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Setting the development agenda US foundations and the NPO sector in South Africa

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0.0 INTRODUCTION

> A recent study (*The South African Non-Profit Sector Study)* found that there are about 98920 NGOs working in all sectors across South Africa and many are preoccupied with funding their work by attempting to solicit money from the international community. Experience in the NGO sector demonstrates that a fundraising strategy focused purely on raising money from international donors is risky for the long term sustainability of NGOs. Worldwide, the number of NGOs competing for the decreasing pool of resources is increasing, thus creating a situation where NGOs have to turn to new partners closer to home for existence, develop new ways of mobilising resources and increase professionalism in the sector so that these resources are managed effectively for optimum results (*Mail and Guardian*, 7 December 2001)

This thesis explores the impact of four American Foundations on setting the development agenda for selected non-profit organisations in South Africa. The above article in a leading South African weekly newspaper captured the themes and the discourse that this thesis attempts to explore. Did the non-profit sector in South Africa as in many developing countries depend on foundations and other donor agencies for its sustainability? Given their strong dependence on donor funding, would non-profit organisations exist if donors withdrew their support? This thesis is an attempt to focus on the role and impact that the four American Foundations have on the development, organisational priorities and agendas of selected civil society organisations in South Africa. Although I focused on South Africa, the thesis hopes to contribute to a global discussion of the non-profit sector and dependency. To address the question of dependency, the thesis suggests a shift towards local ownership of the development agenda, however, care should be taken that local elites do not hijack the agendas of civil society organisations (CSOs).

Historical and contemporary debates on civil society and the aid industry shape this discussion. I locate the non-profit sector within the broader concept of civil society. Hence I make a distinction in the use of the terms 'non-profit organisations' (NPOs), 'non-governmental organisations' (NGOs) and 'community based organisations' (CBOs). The thesis begins by giving a brief historical meaning of civil society from classical Roman times through Scottish Enlightenment in the eighteenth century to its contemporary

understanding. The contemporary perspectives are informed by the birth of the 'civil society approach' to development that emerged in the 1980s due to the failure of the modernisation and dependency theories of development. The 1980s were viewed as the 'Non-Governmental Organization (NGO) decade' in development aid and in the early part of the twenty first century, there was a revisionist exercise by NGOs on their role and strategic positioning. This followed the mushrooming of NGOs in the 1980s and their proliferation throughout the world, especially in Third World countries, and their emergence as symbols of societal responsibility and global morality (Tvedt, 1998: 2, Cernea, 1988:1). But because these NPOs, particularly those in the South, depended primarily on external funding and very little on domestic sources, a considerable number diverted from their founding priorities and mandates. They became accountable more to their donors than to their constituencies. The context, in which these NPOs found themselves, shaped the choices that they made and the kinds of relations that they developed with their donors. The most significant factor responsible for this dependency syndrome was the fact that a 'substantial number of Southern NPOs were seldom able to finance their activities from membership fees or generate much income from their own activities' (Jorgensen, 1996:50). Indeed, some writers have gone so far as to suggest that dependence created an identity crisis for the sector (Tomlinson, 1996: 241). NPOs found themselves caught between a desire for autonomy, yet at the same time responding to donors' mandates. Sometimes NPOs capitulated to the needs and interests of donors, resulting in their failing to find a niche in the sectors in which they worked. However, the same dependency seems to have enabled the sector to be independent of the state. The sector could perform its monitoring role without fear of being restrained by the state.

The thesis limits its scope to the role of four leading U.S Foundations which have provided support for NPOs in South Africa. These are the Ford Foundation, the Mott Foundation, the Kellogg Foundation and the Open Society Foundation. These, along with a selected number of NPOs, most of whom are research, policy, leadership, capacity building, and democracy and human rights organisations formed the unit of analysis for this study. During apartheid, a variety of resources played a crucial role in anti-apartheid politics. As Habib has shown, these took the form of human resources that comprised students, activists and prisoners who not only organised to oppose apartheid but were also instrumental in

establishing non-profit organisations that were pivotal in the struggle against apartheid (Habib 2003:231). Habib noted that a number of international foundations, agencies and governments also became interested in empowering civil society organisations and civics especially after the 1976 Soweto uprising.

