

# **CIVIL SOCIETY SUPPORT PROGRAM**

## **“NARROW TRACK” ACTIVITY DESIGN**

**Prepared for USAID/South Africa  
Strategic Objective #1**

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## ACRONYMS

AMEDP	Alliance of Micro-Enterprise Development Practitioners
CBDP	Community Based Development Programme
CBO	Community Based Organisation
CDRA	Community Development Resources Association
CLDA	Community Leadership Development Programme
CSO	Civil Society Organisation
DEVFTI	The Development Facilitation and Training Institute
DRC	Development Resources Centre
INTEC – SAIF	Southern Africa Institute of Fundraising
JUPMET	Joint Universities Public Management Educational Trust
LRA	Legal, Regulatory, Administrative (Environment)
NFFT	The National Foundation for Fundraising Training
NGO	Non-governmental Organisations
O.D.	Organisational Development
PACT	Private Agency Collaborating Together
P&DM	Public and Development Management Program
SA	South Africa
SEAAR	Social and Ethical Auditing & Accounting Reports
S.O.	Strategic Objective
STTA	Short-term Technical Assistance
TNDT	Transitional National Development Trust
ToT	Training of Trainers
USAID	United States Agency for International Development

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### 1. INTRODUCTION

The CSO (Civil Society Organisation) sector in South Africa is extensive with technical expertise and experience in a broad range of fields. Since 1994, the CSOs, the Government and donors have been going through major changes from the time of struggle. CSO viability and sustainability are of concern to the organisations themselves, and to the South African government, which relies heavily on CSOs for their broad reach and contact with the people, and their community level impact.

Since 1994, USAID has begun to work with the South Africa government, and its funding strategy today is characterised by a balanced mix of grantees. The changing circumstances and the more rigorous procurement regulations which came about in the mid-1990s have changed the way in which USAID does business, and have made access to funding by CSOs significantly more competitive, as has been the practice in most countries where USAID works.

A vigorous civil society is a fundamental element of a healthy, pluralistic democracy. The continued strong dependency by CSOs on foreign donors is not a healthy situation. USAID is expected to withdraw from South Africa by the year 2010. There now needs to be a greater emphasis on strengthening strategic partnerships and sustainability, particularly the sustainability that comes from greater interdependency between government and CSOs. CSOs have a pivotal role to play in development, and it is a complex process to redefine roles when there has been such a far-reaching transformation of the society.

This transformation in the roles between government and civil society defines the new program focus for USAID in its efforts to support sustainable CSOs for the expanded democratic dialogue. And, with decreasing resources, USAID is keen to more effectively strengthen the good work that is already on the ground in South Africa. The focus is on helping to sustain the CSO system and not just individual partner organisations.

Two streams of activity have emanated from this program over the next five years. The first is a “broad track” of interventions that will enhance the ability of both government and CSOs to work productively together in developing the quality of community life, particularly in previously disadvantaged areas. The second is a shorter term, so-called “Narrow Track” activity, to strengthen a selection of existing USAID CSO grantees in their capacity to engage in advocacy with government at all levels, and to deliver a variety of developmental programs to the communities they serve in partnership with one another and with the public sector.

## **2. EXPECTED RESULTS OF THE “NARROW TRACK” ACTIVITY**

The “Narrow Track” program enables us to quickly move the proposed interventions into the CSO sector, and strengthen its ability to partner the government and its developmental processes. This will also help the implementation of the “broad track” program. It is anticipated that the implementation of this broader program will require a component for substantial organisational development (O.D.) and capacity building for CSOs. A particular focus will be on issues related to strengthening strategic partnerships and sustainability. But our work and observations during the past year raises concerns that, although there is a strong consensus that any such O.D. capacity building should be built on South African experience and resources, there is also a felt need to further develop and refine the scope and content for O.D. and capacity building, as well as to expand and enhance the number and capability of the pool of professional practitioners in South Africa.

We expect that the earliest the capacity building element of the broader program would begin is midyear 2000. So a fast “Narrow Track” activity, initially focused on a small group of selected USAID CSO grantees, could be designed and implemented during this interim period to address these concerns. In effect, the purpose of the proposed “Narrow Track” activity is to provide a bridge to, and foundation for, one key component of the broader Program: Specific focus on the need to enhance the capability of an expanded pool of South African O.D. practitioners to provide capacity building support to CSOs, with an emphasis on strengthening strategic partnerships and CSO sustainability.

This “Narrow Track” activity will also provide an opportunity for a collaborative and innovative effort to develop strategies and designs for O.D. and capacity building interventions, and to test them on a selected group of South African CSOs before going into the broader program.

Therefore, the expected results of the “Narrow Track” program are:

- 2.1 Selected USAID grantees (CSOs), have enhanced capacity to form effective partnerships (in both service delivery and advocacy) and for program sustainability**
- 2.2 Tested designs and approaches for Organisational Development (O.D.) support of CSOs are available, with a particular focus on effective partnerships and sustainability**
- 2.3 An expanded pool of South African O.D. practitioners have enhanced capability to provide support to CSOs, with a particular focus on effective partnerships and sustainability.**
- 2.4 Insights and expertise is available to the broader USAID CSO Support Program and to the CSO sector at large.**

### **3. BACKGROUND**

In May-June 1998, USAID South Africa engaged the services of a consultant, Joseph M. Thomas (IGI International, Inc.), to undertake an assessment to determine the long-term needs and interests of the South African CSO community, in planning for long-term institutional sustainability, and to provide recommendations and options for future USAID support and assistance in this area.

Based on a series of interviews with more than fifty (50) persons – including a cross section of South African CSOs, other research, and a review of “best practices” in the field of CSO sustainability, Mr. Thomas prepared a report of his findings, conclusions and recommendations. A “*NGO Sustainability*” conference of eighty (80) representatives of the South African CSO sector, other public and private sector organisations, and international donors, was held in November 1998 to dialogue these findings and the critical issues raised. A full report of the conference proceedings, and recommendations was issued by IGI.

Given the outcomes of this conference, and its desire to help strengthen partnerships between the South African government and civil society, the USAID commissioned, through its Governance and Democracy (S.O.1) division, a widened consultancy, including four South Africans, around strategic partnerships. The aim was to explore the current practices and experiences in the field, with the purpose of setting up a program to strengthen partnerships between CSOs and the government, involving both advocacy and service delivery. This process included one-on-one interviews with government departments, CSOs operating at national through to community levels, and some local funders. Workshops were held with representatives of the CSO sector to test assumptions and findings of the research, and to assist in program design. Workshops were also held with O.D. practitioners who were seen as having important contributions to make in building the abilities of both CSO leaders and public servants in implementing the sustainability program through partnerships.

Invitations were sent out to 11 leading Organisation and Development (O.D.) practitioners to attend a Workshop on 21 May, 1999. The purpose of this consultation was to begin the process of identifying the strengths and weaknesses in both the CSO and O.D. “industry” capacity, around which to base a design for the “Narrow Track” activity.

#### **3.1 The Purpose of the 21 May O.D. Practitioners’ Workshop:**

Based on direction emerging from earlier consultations, it was decided to design two interventions: the first, a long term program to strengthen strategic partnerships between CSO and the public sector; and the second, to design a short-term project that will allow USAID to get interventions underway quickly, and also to provide a testing ground for approaches to institutional strengthening, to enhance sustainability of targeted USAID grantee CSOs, that could be incorporated in the longer term program.

The collaboration of leading national and regional capacity building organisations was sought to assess what has already been done by South African capacity building organisations to address the CSO sustainability issue; identify program areas in need of additional assistance; and identify how to take advantage of their collective experience in the development and implementation of the USAID project.

Specific steps to complete the development of the “Narrow Track” activity were guided by the outcomes of this consultation.

### 3.2 The Underlying Assumptions and Premises:

Ten representatives responded (*see full list of attendees in Addendum A*), and met with the USAID and their consulting team. The Workshop was led by Gavin Andersson (Development Resources Centre), who tabled the following assumptions and premises that had emerged from previous discussions and workshops with CSO leaders:

- a) ***The Role of CSOs in the Civil Society System:*** NGOs and CBOs play an important role in South African civil society by facilitating communications and releasing resources between the community and the public and private decision makers. They also offer a valuable contribution to participatory development, impacting on the needs of people at the local level. Therefore, enhancing the capacity and sustainability of CSOs strengthens civil society and enables CSOs to be more valuable partners in participatory development programs.
- b) ***Promoting CSO Sustainability within the Context of the Civil Society System:*** CSOs function within a dynamic and interactive system at the core of civil society. Their broad range of missions provides individual flexibility and responsiveness, but increases their collective inter-dependency. This has most CSOs performing a combination of social service delivery and policy advocacy tasks. Therefore, any intervention to promote CSO sustainability should have an overall positive impact on the contribution civil society makes to the developmental processes.
- c) ***Enhancing the Capacity and Sustainability of Individual CSOs:*** CSOs involved in development for the poor and disadvantaged will always require substantial government and donor financial support. The current drive to make CSOs self-sufficient through self-generated income is misplaced. In many cases this drives them away from their original missions. CSOs can bring significant value added to the developmental partnerships, through their unique ability to mobilize grassroots participation and local resources to complement government and donor support.

It follows that key to a CSO’s survival is the ability to demonstrate that it is a good partner; that its programs are driven by constituency needs; that it has significant impact; that it is well managed, and financially and socially accountable. Therefore, strategies and interventions to build capacity for sustainability in CSOs should focus on the following general characteristics:

- Constituency driven, both in governance and mission
- Demonstrate capacity, efficiency and productivity
- Have a broad-based and efficient economic viability
- With access to networking and other support services

### 3.3 The Ground Covered by the 21 May Workshop:

Concepts and assumptions developed at the November 1998 Conference were reviewed in Chart format. (*Charts 1, 2, 3, 4, 5 and 6 are located in the Workshop report in Addendum B to this document.*) Discussion for most of the day centred on these presentations and highlighted the following:

- a) A key turning point in defining sustainability is identifying at what point an activity moves from being highly subsidized to being more self sufficient in the mainstream economy.
- b) Very few CSOs are able to mobilize sufficient resources to specialise in service delivery or advocacy. Most engage in a range of activities on the spectrum that includes either or both activities in various combinations.
- c) On the subject of CSOs being “competitive” it was agreed that this was not in a market sense, but more in terms of being efficient in the CSO sector. For any organisation, sustainability depends on how it positions and “prices” itself in terms of its market.
- d) CSOs often position themselves according to what money is available, and stray from their area of focus or mission. An NGO should build its policies and service agenda through an understanding of the needs arising out of its close relationship with the community it serves. Organisational Development (O.D.) intervention should help CSOs examine the perceptions and demands of different stakeholders, so as to be able to make the appropriate adjustments to its programs and service while remaining viable and sustainable.
- e) O.D. practitioners tend to view themselves as “process” consultants and underplay their knowledge of issues and initiatives, such as in the corporate sector. There is a need for practitioners to view each of their interventions, whether it be in planning, management or evaluation processes, in the context of CSO sector-wide dynamics.
- f) CSOs tend to look for O.D. support in situations of crisis, or in the context of an external evaluation commissioned by a donor. Few CSOs have sufficient budgets for ongoing O.D., and O.D. consultants do not give enough time to organisations, due to funding constraints. The trend is short term, quick fix solutions rather than longer term strategies for sustainable capacity building. O.D. interventions should help CSOs access sources of funding that will support the optimisation of this activity.
- g) O.D. practitioners have competence in only a few areas of specialisation, or a particular approach to O.D. Out of this discussion it was agreed that there should be more inter-organisational collaboration so that a full range of services can be offered to clients. The O.D. sector would benefit from focused capacity building, especially in areas around sustainability – such as the effective management and use of volunteers and the setting up of systems to track and support overhead costs.
- h) There has been a continuing drain on the human resources of the CSO sector over recent years. While recognised by the practitioners there is not much focused attention on leadership development. For example CSOs have poor fundraising skills, particularly when it comes to local resource mobilization. The capacity and resources to train in this field is lacking among O.D. practitioners.

- i) Participants noted that current O.D. exercises do not go into depth about practical financial management or even cost accounting. Existing courses tend to exclude details such as the handling of core costs, and fundraising costs.

At the conclusion of this Workshop the participants “bought into” the “Narrow Track” activity process, and expressed their willingness to take part in a follow-up workshop when key elements of the design would be tested. They also asked for a focus to be placed on building the capacity of the O.D. practitioners themselves.

The group agreed to help with the design of a relevant O.D. intervention, and take part in its implementation and evaluation.

### **3.4 Therefore the Purpose of the 20 August Follow-up Workshop:**

A second Workshop of 11 practitioners (*a full list of attendees is located in Addendum C, and a record of the proceedings in Addendum D*) was held on 20 August, to build on the key concepts, issues and assumptions that were identified at the first workshop. Four organisations not at the 21 May workshop were represented at this second event.

Once again the workshop was led by Gavin Andersson, who set out its purposes:

- a) To make practical recommendations on the design of the “Narrow Track” intervention, around the following inputs:

**\* *Identify CSO skills and capabilities relevant to sustainability:***

**1. *Participatory Development Processes:***

- Constituency driven mission and governance
- Experience in participatory approach to service delivery
- Communications (internal & external)

**2. *Local Resource Development***

- Volunteers
- In kind, cash contributions
- Any other income generation

**3. *Leadership, Management & Administration***

**4. *Strategic Planning and on going organisational development processes***

**\* *Capacity building and other support required by O.D. practitioners***

**\* *The type of infrastructure and process that will have to be developed to organise and facilitate delivery of required training and technical assistance.***

- b) To crystallise ideas around possible “Narrow Track” activities and strengthening mechanisms, in preparation for the longer term “Broader Track” program.

- c) To focus on quick activities that could have demonstrable early impact.
- d) To focus on activities and mechanisms that could pull together existing skills and resources, and add skills and resources to the sector where needed.
- e) To concentrate on the skills and capabilities needed by CSOs, particularly in the areas of participatory development, local resource development , strategic planning and ongoing O.D. interventions.
- f) To agree on the skills and capabilities needed by O.D. and CSO support organisations.
- g) To plan the processes and infrastructure needed to move the activity forward.

### 3.5 The Ground Covered by the 20 August Workshop:

The participants divided into three groups and were asked to develop practical steps to tackle the inputs listed under a) above. The groups were asked to focus on activities that could be implemented within the next 12 to 18 months, with 15 to 20 USAID grantees. They were asked to answer three questions in discussing the inputs:

- What CSOs need
- What O.D. and capacity building organisations need and, therefore,
- What mechanisms, interventions and activities are needed to accomplish these

Responses from the three groups, on the three input areas, were:

#### **INTERVENTIONS, MECHANISMS & INPUTS REQUIRED BY CSOs**

##### ***a) Documentation, Communication & Learning:***

The successes, failures and learnings of CSOs are not captured in a rigorous and formal way. The sector is therefore not able to communicate approaches and share learnings. Therefore, there is a need for documentation, information and communication in all aspects of the organisations' life. These include facilitating participatory development, generating local resources, building leadership, management and administration, strategic planning and on-going organisational development.

##### **Recommended Activities & Inputs:**

- **CASE STUDIES** of best practice around sustainable participatory development.
- **FORUMS**, workshops and seminars to learn, discuss, compare and share learnings around participatory development and local resource generation.
- **MANUALS** detailing participatory development approaches and methodologies as well as ways of generating and mobilising local resources.
- **RESEARCH:** A comparative research project undertaken by consultants detailing case studies of best practice around participatory development, resource generation, documentation, communication and the strategic use of information and technology.

- **O.D. & CAPACITY BUILDING:** Skills and competencies around documentation, communication and the strategic use of information and technology needs to be integrated into existing O.D. consultancies and interventions.
- **WORKSHOP:** A daylong training session with organisational leadership around the strategic use of information, technology, documentation and communication.
- **CASE STUDIES** and best practice around using information strategically and demonstrating the value it adds to the work of the organisation.

#### **b) Participatory development processes:**

To capitalise on the CSO comparative advantage around facilitating participation, CSOs need to fine-tune and develop implementation of participatory processes. This includes developing the following skills and capabilities:

- Surveying community needs and resources.
- Developing baseline data and (community) indicators.
- Getting community agreement for entry and clarifying partnership roles and approaches.
- Tapping existing community skills and leaving skills behind.
- Involving the community in problem definition and solutions.
- Ensuring that communities own both the problems and projects.
- Facilitating development as a learning / capacity building process for beneficiaries.
- Building on local culture and capabilities.
- Governance, accountability and reporting to boards, stakeholders and donors.
- Integrated development planning involving local government and other stakeholders and participatory development approaches with real representation.
- Mobilising community capacity and resources (human resources, often termed “sweat equity” and money).

#### **c) Local resource & income generation:**

There is a need for creative advocacy and training to encourage a culture of diversifying giving, cost sharing and other forms of local support for development activities. Organisations need to become innovative in identifying opportunities for local resource mobilisation.

#### **Recommended Activities and Inputs:**

- **TENDERING TRAINING:** A “Training of Trainers” (ToT) activity for a select number of CSOs in tendering procedures, opportunities and risks. These could then offer support to others in the sector. The experiences of these CSOs can also be documented and shared.
- **MARKETING AND FUNDRAISING TRAINING:** CSOs need to learn professional fundraising and marketing skills, in order to take advantage of all local resource development opportunities.

- **RESEARCH PROJECT** around the legal implications and procedures (the legal/regulatory/administrative environment) around raising local resources. For example, the LRA as it relates to volunteers and tax on donations.

**d) Image management:**

The current image of the CSO sector suggests that it cannot compete in certain areas (such as those mentioned in the first part of the report). There is a need to change how the sector is perceived:

- in the communities it works
- outside the sector and by the general public and
- within the system by other role-players

Mechanisms are also needed to profile and market the two distinguishing features of CSOs, i.e., facilitating participation and mobilising local resources. CSOs need to show that they are a value-adding institution in development and in society.

**e) Building partnerships:**

CSOs need to understand more clearly the in's and out's of building partnerships:

- within the sector
- outside the sector and
- with communities

Only when the sector can demonstrate the value it adds through facilitating participation and local resource mobilisation, will it be in a better position to play an equal role in tri-sectoral development partnerships.

**f) Organisational audit:**

CSOs need to undergo thorough organisational audits to determine the strengths, weaknesses, and the areas of improvement and capacity building needed within their organisations. This will improve the quality of leadership, management and administration, as well as strategic planning.

**g) Funding culture shifts:**

To capitalise on our comparative advantage around mobilising local resources, CSOs need to shift their mind-sets to “everyone can give something”. CSOs need to look for creative ways to mobilise local resources and generate income.

Coupled with this is the need to build financial and management capacity to manage various resource bases. In particular, CSOs need to develop ways to measure the financial impact of in-kind and volunteer contributions.

#### **h) Volunteerism:**

CSOs need to promote a culture of volunteerism within the sector by demonstrating the value of volunteers. The growing anti-volunteer sentiment currently being experienced can often be attributed to the lack of effective volunteer management systems and policies. Currently, volunteers place strain on already weak management systems. Information, advice, manuals and guides around developing and managing a volunteer programme are needed.

#### **i) On-going skills development:**

On-going skills development, knowledge generation and experience need to be formalised and strengthened.

#### **j) Social and ethical auditing and accounting reports (SEAAR):**

The sustainability of an organisation must be anchored in how its constituency sees its social and ethical relevance. The SEAAR instrument demonstrates participation and an organisation's distinguishing features. It tells how the organisation is performing and what needs to change and be built upon.

### **CAPACITY BUILDING AND OTHER SUPPORT REQUIRED BY O.D. PRACTITIONERS**

The greatest challenge to O.D. consultants is to develop a more holistic approach to O.D. An approach that includes "traditional" O.D., participatory approaches, as well as the more technical or "hard skills" required for effective financial and organisational management. This could be achieved through a professional association of practitioners, formed around the "Narrow Track", who would be able address interventions such as:

- "HARD SKILLS" capacitation within O.D. practitioners and agencies, around costing, budgeting and contracting, financial management, general sustainability and resource management training.
- FORUMS for sharing, learning and reflecting.
- CASE STUDIES and O.D. models and approaches based in and relevant to the SA context.
- RESEARCH project on African Management that draws on the growing body of literature dealing with work force diversity.
- TRANSLATIONS of the theories and concepts used in O.D. into local languages.
- LOCAL O.D. professionals.
- TEAMS to consult to government.
- LEARNING / Sharing workshops and seminars.

- MENTORSHIPS, co-working, placements and exchanges.
- CAPACITATION around organising skills, analytical skills, action-reflection, lobbying and advocacy, conflict management, negotiation and management of consultants.
- SELF-DIAGNOSIS tools for measuring organisational development gaps and needs and so determine training needs.

## **WAY FORWARD: PROCESSES AND INFRASTRUCTURE NEEDED**

How do we weave this all together in a strategy? What processes need to happen? What are the steps? Facilitators presented the following ideas to spark off the discussion:

### **a) SELECTING & GROUPING GRANTEES:**

To facilitate greater co-operation between organisations in the pilot and to keep transport costs down, it is suggested that the program work with three to four clusters of USAID grantees in Gauteng, Durban, Cape Town and the Eastern Cape. Such a cluster approach would also allow two or three people from each organisation to be part of the process, rather than focusing the training only at the leadership level.

The next question then became how to kick off the process in the clusters. Four options were explored, as follows:

#### ***Option 1: Strategic Planning Approach:***

One possibility is to do strategic planning with each of the grantees and in the process identify the sustainability needs of the organisations and gear them up to leverage the necessary training. The disadvantage of this approach is that many organisations are “over-assessed and over-strategically planned” and may be turned off by this starting point.

What we need is a more motivational way to kick off the process.

