. But when you work in the in the social space, if you're not clear on purpose, you can't do strategy.”

Dlamini:

“Few civil society organizations have the luxury of experiencing a separation between those with purely leadership responsibilities and those who manage - particularly the smaller organizations, those who are directors or project coordinators, they at the same time have to manage. And sometimes we don't make that distinction. The larger organizations - more national ones - they have the luxury of operations managers, they have the luxury of financial managers. So for them, it is it is different. ... With the smaller organizations, their focus tends to be on leading the organization and the management aspect is fairly poorly taken care of, and first and foremost, because they will not have the skills.

“For me some of the essential skills are just the ability to develop, even if it is basic and the basic level the ability to develop systems and procedures that would help the organization to function effectively. Some financial management skills are important. Financial management skills - it's very broad, its about funding. What did that inform our implementation, particularly program implementation, so that the ability to develop budgets, to read budgets, to manage budgets, ... And that is where you find that the reporting to donors is very heavy on the activity side but very poor on the financial accounting and management.

“Something that you would assume if organizations are implementing programs and projects, they would be good at - project management. People will say these are the activities but then

I say, have you conceptualized the entire project, because project starts with conceptualization, then you come to implementation, then you come to evaluation and monitoring. Then you come to reporting and accounting. So that project management cycle and project management skills, it's also an area where organizations need to have the capacity strengthened.

“Finally the relationships because that's also an area where they cannot focusing attention on. Because they say we communicate with our donors - and I say your donors are not your only stakeholder. So that management of stakeholder relationships – that's also an area that I see organisations can benefit from that.”

Q: what are the top three needs in terms of prioritization?

I will say developing not only effective - its adequate - systems and procedures. I will say financial management is also another area. If organizations can be helped to see the financial management is not only for the donors, financial management and kind of resource management. I would also include resource mobilization because that is a skill that is weak. And when we say to organizations, a resource mobilization, the first thing that they think they think of fundraising, and fundraising is only one aspect of resource mobilization. That is why organizations are limited themselves and you say to them, oh, but there are other resources that you could be mobilizing. So for me those would be the three developing systems and procedures, financial management and resource mobilization would be would be another one.

Gastrow adds:

“When you are working in the in the civil society space, everything you do is based on values. That's not the same as corporate - corporate is about product and profit. So it's a very different space. That doesn't mean organizations can't be business like. They can run efficiently, they can manage their budgets in the same way, they can do marketing in the same way as corporates, but it's the ethical and values issue that are important. And so the role of a leader is quite different from the role of a corporate leader. So when I have an organization come to me and say, I can't raise money, (because that's why they come to me) and I'll say to a leader or CEO or director, 'what do you do all day?' They're involved in the internal machinations of the organization. They're worrying about HR, they're worrying about program delivery. They're having lots of staff meetings and they just discussing policies about who can take the computer home on a weekend. And they forgotten there's a big world outside that is changing at such a rapid pace. And they still are running programs which they were running five years ago and they are more or less irrelevant. So for me, the role of a leader of a CSO has to be upward facing. They obviously are accountable for delivery. And they're accountable to the boards, but 80% of their work is outward facing. In other words, it's building partnerships. That's building relationships. It's connecting with the media. It's connecting with people who do research in the field. It's obviously connecting with donors. It's sharing opinion, messaging.”

Similarly, Dlamini notes:

“The other thing that we needed to look at and remind organizations was that if you are a civil society organization, and you work in social change, then you need to be conscious of the work that you're doing and your identity, because if you work in social change - there's a social purpose. Are you clear of the social purpose that your organization is pursuing in the broader context.”

Gastrow pointed out that the technical knowledge had to be matched with ethical practice:

They don't understand their fiduciary responsibilities. And what I find difficult is you get a lot of people training in governance, who look at the legal stuff. They don't know because they haven't worked in an NGO about soft-governance - issues of risk. ...people come with unique problems that can't be dealt with through a strictly legal thing because it's often about ethics. I've just had a donor not come about a philanthropic foundation where the board is paying themselves such high salaries that it's affected the amount of money they can give away. And they've got a non-profit lawyer and they say but it's legal. Yes it's legal. It's grossly unethical. And so this issue of ethics is generally not touched on a lot by a lot of the training that goes on in governance. They will look at the technical stuff, the fiduciary responsibilities, you know, you're responsible for strategy, responsible for the budget, you're responsible for choosing your CEO, those kinds of things, but there are a lot of other issues, let's say something like policies, or safety or where do people go if they've got a gripe about something, you know, how does that work? So there's not a legal rule for that. And said, we're not talking about soft governance - that's missing a lot in the training that's going on. It's all very well to say I'm registered, and I've audited three times a year and we have to take minutes and all those that everybody knows it's the other hard things that come up all the time. And there are incredible case studies one can work with, which look at issues of ethics and grievance procedures or sexual discrimination or whatever. These are all governance issues. And a lawyer doesn't come up with those. A strict, technical legal approach is not always helpful. You need to know that stuff. And we do that in the beginning, but then we get into the meat of what governance is. People on boards, things are going well they tick the boxes but when things go wrong, they don't know what to do because they have no training.”

One of the other key issues with capacity development has been the need to improve the sustainability of training. One interviewee (Gastrow) notes that after a two year intensive and successful training programme with black, women leaders in the non-profit sector, many left their organisations and so a better means had to be found to embed skills into organisations for the long term. The solution came from a donor who rewarded the organisation when they achieve a number of milestones – or systems that were put in place to improve overall management of funding.

“What was absorbed over two years and the actual milestones that were coming in systems were embedded - and that was a much better scenario than where we developed leadership but they left the organizations.”

A common theme amongst interviewees is that training needs to go beyond technical details and should address the fundamental policy issues:

“I found hands on workshops, the best. Bringing people in - they often come from similar focus areas, so you can take a theme - like food security, which is common in rural areas. It's not just about vegetable gardens. It's about environment. It's about women.”

One interviewee (Gastrow) says that the problem with much CSO training is that it focuses on technical processes – for example ‘how to write a proposal’. Instead, she says that what is really necessary is that

“We look at how the CSO is positioned, what kind of messaging it puts out there, how it shares its values with the general public, all those kinds of things which people don't think has anything to do with fundraising”

Frank Meintjies reflecting on the training of the CDBP which had focused on developing high and middle level management skills for CSOs, notes that while there was much emphasis on concrete training on planning budgeting, and management of projects:

“activists from community organisations were shocked when on their first day at class they were asked questions such as: ‘In what way are you community based?’, ‘What does ‘consulted the community’ mean?’ and ‘whom do you define as ‘the people’?’”

Another interviewee (Dlamini) also points to the importance of integrating technical skills with the culture of social justice:

one of the things that we do with leaders of organizations as a society is really an opening of understanding social change, and what it means and what it demands. And then we look at what is the organizational culture that you need to support your work and we get organizations to reflect on different elements of the culture. And then suddenly, people the lights come on to say that there's an organizational core of your systems, your procedures, your policies, your processes, that actually supports the work that we do out there in the field, programs that we implement out in the in the in the field. Get people to look at all those different elements that we refer to as the organizational core, including the financial and other resources. That is unless you build an effective core, it's not going to be very, very, very helpful. But then that core supports the work in a field, it supports programs in the in the field. So people also need to understand what is it that we are doing out there in the field? What are we trying to achieve? How are we doing it? So we speak a lot about the notion of a practice - your practice is what you do out there in the field, but that is informed by a particular way of thinking.”

Weinberg argues that what government agencies should be concentrating their capacity development on is:

systemic work that ensures a more responsive state: advocacy, movement building and popular education. That's where civil society can show impact, where sustainability is carried by the state, which is the appropriate authority or institution for that responsibility.

Investing in capacity for service delivery and job creation is throwing good money after bad. The problem isn't training; the problem is the neoliberal state and its insistence that development comes from an immaterial entrepreneurial spirit.

## 9 Rethinking the approach to capacity development

As already highlighted, the current capacity development model of the NDA is meant to focus on new and struggling community-based organisations that need direct NDA support to improve and sustain the community-based programmes. The NDA has defined the different levels of development of the CSOs and measures their level of development. The capacity-building programme is a partnership between the NDA; National Department of Social Development; and provincial Departments of Social Development. The underlying assumption of the capacity development programme is that by providing training, mentorship and incubation to these CSOs, they would develop operational efficiency and effectiveness; and would develop sustainability to better deliver services to poor communities. Although technical training that may be required by the CSOs is not part of the programme design, it is supposed to be implemented through the referral system with other accredited bodies as per needs of the CSO's. Mentorship is supposed to be implemented immediately after the training to ensure that all learnings are implemented at individual entity level. Incubation is supposed to be implemented in partnership with successful CSOs that can in turn incubate emerging ones.