The thesis explores the reasons for the four foundations' interest in South Africa. One of the main objectives of the foundations was broadly to promote and support that part of civil society that focused on deepening a human rights culture in different ways. One could argue that this had significant ideological implications linked to United States (U.S) imperialism, both in its hegemony and in its support for capitalism. This rather blunt approach would miss the complex nature of the relationship between U.S civil society, of which the foundations are a part, and the U.S State. In the 1970s, the United States of America's reach was global. The domino theory of political influence was an aspect of policy; to block the fall of single countries and of regions to communism. As a result the U.S supported organisations and movements, sometimes blindly, it thought would counter Communist and Socialist influence. And U.S foundations were not immune to this. They were keen to promote democracy. Indeed, the kinds of organisations that received their support were not random. In South Africa, the four American foundations that are the subject of this study sought to influence the struggle for democracy and thus to shape a future democracy in a liberal rather than a socialist direction.

Since 1994, however, the focus was no longer on fighting the unjust laws of the apartheid regime, but had a different, perhaps more liberal and developmental goal: to promote civil society's capacity to deepen democracy. The thesis explores the effect of donors on the ideas and priorities of their recipients. This is discussed in detail in the case studies where we explore the ideals and interests of the founders, only one of whom was alive in the early twenty-first century, George Soros of the Open Society Foundation. The thesis analyses the extent to which Soros himself was able to shape the daily operations of his Open Society Foundation in South Africa. This is contrasted with how one institution, the Ford Foundation, whose founder was no longer alive, transformed both programmatically and ideologically as a result of the changing priorities of trustees, the availability of resources and different socio-economic and political contexts. The original interests of the founders of the

Charles Stewart Mott and Kellogg Foundations did not significantly change over time, except in so far as the reach of their funding activities was concerned. The approach adopted in the study, was to undertake an institutional biography that focused on four aspects of the life cycle of these foundations: the context, leadership, resources and history. The case studies explore what factors played significant roles in the life history of these foundations and the implications these had for those civil society organisations that were funded by them.

The research and case studies explore whether civil society organisations that depended primarily on these Foundations mirrored and behaved like their donors, a phenomenon described by Powell and Di Maggio (1991) as 'isomorphism'. One commentator, Chris Landsberg (2000) somewhat cynically coined the term 'the cargo cult' to refer to the way some NGOs related to their donors. He argued that NGOs depended so heavily on donors that they would cease to exist if funding were withdrawn. This process is summarised in Hulme and Edwards (1997**)** as 'having one's hand in another's pocket'. Hulme and Edwards argued that the power of donors over grantees was stronger than the power of grantees on donors. They described the relative power of donors to shape NGO activity as a process of 'design and accident' (Hulme and Edwards 1997:20). Bebbington and Riddell (1997) described such donors as 'heavy hands, hidden hands and holding hands'. This phenomenon comes out clearly in the case study of the Kellogg Foundation and its grantees. A considerable number of Kellogg grantees regretted having received funding from the Foundation. They complained that Kellogg set the agenda for them and kept changing its support, which resulted in the weakening of these organisations. One of the former directors of the Development Resources Centre (DRC), for instance, argued that his organisation was forced to embark on projects in which it had no expertise as a result of Kellogg Foundation's funding requirements.

The influence of individuals on a foundation's priorities is best illustrated by the Open Society Foundation's George Soros. The Mott Foundation captures the positive and negative impact that the four U.S foundations had on selected non-profit organisations. The thesis shows that Mott grantees developed an intimate relationship with the Foundation. It was questionable if they could step back and critically review their relationship.

The response of Foundations, particularly, Mott and Ford, to growing dependence was to seek alternative models of aid at the local level in the form of community philanthropy, in particular, community foundations. These were established in order to deal with processes at the local level and mobilise resources for the sustainability of civil society organisations. However community foundations in South Africa fell into the same conundrum that encouraged a culture of receiving. They also subjected the interests of civil society to those of the elites in particular, the corporate and business sectors.

Taking into consideration the challenges and possibilities facing the non-profit sector, this thesis serves as both an appraisal and a critique of the aid industry. In addition the thesis looks at the relationship between civil society and the NPO sector and the relationship between development and civil society.