#### ***Option 2: Issue-based Approach:***

A second option could be to structure some discussions, seminars or workshops around some of the key capacity building areas identified above, for e.g., local resource generation and financial management. Grantees would then be able to apply these issues to their own organisations and see where they fall short. This could then lead to a strategic planning intervention, detailing capacitation needs and where to access training. The disadvantage here is that it could be perceived that USAID is going in with a pre-determined agenda around what they think are the key sustainability issues and so makes these the entry point for those interested.

The caution here is that we also need to imbed O.D. in participatory and inclusive approaches and methodologies. It was stressed that we need to be concerned about ownership, because when it comes to on-going O.D. and sustainability, ownership is what matters.

### ***Option 3: Blank-Slate Approach:***

A more open strategy could be to approach three to five organisations within each cluster and ask which of them would be open to an organisational assessment of their sustainability needs. This quick scan (three to four days) of organisations will identify the shared issues, themes and patterns emerging around NGO sustainability needs. The process would then move to individual O.D. interventions with each organisation based on their areas of need and the shared needs of other organisations in their region.

The disadvantage of this approach is that it seems to be little more than simply a problem identification and solution process.

### ***Option 4: Open Dialogue Approach:***

Here the proposal is more along the lines of a Force Field Analysis within a cluster. USAID would present what it has uncovered as the key issues around sustainability and strategic partnerships. Organisations would then be asked whether these ring true to their own experiences and if they are indeed the most appropriate points of departure for strategic planning and O.D. intervention.

In this approach we are not starting with a blank slate. Instead, the approach allows for a facilitator to put the broader issues around sustainability on the table and lead dialogue around how all the uncovered elements of sustainability can be addressed. The advantage of this approach is that it facilitates dialogue and addresses the reality that organisational leadership often perceives sustainability only in financial terms. The approach thus facilitates learning around what is sustainability and how can it be addressed.

Within this approach, we are inviting organisations to come to the party where we lay out our thinking, the findings from the research and interviews, USAID biases, etc., and then ask: so do you want to come along? Do you think that what we have identified through the survey are the real problems? Some will say yes, let's do it, and others may choose not to be part of the process.

After much discussion, the participants agreed that the Open Dialogue Approach was the best approach.

## **b) IMPLEMENTATION PROCESS:**

The following 10-step implementation process was recommended:

### **Step 1: Clustering:**

Group grantees in three or four geographical clusters. Cape Town, Johannesburg, Durban or Eastern Cape were suggested.

### **Step 2: Open Dialogue & Consensus:**

Workshop to introduce findings and recommendations of the consultation team around what are the key sustainability and strategic partnership needs and how they can be addressed.

- Dialogue around whether grantees agree that the presented issues and proposed interventions are indeed the key needs and appropriate interventions.
- Interested grantees “buy in” or commit themselves to being part of the pilot.

### **Step 3: Strategic Planning:**

Strategic planning around individual grantee O.D. and capacity building needs as they relate to the agreed sustainability and strategic partnership needs.

### **Step 4: Local Co-ordination:**

Appointment of a local O.D. practitioner / organisation as "convenor" and co-ordinator of the pilot in each cluster. The local "convenor NGO" would manage the process in each cluster and be able to co-ordinate specialist inputs into the cluster as and when they are needed.

Local grantees participating in the process would help choose the local facilitator.

### **Step 5: O.D. Team:**

Local "convenor NGO" pulls together a team of O.D. practitioners to meet the identified needs of each grantee in a holistic way. This implies a need for the O.D. practitioners to have reached a “Working Agreement” around how the team approach would work. The team approach not only offers an opportunity for holistic O.D. interventions, but also the opportunity for learning within and among O.D. organisations.

Participants strongly supported the need for such a working, learning and sharing agreement that could perhaps later become the basis for a “Professional Association” of O.D. practitioners.

### **Step 6: Intervention Design:**

From the basis of Strategic Planning interventions with each grantee in the cluster, the O.D. team identifies the type of interventions required and designs a holistic programme that details content, implementation phases and facilitators.

### **Step 7: Materials Development and training of trainers:**

One organisation from the team then prepares training and learning materials to support each O.D. intervention. The results of Steps 6 and 7 are, therefore, a consensus curriculum design and a shared capacity to deliver the particular intervention or curriculum.

### **Step 8: Implementation:**

Working as a team, O.D. practitioners implement the agreed intervention.

### **Step 9: Monitoring & Evaluation:**

The team and local "convenor NGO" is responsible for on-going monitoring, evaluation and documentation of insights and learnings.

## Step 10: Integration of Learnings:

Insights, lessons and learnings are fed into the broader USAID CSO Support Programme.

## 4. PROGRAM DESCRIPTION

The consulting team has incorporated the results of the two workshops, plus the observations and inputs from other meetings, surveys and research conducted during the past few months, into the following recommendations for design of the proposed “Narrow Track” activity.

### 4.1 Start-up Phase:

- a) **Recommend that a leading O.D. practitioner NGO be invited to take the role of convenor and overall co-ordinator of what can best be described as an O.D. “Learning Network”.**

This “*Learning Network*” is envisioned as a nation-wide group of O.D. practitioners and specialists, who are invited to form an association, and who respond to an invitation to supply services to the “Narrow Track” program. The association might not be formalised, but its intention is to allow practitioners to: Learn from one another; share experiences, cases and resource information; take on the skills needed for the “Narrow Track” activity; agree to form clusters of trainers to match the three to four CSO clusters selected for the program; agree to meet nationally or regionally as required through the duration of the program; agree to submit to the monitoring and evaluation processes required by the “Narrow Track” activity; and hopefully agree to continue networking beyond the duration of the “Narrow Track” activity, to the benefit of CSOs engaged in the broader track program.

The start-up phase will therefore:

- Affirm the appointment of and acceptance by a leading practitioner\* NGO as convenor and overall co-ordinator;
- Establish and/or strengthen the NGO’s core staff to handle the program;
- Create the “*Learning Network*” of accepting O.D. practitioners.

*\*See recommended candidate for the “Convenor” role under Section 5 (“Implementation Mechanism”).*

- b) **Recruit, select and build a team of the participating O.D. practitioners, and specialists:**

A key objective of this program is the expansion and enhancement of the pool of South African O.D. practitioners. This process actually started through the May and August workshops, and the other communications the consulting team has had with leading practitioners in developing the program design. Up to these engagements it has been apparent that local O.D. practitioners have rarely met together for common program purpose. As a result, there is a strong consensus among the participants

about the need for more opportunities for interaction, networking, information sharing, collaboration and the building of skills together.

Investigations so far have identified the practitioners and institutions listed in the “Implementation Mechanism” section of this program design (*Section 5*). Further networking and research (such as the list of “suppliers” being compiled by the TNDT) will be required of the “Convenor NGO” to exhaust the pool of possible candidates. Before we can come to grips with the actual needs of the selected CSOs it will be necessary for the O.D. practitioners to participate in the “Open Dialogue” process. Then, having identified the capacity and skills needed by the targeted CSOs, specific capacities of the O.D. practitioners will have to be developed to equip them to respond to needs identified by the CSOs.

There is also a need to develop standards in the designs and protocols for the training and technical assistance that will be provided to the selected CSOs. The goal is to use as large a number of O.D. practitioners as possible to deliver this training and technical assistance to different clusters of CSOs in three to five areas of the country. Integrated with this process will be the expansion of the base of practitioners that are capable of meeting the content and performance criteria, particularly when it comes to facilitating the transfer to the broader program. To accomplish this the “Convenor NGO” will organise and facilitate various group meetings and team building workshops with the participating O.D. practitioners.

This will also assist the pool of “*Learning Network*” practitioners to:

- review and build a common understanding and consensus on the basic elements of the conceptual framework that has been recommended by the initial “Narrow Track” workshops;
- begin to share information and experiences to build on and strengthen this underlying conceptual framework;
- agree on a team approach and methodology for the “open dialogue” process with the selected CSOs;
- share information, expectations and suggestions about the further development of the proposed “*Learning Network*”;
- begin the process of developing a more detailed profile and assessment of the strengths and weaknesses of the participating O.D. practitioners, and;
- start building a more detailed understanding of the proposed “Narrow Track” activity, and an awareness of the potential benefits to, and commitments required from, the participating O.D. practitioners.

It is hoped that participation in the program’s “*Learning Network*” will lay the foundation for the introduction of a more formal association of South African O.D. practitioners. It is critical that we lead off the program with the building of an O.D. team as a matter of priority. This will not only enhance the quality control of the “Narrow Track” activity, and prepare a pool of technical support for the broader program, but impact very positively on the future of O.D. practice in South Africa.

**c) Identify the participating Grantee CSOs:**

- Preliminary screening with USAID to develop the list of 20 to 30 potential CSO participants (located in three or four clusters) and notifying the relevant CSOs. A first draft list was produced on 20 August, 1999. From this it will only be possible to locate clusters of CSOs in Durban, Gauteng and Cape Town. If four clusters are desirable, then the Eastern Cape, the “neediest province in the country”, will have to be included. The USAID S.O. desks are unevenly represented in the first draft list (S.O.1:19, S.O.2:13, S.O.3:1, S.O.4:7, S.O.5:5, S.O.6:16), and further discussion is needed to “even out” the internal distribution to the desired ratios.
- Conduct a round of presentations/workshops in at least three (maximum of four) key areas to begin the “*Open dialogue*” process between practitioners and clusters of CSOs.

The “*Open dialogue*” process is preferred over three other approaches (Strategic Planning, Issue-based or Blank-slate) considered by the practitioners consulted on 20 August (*see Option 4 on page 14*). Participants will be presented with what has been uncovered as the key issues around sustainability and strategic partnerships.

Organisations will then be asked whether these ring true to their own experiences and if they are indeed the most appropriate points of departure for strategic planning and O.D. intervention.

Within this approach, we are inviting organisations to come to the party where we lay out our thinking, the findings from the research and interviews, USAID biases, etc., and then ask, so do you want to come along? Do you think that what we have identified through the survey are the real problems? Some will say yes, let’s do it, and others may choose not to be part of the process.

- Follow up the process to confirm the actual CSO participants in each of the three to four clusters, and to agree on the overall work-plan for implementation. Participants must not only agree to attending training sessions, but to: Open themselves up to investigation (audit); assign their key leaders as representatives; agree to a predictable and consistent attendance at training sessions; and participate in the monitoring, evaluation and follow-through processes.

**d) On a parallel track (with b. and c. above), work with the pool of O.D. practitioners to confirm their roles and responsibilities and develop an overall work-plan.**

- Invite them to join the “*Learning Network*”. The greatest challenge to these O.D. practitioners will be to develop a holistic approach that takes in the main components of the intervention: Participatory Development, Local Resource Development, Leadership, Management and Administration, and Strategic Planning, along with other ongoing organisational development processes.

The Program demands not only the “traditional” O.D. curricula, but participatory approaches, as well as the more technical or “hard skills” required for effective resource development, communications, image building, effective financial and organisational management.

- Assess the needs for capacity building among the O.D. practitioners themselves.
- Identify outside specialists to supply to the process and train O.D. trainers. Among the CSO practitioners consulted during the design process, the skills found to be lacking across the country are related to participatory development, local resource development and financial management, including subjects such as: Communications, governance, fundraising, marketing, public relations, financial management, negotiations and mediation, and volunteerism.
- In a collaborative effort with the participating O.D. practitioners, develop a preliminary work-plan to guide implementation of the Training of Trainers (ToT) process to enhance the skills and capabilities of the O.D. practitioners.

**e) Conduct program/needs assessment with each participating CSO.**

- Using the criteria developed and the needs identified at the “*Open dialogue*” workshops, assess the particular needs of each CSO, through an auditing process. An example of probing questions is contained in *Addendum E*.

## **4.2 Design Content and Methodology:**

**a) Curriculum design and determining logistics and methods:**

- ***Initial workshop to define:***
  - the menu of training contents, based on the combined assessments of the participating CSOs.
  - the skills of, and gaps in, the pool of O.D. practitioners, and selection of the specialists that will be needed to “fill the gaps” by training the trainers.
  - a work-plan for monitoring and evaluation, mentoring, on-the-job assistance and other follow-on activities
- ***Focused workshop on each key element of the menu to develop curriculum design and protocols for training and technical assistance:***
  - Led by the most capable O.D. “*Learning Network*” members;
  - supported by specialists in the subject areas that have been identified as gaps in the current O.D. competencies;

- and identifying the “clustering” of O.D. practitioners and specialists to satisfy the three to four CSO clusters;
- with the following planned outputs:
  - A refined and detailed menu
  - Details of logistics and methods of delivering the training to the selected CSOs
  - Agreement on who should prepare the curriculum elements on Participatory Development, Local Resource Development, Leadership, Management and Administration, Strategic Planning, and ongoing Organisational Development, with timing and deadlines.
- *Each designated O.D. (curriculum elements) team prepares detailed recommendations for the content, logistics, methods, etc.*
- *Follow up workshop/s for the entire O.D. "Learning Network" to review results and recommendations for each element.*

### **4.3 Work-plan for Co-ordinating the Delivery:**

Once the initial screening and selection of USAID CSO grantees is done, representatives of the organisations in each of the three to four clusters will consult with the “Convenor” NGO staff and the USAID staff. This national “team” could consist of three “Convenor” staff, two USAID staff, and two representatives from each of the clusters. Apart from developing a work-plan together, this “team” will be able to clarify the role of the O.D. practitioners in implementing the activities within each cluster. This will assist the “Convenor NGO” and the O.D. practitioners to develop and implement the work-plans in their assigned clusters. In outline, this process will include:

- a) The "team" develops a preliminary plan.
- b) The "Convenor NGO" consults with the O.D. “*Learning Network*” to agree on specific assignments and the timetable, as well as consulting with the selected CSO grantees to confirm the arrangements for the participants.
- c) The "Convenor NGO" then begins to co-ordinate the implementation of the “Narrow Track” activities.

### **4.4 Training of Trainers:**

Through the activities of the start-up, the dialogue to identify the CSO and O.D. needs, and developing the work-plan, training needs for trainers will be revealed. “Lead” O.D. practitioners will be identified in each cluster region, along with outside specialists for each subject area. It is envisioned that a leading practitioner possibly with the help of a specialist will take the initiative in a team teaching approach to each focus area/topic within each cluster/region. If specialists in each subject are not found in every

cluster/region, available experts will have to be shared across a number of clusters. In this way, the training of trainers will continue “on-the-job” throughout the implementation process.

At least one joint workshop will be conducted before the end of the “Narrow Track” activity, to allow all the interested practitioners to review and share experiences concerning training. They will review all the technical assistance areas and make suggestions for improvements. This extended ToT process should result in a substantial expansion of the number of established and recognised O.D. practitioners available throughout South Africa, each with the capability of providing a higher quality of training in all the focus areas.

Broadly, the training process will:

- a) Develop a criteria “matrix” that identifies level of capacity of each member of the O.D. “*Learning Network*”, to deliver each element of the menu: Participatory Development, Local Resource Development, Leadership, Management and Administration, Strategic Planning, and ongoing Organisational Development.
- b) Provide training by the “leading” O.D. practitioners to the others in each cluster team, supported by the specialists identified for particular elements.
- c) Expand the pool of qualified O.D. practitioners, each with an ability to offer a range of training disciplines that match the needs of CSOs seeking sustainability through strategic partnerships.

## 5. IMPLEMENTATION MECHANISM

Implementation of the “Narrow Track” program rests heavily on the availability and skills of existing O.D. practitioners, at both national and provincial levels. The spread of this availability will dictate the number of CSO clusters the program will accommodate. At the time of investigating existing resources for the development of this program design, the following practitioners and specialists have been identified:

### 5.1 O.D. Practitioners with Some National Capabilities at Present are:

**OLIVE – 21 Sycamore Road, Glenwood, Durban, 4001. Tel: 031 2061534, Fax: 031 2052114, e-mail: [olive@oliveodt.co.za](mailto:olive@oliveodt.co.za).** Training focuses on the development of CSO leaderships and organisation abilities, mainly in the Kwa-zulu-Natal province. Will refer CSOs to other O.D. providers in other provinces if they cannot handle. They are assisting the University of Natal to develop an O.D. curriculum and this could be expanded to include rural community leaders.

**SEDIBENG – P O Box 32286, Braamfontein, 2017. Tel: 011 4033010/1/2, Fax: 011 4031104** Provides short term courses in the form of workshops covering a variety of institutional development needs. Long term training programs are one-year courses in O.D. and Strategic Management, and Management Development. They also provide advisory consultations to CSOs, and have issued two publications, one on *Evaluation* and the other on *Fundraising*.

*\* Based on our interviews and workshops over the past year, and on historical experience, of the established O.D. practitioners Sedibeng would be the preferred convenor and overall co-ordinator. They have an eight-year history (formerly PACT) of capacity building training of the CSO sector in South Africa. They are national in their reach. They have assembled one of the leading and diverse group of both in-house and external local trainers. Their portfolio of work and experience more closely matches the required training elements of the “Narrow Track” program. They have a long history of service to USAID programs, both across the sub-continent and in 16 other (PACT) sites in the world. They have been active participants in the CSSP processes since inception in March 1998.*

**CBDP (Community Based Development Programme) – P O Box 53053, Troyville, 2139, Tel: 011 6242553/4/5, Fax: 011 6243042/3, e-mail: [info@cbdp.org.za](mailto:info@cbdp.org.za)** Is committed to the building of organisational and human resource capacity. They currently focus most (70%) of their training program on Soweto and the East Rand. Intervention is directed at individual organisations. However, they bring together various role-players to promote dialogue around development issues and encourage participants to work together, network and share information.

**CDRA (Community Development Resource Association) – P O Box 221, Woodstock, 7915, Tel: 021 4623902, Fax: 021 462 3918, e-mail: [cdra@wn.apc.org](mailto:cdra@wn.apc.org)** A 12-year-old organisation established to build the capacity of organisations engaged in development and social transformation. Their focus is to facilitate development processes in organisations and individuals, rather than providing expert “solutions” to problems. They provide opportunities for O.D. practitioners to come together at annual forums – Action Learning for Education Workshop and the O.D. Event. They offer a 4-week Fieldworkers’ Formation Course to develop the skills of development workers.

**DEVELOPMENT RESOURCES CENTRE (DRC) – P O Box 6079, Johannesburg, 2000, Tel: 011 838 7504, Fax: 011 838 6310, e-mail: [drc@wn.apc.org](mailto:drc@wn.apc.org)** Has initiated a course on Community Work and O.D., and is thinking of linking this to DevFTI. They are also providing advocacy training, and offering internships, but these have been expensive to maintain.

**BEES Consulting Group (Mr Kevin Kane)– P O Box 2284, Houghton, 2041, Tel: 011 447 6170, Fax: 011 447 6160, E-mail: [Bcg-bees@iafrica.com](mailto:Bcg-bees@iafrica.com).** provides capacity building and technical assistance services to service providers in the micro-small enterprise and training sectors.

**P&DM (Public & Development Management Program) WITS University – P O Box 601, Wits, 2050, Tel: 011 488 5700, Fax: 011 484 2729, [www.wits.ac.za/pdm](http://www.wits.ac.za/pdm)** have been offering a unique Community Leadership Development Programme (CLDP) since 1994, primarily funded by USSALEP (United States South Africa Leadership Exchange Programme). The four-month (140 contact hours) certificated course accommodates 40 people and is offered two or three times a year. If funding were available the CLDP would be offered through the JUPMET partners.

**JUPMET (Joint Universities Public Management Educational Trust) – c/o P&DM** Offers a Programme in Management Development for senior or middle level managers from all departments within provincial government, with initial funding from the Open

Society Foundation. This programme has not got off the ground because the ongoing resources to support it are missing (R6000.00 per student for the 21-day course).

**DEVFTI (The Development Facilitation and Training Institute – University of the North – Edupark) – P O Box 4539, Edupark, Pietersburg, 0700, Tel/Fax: 015 2902833, e-mail: [WhiteC@Leadership.Edupark.ac.za](mailto:WhiteC@Leadership.Edupark.ac.za)** offers a two-week workshop once a quarter for up to 30 CSO leaders at a time, and a two-year Masters in Development Management (introduced in 1998).

**PROVINCIAL O.D. TRAINERS:** Further conversations have identified: Emthunzini in the Western Cape, Tlhavama in Northern Province, Afesis-Corplan in the Eastern Cape and Initiative for Participatory Development in the Eastern and Western Cape, Tsukudu & Associates in the Western Cape.

There are a plethora of individuals or pairs conducting training as CCs or CSOs, or in their personal capacity.

## 5.2 Specialists in Related Fields are:

**AMEDP (Alliance of Micro-Enterprise Development Practitioners) – P O Box 94211, Yeoville 2143, Tel: 011 4039621/2, Fax: 011 4039623, e-mail: [infocoord@amedp.co.za](mailto:infocoord@amedp.co.za)** Are adapting, designing and testing a financial sustainability training course for CSO leaders and trainers. While the pilot is focused on CSOs serving the micro-enterprise sector the intention is to offer this to eventually offer this to a wide spectrum of organisations.

**Ashoka: Innovators for the Public – P O Box 30653, Braamfontein, 2017, Tel: 011 403 3910, Fax: 011 403 3956, e-mail: [jwood14@ibm.net](mailto:jwood14@ibm.net)** have been introducing a local resource development training program to South Africa CSOs over the past eighteen months (two workshops have been held so far). They plan to train 15 local practitioners in resource development training over the twelve month period to September 2000.

**THE CUTHBERT INSTITUTE – P O Box 668, Highlands North, 2037, Tel/Fax: 011 7866749, e-mail: [dlcass@global.co.za](mailto:dlcass@global.co.za)** offers tailor-made Resource Development (Fundraising, Marketing, Public Relations, Self-generated Income) workshops to individual CSO, or groups of grantees across Southern Africa on behalf of donors. It also provides modules of this training through Sedibeng, P&DM and DEVFTI.