In reality the envisaged theory of change of the capacity development programme has not been adequately executed due to several implementation shortcomings:

- While there is evidence of implementation of the training amongst thousands of CSOs, demand far outstrips supply and the NDA lacks financial resources to cover all the struggling CSOs
- Mentorship of CSOs was implemented at a smaller scale because of capacity constraints within the NDA, with officials being very few compared to the number of CSOs that need to be mentored
- Incubation was implemented at a very small scale due to lack of expertise and partner CSO's that can assist with the incubation programme
- There is sheer lack of collaboration with the skills development funding bodies to facilitate technical training referral for CSOs despite the national skills development strategy mandating them to fund CSOs.

As resources for capacity development are being stretched, it had become ever more critical to ensure that the approach to supporting CSOs is more efficient and effective. As an interviewee expressed:

“increasingly we are being challenged to explore other ways of supporting the development of capacity for civil society organizations.”

The overwhelming call from interviewees is that capacity development must form part of a greater consultative process.

An interviewee (Dlamini) comments that:

“So I don't think government is doing enough but maybe the government is not doing enough because it is not being actively engaged and where it is being engaged, it has been engaged by a single organization. I mean, I take my hat off to the Black Sash and what they did around the social grants, but it was now again, it wasn't through a very organized civil society, right. If you look at the efforts of the players in the climate change sector, also, how are the different sectors within civil society organized to bring the voice and to engage government. We need to engage in government a lot more actively. And the time is now.”

Delegates at the Kagiso Trust-organised National NGO Consultative Conference (Birchwood Hotel: 8-11 November 2022) confirmed that capacity building must be preceded by a needs analysis in order to be relevant and applicable. They added that accredited training followed by mentoring worked well in affording people some form of qualification and support post-training. Cross-learning was seen to be valuable as well as training that includes practical and theoretical components. What does not work as well as training is information that is not geared to respond to the needs of the organisation nor the need of the community being served, training that is not fit for purpose (cut & paste) and content and methods that are more suitable for the private sector or government. The interference by funders in determining what capacity building will take place is undesirable. Some felt that accredited training was overrated, and that experiential learning was undervalued. Project management is a critical skill for community development, yet value is often placed on academic qualifications that are not always relevant and responsive to the context in which work is being done.

Ashley Green Thompson contributes the following insights in an interview for this study:

“Part of the problem might be that it's an assumption about what organisational needs are, rather than engaging. Here's a financial management course when in fact the organisation might need strategic planning skills, or how to define workplans. I've got no verifiable data that this is the case. Most of the work I've done is around supporting NGOs and I've always had a reservation about a one size fits all approach. I imagine that preparing broad programmatic interventions misses hearing what particular needs they may have. There's not a nuanced approach to tap into the services they need, rather the type of services they're told they need.

There's got to be a process of active listening. If you know what people are talking about what they need, you can set up programmes that respond to that. I think you need to have a far more deliberate listening exercise, not random, generic surveys, which I think a lot of programme development unfortunately does deploy. It takes a lot of time to determine needs. I find that there's not enough thorough engagement. I would suggest having proper



consultations. Even then, you can only support an organisation’s development if you invest in a long-term relationship, in providing the kind of services that allow an organisation to be accompanied, so that you can shape the organisation’s leaders to handle the different challenges the organisation faces. There’s a typical transition from white male leaders to young black leaders for them to grow into a role and take over responsibilities. It can’t therefore be a matter of business as usual; they must be accompanied in the transition, less the workshops and more the process of accompaniment and development, which is not as neat and tidy.”

This study has also pointed out that concerns over CSO autonomy and the implied possibility that capacity development can be used to influence how CSOs go about their work, means that it should not necessarily be the NDA that delivers capacity development. Instead, as a NDA interview explains:

“The NDA should not be a capacity development institution – it is a public funding institution under the governance of the PMFA and therefore must ensure that the funding is compliant with the requirements of the Act. It should, therefore, facilitate Capacity Development – while the actual delivery of training ought to be done by civil society umbrella organisations.” (SB)

It’s a view supported by Martin Jansen, who in an interview argues

“[Government] should offer indirect support via independent agencies for this. My concerns would be the likelihood of undermining CSO independence and corruption by those in charge who are likely to abuse resources such as the case in the SA Lottery and the MDDA.”