The thesis explores the composition of civil society and asks what importance civil society has in the age of globalisation? Why has civil society become such an important element in contemporary society in the twenty-first century? These questions address the broader understanding of the focus of development initiatives in Africa. Since the 1980s, civil society was considered a 'magic bullet' (Korten 1990, Wiarda 2003: 129) in the development of the Third World, at least after the modernisation paradigm and the dependency approaches gave way to the empowerment model or what was known as the 'basic needs approach'. In the 1980s, after the failure of the modernisation and dependency theories, the democratic thrust turned attention to the role of civil society in transforming underdevelopment and authoritarianism.

Overall the thesis aimed primarily to identify the impact of the four American foundations on selected civil society organisations in South Africa. Some chapters however went beyond South Africa and looked at Southern Africa. This was due to the nature of the Foundations' reach. Most of the foundations adopted a regional approach. A classic example was the Kellogg Foundation.

The thesis seeks to test two assumptions about the assistance of civil society organisations. The first assumption is that financial assistance has a political as well an economic objective. Boyce argued that aid was rarely given without conditions and it affected not only the size of the economic pie and how it was sliced, but it affected also the balance of power between competing actors as well as the rules of the game by which they competed (Boyce, 2000: 367). The thesis' hypothesis is that there is a power imbalance between U.S foundations and their grantees in the South, the result of which is the 'lionisation' of these foundations by recipients. The second assumption is that dependency of NPOs on outside funding for their continued existence placed them in the precarious position of being accountable to two major constituencies, the communities with whom they worked and the donors on whom they relied for their salaries and other resources. The hypothesis is that this created a conflict which is frequently resolved in favour of the donors because they had control over resources than communities (Clark, 1991: 17).

At a broad level, therefore, the aim of the thesis was to test these hypotheses. The research observed that all four foundations worked on particular development areas including human rights through specific programmes. The research sought to understand the extent to which these were determined by local agendas or were imposed by donors. In particular, we sought to assess the extent to which the four U. S foundations affected the development priorities of Southern NGOs. Drawing on Tvedt, we explored whether the work of the NPO sector in South Africa could be a reflection of donor interventions rather than an outcome of internal national development processes (Tvedt, 1998: 4). Tvedt held that NGO assistance was a type of international social system that was framed by a particular relationship between internal socio-economic mechanisms and external donor interests. The research also sought to investigate the extent to which funding impacts on the capacity of NGOs and community based organisations to deliver services to communities (CBOs). Traditionally, CBOs are frequently regarded as able to respond to the needs of a community they represent, because they are in touch with the lives and needs of ordinary people. Ideally, these needs should determine the activities of the CBO and the intervention by the funding agency. The research thus tested the assumption that there were inherent contradictions between the agenda of donors and that of NGOs and CBOs which resulted in CBOs and

NGOs compromising the needs of and input from their constituencies in order to meet the demands of the funder (Chetty, 2000: 7).

The overall hypothesis is that funding encourages NGOs and CBOs to become providers of services on a larger scale while compromising their performance. And donor funding achieves this by weakening the legitimacy of NGOs and CBOs as independent actors. The thesis tests whether outside foundation funding distorted selected NGO's and CBO's accountability away from grassroots and internal constituencies and over-emphasised short-term quantitative outputs. It also explores whether these NGOs paid lip-service to a project because of donors' determined commitment to such a project. It also looks at the behaviours of local organisations. Do organisations embark on a particular project, simply because they want to access funding?

0.1 Structure of the thesis

The first section of the thesis discusses theories, concepts and meanings in the areas of civil society, social capital, aid, foundations and development. The second section unravels the role played by the four leading U.S foundations in South Africa. Chapter one explores the history and meaning of the 'term civil society', a term that is widely used in the political and social circles. This chapter traces the historical trajectory of the term from classical Roman times through the Scottish Enlightenment to the contemporary perspectives (Keane 2003, 1998, 1988, Kaviraj and Khilnani 2003, Cohen and Arato 1992).

The chapter also builds on the literature on Eastern and Central Europe in the late 1980s and early 1990s which viewed civil society as the 'panacea' for problems of the Third World. Civil society was viewed as playing a significant role in economic development and democratisation (Hulme and Edwards (1997). The chapter explores the meaning and practice of civil society or societies in Africa. The discourse in Africa on civil society has tended to view traditional African associations such as patron-client networks, traditional structures (chiefs, kings etc), and even some cooperatives as undemocratic and therefore uncivil. The result has been to exclude them from the conventional understanding of civil society. Some writers have tried to grapple with the notion of civil society in Africa, its role

in the democratisation process or its relations with the state (Orvis 2001). They argue that civil society in Africa should be understood within the framework of patron-client relationships. In this context, the chapter discusses the notion of social capital and its form in Africa, *ubuntu,* particularly in South Africa.