**NFFT (The National Foundation for Fundraising Training) – P O Box 94106, Yeoville, 2143, Tel: 011 484 1460, Fax: 011 484 3235, e-mail: [NFFT@Bridges.co.za](mailto:NFFT@Bridges.co.za)** offers a “Certificate in Fundraising Management”. This four module program teaches the principles and techniques of effective fundraising. (They have been seeking someone to take over their program recently.)

**INTEC – SAIF (Southern Africa Institute of Fundraising) – P O Box 2918, Cape Town, 8000, Tel: 021 462 4510, Fax: 021 4615693, e-mail: [info@intec.edu.za](mailto:info@intec.edu.za)** offers a modular distance education certificate entry-level course in Fundraising/NGO Management. In addition SAIF provides informal funding related training at workshops and seminars through its five branches (Gauteng, Northern Province, Kwa-zulu Natal, Eastern Cape and Western Cape), and a bi-annual national convention.

All the O.D. practitioners and specialists who attended the workshops on either 21 May or 20 August have indicated their interest and willingness to participate in the implementation of the program. Once the co-ordinating agency has been installed these practitioners and specialists will have to be interviewed on the basis of the program's criteria and content. Each will need to bid for the area of the curriculum they will be able to deliver, either on the basis of their current expertise ; or on their ability to train others in the selected disciplines, or on their willingness to be trained in selected disciplines.

From this investigation a geographical pattern should emerge. The selected O.D. practitioners will need to meet the training needs of CSOs in each cluster/region. Some national practitioners will agree to undertake interventions in all clusters and some provincial practitioners might confine themselves to their areas alone. The outcome of this sifting process will be to choose a balanced team of practitioners and specialists, in each of the clusters, who will be able to meet the menu of training and services required. At this point the program will be able to confirm its geographical reach, and the CSOs chosen and clustered accordingly.

Looking at the current list, information and identified skills that have emerged so far, the consulting team envisions a shortage in both skills, specialists and trainers in: Communications, governance, fundraising, marketing, public relations, financial management and volunteerism.

**Note: The identification of appropriate specialists, including both qualified local and outside consultants, to orient the work and training around some of these areas, is considered to be a MAJOR issue. Unless there is a specific new orientation, all that is likely to happen is that the participating O.D. practitioners will just get deeper into sharing what they are each doing. This is a potential KILL factor: if not done well, the whole Narrow Track Activity is potentially worthless; but if done properly, it could cost so much that the Narrow Track Activity might not be economically viable. One approach to address this issue would be to have the "Convenor NGO" engage the STTA services of a senior consultant with appropriate expertise to work with a small local team to develop a syllabus prior to the initial workshop(s), and to help identify appropriate specialists for further work.**

The suggested grant/contract approach for the proposed Narrow Track Activity would be a core grant or cooperative agreement with the "Convenor NGO" with a substantial sub-grant component, facilitated through a separate Contracting Support Unit (like Creative Associates is now used in the Local Government Support Program) to engage the various participating O.D practitioners, and to cover the travel, logistics and related costs of the targeted CSOs.

## **6. IMPACT INDICATORS**

**Note:** The consulting team will need some help from MACRO Evaluation Specialists and the USAID S.O. 1 team to set up the appropriate indicators for measuring the impact of the "Narrow Track" program. Impact or improvement in the relevant skills and capabilities of both the participating O.D. practitioners and the selected CSO grantees should be evaluated. The indicators will also be scrutinized and developed at the first meeting of the "Learning Network". One of the constraints

will be the variety of starting points at which each O.D. practitioner and CSO enters the program. Initial interviews will have identified the particular needs of each O.D. practitioner and CSO, and these will have to be overlaid on the skills and capabilities relevant to sustainability, identified by the overall program design.

Indications of impact will therefore focus mainly on the following areas:

***Participatory Development Processes:***

- Constituency driven mission and governance
- Experience in participatory approach to service delivery
- Communications (internal & external)

*(A base-line will have to be created against which “ideal” standards are set for each of these three elements. Each CSO will have to be “scored” against each standard before the intervention processes begin. A similar scoring or rating exercise could be taken mid-way through the program to pick up weak areas needing focused attention. An end-of-program rating will be applied to report on progress against the standard criteria.)*

***Local Resource Development:***

- Volunteers
- In kind, cash contributions
- Any other income generation

*(A Fundraising Readiness check – see an example in Addendum F – could be applied at the start and again at the end of the program. The statistical progress will be collected from the accounting records in each CSO – making allowance for observations of incremental growth as opposed to business-as-usual income.)*

***Leadership, Management & Administration:***

*(Indicators being established for the Broad Track CSOs can be applied in this program)*

***Strategic Planning and on going organisational development processes:***

*(Indicators being established for the Broad Track CSOs can be applied in this program)*

## **7. MONITORING AND EVALUATION**

- a) The “Convenor NGO” (with help from designated O.D. “*Learning Network*” members) will form a “panel” for monitoring and evaluating each element of the menu.
- b) At least one member of the panel should be present at each implementation activity. There should be a standard format for evaluation, documentation, and behaviour in all activities.

- c) Workshops should be organised with all the relevant O.D. “*Learning Network*” members to review results of each element and have input into the report from each panel.
- d) Final output: A detailed “how to” manual for each element

**8. TIMING – allow eighteen (18) months (see chart below)**

- **Start-up - 6 Months;**
- **Design and implementation – 12 Months (overlapping with Start-up);**
- **Monitoring and evaluation – 6 Months.**

**PROPOSED TIMING OF THE “NARROW TRACK” ACTIVITIES**

STEPS	1 <sup>st</sup> Qtr.	2 <sup>nd</sup> Qtr.	3 <sup>rd</sup> Qtr.	4 <sup>th</sup> Qtr.	5 <sup>th</sup> Qtr.	6 <sup>th</sup> Qtr.
<b>1. START-UP</b>						
- Recruit O.D. Practit.	█					
- Identify CSOs	█					
- Develop Work-plan		█				
<b>2. DESIGN:</b>						
- Initial Workshops		█				
- Prepare the contents			█			
- Follow-up Workshops			█			
- Train the trainers			█			
<b>3. IMPLEMENTATION:</b>			█	█	█	█
<b>4. MONITOR &amp; EVAL.</b>					█	█
<b>5. TRANSFER - Br.Track</b>						█

## 9. TRANSFER TO THE BROADER TRACK

This “Narrow Track” activity is an important proving ground for critical capacity building elements of the broader program. Therefore it is necessary to design and support the “Narrow Track” program in such a way as to facilitate replication, transfer lessons learned, and impact the longer term effectively. This starts with careful attention being paid to the criteria developed for the “Narrow Track” intervention. It also means that USAID should pay careful attention to the choice, sector representation and screening of the selected CSO grantees.

Another important consideration is the fact that the necessary capacity, both in design and content of training and technical assistance, and the delivery capability of the existing O.D. practitioners, simply does not exist in South Africa. The ability to address the O.D. and capacity building needs of CSOs who are likely to be involved in the broader program must be enhanced.

Several elements of this “Narrow Track” program design have been selected to be strengthened, so as to make specific contributions to the broader program. These include:

- the establishment of an O.D. practitioner “*Learning Network*”;
- the whole approach to developing an expanded pool of O.D. practitioners, with enhanced capacity to deliver those areas of training and technical assistance relevant to strengthening strategic partnerships and CSO sustainability;
- the strong emphasis on the documentation, monitoring and evaluation process to generate useful information and lessons learned.

The physical transfer of the experiences and skills from the “Narrow Track” to the “Broad Track” is likely to include:

- The element reports are received and evaluated against the original design and methods;
- The experiences and results are documented and made available for dissemination among the participants in the “Broad Track” Program, and the wider O.D. and CSO community.
- Materials, manuals and methods developed and proven in the “Narrow Track” will be built into the “Broad Track” Program as identified.
- A group consisting of representatives of the “Convenor NGO”, and leading O.D. practitioners out of the clusters could be used to assist in the “open dialogue” with any needs assessment being conducted with CSOs being considered for capacity development under the broad program;
- A reference group, similar to the above, could participate in the monitoring and evaluation of the broader track program, as well as assisting in the application of the lessons learned from the “Narrow Track” activity.

## 10. BUDGET FOR 18 MONTH PROGRAM

STEPS	ACTIVITY	COST US\$
1. Hire "Co-ord. NGO"	R20 000 monthly retainer for 18 mths:	60,000
2. "Open dialogue" w/shops	Four x 2 day w/shops for 20 attendees each (15 CSO reps plus 5 O.D. reps):	13,500
3. O.D.Prac./Special. w/shops	Four x 2 day w/shops for av. of 10 each (select teams per cluster)	8,500
4. CSO needs assessments	1 ½ days per 30 CSOs in 4 clusters:	15,000
5. Team building/group meetings	<ul style="list-style-type: none"> <li>* Two-day intro.meeting with reps. – 6 per 4 clusters: 20,000</li> <li>* Two-day O.D. team building workshop, choose nat. oversight: 20,000</li> <li>* 5 "menu element" 3-day w/shops, with 5 people per element: 33,500</li> <li>* 1 curriculum content approval 2-day w/shop (30 people): 25,000</li> <li>* Quarterly 1-day review meeting for national team (10 people): 25,000</li> <li>* 1 X 2-day evaluation w/shop: 10,000</li> </ul>	
6. Designing N.T. elements	Design team, materials and manuals for 5 main elements:	80,000
7. Train the Trainers process	Say 10 people to be trained per cluster of 4:	167,000
8. 12 Months implementation	Based on 30 CSOs (5 people per CSO), and 5 O.D./specialists per 4 clusters (15 people per cluster) @ R100 000 per CSO:	500,000
9. Monitoring & evaluation	Three visits to 4 clusters by panel of 10 people over 12 months, and preparation of Report:	167,000
10. Transfer to "Broad Track"	"Learning Network" meets with B.T. leadership for 2-day w/shop (50 people);preparation of mater-ials for transfer documentation:	25,000
TOTAL:		US\$1,169,500

**ADDENDUM A**

**USAID O.D. WORKSHOP - 21 MAY, 1999  
PARTICIPANT LIST**

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**Institutional Strengthening to Enhance Sustainability  
of South African CSOs**

**A consultation with Organisation Development practitioners**

**Johannesburg. May 21, 1999**

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**Facilitators: Joseph Thomas and Gavin Andersson**

**Report by SASS cc**

## **1. Introductions**

Participants introduced themselves, stating their names and organizations and giving a brief account of their area of work and expectations from the day's proceedings.

## **2. Background and Context – Gavin Andersson**

Gavin outlined how the current initiative had started in 1998, with Joe Thomas being commissioned to help USAID look at the issue of sustainability, and specifically what support was appropriate to its grantees. One of the first points he made was that sustainability could be thought of on three levels, namely:

- i. Sustainability of individual organizations;
- ii. Sustainability of activities and
- iii. Sustainability of the NGO sector itself.

Two key challenges arising from Joe's recommendations were:

- That USAID helps sustain the NGO system, not just individual partner organizations;
- Acknowledging that sustainability involves more than financial issues.

As a result of these recommendations USAID had commissioned further work, to see how it could most usefully support the NGO sector. DRC had agreed to be part of the consulting team since it was very comfortable with the conception of sustainable organizations that underpinned this work, and intrigued by a systems view of the sector. Amongst other things sustainability was seen to involve:

- The need for adequate direction by the development constituency; and implicit in this the understanding that a key strength of NGOs is fostering participation;
- Establishing appropriate relationships with others in the sector;
- Effective programming and communication of impact.

During the last few years several of those participating in this workshop had shared insights about sustainability, and in one case a group of OD practitioners worked together over several months to develop a framework for supporting organizations towards sustainability. DRC viewed this USAID consultancy as an opportunity to continue this work, building a common understanding of what was required to make organizations sustainable and the NGO sector stronger. During this workshop, the concepts on which the sector-strengthening approach was based would be presented and tested in discussion; and participants might find that an important aspect had been neglected or that they disagreed with some of the arguments. Since there remained a need for USAID to offer support to individual grantees within any framework of sectoral sustainability, the workshop would also devote some time to considering the OD implications of the views advanced.

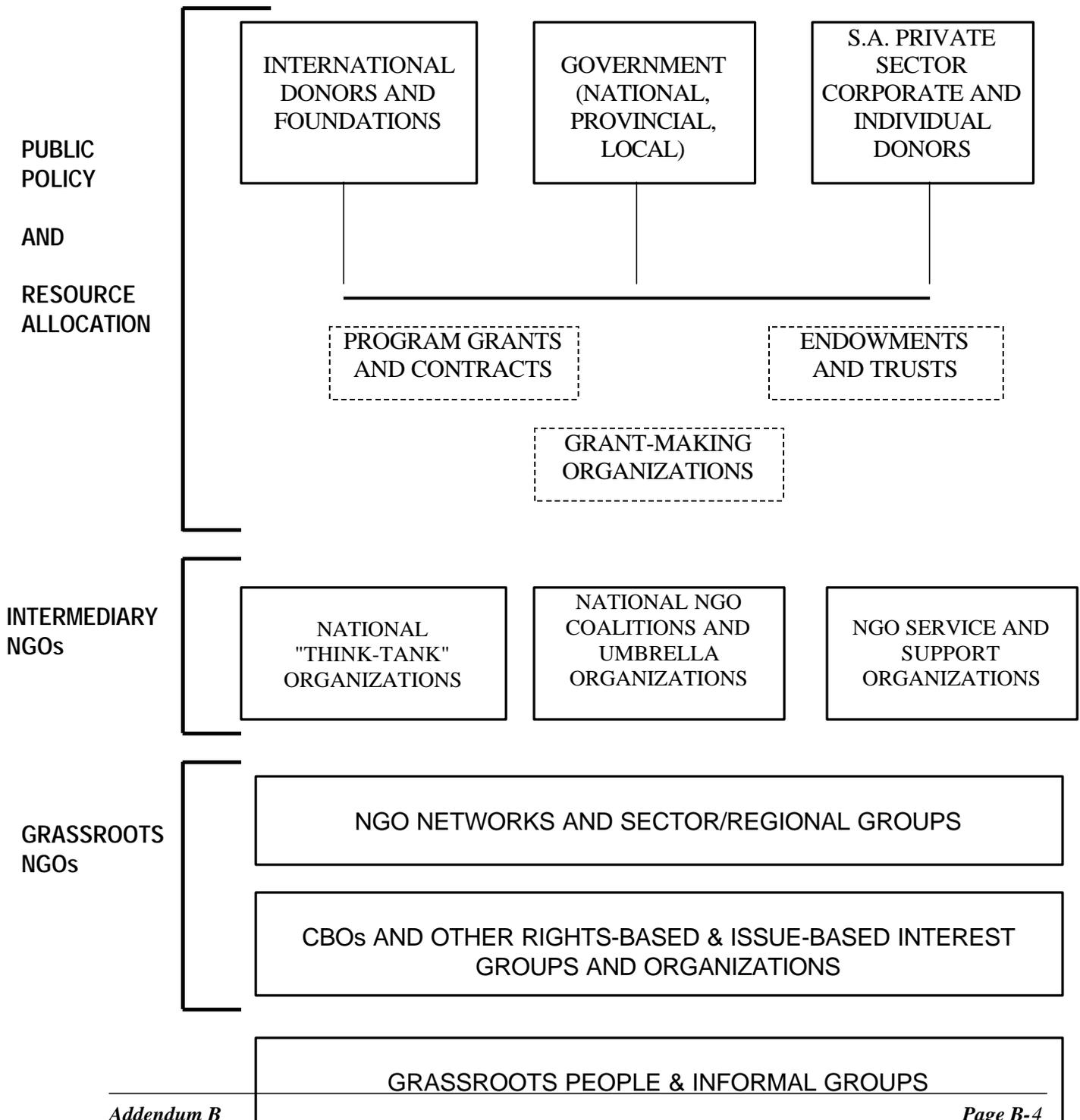
The group then shared some insights about NGO sustainability.

- Not just a financial issue
- Linked to capacity building
- Differs according to the sector or area of work
- Includes sustainability of ideals, work activities, values and beliefs, not just the organisation
- Sustainability is still not clearly defined – it has various components and involves interaction with many stakeholders – hence the approaches are scattered
- Part of resource development as a whole
- Affected by poor or ineffective leadership in NGOs
- Donor funding is needed to help organizations strengthen their capacity

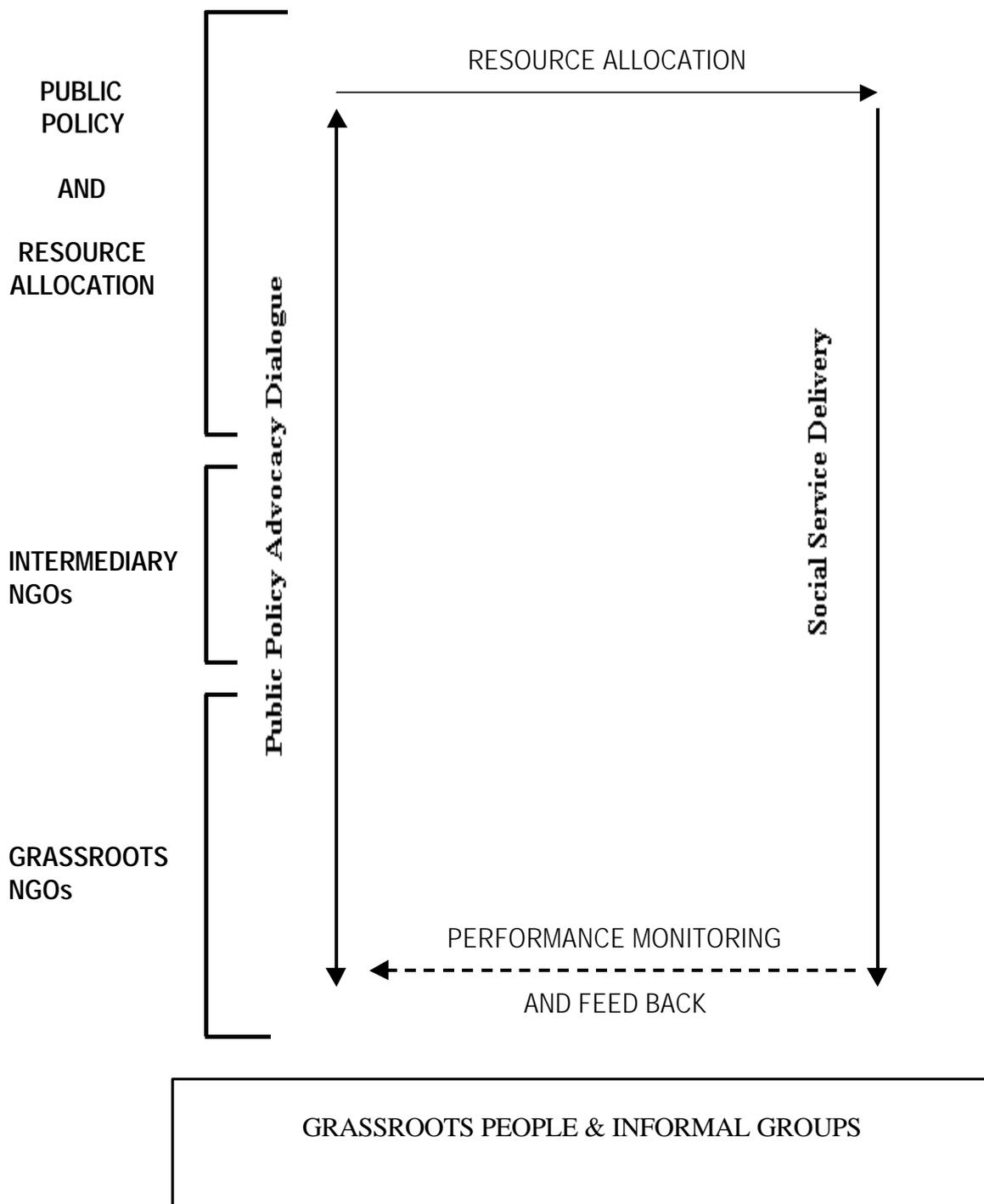
### 3. Concepts Presentation

Gavin Andersson presented the concepts and assumptions underpinning the discussion of sustainability. He asked participants to provide critical feedback, on conceptual inadequacies or missing elements. The concepts are summarized in the following charts.