The financial resources that have been provided to the NDA seem insufficient to deliver on its huge CSO capacity development mandate in a country with increasing poverty. Given these constraints, there are several considerations for the NDA to position itself differently in relation to rest of government, the private sector, and civil society in order to deliver a sound capacity development package to the CSO sector:

#### **Rest of Government Positioning**

The NDA Act mandates the rest of government to provide support to the CSO sector. Currently such government support for CSOs is uncoordinated, is ad hoc and fragmented. It could even be argued that often the assumption is the CSOs are a sole avenue of the Department of Social Development and its agencies.

Beyond the Department of Social Development, the NDA should organise itself to activate that level of support from the rest of government. A mapping exercise can identify avenues for capacity development that could include SETAs, the NSF, development finance institutions, universities and TVET colleges, professional bodies and research councils.

### **Private Sector Positioning**

The private sector is engaged in some corporate social investment programmes, however there is no coordination in terms of what the national priorities are and where these social investments should be directed. As a result, some social investment end up in projects that are transactional, implemented for compliance or lack sustainable impact. In other instances, several CSI initiatives are concentrated on similar objectives thus creating duplication of efforts and thus denying funding for other priorities.

The NDA could position itself to coordinate CSI work with the private sector so that key development priorities receive coordinated effort. Such coordination would enable the NDA to equitably direct CSI funding to the relevant CSOs and South Africa's development priorities.

### **Civil Society Positioning**

The CSO sector is quite broad, covering varied development areas, and with organisations at different levels of maturity. The decline in funding to the sector has over time led to divisive factors around resource mobilisation such as competition, duplication, favouritism, domination, inability to attract and retain necessary skill sets (human resourcing), withholding of information, gatekeeping, and an urban vs rural divide with regard to the proximity/access to donors. The lack of a representative national organising body able to amplify the voice of the civil society sector at a national level is a challenge. The NDA has been unable to implement incubation of less developed CSOs because of this lack of coordination.

The NDA could position itself as a partner to the sector to help shape an apex body for CSOs. Working through such an apex body would enable better coordination of programmes including pooling of resources, sourcing additional funding dedicated to building the capacity of smaller players and driving campaigns for meaningful participation of communities in the economy to eradicate poverty.

These considerations for positioning capacity development differently require the NDA to develop internal capacity to build networks, to lobby, to collaborate, and where required to execute large complex projects. Working across government, the private sector and CSOs will require dedicated effort and a clear strategy so that there are no mixed signals being sent.

## 10 Conclusion

The changing role of civil society requires a new approach to capacity development. Given the tremendous socio-economic burdens and the increasing need for wide variety of support and policy interventions that civil society organisations provide, there is increasing need to support CSOs. The growth in size / number of CSOs in itself requires that there are more training and mentoring in terms of institutional capacity. But the findings from interviews with CSO stakeholders is that capacity development needs to extend well beyond financial compliance (as important as that is). Capacity development should encourage CSOs to be autonomous (and not only financially independent).

While governance, financial and management training continues to be important, the importance of training in development practices, participatory planning, processes of community empowerment has often been neglected.

The call for more capacity development is simultaneously a call for the kind of capacity development that builds “structures and systems that can make the sector independent from the state and private interest” (NDA report p19). It is capacity development in which CSOs are not expected to conform to policy orthodoxies but where they are enabled to offer alternative analyses and development programmes. And as Thulani Tshefuta, Chair of Convener NEDLAC Community remarks: “The relations between the government and the civil society must never change the DNA of the civil society, instead civil society must be allowed space to be itself and excel in its own terms. Embedded to this, is the fact that we need to call upon government to not position itself as a parent state of the civil society but to work together with civil society” (NDA report, p20).

The National Development Plan 2030 (NPC, 2012) similarly suggests that while “an unintended outcome of government actions has been to reduce the incentive for citizens to be direct participants in their own development” it is also the state’s responsibility to prevent this practice from being entrenched (NPC, 2012: 27).

Donors have significant power in determining the purpose and content of capacity development, which could either have a focus on procedural compliance or have a wider remit on developing the capabilities for greater autonomy. The call for NPOs to improve their capacity can feed into the relations of power between funders (including government) and NPOs who may be nonplussed when forced to comply to bureaucratic requirements while delivering services and shielding government from the opprobrium of communities.