Chapter two explores the scope and size of civil society in South Africa. Russell and Swilling (2002) suggest that in South Africa, the civil society discourse underwent a shift in the 1970s from the term 'civics' (civil society also) to 'non-governmental organisations' in the late 1980s and early 1990s and more recently to 'non-profit organisations' or the 'third sector'. The shift in terminology, I argue, followed the process of democratisation in the transition from apartheid to democracy and then to consolidating the freedoms of democracy. The shift can partly be accounted for by the role of the international donor community. In tracing the role of civil society in South Africa towards a democratic dispensation, the second chapter explores civil society's transition towards '*ngoisation'*, commercialisation and professionalisation. This occurred due to changes in the donor community, South Africa's economic liberalisation as well as the democratisation of the political landscape. According to Habib and Taylor (1999) NGOs became commercially oriented and dependent on the resources of donors and government. This jeopardised their autonomy and identity. Meer refers to a similar process in which a number of civil society organisations lost touch with their constituencies and were demobilised as a result. She wrote,

> Prior to 1994, the role of NGOs was primarily a political one. NGOs served as vital structures for organising people around the struggle against apartheid. The function of many of the organisations was merely to serve as conduits for foreign aid to support banned political movements. This overtly political role of NGOs has arguably become less relevant in the post apartheid era. The challenge for all NGOs has been to find a new role and legitimacy in this new context. NGOs have had to make the transition from liberation organisations to developmental agencies and more from resistance to reconstruction (Meer 2001:12).

This shift in NGOs and the crisis that followed thereafter occurred in the transition process. Chapter two also discusses the practice of international aid, development and the NPO sector's contribution to development initiatives. Van Rooy argued that for many donors, the 'discovery' of civil society promised a solution to the enduring problems of development and democratic change (Van Rooy 1998:1). She argued that civil society should improve

development in the form of NGOs, CBOs and grassroots organisations because they were more effective, less costly and more innovative than official donors or home governments. Robinson somewhat earlier distinguished two elements in civil society and two somewhat different aspects in the role of civil society.

> The development emphasis on institution building and participatory development focuses attention on NGOs and local membership organisations, whereas a concern with democratisation highlights the more political role played by civic organisations such as trade unions, professional bodies and groups representing women, students and youth (Robinson 1996:3).

Friedman and Reitzes argued that donors could contribute to democratisation if they supported democratically organised civil society organisations (Friedman and Reitzes 2001:5). Chapter two is thus located within the broader theories of aid and its effectiveness on development. Lancaster (1999) argued that aid can be a tool that hinders or promotes development depending on the context or environment under which it is given. The dependency theory for example which was popularised by scholars such as Andre Gunder Frank (1967*)* Walter Rodney (1972) and Samir Amin (1974, 1976) also critiqued the effectiveness of aid. Graham Hancock (1989) argued that aid was a tool that was corruptive and ineffective; it must be abolished. And Joseph Stiglitz (2002) called for the reform of the World Bank (WB), the International Monetary Fund (IMF) and the World Trade Organisation (WTO). However, Cassen (1994) and Burnside and Dollar (1996) argue that aid works when it is given under an enabling environment. This thesis observed that aid could be detrimental to the organisations that received it as the case of the Kellogg Foundation showed. However there were instances where aid deepened democracy and promoted development.

Section two of the thesis begins with a theoretical introduction to foundations. It explains that the entire study focuses on the role of American foundations in the development of South Africa's new democracy. It asks the question, are American foundations merely arms of American foreign policy? The chapter explores briefly America's foreign policy as the context for the internationalisation of foundations during the Cold War period. In 1983, Fohz argued that were four aspects to American interest in South Africa, namely in the economy, security, international politics as well as its own domestic political concerns. Fohz

argued that although South Africa had accounted for only about 1% of US trade and 2% of US direct investment overseas since World War II, its importance lay in its mineral wealth and its strategic geographic location (Fohz 1983:3). Moreover, prior to the transition, America's policy to South Africa was interpreted with reference to the US' own racial issues (Fohz 1983:18). Some American presidents used aspects of the policy toward South Africa for their own domestic political interests. Lyndon Johnson, for example, moved to halt American naval visits to South Africa in response to the pressure from black American leaders whose support he required (Fohz 1983:18). Other presidents who followed suit were Richard Nixon and Gerald Ford. Section two asks the question, was there an indirect influence by the American State Department on the operations of these foundations? Research on the Ford Foundation shows that since the 1950s, a number of former State Department personnel served either as presidents or board members of the Foundation. Was this a coincidence?