**CHART I: KEY ELEMENTS OF THE NGO SYSTEM WITHIN THE CONTEXT OF THE LARGER CIVIL SOCIETY SYSTEM**

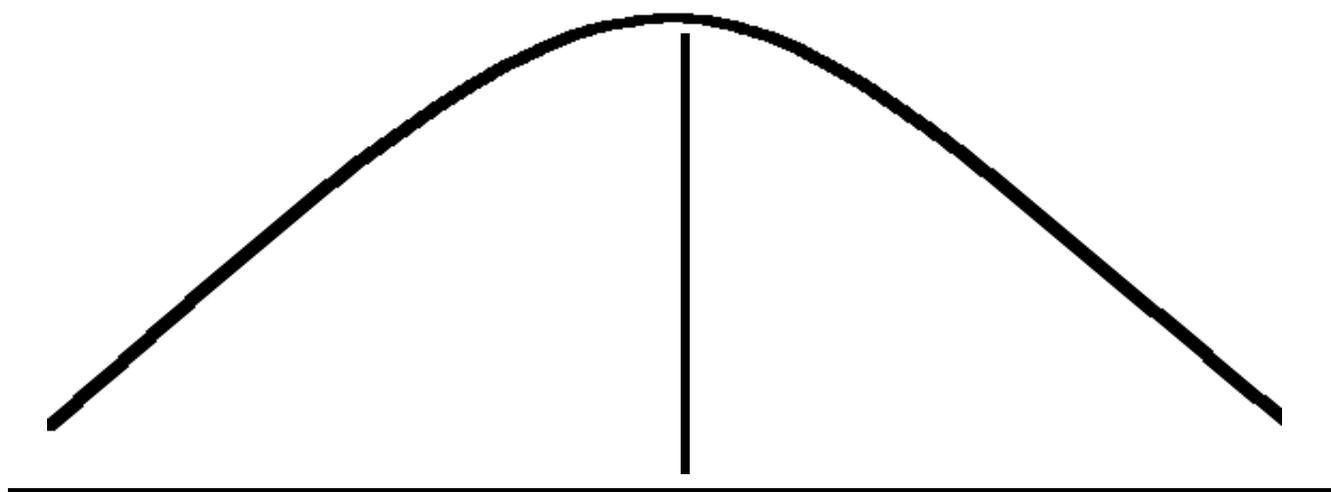


**CHART 2: DUAL ROLES OF THE NGO SYSTEM IN CIVIL SOCIETY AND THE FLOW OF COMMUNICATION AND RESOURCES WITHIN THE SYSTEM**



**CHART 3: RANGE OF MISSION/PURPOSE OPTIONS FOR NGOs**

POLICY ANALYSIS AND ADVOCACY			SOCIAL SERVICE DELIVERY				
	Policy	Rights-Based	Capacity Building		Support and Facilitation		Direct
"Think-Tanks"	Dialogue Support and Facilitation	and Interest Group Advocacy	Info-Exchange	Training & T.A.	Tenders	Service Delivery	Service Delivery



**"PURE"  
POLICY  
ADVOCACY**

**"PURE"  
SERVICE  
DELIVERY**

**CHART 4: INVERSE RELATIONSHIP OF DEVELOPMENT AND DIRECT COST RECOVERY AND THE CORRESPONDING GOVERNMENT/DONOR SUBSIDY REQUIRED**

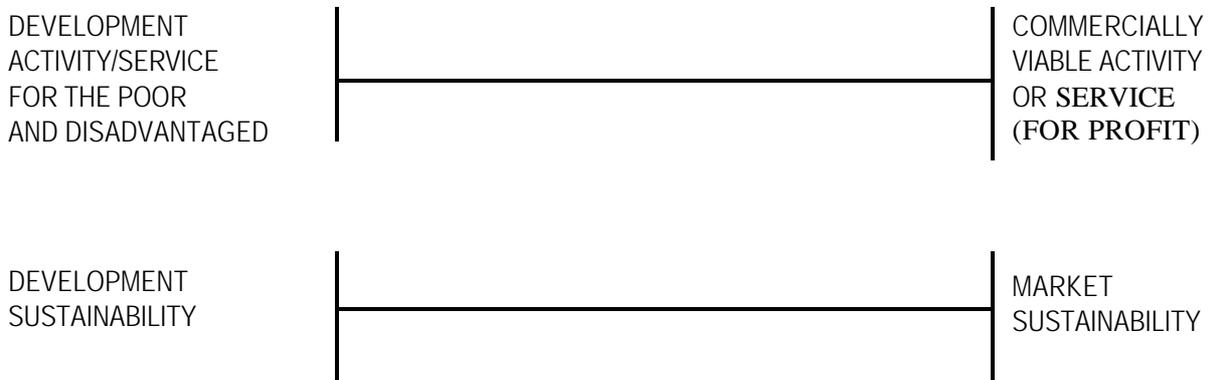
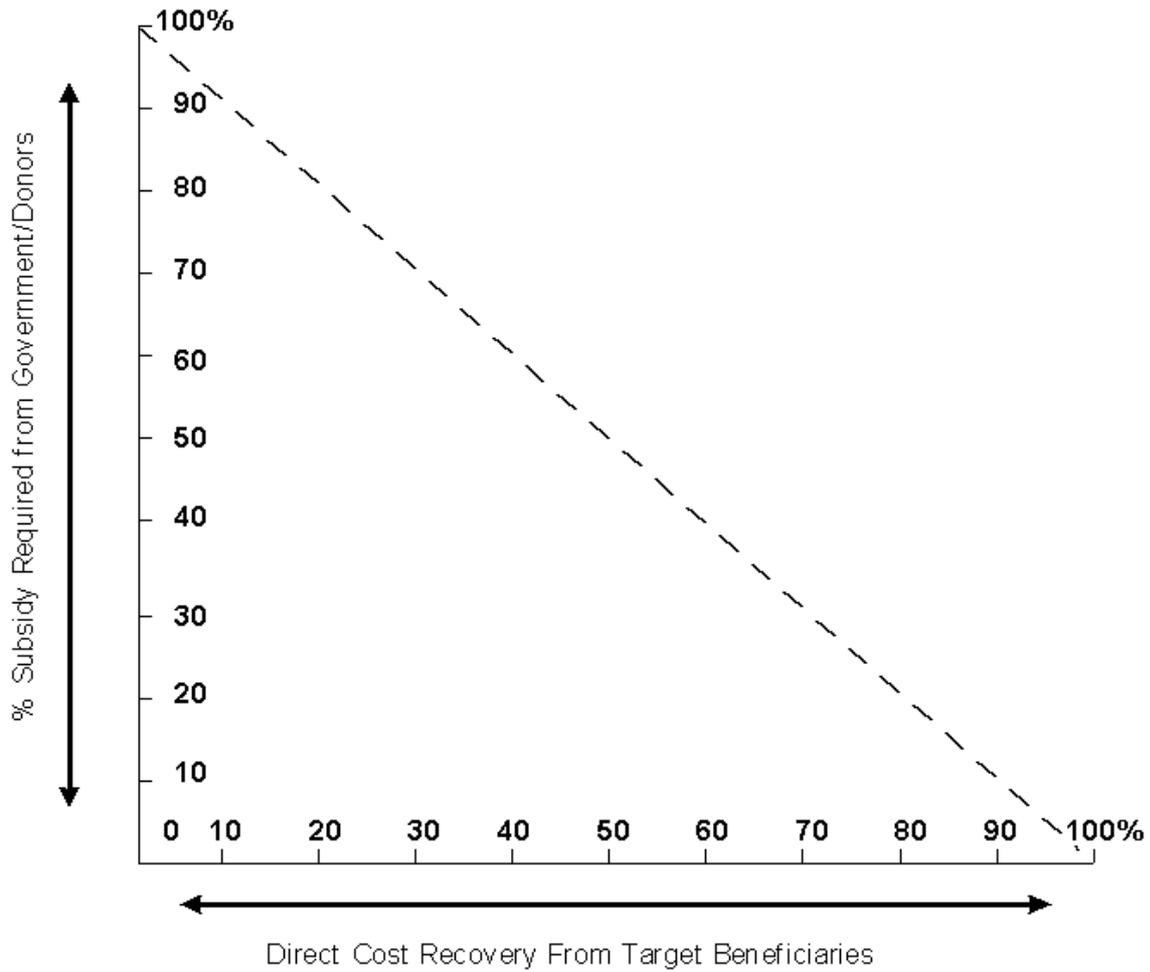
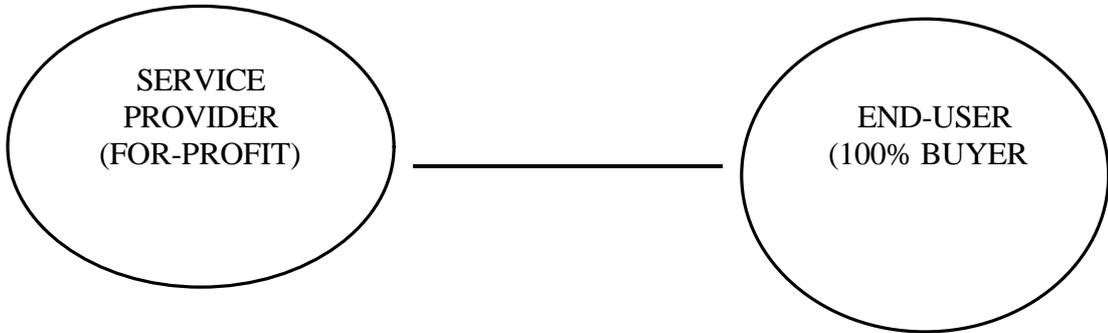
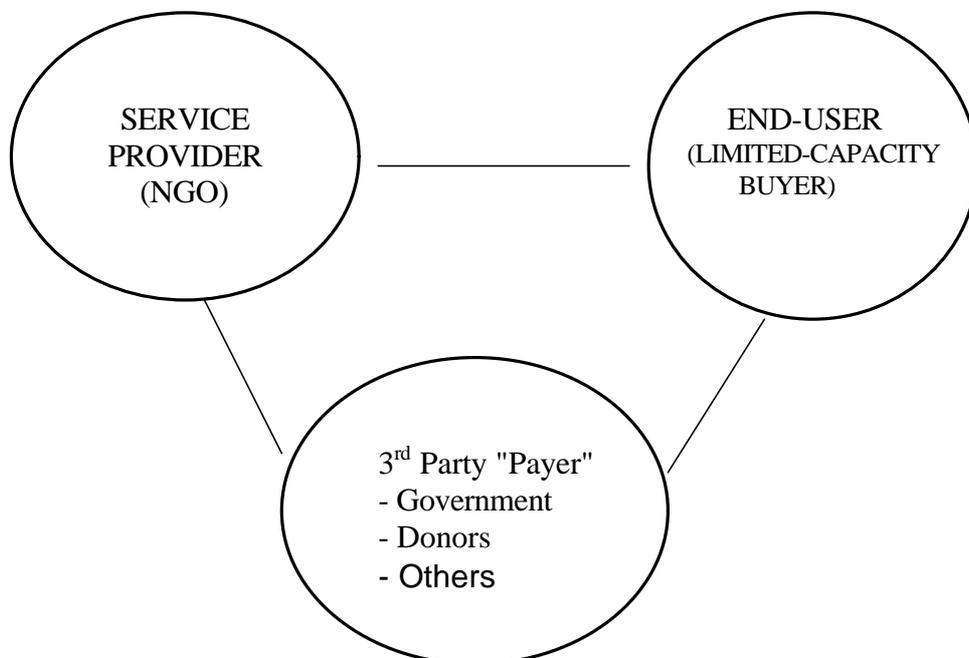


CHART 5

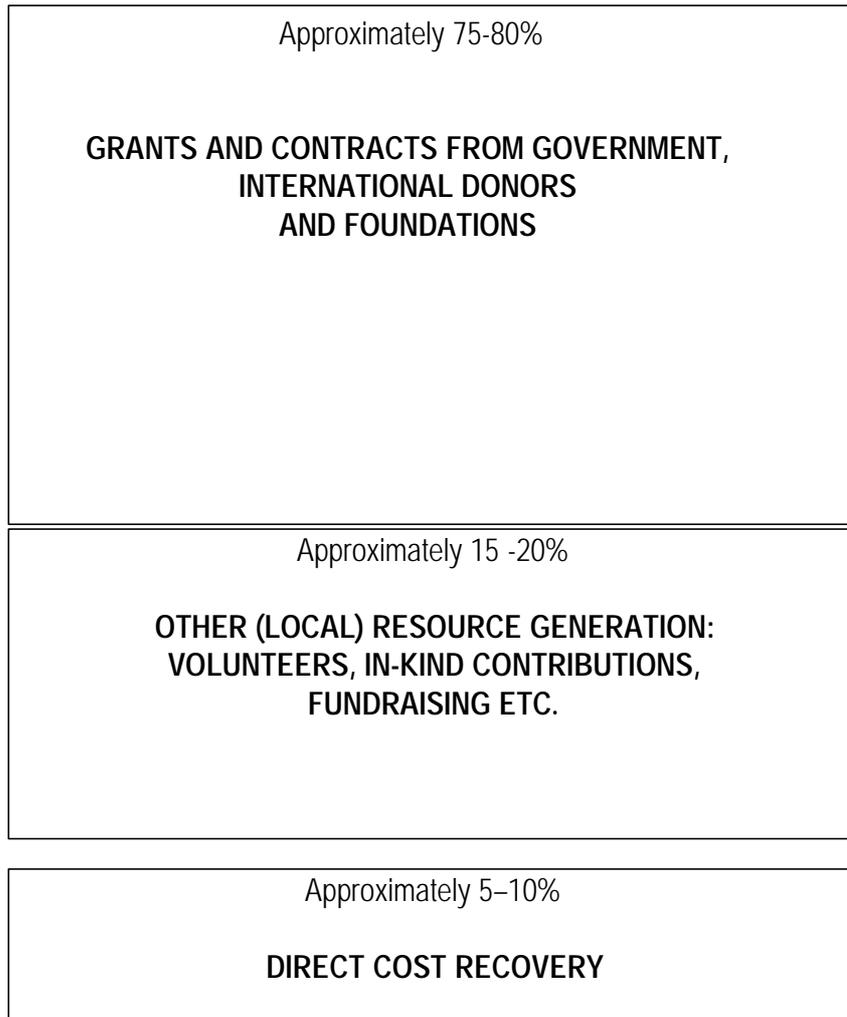
**COMMERCIAL TRANSACTION**



**DEVELOPMENT ACTIVITY/SERVICE**



**CHART 6: ESTIMATED PERCENT OF OVERALL INCOME BASE FOR EACH POTENTIAL INCOME SOURCE**



## **UNDERLYING ASSUMPTIONS AND PREMISES**

### **3.1 THE ROLE OF THE SYSTEM IN CIVIL SOCIETY**

NGOs (including grassroots organizations known as CBOs in South Africa) play an important role in civil society by facilitating the flow of communication and resources between the people and the public and private sector decision-makers. See Chart 2.

NGOs offer an especially valuable contribution to participatory development programmes that impact on people and needs at the local level. Their contribution in stimulating participation of citizens in matters that affect their lives can be argued to be the single most important strength of NGOs.

Therefore, enhancing the capacity and sustainability of the NGO system, strengthens civil society and enables NGOs to be more valuable partners in participatory development programmes.

### **3.2 PROMOTING NGO SUSTAINABILITY WITHIN THE CONTEXT OF THE CIVIL SOCIETY SYSTEM**

NGOs function within a dynamic and interactive system at the core of civil society. See Chart 1.

The broad range of mission/purpose options for NGOs provide individual flexibility and responsiveness but increase their collective inter-dependency. See Chart 3. (Significantly, very few organizations play the role of ‘pure’ advocacy organizations, or service delivery agencies – each of these roles indeed requires a substantial resource base. Instead most NGOs perform a combination of social service delivery and policy advocacy tasks.)

Therefore, any strategy or intervention to promote NGO sustainability should be viewed within the context of this system. It is not necessary to implement a comprehensive strategy to address all components in the NGO Sector, but only to ensure that each strategy or intervention will have an overall positive impact on the system.

Activities which nurture and support the NGO system will be those which stimulate the flow of communication and resources throughout the entire system.

### **3.3 ENHANCING THE CAPACITY AND SUSTAINABILITY OF INDIVIDUAL CSOs**

CSOs involved in development for the poor and disadvantaged will always require substantial government and donor financial support. (See Chart 4.) The current push for NGOs to become financially self reliant from sale of services is thus misplaced; in most cases this drives them away from their original mission and service to their development constituency.

Whereas in commercial transactions the end-user pays the cost of services provided, a third party usually finances development activities. (Chart 5). It follows that key to an NGO’s survival is the ability to demonstrate that it is ‘a good partner’: that its programmes are driven

by constituency needs, that it has significant impact, is well managed, and financially and socially accountable.

A survey of NGOs working with the poor in South Africa and Latin America that are held to be strong, and well on the way to sustainability, reveals surprising results. (Chart 6. This survey is rather 'rough and ready', since NGO accounts are not always structured to provide accurate information about local resource generation). The amount of direct cost recovery from 'clients' is rather low on average. However there is invariably a significant amount of local resource generation through volunteer contributions, in-kind donations and local fundraising drives. It can be inferred that a key to leveraging grants and contracts is demonstrated support and involvement of those most closely affected by an organization's programmes. Viewed from another perspective, Government agencies and donors are increasingly using a competitive process to select the most effective and efficient CSOs for service delivery. CSOs can bring significant 'value added' to these development partnerships through their unique ability to mobilize grassroots participation and local resources to complement government/donor support.

### **3.4 THEREFORE, STRATEGIES AND INTERVENTIONS TO BUILD CAPACITY FOR SUSTAINABILITY IN CSOS SHOULD FOCUS ON THESE GENERAL CHARACTERISTICS:**

#### **Constituency – Driven Governance and Mission**

As noted at several points above, the ability of NGOs to play a role in service delivery or policy advocacy is directly related to the strength of the relationship with their development constituency and the relevance of their work to this constituency.

#### **Capacity, Efficiency and Productivity**

Demonstrated competence in its field of work is central to an organization's viability; and it has to pay attention to wide communication of this competence, and its developmental impact. Organizational effectiveness depends on an array of factors, and a comprehensive and holistic approach to capacity building is thus required. The organisation needs to be able to demonstrate that it is not only effective but also efficient, using resources well.

#### **Economic Viability**

As noted above, economic viability relates not only to covering costs through sale of services to the development constituency, but also to generating other resource flows. It also implies cost-effective strategies, and a thorough understanding of the direct and indirect costs of each activity.

#### **Access to Networking and Support Services**

For any NGO to perform well in its chosen role it will have to be positioned to access information and inform the broader social discourse. This depends on the interactions and networks it builds with a range of social actors. Its programming as well as internal strengthening will similarly require support from other agencies.

### **3.5 Discussion and Debate on presentation**

Discussion tended to follow the order of the presentation of charts.

#### **Charts 1 & 2:**

The challenge is to include all players in the discussion on sustainability. The roles of NGOs and CBOs are seen broadly as being:

1. to facilitate social service delivery and foster participation so that communities become actively involved in development programmes affecting their lives;
2. to increase citizens' ability to influence policy dialogue; and
3. to serve as intermediary organizations that act as channels for communication.

A key point in defining sustainability is identifying at what point you can turn an activity around from being highly subsidized to being more self sufficient in the mainstream economy. The most effective collaboration for service delivery is partnerships – between people and various agencies. NGOs by nature foster participation – this is key to their value to citizens, Government, the private sector and development agencies.

#### **Chart 3:**

There is a broad range of missions/purposes for CSOs. These provide individual flexibility and responsiveness, but also increase collective inter-dependency. Very few organizations are able to mobilize sufficient resources to specialize in service delivery or, at the other end of the spectrum, advocacy. Most engage in a range of activities on the scale. It is muddled thinking to suggest that “NGOs should restrict themselves to their work and leave policy discussions to the politicians”.

#### **Chart 4:**

NGOs involved in development work that focuses support on poor and disadvantaged communities generally have to rely on donors. They need to position themselves to be an attractive partner for governmental or private development agencies by:

- being able to do the job/function properly;
- ensuring community participation in and ownership of the process;
- displaying ability to leverage money;
- displaying ability to compete in key areas – planning, strategic thinking, forging partnerships, etc.

One thread of discussion queried what is meant by NGOs being competitive? Doesn't this contradict the principles of partnership and collaboration? Is it in the interest of NGOs to be competitive – and are not the worst examples of NGO behaviour associated with competition for donor support? In response it was suggested that the challenge here was not to be competitive in the market sense, but more in terms of being efficient in the NGO sector. For any organization sustainability means how it positions itself in terms of the market and how it prices itself. Further, NGOs need to show that their work directly supports processes.

#### 4. Focus on OD Intervention

The facilitator asked participants to focus on what the implications of the concepts were for OD practice. The group listed issues and points that it felt needed to be discussed, and then dealt with each of these in a wide-ranging conversation. The discussion tended towards a self-critical examination of current OD practice in the South African NGO sector.

##### PROFILE/IMAGE VS. REALITY

– ACCOUNTABILITY, EVALUATION, OD & CAPACITY BUILDING.

Positioning of the organization – who drives the agenda? An NGO should affect the policy and implementation agenda (and specifically what should be funded!) through its understanding of what is needed, arising out of its work and relationship with the communities it serves. However, organizations often position themselves according to what money is available, and so stray from their area of focus. In this condition they are generally rather poor participants in the policy discourse.

Positioning is ideally a product of the CSO's relationship with all of its stakeholders. One implication for OD intervention is to help the organisation to examine the perceptions and demands of different stakeholders and so enable it to make the relevant adjustments to its programmes and stance.

Further, OD practitioners tend to underplay their knowledge of issues, viewing themselves as 'process' consultants and so not responsible for bringing information to their client. They may have knowledge of other structures or initiatives, e.g. in the corporate sector, but do not share this and therefore 'betray' the strategic positioning of the organization. There is a real need for consultants to view each of their interventions in the context of sector-wide dynamics. Where they assist an organisation in establishing planning, monitoring and evaluation processes, it would be useful to do this with the NGO system in mind.

A question was asked about whether OD consultants generally help clients to set forward a comprehensive OD plan looking at all aspects of an organisation for a period of years. The response was that this seldom occurs. First, organizations tend to look for OD support in situations of crisis, or in the context of an external evaluation commissioned by a donor. Few NGOs allocate adequate budget resources for ongoing OD. Second, and linked with this, consultants often do not give enough time to organizations, and tend to offer short term, quick fix solutions rather than longer term strategies for capacity building. (It was remarked that there has also been a proliferation of small consulting operations, and that some of these enterprises did not maintain adequate professional standards; many NGOs were badly served by such consultants).

A view was advanced that there is a difference between OD and Organisation Transformation: the extent of change required by the organization. OD involves strengthening and training whilst OT means fundamental shifts for the organization. It is this process that may be funded,

usually because the organisation is in some difficulty. The constraints of OD are that it is an ongoing process and commitment is difficult to get for long-term intervention as this has funding implications. As a way to deal with this problem, OD intervention should help an organization to access sources of funding and make the necessary shifts to optimize support. This implies the ability for information to flow across the sector – about issues like the kind of grants available, as well as about those who are good OD practitioners, amongst other things.