As with many state-led (or ‘top-down’) attempts to facilitate CSO development, the NDA’s responsibility is wide ranging. It is not only meant to ensure that CSOs are able to deal with the technical aspects of financial accounting but to also ensure that CSOs are enabled to take on developmental work that would include the empowerment of CSOs to engage with policy and advocacy. Magongo reinforces the argument that support to building NPOs’ capacities and capabilities must be “strategic and empower the sector to formulate its own strategies and programmes” (p7). He writes:

“The flaws of the current capacity-building programmes advocated by both the state and private sector for civil society organisations, is that it focuses on abilities for the sector to deliver programmes on their behalf and interest, not the interest of the sector. ... The focus must be on the abilities of the sector to be independent and provide value to partners, whilst representing interest of their constituencies.” (p7-8)

The NPO Act certainly gives the NDA that wider duty but it is clear that currently, from this study and others, that its main focus in terms of capacity development is on compliance. Funds are distributed and must be accounted for. Training is intended to ensure that organisations which receive funds have the knowledge and capacity to adhere to the requirements for financial compliance. The NDA’s capacity development programmes are delivered to support CSOs to have in place the governance structures and financial procedures for public (PMFA) accountability. As one manager explained: “The Auditor General expects us to ensure CSOs can comply and that we provide capacity building.” Principally, the aim is to support the CSOs that are emerging or are struggling with those basic structures for accountability.

Part of the reason for the narrower focus on compliance is that the initial study to establish the Capacity Development programme evaluated the needs of CSOs as those of basic institutional capacity (as per the themes listed earlier). The current programme is also determined by the NDA’s budget and its human resource capacity.

The basic capacity development needs in terms of management, financial sustainability, governance as well as compliance remain in place. The important role that the NDA has been playing in the capacity development of these skills should continue. What this study shows, however, is that the scope and scale of capacity development needs to be extended to take into account the changing role of civil society within a deteriorating socio-economic context.

## Appendix 1: Analysis of NDA Capacity Development Expenditure

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Total amount spent on CSOs</b>	R2 819 000	R149 835 000	R171 212 000	R159 493 000	R112 894 000	R128 600 000	R116 817 000	R123 740 000	R165 587 000	R116 007 000
<b>Total number of CSOs supported</b>	223	2059	2531	2687	2880	4927	5261	5263	1114	2558
<b>Average spent per CSO</b>	R12 641	R72 771	R67 646	R59 357	R39 199	R26 101	R22 204	R23 511	R148 642	R45 351
<b>Total number of CSOs registered with Department of Social Development</b>	11206	16591	14693	16844	18916	18417	18602	10212		
<b>Total number supported as a percentage of total registered with Department of Social Development</b>	1,99%	12,41%	17,23%	15,95%	15,23%	26,75%	28,28%	51,54%		

<i>Notes on total amount spent on CSOs</i>	<i>Total actual expenditure for capacity building (the programme includes ECD)</i>	<i>Total actual expenditure for capacity building (the programme includes ECD)</i>	<i>Total actual expenditure for capacity building (the programme includes ECD)</i>	<i>Actual expenditure on CSO Capacity Building and CSO mobilisation</i>	<i>Actual expenditure on CSO Capacity Building and CSO mobilisation</i>	<i>Actual expenditure on CSO Development</i>	<i>Actual expenditure on CSO Development</i>	<i>Actual expenditure on CSO Development</i>	<i>Actual expenditure on CSO Development</i>	<i>Actual expenditure on CSO Development</i>
<i>Notes on total number of CSO supported</i>	<i>Number of CSOs capacitated in governance, financial, project and conflict management, business plans, strategic planning and technical skills.</i>	<i>Number of CSOs provided with capacity-building interventions in CSO management and technical skills</i>	<i>Number of CSOs provided with capacity-building interventions in CSO management and technical skills</i>	<i>Number of civil society organisations capacitated in civil society organisational management per year</i>	<i>Number of civil society organisations capacitated in civil society organisational management per year</i>	<i>Number of civil society organisations capacitated in civil society organisational management per year</i>	<i>Number of civil society organisations capacitated in civil society organisational management per year</i>	<i>Number of civil society organisations capacitated in civil society organisational management per year</i>	<i>Number of CSOs capacitated to strengthen their institutional capacity</i>	<i>Number of CSOs capacitated to strengthen their institutional capacity</i>