The section and chapters that follow also suggest that September 11, 2001 was a turning point and that foundations felt the influence of the State Department. The Department and the Treasury took a keen interest in how international grant-making was done. Policy directly affected how and to whom grants could be made. Foundations that worked internationally felt the impact of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA-Patriot Act) and the Voluntary Guidelines enacted by the US-Government to make sure no money was sent to organisations or individuals who could be linked to terrorists. This Act introduced a plethora of changes, which significantly increased the surveillance and investigative powers of law enforcement in the United States in response to the terrorist attacks. As a result, foundations were requested to exercise due diligence before making international grants. This was a frustrating exercise for foundations and had negative results for grantees in the third world. A direct effect of the change was a decrease in the funding for the non-profit sector in developing countries.

The importance of this study is its evaluation of the role of the non-profit sector after ten years of democracy. Key players in the sector were the American foundations, in particular the Mott Foundation, the Ford Foundation, the Kellogg Foundation and the Soros

Foundations. Apart from journalistic accounts, there has not been much scholarly work on these foundations or on foundations in general. Mark Dowie's study documented the history of foundations in the U.S (Dowie 2002). The Foundation Centre in New York keeps track of foundation giving and philanthropic activities in the U.S and internationally (www.fdncenter.org) as does the Council of Foundations in Washington D.C, a membership and coalition-based organisation of all foundations in the U.S (www.cof.org).

This thesis uses a case study approach; it is not a comparative study but draws on cases as presented. There was lack of written information available except in the form of annual reports. However in the case of the Ford Foundation, lack of scholarly work or detailed documentation on its work in Southern Africa was supplemented by Stacey Young's recent study (2003). Young's study provided a history of the Ford Foundation in Africa and the factors that led to its Africa programmes. Goenawan Mohamad's (2003) study of Ford's Indonesian involvement between 1953 and 2003 provides a somewhat logographical account of the evolution of the Foundation from its inception in Michigan to its internationalisation programme in the 1950s. These two studies provided material for the historical background to the Ford Foundation. William Carmichael (2001) provided a human rights approach to the Ford Foundation's work across the world. South Africa only became important in the late 1970s because of the heightened levels of oppression. For Kellogg and Mott Foundations, the information was much richer. The Mott Foundation provided open access to grantees' folders and their evaluations. This was a unique opportunity. And the Kellogg Foundation's founding documents for projects helped shape the discussion and the analysis of the direction taken in the projects.

In general there was a dearth of written information on these foundations. This applied also to the Open Society Foundation in South Africa. However, there are many books by or about the founder, George Soros. This literature enabled a close analysis of events in Soros' life and how these shaped what he did, whether in politics, philosophy or philanthropy. However, there was no specific written material on South Africa. This lacuna was filled by the projects themselves. The last chapter pulls together the conclusions from the case studies.

0.2 Methods and Sources

The research strategy involved case studies based on both documentary evidence and interviews. The method of gathering qualitative material included participation, observation and in-depth interviews (Yin, 1994; Marshall, 1995).

0.3 Participation and observation

Participation took two forms. The first was to visit organisations and communities concerned between 2001 and 2004 as shown in Table 1 (see Appendix A for the list of respondents.

Table 1: showing number of organisations and officials that were interviewed

Donor Agencies	NGOs/CBOs (SA)	NGOs/CBOs (USA)	Development Consultants	Total
7 agencies 20 officials	45 organisations 33 officials	7 foundations 24 officials	5	59 organisations 82 officials

The second included working for an NGO that had been established by the Ford Foundation and had been funded by the Open Society Foundation. Tshwaranang Legal Advocacy Centre to End Violence against Women (TLAC) provided an insight into how donors operate and how NGOs use and report on donor money. I worked on a project that was funded by the Australian Agency for International Development (AusAID). Although AusAID was not part of the study, its project money and reporting framework highlighted many of the questions that I was researching with regard to American foundations.