#### OUTPUTS – MONITORING AND MEASURING WORTH OF AN OD INTERVENTION

The discussion flowed naturally into a reflection about the extent to which OD interventions were helpful to client organisations. It was felt that there was seldom evaluation around the consequences of any intervention, but rather how the organisation felt about the process at the time. Another participant suggested that it is very difficult, perhaps impossible, to isolate the effects of an OD intervention for evaluation. It is better to look at the overall strategy adopted by the client and the way that it has adapted to changing conditions so as to optimize its impact.

There was some level of agreement that a common feature across the sector is that OD practitioners tend to have competence in only a few areas of specialization, or a particular approach to OD. Each consulting assignment is then designed from the perspective of the tools available (“when you’re a hammer every problem looks like a nail”). However this is less than adequate if client organisation needs are to be met; in almost every successful intervention ‘technical’/skill elements need to be meshed with process elements. Out of this discussion, two needs were discerned for the OD sub-sector to perform optimally. There needed to be more inter-organizational collaboration so that a full range of services and expertise could be made available to clients. (It was noted that many organizations are willing to cooperate and collaborate, but lack systems to do this well.) The OD sub-sector would also benefit from focused capacity building, especially in some of the areas referred to in the discussions around sustainability (specific examples given were the issues around managing volunteers and assisting an organisation to set up systems to track its overhead costs).

#### CAPACITY – VOLUNTEERISM

Volunteerism is not widely appreciated. Volunteer work needs to be costed; this work is a real contribution and a value should be placed on it that is equal to what it would cost if you were to pay for the service. Volunteers needed in the sector are ideally skilled professionals – not cheap, inexperienced labour as is so often the practice in South Africa. NGOs need to include the drawing in of volunteer support in their strategic plan. The steps should be taken as if recruiting an employee, except that s/he will not be paid. It is harder to manage this effectively when volunteers come to the organisation hoping that unpaid work will lead to a full-time job.

People working without income is one good way to get a community to contribute towards its own needs.

#### RELATIONSHIPS AT ALL LEVELS. HOW DO ALL PARTNERS ‘WIN’ IN THE PROCESS?

It is clear that progress has been made in the last few years in terms of creating a better legal environment, and more slowly, in improving the tax laws. Beyond the legal environment, how do government and other agencies see the sector? This is critical to the relationship between the sector and government. It would appear that there are differences in perception at different levels of government; while some officials welcome interaction with the sector others scorn it. The sector still has a lot to do to create the conditions for partnership.

Following the framework outlined, it could be said that NGOs, private sector and government are inter-dependent. The question is how do they work together? Focus should be paid to the best way to structure the relationship. The relationship should encourage exchange and learning from each other's practices. This seldom happens at present. As it is, it seems that most 'partnerships' are forged for convenience – and from the side of the NGO sector, largely to secure funds. The power of the donor then plays a role in actual implementation. Is there a resistance to real partnership? What are the structures that put up this resistance – cultural, political?

In reflecting on this, participants pointed out that inter-dependence assumes an individual independent state and ability to negotiate inter-dependent relationships. How we define and determine our own independence affects how we relate to donors or other social actors. Independence in this context means as a minimum having a good product (or service) and a known demand for that service or product. Too few NGOs are sure enough of themselves to approach partnership with confidence. In this situation they may revert to a stance of shrill critique 'from the outside' rather than trying to make partnerships work.

#### ORGANIZATIONAL PHASES AND SECTOR PHASES?

Participants argued that if organizations go through phases, then it could be said that so too does the sector. When you look at the sector as a whole you see the links between the sector development and the way that NGOs have positioned themselves. This is largely determined at the moment by the way that various donors determine priorities for the sector. NGOs need to learn how to transform themselves whilst implementing programs, and at the same time be able to adjust to shifts in the environment.

In response to this discussion, Gavin introduced a framework for thinking about the strength of the sector, or its level of development. He also presented his *assessment of the situation* under each of the aspects considered.

## NGO SUSTAINABILITY INDEX

The Index is a tool to gauge the strength/progress of the South African NGO Sector in the broader context of the Civil Society 'System'. Five aspects of the sector are examined, but the lines between these five aspects can blur and strength/progress in different aspects is often inter-related.

**4.1 Legal Environment:** The legal environment dictates what non-governmental organizations are allowed to do. Factors shaping the legal environment include the ease of registration, the legal rights and conditions regulating NGOs, and the degree to which taxation, procurement, information and other laws and regulations benefit or deter NGOs effectiveness and viability. The extent to which government officials, NGO representatives and private lawyers have the capacity to work within and improve the legal and regulatory environment is also an essential element.

*The NPO Act has certainly improved the legal environment for NGOs, although it has not yet been tested to see if improvements can be made over time. The tax regulations have not yet shifted. SANGOCO has worked hard to see shifts in the tendering procedures so that they are NGO-friendly. The general climate is not hostile to lobbying by NGOs to improve conditions.*

**4.2 Organizational Capacity:** The organizational capacity of NGOs determines what they are able to do. One aspect considered is whether there is a presence of an indigenous infrastructure to support NGOs, such as a body of information and curricula on the not-for-profit sector and a core of professionals who are experienced practitioners and trainers of NGO management. The second aspect considered is whether a core group of NGOs exists which boasts well-developed structures and capacity.

*The advent of SANGOCO and other sectoral bodies (USN, NLC, IPD and others) has significantly strengthened the sector. While there are a few strong organizations specializing in NGO training and OD, the overall capacity is tiny as compared to the scale of need in the country. A few tertiary institutions now start to offer courses relevant to the sector.*

**4.3 Financial Viability:** Factors influencing the financial viability of NGOs include the state of the economy, the extent to which philanthropy and volunteerism are being nurtured in the local culture, as well as the extent to which government procurement opportunities are being developed. The sophistication and prevalence of fundraising and strong financial management skills is also considered, although this overlaps with the organizational capacity angle described above.

*The sector is still maintained largely through external funding (private foundations, governments, churches). Work in South Africa (e.g. by the Non Profit Partnership, SAGA, Community Foundations initiative) to stimulate local philanthropy and support for the sector has not yet achieved significant breakthroughs. Fundraising and financial management skills are not strong through the sector.*

**4.4 Advocacy:** The advocacy aspect looks at NGOs track record in influencing public policy. The prevalence of advocacy activities in different sectors, at different levels of government as well as with the private sector is analyzed. The extent to which coalitions of NGOs have been formed around issues is considered. The use of the media for advocacy work overlaps somewhat with ‘public image’, described below. Freedom of fear of persecution is a decisive external factor.

*NGOs have demonstrated ability to influence public policy, as is shown by the NPO Act, the Child Maintenance issue, the War on Poverty, and several other issues. There has been little advocacy activity addressed to the private sector. A verbal attack by President Mandela on NGOs resulted in a forthright response by SANGOCO (and outrage from SAIRR & others) so that the issues were resolved and Government gained increased understanding of the sector and its role. The overall climate for advocacy work must be seen to be very good indeed, although the sector’s skill in this regard can certainly be improved.*

**4.5 Public Image:** The public image of NGOs is broken down into the extent and nature of the media’s coverage of NGOs, the awareness and willingness of government officials to engage NGOs, as well as the general public’s perceptions of the sector as a whole. The public image of NGOs is influenced by the transparency and accountability of NGOs, (which is considered in ‘organizational capacity’).

*The sector has an exceptionally poor media image. (The predominant treatment ranges from a portrayal of NGO incompetence to isolated stories about corruption). It has been unable to influence the mainstream media perception about development and NGOs. For eighteen months the intentions of the promoters of the NPAct were grievously misrepresented through the press. A large percentage of the population remains oblivious to most of the work undertaken by the sector. The few good publications that exist (OD Debate, Development Update, Reconstruct) reach only a tiny development elite. Most writing about development consists of reports on concluded events, rather than stimulating thinking and organisation.*

STAFF AND SKILLS RETENTION – LEADERSHIP DEVELOPMENT,  
CONTINUITY

There has been a continuing drain on the human resources of the sector over the last years, while there has been hardly any focused attention on leadership development. OD practitioners notice this lack of skills, but are often unable to offer adequate support. The difficulties in fundraising may also often be ascribed to poor skills, although sometimes consultants are commissioned to enhance presentations to funders. The reason for many NGO/CBO partnerships is to address the lack of skills.

## GOVERNANCE - STAFF DRIVEN OR CONSTITUENCY DRIVEN?

A strong determinant of effective organization is that programmes need to be community driven. This does not mean that every organisation has to have a defined membership, or a governing board drawn from the communities served by an NGO. There is a variety of ways to ensure that the constituency participates in setting the strategic direction of an organisation, and in influencing its ways of working.

## OVERHEADS AND ON-GOING OD

How managing Overheads can contribute to ongoing sustainability  
(presented by Joseph Thomas)

70-80% of organizations' budgets consists of funds from donors. At the moment it is accepted practice (by donors) to devote only about 7-10% of program funds to administrative costs – the overhead costs associated with keeping an institution alive and healthy. In reality overheads may be far more than 10%, especially if costs of advocacy, OD, constituency relations etc are added. (Indeed private companies would charge far greater overheads if they were to attempt work of this nature, and after that then look at the means to make a profit.) At present very few SA NGOs are able to give accurate estimates of their overhead costs, and as a result are unable to negotiate with donors for a greater proportion of project or program funds to be allocated to overheads. [Instead these costs are 'hidden'; covered by one or two donors who are prepared to support the organisation in its own right through a 'block grant'. In effect, every tender or program undertaken by the NGO is subsidized, by another funder, to the detriment of the NGO's own sustainability]. Organizations are thus constrained when it comes to the crucial areas of organizational development and staff development, since there is usually not enough funds available to do this well.

Several NGOs try to find the way through this difficulty by establishing 'endowments', which would pay enough to cover the 'core' or overhead costs every year, so that only project and program budgets need to be found. [Alternatively, NGOs may try to establish business ventures whose profits can finance their 'core' activities]. Clearly this is not possible for every organisation, so at best this way out of the difficulty of financing activities is the route for a few rather well established NGOs. The real issue, covering overhead costs, has not yet been systematically addressed.

If it is true that NGOs play a role in civil society that is absolutely essential - in that they foster citizen participation in service delivery and in policy dialogue - then it should make obvious sense to Government, the private sector and development agencies, to ensure that their overhead costs are covered. Put another way, NGOs are entitled to bill a reasonable percentage of overhead costs to the paying 'client'. The question is what is a reasonable overhead?

Joe demonstrated on flip chart how easy it is to track direct and indirect costs of every activity undertaken by an organisation.

There are 3 categories of cost:

1. Direct Billable Costs – for particular projects
2. Administrative OH costs – for each project
3. General OH costs – for advocacy, marketing, staff and institutional development, constituency relations, etc.

It emerged that the real difficulty in setting forward accurate O/H costs for any organisation lay simply in the discipline of keeping track, on a daily basis, of these costs. Once the costs can be accurately determined, it becomes possible to negotiate a better deal with donors regarding the amount legitimately allocated to pay overheads on any project or program. Of course there is more likelihood of success in this negotiation if two conditions are fulfilled. First: this needs to be done by a large enough grouping of NGOs. Second, if donors are sensitized to the issue – and ideally if one or two are committed to change their existing practice – then there can be rapid movement. Obviously there is a level beyond which it is difficult to argue that the overhead is reasonable, and it is here that we start to talk of efficiency. But the conversation is not possible without a transparent cost accounting system in every organisation, which allows overhead costs to be calculated. If the sector as a whole is able to provide a case for reasonable payment of overheads on contracts, then the total amount of money coming in would increase by millions of Rands; far greater an amount than would be made available for endowments.

There are two main types of grants:

1. Institutional or ‘block’ Grants – this often supports whatever the organization wants to do but leaves the NGO with hardly any reserve. This type of grant makes it easier to ‘forge books’; to cover O/H costs of projects ostensibly funded by another donor.
2. Program Grants – detailed to project and sometimes activity lines.

In conclusion, the benefits of establishing a Cost/Fund Accounting System were set forward:

- Documentation of Overhead Claims
- Framework for Effective Cost Proposals
- Justification of ‘Counterpart Contributions’
- Transparent Basis for Negotiations with Partners
- Monitoring Cost-effectiveness by Activity/Project

In summary, donors should pay indirect costs (the ‘overheads’ associated with the work) while NGOs should position themselves to negotiate to contribute a percentage of direct costs through Counterpart contributions (volunteers, cost-sharing, in-kind contributions). Corporate funders need to be educated in this system and its role in the NGO sector. This level of transparency is critical to sustainability.

In discussion, participants noted that most OD exercises, even those explicitly aimed at addressing issues of sustainability, did not presently go into any depth about practical financial management or even cost-accounting. Further, the existing courses available to the sector in South Africa tended to eschew the kind of detail that was shown to be necessary in this discussion.

## **5. Summary: Implication for OD practice**

In reflecting on the discussions, those present felt that a few key points emerged from the discussions regarding OD interventions:

- ? Strategic positioning for any organisation requires a multi-stakeholder feed in. This has implications for the present method of strategic planning, which often is done completely 'in-house'.
- ? OD practitioners learning process: there needs to be ongoing attention to increasing capacity of OD consultants; focused learning opportunities are needed, as well as a greater chance and means for joint reflection across organisational boundaries.
- ? Inter-disciplinary interventions appear to be needed in many cases if progress is to be made around sustainability. This is not often done at present, and implies greater collaboration between existing OD agencies.

## **6. USAID Project**

The approach taken in the USAID consultancy was briefly sketched to provide context for discussions about what should be done from this point. USAID has determined that it would like to explore the possibility of setting up a programme to strengthen partnerships between NGOs/CBOs and government, involving both advocacy/policy dialogue and service delivery. Discussion about civil society sustainability, and strengthening of the NGO sector, falls under this overall objective of Strategic Partnership. The design of a programme and its implementation may take several months; in all likelihood only coming into effect sometime in 2000. Intervention was focused on the whole 'NGO system' rather than a few organizations, as can be inferred from all discussions in this workshop.

As an immediate short-term task, it was agreed to design a project focussing on support for sustainability to a set of CBOs/NGOs who have been USAID grantees. This should be done by the end of August 1999. The proposal is that this should be a component of the longer-term program; lessons from this project will be fed into the program. Today's event had helped to understand what is already being done in the field of OD, and where there were strengths that could be built upon. It also confirmed a suggestion that there could be a need for more specialized skills within OD organizations, to play their role optimally in assisting the sector towards sustainable practice.

The proposal is to work with a network of OD practitioners, to design the short-term project. One part of the work would be a capacity-building workshop where there could be a full exploration of the orientation and management systems needed for NGOs to move towards sustainability. (These OD organizations would then be able to be contracted by the grantees receiving support for their sustainability planning). While this broad approach had been

agreed upon the details of an intervention had not yet been fixed; USAID needs direction on where to go from here, and what approaches to use to achieve its objectives.

It was agreed in discussion by the group that:

- Participants would like to subscribe to the process, and would be willing to participate in a further workshop at the end of July.
- There should be a focus on capacity building of participants to the workshop, so they could take insights and skills gained back to their agencies.
- The group will also help to design a relevant intervention, which will then be implemented and monitored.

Further points that emerged in discussions included the suggestion that participants use this as an opportunity to improve OD interventions in their own organizations. It was also suggested that capacity building could not be approached from a single discipline practice. There needs to be partnerships for OD specialists to improve knowledge and skills

The proposed workshop is scheduled for late in July 1999.

## USAID NARROW TRACK WORKSHOP

20 AUGUST, 1999  
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***REPORT***

**RESULTS OF THE AUGUST 20, 1999-11-24 NARROW TRACK  
SUSTAINABILITY WORKSHOP  
Johannesburg, South Africa**

**Sponsored by USAID/South Africa**

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## Introduction

Participants introduced themselves, stating their names and the organisations they worked for. Participants at the Workshop comprised some of the “leading” OD and capacity building organisations from across the country (*Annexure 1*). Apologies were accepted from Olive in Durban and CDRA in Cape Town.

## Background

USAID has commissioned a wide consultancy around strategic partnerships to explore the possibility of setting up a programme to strengthen partnerships between civil society organisations (CSOs) and government, involving both advocacy/policy dialogue and service delivery.

This discussion about CSO sustainability and mechanisms to strengthen the NGO sector, falls under this overall objective of strengthening **Strategic Partnerships** with government and the private sector.

USAID has pulled together two consultancies to design a framework for a programme to strengthen civil society. The first, called the “Narrow Track” is tasked with designing a programme that will pilot mechanisms and activities to strengthen CSO sustainability with 15 – 20 existing USAID grantees.

The second consultancy is tasked with designing a wider systems intervention that addresses all elements of civil society sustainability and strategic partnership. Lessons from the Narrow Track process will be integrated into the broader programme.

Narrow Track activities, as recommended by this workshop will be implemented within the next 12 – 18 months.

A first “Narrow Track” workshop on 21 May 1999 identified the key concepts, issues and assumptions related to the sustainability needs of the sector.

This workshop builds on these insights and makes practical recommendations around the design of the narrow track process.

## WORKSHOP OBJECTIVES

- To make practical recommendations on the *design* of the Narrow Track intervention.
- To crystallise ideas around possible narrow track *activities* and strengthening *mechanisms* in preparation for the broader CSO Sustainability Programme.

Facilitators stressed that participants should focus on quick activities that could have a demonstrable impact early on and illuminate the broader issues.

Suggested activities and mechanisms should also pull together *existing* skills and resources in the sector and add skills and resources to the sector where needed.

## WORKSHOP AGENDA

1. Summary of key points and conclusions from 21 May Workshop.
2. Skills and capabilities needed by CSOs for sustainability:
  - Participatory Development
  - Local resource development
  - Strategic Planning and on-going OD
3. Skills and capabilities needed by OD and CSO support organisations.
4. Way Forward: Process and infrastructure needed.

## MAY 21<sup>st</sup> CONCLUSIONS & RECOMMENDATIONS

Gavin Andersson introduced the key concepts, assumptions and recommendations from the workshop on May 21 1999.

These are summarised in the following charts and linked discussion.

**CHART 1: KEY ELEMENTS OF THE NGO SYSTEM WITHIN THE CONTEXT OF THE LARGER CIVIL SOCIETY SYSTEM**

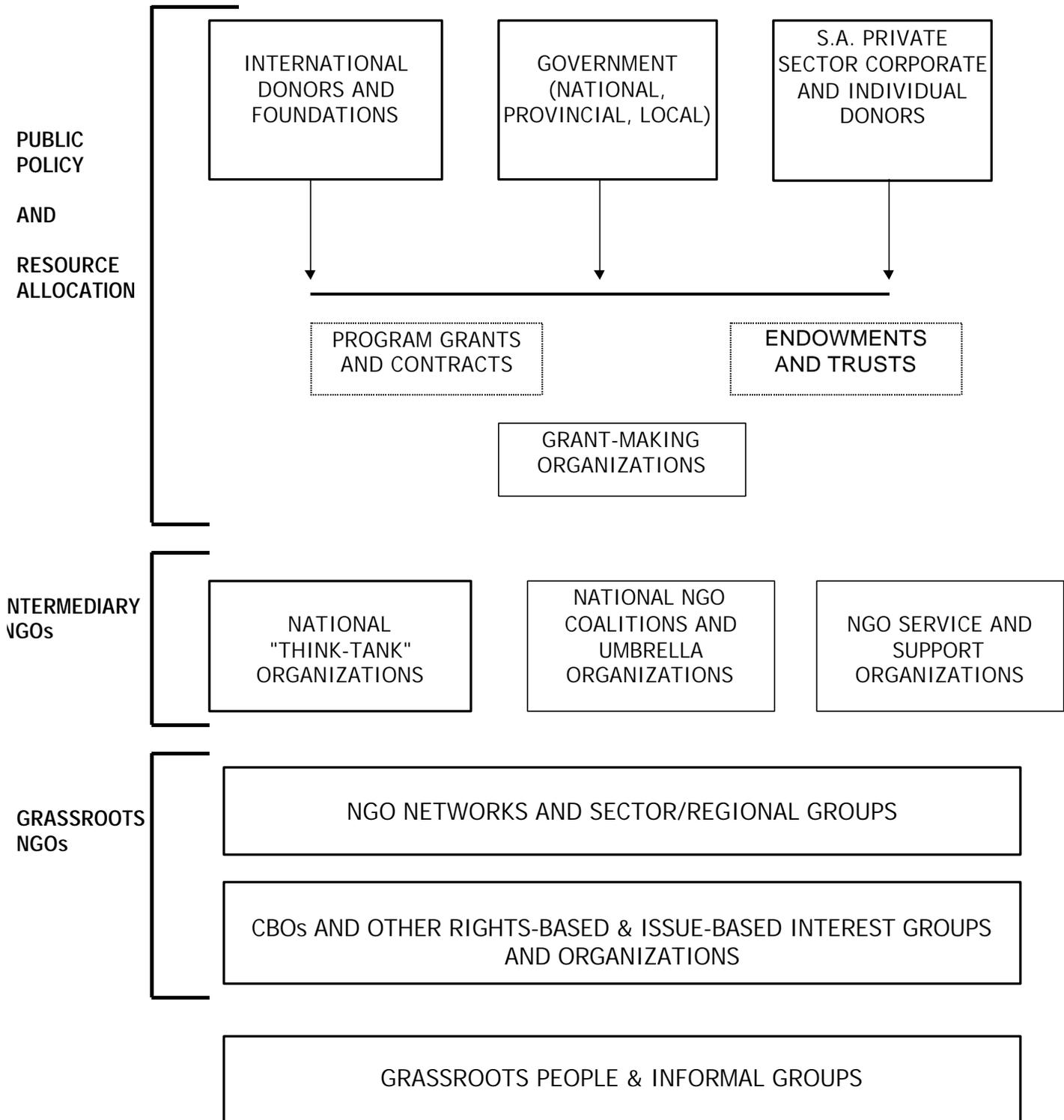


CHART 1 demonstrates the way resources flow and policy is made in the development system.

A key point here, is that it is because of the needs of people, groups and organisations on the ground, that the CSO system exists. Links to the grassroots justify our activities.

### **GRASSROOTS NGOs**

Organisations with links to the grassroots are often termed “Grassroots NGOs”. They include informal groups, CBOs, pre-schools, small enterprises, youth and cultural groups, and other rights & issue-based interest groups and organisations.

### **INTERMEDIARY NGOs**

Intermediary NGOs include national think-tank organisations, coalitions and service and support organisations. They are the professional associations, coalitions and networks linking sectors or regions. They exist to support the activities of the organisations broadly termed grassroots NGOs. They include both service / support organisations and advocacy / policy development organisations.

Moving from this systems approach, we face the challenge of understanding more clearly the problems experienced and relationships formed between NGOs and CBOs. We need to look at where partnerships between these two are working, where they are not working and why.

### **PUBLIC POLICY & RESOURCE ALLOCATION**

Within the NGO system, funding flows from international donors and private foundations, government (national, provincial and local) and private sector corporations. Funding mechanisms are typically programme grants and contracts, grants from grant-making organisations and endowments and trusts.

The current funding system has witnessed a shift from programme grants to a situation where donors are increasingly interested in funding only one small project within a larger programme. Few donors still fund whole programmes and fewer still overheads or core costs.

There is also a move towards funding local grant-making institutions in an effort to get resources closer to the ground and to fund grassroots organisations. We are also seeing a growth in efforts to set up Community Foundations to make resources available directly to communities.

In SA we are also witnessing the “normalisation” of funding relationships as donors increasingly shift funding to government. This is typically how it is done throughout the rest of the world.

This consultancy offers an exciting opportunity to demonstrate the effects of this “normalisation” and other donor and government activities, pressures and demands. This consultancy will filter through all the elements in the system (organisations, donors & government) and so has the potential to shift everyday relationships within the system.

### **OTHER FUNDING ISSUES**

The tax structure and tax deductions on corporate giving are also important in relation to giving by both government and the private sector. Any initiative around sustainability therefore also needs to tackle the tax arena.

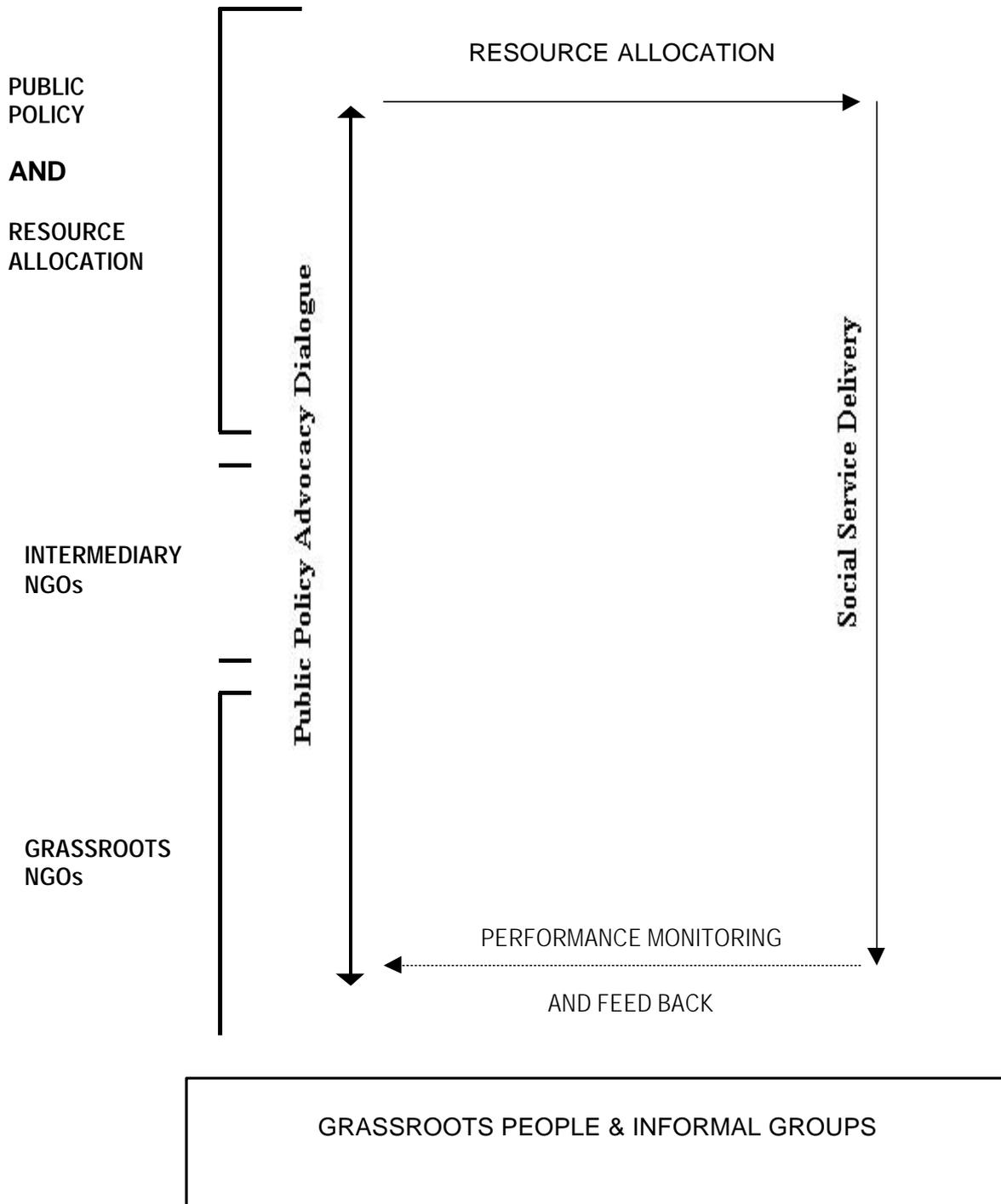
Government tenders are a further important source of funding. However, we need to look more closely at relationships between NGOs and government on the tendering train. We need to understand where tendering relationships have worked and why.

From the interviews with civil society leaders and government officials, some interesting insights around tendering have emerged. For example, tenders only work well when the NGO has a resource base of its own. The tendering procedure is not a straight market relationship where the activity or service provided by the NGO is fully paid for. Instead NGOs are being under-funded for the work they are trying to do, especially when this involves participatory development approaches. The implications of these emerging insights need to be explored further.

A further significant challenge lies in developing mechanisms for accessing funding for core costs or overheads.

These shifts and new opportunities pose heightened challenges to the sustainability of NGOs and the broader NGO system and require new fundraising strategies and competencies.

**CHART 2: DUAL ROLES OF THE NGO SYSTEM IN CIVIL SOCIETY AND THE FLOW OF COMMUNICATION AND RESOURCES WITHIN THE SYSTEM.**



Most CSOs are involved in a combination of service delivery and public policy advocacy/dialogue.

However, the key competence that makes government and donors want to work with CSOs is that they facilitate faster **participation** by people in issues that effect their lives *AND* that they are able to mobilise local resources.

However, key to understanding why there is a need for the CSO sector is that CSOs contribute to participatory development. This is the mantra of civil society.

The degree to which organisations are sustainable is therefore directly related to the degree to which they facilitate participatory development. And are able to mobilise local resources. These are an absolute component of sustainability.

## **THREE LEVELS OF SUSTAINABILITY**

### **1. Sustaining organisations**

This is the most common. It asks, how do we keep our organisations going? Key here are questions around the continued relevance of the organisation and the quality of its services.

### **2. Sustaining activities**

This is less common, but just as important. It asks, how do we sustain the activities, projects or programmes NGOs implement or are part of? NGOs often innovate and pilot new approaches, yet these are seldom built upon or taken to scale.

### **3. Sustaining civil society**

Issues here revolve around how we sustain and strengthen the entire civil society system.

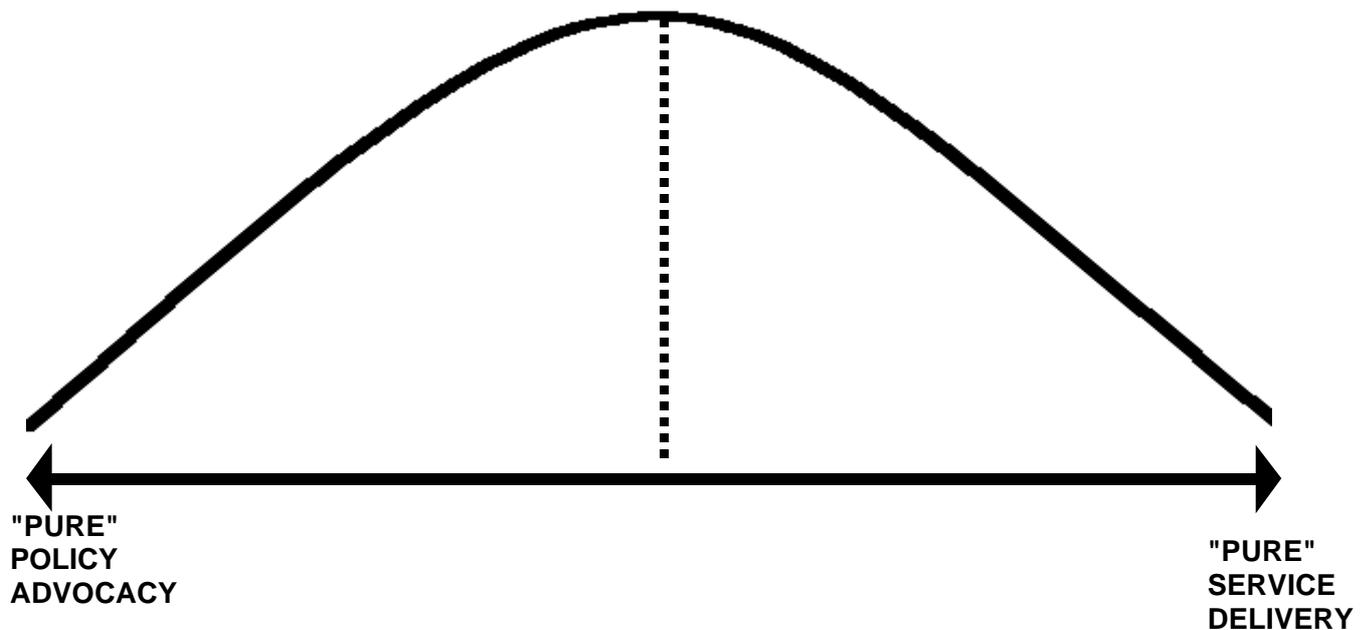
The challenge is to uncover the systems, mechanisms and activities needed to sustain the civil society system as a whole and then to look to how to sustain its organisations and activities.

At the level of sustaining organisations and activities, we need to ask, what are the elements, mechanisms, activities and linkages needed to allow organisations to work well, profile their programmes and strengthen their capacity for sustainability?

A further challenge is to uncover ways to profile the sector and raise awareness around the important role played by civil society in development and democratic governance.

**CHART 3: RANGE OF MISSION / PURPOSE OPTIONS FOR NGOs**

POLICY ANALYSIS AND ADVOCACY			SOCIAL SERVICE DELIVERY				
	Policy	Rights-Based	Capacity Building		Support and Facilitation		Direct
"Think-Tanks"	Dialogue Support and Facilitation	and Interest Group Advocacy	Info-Exchange	Training & T.A.	Tenders	Service Delivery	Service Delivery



Within the NGO system there is a continuum of functions ranging from “hands on” service delivery to “think tank-type” organisations focussing purely on policy.

These activities are at the two poles of the spectrum, but there are a range of activities in between that could be broadly characterized under service delivery or advocacy. For example, some organisations may facilitate service delivery or build capacity for service delivery. There are similarly many shades of advocacy and policy dialogue.

Very few organisations choose to work at pure ends of the spectrum. Part of the reason for this that only a few organisations can mobilise the resources and hold the skills base needed for these activities. It is also arguable that there is only room for a small number of these types of organisations.

Most organisations’ mission and purpose revolve around a mixture of policy analysis / advocacy and social service delivery. In fact, in many instances, NGOs are learning from service delivery and commenting back on the policy framework and how it needs to be adjusted or fundamentally shifted. In other words, what is learnt at the micro level is advocated at the macro level.

In the current context, sometime called the “golden age” of policy making, we cannot over emphasize the importance of strengthening the policy development and advocacy capabilities of the sector.

When talking about policy dialogue and advocacy, it is important to remember that government is not a monolithic whole. Perceptions around the value and role of NGOs differ from department to department and within these, from official to official.

Many people within government come from the NGO sector. Many still share the same value base and are thus open to dialogue around policy. It is however also true that some former NGO managers remember their own NGO and make judgements about the rest of the sector accordingly. These could be good, but quite as easily, if not more common, bad.

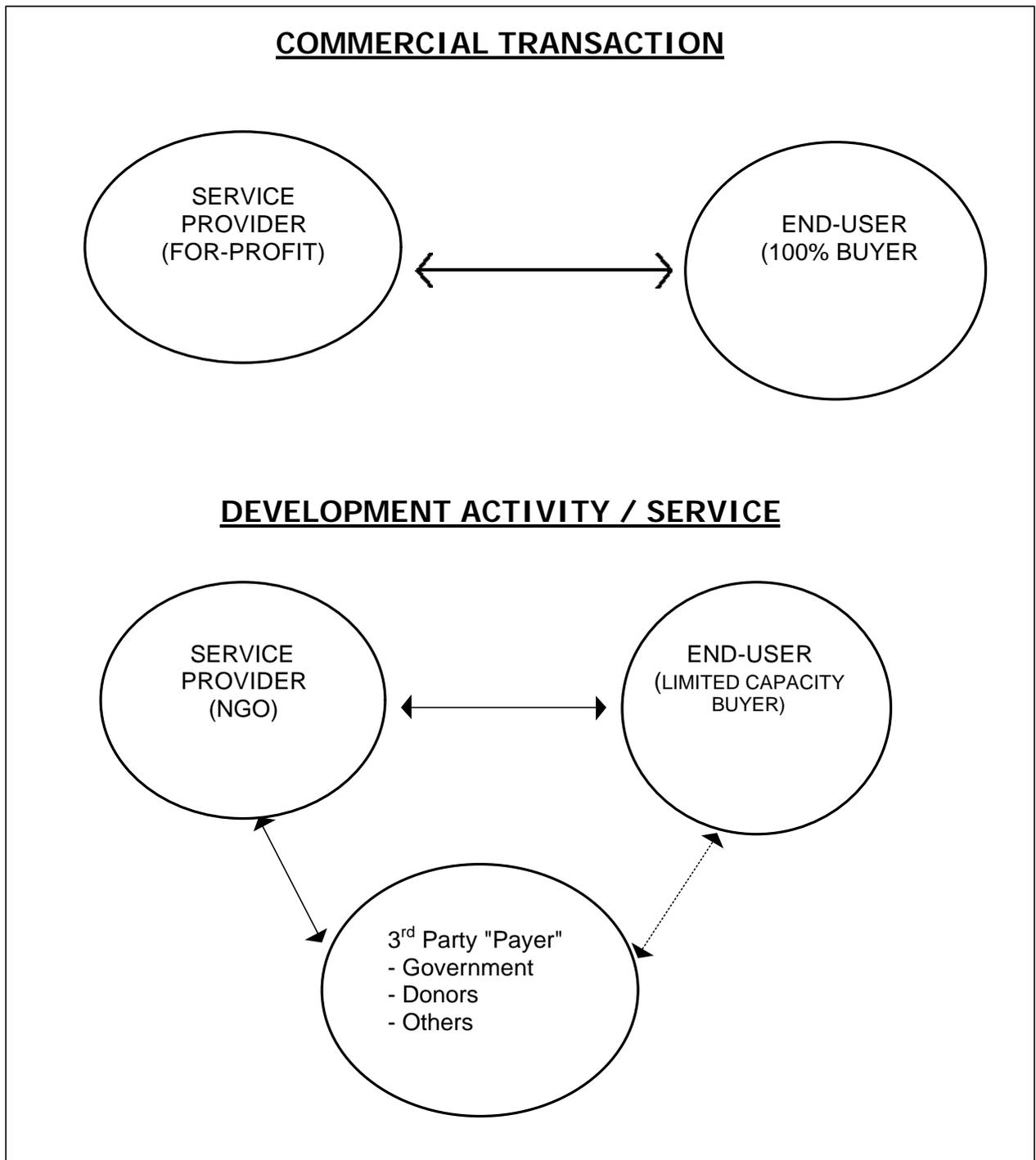
Just as there are differences in government, so too are there differences in NGO approaches. It is therefore not a good idea to approach this intervention thinking we can make some general statements and build the project around that. The creativity and complexity put into the design of the programme must match the complexity of government and the NGO system.

This raised questions around NGO capacity to form partnerships with government. Research conducted over the past 6 months, indicates that many NGOs are indeed bad at forming relationships with government. In many instances NGO approaches to government are not tactical or careful and considered. Instead NGOs approach the relationship from an “us” and “them” perspective.

This often creates a pole of difference between what they think and government thinks that its difficult for government, even if the person is sympathetic, to engage any further.

We need to look seriously at our style and skills in relationship building.

**CHART 5: PATTERNS OF ECONOMIC / FINANCIAL SUSTAINABILITY**



Over the past few years, there has been increasing pressure on NGOs to engage more firmly in commercial-type transactions where the end-user pays for the service delivered. The argument is that if the services offered are really valuable, people would be prepared to pay for them.

But it's not so simple. The core constituencies of CSOs are people who have very little resources. Most CSOs are engaged in fighting poverty, and so the people using their services are poor.

The "Development Activity / Service" pattern of interaction also involves much more complex interactions than the typical "Commercial Transaction".

The CSO "service provider" is involved in (and often has to play a key role in) a three-way negotiation process between the limited capacity buyer / end-user and the 3<sup>rd</sup> Party Payer. It has a role to play in representing and helping to articulate the needs and priorities of its constituents, as well as assisting in the delivery of services to meet those needs, and in generating / using at least some of the required resources.

So, while it is true that CSOs would benefit from being more "businesslike" in some aspects of cost-efficient management, the mission/role of CSOs requires a more delicate balancing act in this complex three-way negotiation than simply maximising "profit" and / or cost-efficient service delivery.

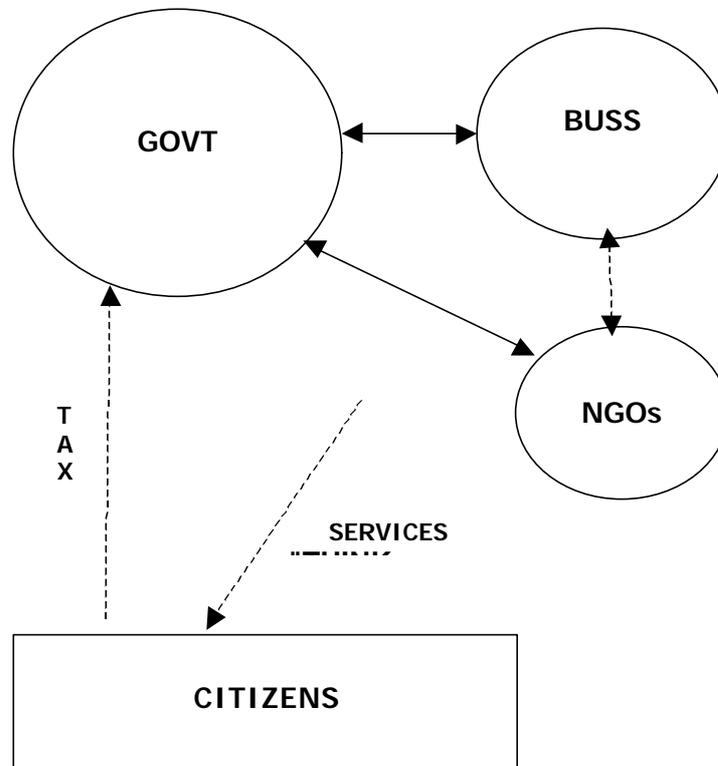
If CSOs must become sustainable by drawing from their base, they will be forced to shift their base or constituency. For example, NGOs may increasingly take on consultancies and so change their base to other NGOs, international agencies and government. They will move to working within the system of CSOs rather than for the poor.

When such a shift takes place, donors are often paying for work with others in the system, rather than with the poor. This threatens CSO sustainability, as indicators of participatory development and rootedness in the community are what leverages funding and other resources.

It is important that the sector looks to other ways of generating income. In particular that it looks creatively at how to generate and mobilise local resources.

### MODEL 3: PUBLIC SERVICE TRANSACTION

Participants suggested that there was a further “model” of transactions, that of tri-sectoral partnerships for development.



Tri-sectoral partnerships between government, CSOs and the private sector are being advocated as the key means of delivering the massive social needs in South Africa.

However, from initial research conducted by the consultants, the only time tri-sectoral partnerships work is when additional resources flow into the NGO. Partnership relationships only provide funding for the implementation of a particular project, while the NGO is expected to carry the overheads involved in implementation.

These are initial insights and point to an urgent need to understand more clearly what makes tri-sectoral partnerships work and how to overcome the “costs” to NGOs within such partnerships.

Within tri-sectoral partnerships, business is often able to recover costs and make a profit. Again, we need to understand why this is and how the same can be achieved for NGOs.

From the interviews there is evidence that part of the reason may be that corporates don't go for the smaller contracts with small profit-margins, while NGOs are only able to access the smaller contracts. Very seldom are NGOs awarded the larger contracts, for example infrastructure or housing contracts. This is because there is a belief that NGOs can't work at scale.

NGOs are also constrained by government payment methods. Implementing agencies have to front money for implementation and are only paid once the work is done. For example, in a building contract, payment would only be made once the foundations have been laid, walls built, roofing complete and so on. NGOs don't have the resources to front the money and have difficulty accessing credit.