The participatory approach originally was developed through the disciplines of Cultural Anthropology and Qualitative Sociology. It is both an approach to enquiry and a data-gathering tool (Marshall, 1995: 79). In my case, participation demanded that I become involved with the social worlds of the foundations and their recipient NGOs. And this was implemented during my time at TLAC. Although I cannot claim that I experienced reality as

actual participants did, nevertheless I gained some helpful insights into organisational and institutional life. The participatory approach was supplemented by in-depth interviews, in which observation also played an important role. Observation entailed the systematic noting and recording of the events and objects of my findings. For example, I spent a considerable amount of time, close to ten months visiting the Mott Foundation and developed a working relationship with its current and former directors.

Through observation, I worked under the assumption that it was not enough to participate and carry out interviews. I needed to observe respondents' body language in addition to their verbal responses. Marshall suggested that observation assumes that behaviour is purposive and expressive of deeper values and beliefs (Marshall, 1995:80). Observation also included analysis of events that occurred during the period of research. For instance during this time, I did an interview on community philanthropy for the *Alliance Magazine*, through Jenny Hodgson, who later coordinated the Ford Foundation *Retreat on Philanthropy in the 21st Century* in Uganda in March 2004. Based on this, I was commissioned by Gerry Salole, Representative of the Ford Foundation in Southern Africa to do a study of *The State of Philanthropy in Southern Africa*. This survey exposed me to a number of philanthropic forms, institutions and discourses. The retreat itself opened new questions and concerns that I would not otherwise have thought about. The idea of philanthropy was one that had not been part of my original thinking. I had the opportunity to meet and discuss with, as well as observe the players in philanthropy in action. These included people from the Ford Foundation (from its international offices in Southern Africa, Eastern Africa, North Africa, India and New York), NGOs that spanned community foundations, women's movements, CBOs and research institutions.

I also participated in a number of conferences on civil society, development and philanthropy during the course of the research. These included *The International Society for the Third Sector Research*'s two conferences; one in Cape Town (July 2002) and the other in Benin (April 2004), *SANGOCO NGO Week* (October 2003), the *Development Planning and Management Forum* in Addis Ababa (January 2004), *CODESRIA* in Uganda (December 2002), the *African Association of Political Science* (June 2003) and the *International Political Science Association* Durban (July 2003) among others. These events provided an opportunity to

present some of the findings and arguments in the thesis and to refine them. They also showed the gaps and forced me to do further research.

I was also granted a fellowship at the City University of New York's Centre for the Study of Philanthropy in 2003. During this time I was able to study community foundations and had the opportunity to do an internship at the Michigan Council of Foundations. I visited and interviewed directors, programme officers and donors of community foundations. I also had the chance to visit the head offices of the Kellogg Foundation in Battle Creek, the Ford Foundation in New York and the Mott Foundation in Flint. Moreover I had the opportunity to attend conferences on community philanthropy, particularly the *Council on Foundations Conference* (Texas, April 2003). These experiences influenced the way in which I shaped my arguments and structured my thesis.[1] In addition to participation and observation, interviews formed an integral part of the research.

0.4 Interviews

Interviews formed the most important source of information for this research. Described as 'conversations with a "purpose"', interviews had key strengths. I accessed a large amount of information through interviews. Their limitations included the fact that some respondents were unwilling or uncomfortable sharing and discussing the subject of independence with respect to their objectives. Most felt that it was too sensitive an area of discussion given the fact that NGOs depended on foreign donors, foundations, particularly for their existence. They felt that their responses might jeopardize their chances of accessing funding from the foundations in question in the future. As Marshal warned, some respondents might have reasons not to be truthful (Marshal 1995:81). Public record and private admission were aspects of the dilemmas that I faced as a researcher. Some information was given to me 'off the record'. This raised the question of ethics in research. Was I to use this information

[1] A number of people helped in the formulation of the thesis, especially on philanthropy. These include Kathleen McCarthy, Director of the Center for the Study of Philanthropy, CUNY, Antonin Wagner, former president of ISTR and professor at New School, J. Milano Graduate School, Max Legodi (SAGA), Michael Edwards (Ford Foundation), 2003 International Fellows at the Centre for the study of Philanthropy and Christa Kuljian (Mott Foundation) among others.

given the fact that the respondent had emphasised that it was 'off the record'? I have not used this information in any direct way.