NGOs are more able to compete where tenders involve training, local government capacity building, community consultation or what can broadly be termed capacity building.

It is also true that the private sector bids actively, knows how to market itself and is more informed about tenders issued and bid processes. For NGOs to engage more effectively in tendering, they need access to information about tenders and support in drawing up tendering documents.

The sector is extremely weak in the areas of accessing and sharing information, generating documentation, communicating insights and developing linkages. This places it at a disadvantage when compared to the private sector.

A further disadvantage is the perception that with the private sector, partnerships come together more quickly, make more profit and function better. We need to alter this perception, and demonstrate clearly the unique value added by NGOs.

Part of the transition needed is for CSOs to see themselves as equal service providers to government in tender relationships and in broader partnerships. The underlying challenge however, is to gear ourselves towards more effective and efficient delivery and to demonstrate our track record.

The sector needs to take seriously the fact that we are competing with the private sector and others for government tenders and we need to gear ourselves up to do this.

On the other side of the coin, it is also true that government lacks experience in the tendering arena. Policy advocacy is needed around how government draws up development tenders as well as the type of tenders that can be put out, for example community consultation and capacity building. A further area of advocacy is around ensuring that the procurement reform which has bias towards SMMEs does not remain simply policy but is actually implemented. NGOs can be seen as similar to SMMEs.

In all this, the essential question to ask is how are we going to gear ourselves up to tender and deliver more effectively.

## **VENDOR vs PARTNERSHIP**

We need to be careful about our semantics. We need to make a distinction between a vendor relationship and a partnership with government.

In a vendor relationship, the government has decided what it wants to do. It wants to deliver a certain service and is looking for the most cost-beneficial way to do it. They may decide to do it themselves through their government bureaucracy, or put it out to contract to a private corporation or they may use an NGO. They are looking for a vendor to deliver the service identified.

Where there is a complex problem and the government does not know exactly how to do it or may not have adequate resources, they want to partner with the community and work with organisations within that community to figure out what should be done and how. In this kind of a relationship, the government looks to the NGO sector, not as a vendor, but as a partner and asks how do we solve this problem together? NGOs then bring something very different to the table: the ability to facilitate participation, build public support and generate local financial support.

Participation costs money and takes time. If government wants a partner to administer 500 inoculations per day, it should work with the private sector. However, if government also wants education, training and community outreach, NGOs are the natural partner. Government needs to recognise that participation is an on-going indirect cost that needs to be built into the costs of the project.

NGOs can operate in a successful mode as vendors or partners. They can be very streamlined as vendors and compete head to head with the private sector to deliver a service. In the partnership context, NGOs can offer a wider range of services. When they offer that wider range of services, their overhead goes up.

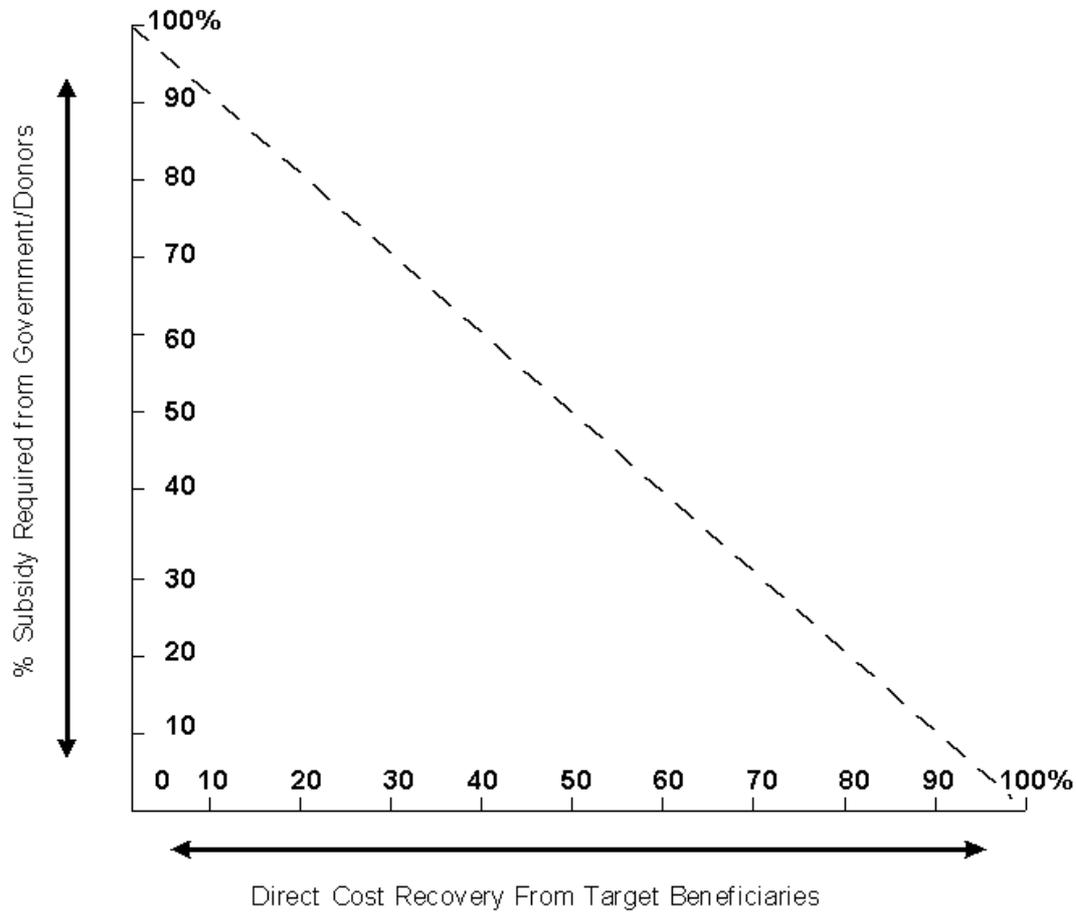
If all they are doing is delivering a service as a vendor, they can keep their overheads down. But if government wants a wider range of services but is only prepared to pay for the delivery of social service, that's when NGOs are forced to "subsidize" government by looking elsewhere to cover their overheads.

Government needs to understand that they can't have it both ways. It needs to pay for that overhead, just as they would if the private sector were delivering the service.

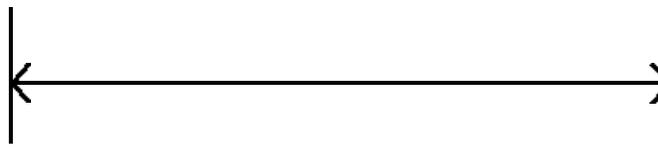
## **PRIVATE SECTOR MODEL**

Participants noted that there is also potentially a 4<sup>th</sup> model of transaction: when the private sector drives the partnership. It leverages funds and brings in the government and civil society to their agenda.

**CHART 4: INVERSE RELATIONSHIP OF DEVELOPMENT AND COST RECOVERY**

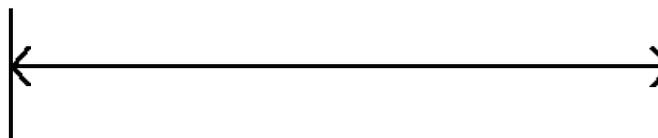


DEVELOPMENT  
ACTIVITY/SERVICE  
FOR THE POOR AND  
DISADVANTAGED



COMMERCIALY  
VIABLE ACTIVITY  
OR SERVICE  
(FOR PROFIT)

DEVELOPMENT  
SUSTAINABILITY



MARKET  
SUSTAINABILITY

As NGOs try to locate themselves within the market economy, and compete with the private sector, they are less and less able to work with the poor, their traditional constituencies. If NGOs become driven by profit, they lose their ability to work for the poor.

However, this does not mean that NGOs do not need to become more competitive, efficient, effective and professional. The challenge is to develop mechanisms to do this without losing our value-base.

We need to demonstrate that participation is the value-added service that NGOs bring to the table. The costs associated with this should not be seen as core or overheads, but as a value-added service that should be paid for.

It was noted that participatory approaches should not be regarded as simply a process. Instead, it is a product or service offered by CSOs.

Advocacy efforts are needed to turn donors (including government) away from simply funding delivery to recognising and paying for the participatory processes, approaches and methodologies used by NGOs.

Government needs to decide how it wants services delivered. If it wants public participation and support, it needs to pay the costs involved with facilitating community participation and ownership.

The challenge for the sector is to unpack (systematically and accurately) the costs associated with participation.

Before we can do this, we need to understand what we mean by participation. Where do participatory methodologies come from and how can we be sure they are implemented properly?

The participation process and outcomes can be measured. NGOs need to be challenged to develop the skills and systems needed to generate proper baseline data, (*community*) indicators and means of verification. It is possible to measure the value and yardsticks of participation. Participation can also have its own products.

A challenge to the sector is also to find greater balance between participation and delivery. A participant noted that NGOs may well be good at facilitating participation, but what do they leave behind? How much training is delivered in 12 months? How much capacitation and empowerment takes place? How can this be measured?

Participation often results in community and individual empowerment. This is a product of development rather than simply a process.

## **NGO Professionalism & Competitive Advantage**

Whether we engage as a vendor or a partner, the minimum standard is that the NGO run its operation well. This requires a continuation and strengthening of existing OD and capacity building work being done by OD practitioners.

Good administration, leadership and management are the base of any successful organisation. But, to ensure NGO sustainability, we also need to focus on building the unique advantages that NGOs bring to the table.

These comparative advantages or distinguishing features of NGO were identified as:

- Their ability to facilitate and manage participatory processes because of their relationships with the community and
- Their ability to generate local resources that are outside what the government or donors would be able to put up.

Private sector companies are not positioned to generate volunteers or contributions in kind because they are not part of the community. This is a distinct CSO advantage.

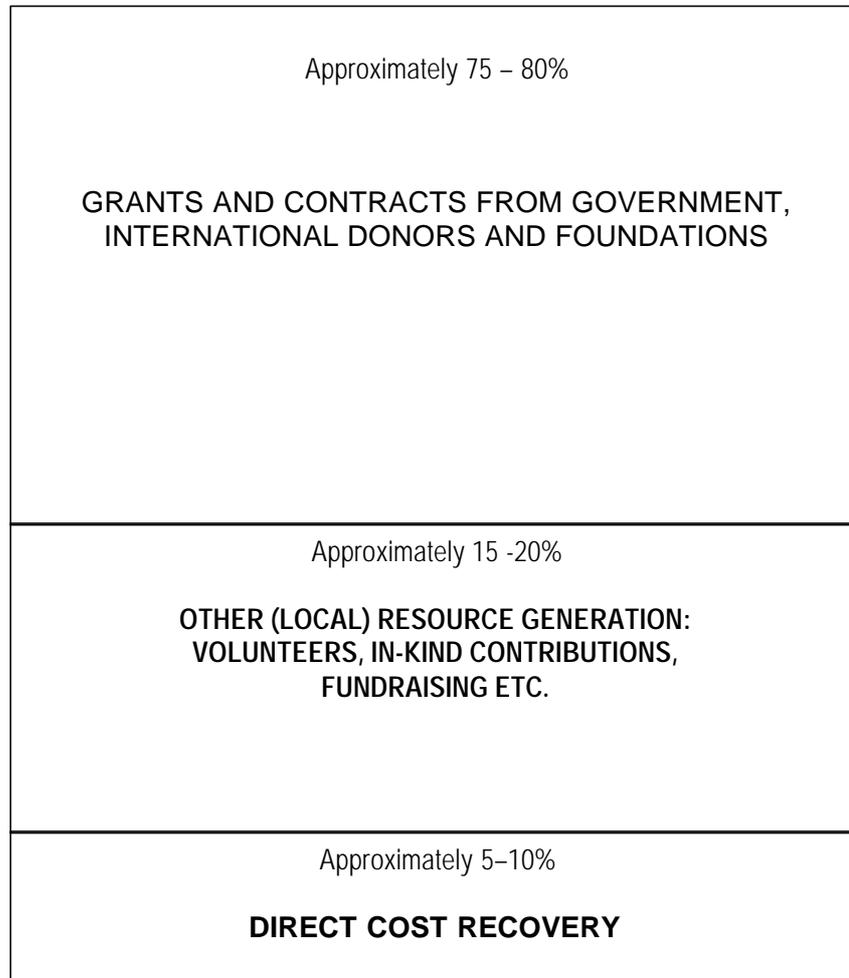
If this is what gives NGOs their unique comparative advantage, this is where we need to focus our OD and capacity building activities. We need to ask, what are the activities and interventions that will allow NGOs to increase capacity around their competitive advantages?

It was noted that just because these are the unique roles and comparative advantages of NGO's, it does not necessarily mean that they do them well.

We are in a catch 22 situation: without internal coherence, we can't deliver our niche functions well. Yet, in an attempt to deliver out niche functions, we often do not pay significant attention to our own internal coherence, efficiency and effectiveness.

Any effort to strengthen civil society must address both organisational coherence AND the areas of NGO competitive advantage.

**CHART 6: ESTIMATED PERCENTAGE OF OVERALL INCOME BASE FOR POTENTIAL INCOME SOURCE**



From a rough empirical study, approximately

- ❑ 75 – 80% of NGO resources come from government, international donors and foundations.
- ❑ 15 – 20% from local resource generation for example, volunteers, in-kind contributions and local fund-raising etc.
- ❑ And approx. 5 – 10% from direct cost recovery.

The key here is that local resource mobilisation is what leverages other funds.

Only if we are working well at the community level, will we be able to leverage local resources. However, the sector is extremely weak in this area.

This is directly linked to our funding history. In the 1980s and early 90s, because of the fight against Apartheid, the international grant component was so huge that NGOs did not need to generate local resources. The sector was awash with funds.

This has resulted in a distortion of development norms. In other countries, for example, Zimbabwe and Botswana, it is the extent of NGO rootedness in the community that determines both their ability to leverage funds and their ability to mobilise local resources.

A major challenge facing the sector is thus to build the skills and capacities needed to generate, mobilise and manage local resources.

This challenge increases in a context where most OD organisations are themselves weak in these areas.

The reality is that OD organisations are able to deliver only some slices of the cake, but not all. We need to build agencies that combine traditional OD and the “hard skills” associated with financial and organisational management.

To summarize, there is thus a need to need to capacitate the OD sector in:

- ❑ participatory approaches
- ❑ resource generation and financial management
- ❑ organisational management and development
- ❑ information, technology, documentation and communication
- ❑ building partnerships, networks and linkages

Within the arena of information, documentation and communication, we also need to remember that there are various levels of information needs. For example,

- ❑ Tender Advice
- ❑ Project Appraisal & Planning Advice (PAPA)
- ❑ Development approaches & methodologies

It was noted that advice around development approaches is increasingly available through sectoral and value-based networks, for example, IPD (Initiative for Participatory Development) and the Alliance for Small and Micro Enterprises, but that these need to be built upon.

Within the sector in general there is also an emerging culture of sharing information and resources. Again this must be built upon.

It was highlighted that although the arena of documentation, information and communication was an important area, it was dealt with more firmly in the broader sustainability programme.

This narrow track workshop focussed specifically on what is needed to firstly,

- enhance participatory approaches within NGOs
- generate and mobilise local resources
- improve management, leadership and administration
- Enhance strategic planning and on-going organisational development processes

Secondly, to uncover the capacity building and other support required by OD practitioners.

And thirdly, to unpack the type of infrastructure and process that will have to be developed to organise and facilitate delivery of the required training and technical assistance.

## 2. INPUTS REQUIRED FOR ACTIVITY DESIGN

From the workshop in May 1999, the following emerged as the key inputs and areas of intervention required to strengthen civil society for strategic partnerships with the public sector.

### INPUTS REQUIRED FOR ACTIVITY DESIGN

**A:** Identify CSO skills and capabilities relevant to sustainability:

1. Participatory Development Processes:

- Constituency driven mission and governance
- Experience in participatory approach to service delivery
- Communications (internal & external)

2. Local Resource Development

- Volunteers
- In kind, cash contributions
- Any other income generation

3. Leadership, Management & Administration \*

4. Strategic Planning and on going organisational development processes

**B:** Capacity building and other support required by OD practitioners

**C:** The type of infrastructure and process that will have to be developed to organise and facilitate delivery of required training and technical assistance.

Looking to the needed inputs, one realises that the OD sector is particularly small in comparison with the need.

Divided into 3 groups, participants were tasked with developing practical guides around **HOW** to tackle these agreed upon needs. It was also stressed that the groups should focus on activities that could be implemented within the next 12 –18 months working with 15 to 20 existing USAID grantees.

Given that the majority of USAID grantees could more easily be defined as NGOs, groups were cautioned to keep in mind the variety of the sector and therefore its needs, rather than focus *exclusively* on the requirements of the narrow track process.

Groups were asked to answer the following questions:

1. What CSOs need,
2. What OD and capacity building organisations need and therefore
3. What mechanisms, interventions and activities are needed to accomplish these?

Recommended interventions or activities could include workshops, seminars, forums, on-the-job capacitation, training or the development of manuals, guides and software support.

### **Additions to list of Inputs Required**

Point 3 around building leadership, management and administration was initially left off the list of needed inputs as it was assumed to be covered within point 4. Participants however felt that it needed specific attention and should therefore stand-alone.

Within point 3, is included building capacity around Performance Management Systems, HR systems, developing salary structures, staff development policies and forth.

It was noted that elements of a good NGO included:

1. Good leadership and management
2. Clear systems and policies and
3. End-user participation

All three need to be present. Not only are they key to the effective functioning and sustainability of the NGO, but they also comprise the platform from which to implement the participatory approaches that are the niche competency of NGOs in tri-sectoral development partnerships.

It was also suggested that the area of documentation, communication and information should be a stand-alone point. Facilitators noted that this was included within Point 1.

Participants also questioned whether monitoring and evaluation should not be a stand-alone point. It was stressed that monitoring and evaluation should be on-going and focus on the internal needs of the organisation. It should also allow NGOs to be constantly aware of, and **able to demonstrate** the benefits, results and changes in the communities they are working with.

This relates also to governance. We need to question how the beneficiaries or target communities can evaluate and monitor NGO performance. What are the community's indicators around delivery and how can it be monitored by the community?

It was noted that the development of baseline data and community indicators is encapsulated within point 3, i.e. strategic planning and on-going organisational development.

## **A: INTERVENTIONS, MECHANISMS & INPUTS REQUIRED BY CSOs**

### **1. Documentation, Communication & Learning**

The successes, failures and learnings of NGOs are not captured in a rigorous and formal way. The sector is therefore not able to communicate approaches and share learnings.

There is a need for documentation, information and communication in all aspects of the organisations life. These include facilitating participatory development, generating local resources, building leadership, management and administration, strategic planning and on-going organisational development.

Sharing and learning is needed both horizontally between role-players in the system and vertically between organisations and existing centralised sources of information.

It was noted that documentation and communication is only one aspect of working with information. Within strategic planning, there is a need to look at the information needs in each aspect of planning. There is thus a need to build awareness around the various sources and uses of information, for example policy-relevant; baseline; indicators; research; marketing and so on.

The challenge is how to integrate information management, research, documentation and communication activities into the every-day practice of NGOs.

There is a need for documentation and communication advocacy at the leadership level and training at all levels of the organisation. The current Documentation and Communication Advocacy and Capacity Building initiative driven by the Development Resources Centre (DRC) offers some recommendations around how this could be done.

### **Recommended Activities & Inputs**

- **CASE STUDIES** of best practice around sustainable participatory development.
- **FORUMS**, workshops and seminars to learn, discuss, compare and share learnings around participatory development and local resource generation. Forums can also build documentation and communication skills if participants are required to write up and present case studies based on their organisation's experience. These can then be circulated within the forum and more broadly. Where appropriate they can also be published.

- ❑ **MANUALS** detailing participatory development approaches and methodologies as well as ways of generating and mobilising local resources.
- ❑ **RESEARCH:** A comparative research project undertaken by consultants detailing case studies of best practice around participatory development, resource generation, documentation, communication and the strategic use of information and technology.
- ❑ **OD & CAPACITY BUILDING:** Skills and competencies around documentation, communication and the strategic use of information and technology need to be integrated into existing OD consultancies and interventions. This implies that OD practitioners will need to be capacitated in these areas.
- ❑ **WORKSHOP:** A daylong training session with organisational leadership around the strategic use of information, technology, documentation and communication. Such a workshop could begin to demystify documentation and communication and highlight the appropriate and valuable use of information and technology.
- ❑ **CASE STUDIES** and best practice around using information strategically and demonstrating the value it adds to the work of the organisation.

## 2. PARTICIPATORY DEVELOPMENT PROCESSES

To capitalise on the NGO comparative advantage around facilitating participation, NGOs need to fine-tune and develop implementation of participatory processes.

This includes developing the following skills and capabilities:

- ❑ Surveying community needs and resources.
- ❑ Developing baseline data and (*community*) indicators.
- ❑ Getting community agreement for entry and clarifying partnership roles and approaches.
- ❑ Tapping existing community skills and leaving skills behind.
- ❑ Involving the community in problem definition and solutions.
- ❑ Ensuring that communities own both the problems and projects.
- ❑ Facilitating development as a learning / capacity building process for beneficiaries.
- ❑ Building on local culture and capabilities.
- ❑ Governance, accountability and reporting to boards, stakeholders and donors.
- ❑ Integrated development planning involving local government and other stakeholders and participatory development approaches with real representation.
- ❑ Mobilising community capacity and resources (human resources and money). Often termed “sweat equity”.

### **3. LOCAL RESOURCE & INCOME GENERATION**

There is a need for creative advocacy and training to encourage a culture of diversifying giving. Organisations need to become innovative in identifying opportunities for local resource mobilisation.