The interviews took different forms depending on respondents and their physical locations. Questionnaires were drawn up for the collection of the data (see appendices). This permitted comparability between responses. The method also relied upon a uniform structure in interviewing a certain number of people as representative of the organisations. This made possible generalisation (May, 1993:92). The research employed different types of questionnaires. An identified organisation was asked to fill in the questionnaires. This allowed them to provide considered responses. However, while cost-effective, the returns were poor.

In addition to self-completion questionnaires, I conducted semi-structured interviews where I recorded the context of the interview and non-verbal gestures of the respondents. Observation played an important part here. Although this was more time-consuming and more expensive compared to self-completed questionnaires, it yielded a high response rate and a controlled interview situation. And in cases where it was not possible (and there were many such cases) to conduct face-to-face interviews, I made use of telephonic interviews. This method was convenient but expensive given the wide scope of discussion in the subject. In both these approaches, I was able to probe answers more fully. The semi-structured nature of the interviews allowed respondents to answer on their own. This approach was followed with focused interviews where interviewing was open-ended and they could use their own frame of reference in expressing their own opinions.

When applying these approaches, I identified key informants, people with key positions in the organisations. In the case of the Foundations and their partners, I interviewed their directors and programme officers in South Africa. I also interviewed some of their officers in the U.S. I interviewed the director of the South African NGO Coalition (SANGOCO). This added great value to this research, as SANGOCO was active in issues that affected the third sector in South Africa. SANGOCO and INTERFUND's mouthpiece, the journal *Development Update*, reflects the news of a wider range of third sector organisations in South Africa.

I also interviewed prominent consultants with experience of the NGO sector and development (see Appendix A). Our discussions centred on the relationship between donors and grantees. They also touched on the relationship between NGOs and CBOs. In addition I discussed the impact funding had on the agendas of NGOs and CBOs. For the four foundations I used all the methods of interviewing mentioned above, while for NGOs, I used a questionnaire and semi-structured interviews. And for development consultants, I made use of both semi-structured and focused interviews.

0.5 Review of documents

I also reviewed a number of documents that included minutes of meetings, formal policy statements, budgetary allocations, notice letters, annual reports and personal communications. After the completion of the data gathering process, I organized the data, created categories, generated themes and patterns, tested the emergent hypothesis against the data and searched for alternative explanations of the data.

This thesis is intended to contribute to a fuller understanding of the role of donor funding in the development of democracy and economic well-being in South Africa. The study is neither exhaustive nor comprehensive. It focuses on four major U.S Foundations and their selected recipients. It is intended to contribute also to improving the impact of donor funding.

PART ONE

THEORY, CONCEPTS AND PRACTICE

The thesis is divided into two parts. The first part is concerned with theory, concepts and practice, the second deals with empirical case studies. Part one has two aspects to it. The first aspect reviews literature on civil society. It begins with the concept, meaning and history of the term. Chapter one traces the meanings that the term 'civil society' has acquired, first in the North and secondly, in Africa. Studies in political theory have focused on three important strands in the historical development of the term. First is the idea of the social contract or the Lockean understanding, second is that of the commercial society by Scottish theorists and finally the Hegelian idea of a bifurcation of state and civil society. The chapter questions the pertinence for Africa of the western conventional and classical understanding of civil society as the public sphere of formal or informal collective activity autonomous from the state and the family. We argue that in Africa, such institutions, traditional and informal, are patron-client networks, chiefdoms, self-help groups and ethnic associations. And these form a critical part of African civil society.

The second chapter of part one discusses civil society in South Africa. Chapter two argues that any study of the non-profit sector in South Africa has to be understood in the context of two critical periods in the history of the country: first, the apartheid era and second, the transition to a democratic dispensation. These two epochs had a significant impact on the configuration of civil society. During the apartheid period, the relationship between civil society organisations and the state was mainly adversarial and confrontational. This was true of most organisations that were opposed to the apartheid state. However in post-apartheid South Africa, the relationship between the state and civil society organisations was renegotiated to reflect collaborative, collegial and sometimes adversarial relations. This was due to political democratisation and economic liberalisation. Economic liberalisation and globalisation integrated South Africa into the global economy in new ways in the 1990s (Habib 2003:233). South Africa's adoption of neo-liberal policies has yielded negative and disastrous effects particularly on the poor, who in turn have mobilised to form survivalist networks in the form of community-based organisations and discontented groups that

resisted the policies of the state (such as the Anti-Privatization Groups, HIV/AIDS activists and Gender-Based Violence activists). Some scholars defined the latter as social movements that engaged the state both collaboratively and adversarially (McKinley and Naidoo, 2004). The mode of engagement of social movements was different from that of formal developmental non-governmental organisations that the state sub-contracted to provide social and welfare services.