#### **Recommended Activities and Inputs**

- ❑ **TENDERING TRAINING:** A ToT in tendering procedures, opportunities and dangers for a select number of NGOs. These could then offer support to others in the sector. The experiences of these NGOs can also be documented and shared.
- ❑ **RESEARCH PROJECT** around the legal implications and procedures around raising local resources. For example, the LRA as it relates to volunteers and tax on donations.

### **4. IMAGE MANAGEMENT**

The current image of the sector is that it cannot compete in certain areas (such as those mentioned in the first part of the report).

There is a need to change how the sector is perceived

- ❑ in the communities it works
- ❑ outside the sector and by the general public and
- ❑ within the system by other role-players

Mechanisms are also needed to profile and market our two distinguishing features i.e. facilitating participation and mobilising local resources.

We need to show that we are a value-adding institution in development and in society.

### **5. BUILDING PARTNERSHIPS**

NGOs need to understand more clearly the in's and out's of building partnerships

- ❑ within the sector
- ❑ outside the sector and
- ❑ with communities

Only when the sector can demonstrate the value it adds through facilitating participation, will it be in a better position to play an equal role in tri-sectoral development partnerships.

## **6. ORGANISATIONAL AUDIT**

NGOs need to undergo thorough organisational audits to determine the strengths, weaknesses, and the areas of improvement and capacity building needed within their organisations. This will improve the quality of leadership, management and administration, as well as strategic planning.

## **7. FUNDING CULTURE SHIFTS**

To capitalise on our comparative advantage around mobilising local resources, NGOs need to shift their mind-sets to “every-one can give something”. We need to look for creative ways to mobilise local resources and generate income.

Coupled with this is the need to build financial and management capacity to manage various resource bases. In particular NGOs need to develop ways to measure the financial impact of in-kind and volunteer contributions.

## **8. VOLUNTEERISM**

We need to promote a culture of volunteerism within the sector by demonstrating the value of volunteers. The growing anti-volunteer sentiment currently being experienced within the sector could be because many CSOs have had negative experiences with volunteers. However, this negative experience can often be attributed to the lack of effective volunteer management systems and policies. Currently, volunteers place strain on already weak management systems.

Information, advice, manuals and guides around developing and managing a volunteer programme are needed.

## **9. ON-GOING SKILLS DEVELOPMENT**

On-going skills development, knowledge generation and experience needs to be formalised and strengthened.

## **10. SOCIAL AND ETHICAL AUDITING AND ACCOUNTING REPORTS (SEAAR)**

The sustainability of an organisation must be anchored in how its constituency sees its social and ethical relevance.

The SEAAR instrument demonstrates participation, our distinguishing features. It tells us how the organisation is performing and what needs to change and be built upon.

A challenge is to show that this instrument:

- illustrates the extent to which the organisation is participatory and socially and ethically relevant.
- Demonstrate the unique value-added contributions of NGOs.

- ❑ Can build the image of the sector and therefore its ability to mobilise local resources
- ❑ Can be an on-going OD guide.

## **B: CAPACITY BUILDING AND OTHER SUPPORT REQUIRED BY OD PRACTITIONERS**

As OD consultants, our greatest challenge is to develop a more holistic approach to OD. An approach that includes “traditional” OD, participatory approaches, as well as the more technical or “hard skills” required for effective financial and organisational management.

To be able to do this the following interventions were recommended:

- ❑ **“HARD SKILLS”** capacitation within OD practitioners and agencies.
- ❑ **SKILLS TRAINING** around costing, budgeting and contracting.
- ❑ **FINANCIAL**, general sustainability and resource management training.
- ❑ **FORUMS** for sharing, learning and reflecting.
- ❑ **CASE STUDIES** and OD models and approaches based in and relevant to the SA context.
- ❑ **RESEARCH** project on African Management that draws on the growing body of literature dealing with work force diversity.
- ❑ **TRANSLATIONS** of the theories and concepts used in OD into local languages.
- ❑ **LOCAL** OD professionals.
- ❑ **PROFESSIONAL ASSOCIATION** of OD practitioners or a working agreement between OD practitioners.
- ❑ **TEAMS** to consult to government.
- ❑ **LEARNING** / Sharing workshops and seminars.
- ❑ **MENTORSHIPS**, co-working, placements and exchanges.
- ❑ **CAPACITATION** around organising skills, analytical skills, action-reflection, lobbying and advocacy, conflict management, negotiation and management of consultants.

- ❑ **SELF-DIAGNOSIS** tools for measuring organisational development gaps and needs and so determine training needs. There is an initiative already underway by NOVIB to develop a computerized organisation diagnostic tool for CSOs. It is currently close to the piloting stage and offers an opportunity worth tracking. It will be available free.

## **C: WAY FORWARD: PROCESSES AND INFRASTRUCTURE NEEDED**

How do we weave this all together in a strategy? What processes need to happen? What are the steps?

Facilitators presented the following ideas to spark off the discussion:

### **SELECTING & GROUPING GRANTEES.**

To facilitate greater co-operation between organisations in the pilot and to keep transport costs down, it is suggested that the programme work with three clusters of USAID grantees in Gauteng, Durban and Cape Town. Such a cluster approach would also allow 2 or 3 people from each organisation to be part of the process, rather than focussing the training only at the leadership level.

This was supported by the group.

The next question then became how to kick off the process in the three clusters.

### **Option 1: Strategic Planning Approach**

One possibility is to do strategic planning with each of the grantees and in the process identify their sustainability needs and gear them up to leverage the necessary training. The disadvantage of this approach is that many organisations are “over-assessed and over-strategically planned” and may be turned off by this starting point.

What we need is a more motivational way to kick off the process.

### **Option 2: Issue-based Approach**

A second option could be to structure some discussions, seminars or workshops around some of the key capacity building areas identified above, for e.g. local resource generation and financial management.

Grantees would then be able to apply these issues to their own organisations and see where they fall short. This could then lead to a strategic planning intervention, detailing capacitation needs and where to access training.

The disadvantage here is that it could be perceived that USAID is going in with a pre-determined agenda around what they think are the key sustainability issues and so makes these the entry point for those interested. The caution here is that we also need to imbed OD in participatory and inclusive approaches and methodologies.

It was stressed that we need to be concerned about ownership, because when it comes to on-going OD and sustainability, ownership is what matters.

### **Option 3: Blank-Slate Approach**

A more open strategy could be to approach 3 - 5 organisations within each cluster and ask, which of them would be open to an organisational assessment of their sustainability needs.

This quick scan (3 - 4 days) of organisations will identify the shared issues, themes and patterns emerging around NGO sustainability needs. The process would then move to individual OD interventions with each organisation based on their areas of need and the shared needs of other organisations in their region.

It would be more open-ended process, telling grantees that USAID would send a couple of consultants to work with the organisation to uncover its sustainability needs and how these can be addressed. There would be no requirement to go further than the organisational audit, should the grantee so desire.

The disadvantage of this approach is that it seems to be little more than a simply problem identification and solution process.

### **Option 4: Open Dialogue Approach**

Here the proposal is more along the lines of a Force Field Analysis within a cluster. USAID would present what it has uncovered as the key issues around sustainability and strategic partnerships. Organisations would then be asked whether these ring true to their own experiences and if they are indeed the most appropriate points of departure for strategic planning and OD intervention.

In this approach we are not starting with a blank slate. Instead, the approach allows for a facilitator to put the broader issues around sustainability on the table and lead dialogue around how all the uncovered elements of sustainability can be addressed.

The advantage of this approach is that it facilitates dialogue and addresses the reality that organisational leadership often perceives sustainability only in financial terms. The approach thus facilitates learning around what is sustainability and how can it be addressed.

Within this approach, we are inviting organisations to come to the party where we lay out our thinking, the findings from the research and interviews, USAID biases and then ask, so do you want to come along? Do you think that what we have identified through the survey are the real problems? Some will say yes, let's do it and others may choose not to be part of the process.

The approach also says: This is a partnership. You are the clients; we will offer these services if you want them.

After much discussion, the workshop agreed that the Open Dialogue Approach was the best approach.

## **IMPLEMENTATION PROCESS**

The following 10-step implementation process was recommended.

### **Step 1: Clustering**

Group grantees in three geographical clusters. Cape Town, Johannesburg, Durban or Eastern Cape were suggested.

### **Step 2: Open Dialogue & Consensus**

Workshop to introduce findings and recommendations of the consultation team around what are the key sustainability and strategic partnership needs and how they can be addressed.

2.1 Dialogue around whether grantees agree that the presented issues and proposed interventions are indeed the key needs and appropriate interventions.

2.2 Interested grantees “buy in” or commit themselves to being part of the pilot.

### **Step 3: Strategic Planning**

Strategic Planning around individual grantee OD and capacity building needs as they relate to the agreed sustainability and strategic partnership needs.

### **Step 4: Local Co-ordination**

Appointment of local OD practitioner / organisation as co-ordinator of the pilot in each cluster.

The local co-ordinator would manage the process in each cluster and be able to co-ordinate specialist inputs into the cluster as and when they are needed.

Local grantees participating in the process would help choose the local facilitator.

### **Step 5: OD Team**

Local co-ordinator pulls together a team of OD practitioners to meet the identified needs of each grantee in a holistic way.

This implies a need for the OD practitioners to have reached a “Working Agreement” around how the team approach would work. The Agreement would lay out the players and the rules of the game.

It was stressed that such a Working Agreement is essential as OD organisations would be sharing their collective knowledge and wisdom, and it could be disturbing if six months down the line, there are conflicts around niche areas and ownership of information. These tensions do exist and we have to acknowledge and address them. This can be achieved through a Working Agreement as proposed.

The team approach not only offers an opportunity for holistic OD interventions, but also the opportunity for learning within and among OD organisations.

Participants strongly supported the need for such a working, learning and sharing agreement that could perhaps later become the basis for a “Professional Association” of OD practitioners.

### **Step 6: Intervention Design**

From the basis of Strategic Planning interventions with each grantee in the cluster, the OD team identifies the type of interventions required and designs a holistic programme that details content, implementation phases and facilitators.

### **Step 7: Materials Development & ToT**

One organisation from the team then prepares training and learning materials to support each OD intervention.

The materials are also used to facilitate a ToT (Training of Trainers) with other OD practitioners working in the 3 clusters.

The results of Steps 6 and 7 are therefore consensus curriculum design and a shared capacity to deliver the particular intervention or curriculum.

### **Step 8: Implementation**

Working as a team, OD practitioners implement the agreed intervention.

### **Step 9: Monitoring & Evaluation**

The team and local co-ordinator is responsible for on-going monitoring, evaluation and documentation of insights and learnings.

### **Step 10: Integration of Learnings**

Insights, lessons and learnings are fed into the broader USAID CSO Support Programme.

## USAID NARROW TRACK WORKSHOP

### 20 AUGUST 1999 PARTICIPANTS LIST

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## **CIVIL SOCIETY SUPPORT PROGRAM**

### **NARROW TRACK WORKSHOP – 20 AUGUST, 1999**

**CBDP Offices: 30 Kitchener Avenue, Kensington, Johannesburg – 09h00 to 16h00**

#### **AGENDA**

- |               |  |
|---------------|--|
| 09.00 – 10.00 | Summary of key points and conclusions from 21 May workshop |
| 10.00 – 11.00 | Inputs required for activity design                        |
| 11.00 – 11.30 | BREAK  |
| 11.30 – 13.00 | Elements of activity design (small group discussion)       |
| 13.00 – 14.00 | LUNCH  |
| 14.00 – 14.30 | Consolidate the inputs: focus on CSO requirements          |
| 14.30 – 15.00 | What do the trainers need?                                 |
| 15.00 – 15.30 | Deciding on a way forward and its implications             |
| 15.30 – 16.00 | Any other business   |

## QUESTIONS FOR AN INTERNAL DEVELOPMENT AUDIT

The following questions have been designed to measure the strengths and weaknesses of the CSO's local funding program. Answers will help us isolate the management and activity areas that need attention. This information will assist the Funding Strategy Planning processes, and bring focus to resource development interventions.

Use the simple scale of Poor, Good and Excellent (and YES or NO where applicable) to rate the CSO's effectiveness in developing local resources. Indicate the current situation with one cross per comment.

	<b>PERFORMANCE</b>		
	<b>Poor</b>	<b>Good</b>	<b>Excell - ent</b>
<b><i>CSO's Purpose:</i></b>			
1. Our services and programmes are considered to be relevant by our constituents (clients & supporters), and the community at large.			
2. The community at large recognises, as justified, our need to raise funds from the public and private sector			
3. Our Mission Statement and long term aims reflect the most important reasons for the existence of CSO.			
<b><i>Organisational Planning:</i></b>			
4. The Mission Statement is evaluated at least once a year for relevance to our service and funding environments.			
5. The values and vision held by CSO are shared by the staff, the governance and volunteers.			
6. An organisation Strategic Plan: based on environmental analysis, addressing internal strengths and weaknesses and external opportunities and threats; sets measurable objectives for the next twelve months.			
7. There is an ongoing review and adjustment to the Strategic Plan.			
8. There is ongoing evaluation of BSRCS program and projects, their effectiveness and client satisfaction, with an ability to make corrections when necessary.			

	<b>Poor</b>	<b>Good</b>	<b>Excell -ent</b>
9. Procedures are in place to continuously improve the quality of our services.			
<b><i>Constituency (clients &amp; supporters) Development:</i></b>			
10. Clear understanding of who our key current constituents are and what motivates their participation.			
11. Clear vision for new client and supporter markets.			
12. Systems in place to gather detailed information about our current and potential constituents.			
13. Strategies to cultivate ongoing relationships with our supporters (donors and prospects).			
<b><i>CSO Leadership:</i></b>			
14. An understanding and acceptance that together the Governance and CEO are responsible for the success or failure of the CSO, and the fulfilment of its Mission.			
15. The leadership takes the lead in learning and stimulating appropriate changes.			
16. The staff supports and enables volunteers to be productive.			
<b><i>Public Relations and Communications:</i></b>			
17. CSO has a positive image in the community at large			
18. Clear understanding of the image CSO would like to have; of our current image, and how corrections need to take place.			
19. An effective communications programme to reach our clients and key funding audiences.			
<b><i>Organisation Operations:</i></b>			
20. Clearly understood role, responsibilities and relationships between the governance and staff.			
21. A comprehensive financial management system that includes annual budgeting and revision processes, monthly income and expenditure accounts comparing actuals with budgets, and explained variances.			

	<b>Poor</b>	<b>Good</b>	<b>Excell -ent</b>
22. We fulfil accountability and reporting requirements to clients, donors and the government.			
23. The governance members are representative of the community, clients and donor constituencies.			
24. The governance is a mixture of new and standing members in order to ensure new ideas as well as continuity.			
25. The CSO's By-laws ensures the rotation of governance members.			
26. Conflict of interest policy obeyed by governance members and staff.			
27. Effective governance member recruitment process that identifies the skills, qualifications, representation and performance expectations of members.			
28. Roles, responsibilities and performance expectations are discussed with candidates before nomination to the governance.			
29. A process to measure the performance of each governance member annually, and deal with any shortfall of expectations.			
<b><i>Leadership roles in Fundraising:</i></b>			
30. Each governance member, and senior staff made a financial contribution to the CSO this past year.			
31. The governance understands its role in fundraising.			
32. Each governance member undertakes at least one fundraising task each year.			
33. Some of the governance members have shown an ability to negotiate for funds face-to-face.			
34. Some of the governance members are active in our special events, such as selling tickets.			
35. Governance members attend our special fundraising events.			

	<b>Poor</b>	<b>Good</b>	<b>Excellent</b>
36. The governance discusses the progress the CSO is making in raising local funds at each of its meetings.			
37. There is a governance-appointed fundraising committee that handles the planning, implementation and evaluation of the fundraising program			
<b><i>How fundraising is handled within the CSO:</i></b>			
38. All the senior staff are very supportive of the fundraising processes.			
39. All the staff know that they have a role to play in the fundraising processes.			
40. A standard of fundraising ethics and practice has been adopted by the governance, and the whole organisation acts according to these guidelines.			
41. The organisation understands the need to build ongoing relationships with its supporters.			
<b><i>Use of Volunteers in Fundraising:</i></b>			
42. Both governance members and non-governance member volunteers are involved in fundraising.			
43. Fundraising volunteers also support the CSO financially			
44. Volunteers' responsibilities and expectations are clearly explained at the beginning of each fundraising project.			
<b><i>Staff handling of fundraising activities:</i></b>			
45. We have a staff person responsible for the day-to-day handling of local fundraising activities.			
46. The fundraising staff person reports to the CEO			
47. The fundraising staff take part in discussions and planning of the CSO's service and administration program			
48. The fundraising staff understand and support the CSO's Mission and long term goals.			

	<b>Poor</b>	<b>Good</b>	<b>Excell - ent</b>
49. The fundraising staff recruit and work well with fundraising volunteers.			
50. The fundraising staff are experienced in all appropriate forms of local fundraising.			
51. The fundraising staff and volunteers are encouraged to build their skills through continuing education.			
52. The fundraising staff are adequately compensated.			
<b><i>Management of the fundraising programme:</i></b>			
53. Administration systems are in place to support the fundraising program.			
54. Office space and equipment is available to support the fundraising program.			
55. Records are kept of all fundraising activities, their effectiveness or failures.			
56. Donations are recorded, and it is possible to extract detailed information about the motivations and interests of each donor.			
57. Information is collected and recorded for each prospective donor, that will enable effective solicitation to take place.			
58. Donation interest and size for each prospect is evaluated before an approach takes place.			
59. Donors are offered a variety of payment mechanisms.			
<b><i>Fundraising Planning and Evaluation:</i></b>			
60. The fundraising staff and volunteers help to establish the CSO's annual budgets, including estimates of locally generated income.			
61. The annual expenditure budget includes an estimate of the costs of local fundraising activity.			
62. A record is kept of the rate at which new donors are acquired and existing donors become inactive.			

	<b>Poor</b>	<b>Good</b>	<b>Excell - ent</b>
63. The current fundraising program is diverse. Not more than 60% of income is from a single source.			
64. At least 10% of current income is generated through the “sale” of products or services.			
65. An effective Case Statement has been prepared and it is reviewed at least once a year.			
66. A written Fundraising Strategy Plan for the current year is in place, and was developed by the governance in partnership with the CEO, Fundraising Committee and Fundraising staff and volunteers.			
67. Target funding markets have been identified and divided into linkage, interests and funding ability.			
68. Strategies are in place to have donors increase the size and frequency of their support.			
69. The Fundraising Strategy Plan includes the criteria by which Fundraising activities are monitored and evaluated.			
70. The results of fundraising evaluations are used to produce a more effective funding programme.			
<b><i>Thanking and recognition for donors:</i></b>			
71. Receipts and thank-you letters/telephone calls are sent to donors within 24 hours of receiving each donation.			
72. The CSO has a policy that sets out guidelines for which sponsorship partnerships are acceptable and which are not.			
73. The CSO has a process by which donors are given public recognition if they so desire.			
74. The efforts and successes of Fundraising volunteers are recognised, at least once a year.			

**TEST FOR FUNDING READINESS**

In order to identify the areas of your funding programme that need attention, you should ask yourselves the following questions. In most cases responses should be in the affirmative (YES). The answers highlight action that needs to be taken to prepare the way for implementing new long-term fundraising strategies.

**1. INSTITUTIONAL READINESS**

- A. Does the organisation have a plan, based on a clearly defined Mission Statement; with Goals, Objectives and programmes projected over the next three to five years?
- B. Is this plan based upon an assessment of current and future community needs, covered by your Mission?
- C. Does the plan project income and expenditures for each of the years, reflecting the annual operating programme, the project, special or capital needs, and the endowment (future income) situation?
- D. Does the financial plan identify the Rands that must be raised each year, for operating costs, the project, special and capital projects, and endowment/cash reserves?
- E. Have both the governing body and staff been involved in the development of the plan, and have they made a joint commitment to participate in its implementation and evaluation?
- F. What are the most exciting elements of the Case Statement?  
  
(List your most persuasive arguments)

**2. HUMAN RESOURCES**

- A. Is the governing body committed to giving and raising support for your organisation?
- B. Is there a Fundraising Committee?
- C. Who is the person assigned to fundraising management responsibilities?
  - a. What percentage of his/her time is spent in this activity?
  - b. Is this the maximum time that can be allocated?
  - c. Is this time being spent effectively?
  - d. What changes are needed to make this function more effective?
- D. Are there others who should be involved in fundraising?

- E. What level of understanding is there, among the governing body and staff, of the process of fundraising, plus their roles and responsibilities?
- F. What steps need to be taken to strengthen of the current fundraising programme? (A list based on your Fundraising Strategy should follow)

### **3. MARKETS**

- A. Has there been an analysis of the constituency, which identifies the markets that have the greatest funding potential?
- B. Has data been developed to provide a base from which to evaluate linkage, interest and giving ability to the organisation?
- C. Are governing board members, staff and volunteer involved in prospect identification and cultivation?
- D. Does the organisation know and understand the needs, perceptions, preferences and satisfactions of the current donors?

### **4. VEHICLES (Fundraising methods)**

- A. Is there an annual giving (operating cost income) programme based upon a specific income target?
- B. What steps must be taken to develop the annual giving programme? (This should be answered in your Fundraising Strategy.)
- C. Is the concept of a Gift Range Chart used to analyse, plan and evaluate fundraising activities?
- D. Do you know where funding will come from for all the projects you have planned?
- E. Will there be a need to conduct a Capital Campaign in the near future?
- F. Does the organisation anticipate implementing a deferred (planned or endowment) gifts programme?
- G. What is the anticipated need to raise increased income in future years for your ongoing programmes?

## **5. MANAGEMENT**

- A. Is there an established Fundraising Office?
- B. What steps should be taken to establish a Fundraising Office?
- C. Is the budget allocation for the fundraising programme adequate?
- D. Are the management elements of analysis, planning, execution, control and evaluation, developed to the extent necessary for effective fundraising?