For Habib (2003) there were essentially three blocs of civil society organisations in post-apartheid South Africa, namely formal NGOs, informal CBOs and social movements. The three blocs emerged as a result of the different phases in the political transition and in response to economic policies adopted by the state at different times. While civil society organisations shaped the political environment during struggles against apartheid in the sense that the state tried to repress and reform at the same time, in the transition to democracy the new context shifted the relationship of organisations to the state in the new political and economic environment of post apartheid South Africa (Habib 2003: 230).

However since the democratic phase of South Africa's history began in 1994, vibrant new social movements have emerged based upon new social interests. Rather than movements that sought to overthrow the state, the new social movements, such as the Treatment Action Campaign which fights action by the state on HIV-AIDS, the Anti-Privatisation Forum which opposes the disposal of state assets and the National Land Committee which advocates for land restitution, robustly engaged the state over what they conceive as the state's responsibility. Works such as Desai A (2002) and Bond, P. (2000) argue that social movements emerged as a result of the state's neo-liberal policies. Desai (2002) for example, argued that these movements were fighting the new 'bully-boy', the local government, over the failure to deliver services to the people.

The new relationship of the state to society raises questions about the effectiveness of formal and professional NGOs in influencing policy and delivering services at grass-roots levels. The great divide between NGOs and CBOs and the influence of CBOs in their respective communities suggested that donors and the government might re-direct funding to CBOs and social movements to achieve their developmental visions. Their capacity or

political will to do this is a question for further research. Would CBOs and social movements be more effective in eradicating poverty at grassroots level than NGOs who implemented donor agendas or government interests? These issues link to questions that are dealt with in other chapters. For instance, whose agenda did NGOs and CBOs prioritise and implement?

CHAPTER ONE

1.0 CIVIL SOCIETY, SOCIAL CAPITAL AND *UBUNTU*

One of the earliest conceptualisations of civil society came from Alex de Tocqueville. He spoke about the vibrant associational life of early democracy in the United States. His ideas have influenced generations of scholarship in defining civil society mainly as associational life. The *United Nations Development Programme* (UNDP), for example has defined civil society as:

> One of the three spheres, together with the state and the market, that interface in the making of democratic societies. Civil society is the sphere in which social movements become organized. The organizations of civil society, which represent many diverse and sometimes contradictory social interests, are shaped to fit their social base, constituency, thematic orientations (e.g. environment, gender, human rights) and types of activity. They include church-related groups, trade unions cooperatives, service organizations, community groups and youth organizations as well as academic institutions and others (UNDP, 1993:1).

In the post World War II, the term 'civil society' was resurrected in the 1980s together with the emergence of participatory models in democratic development theory. Since then discussion and debate about civil society has concerned its absence (for example in Africa), 'its decline, its promise and its possibilities' (Kaviraj and Khilnani 2003:1). Because of its popularity and its diverse use, civil society's meaning has sometimes been ambiguous and elusive (Wiarda 2003:139, Kaviraj and Khilnani 2003:10). One can ask therefore whether those who use the term have the same understanding across regions and in different contexts. This chapter explores the term in different contexts for purposes of understanding its use in South Africa.

Habib (2003) and Kaviraj (2003) suggest three contemporary strands of thinking about civil society. They suggest that the term was revived in the context of the demise and disillusionment with communism and socialism. Secondly, the term features in discussions about associational initiatives and networks that address the excesses of market

fundamentalism and capitalist atomisation. Thirdly, civil society features in debates and discussions where social movements are conceived as promoters and monitors of democratic aspirations. As stated earlier, Habib stratifies civil society into three blocs in post-apartheid South Africa that reflect these three aspects: development NGOs; CBOs; and social movements. While these three strata portray the pluralist nature of civil society, they also reveal the ambiguities embedded in the real dynamics of lived experience. The organisational form of NGOs and CBOs reflect an ongoing impetus for society to organise itself for development and social movements suggest a more contested relationship between society and the state.

Civil society was defined by Khilnani as 'the whole of humanity left over once government and the market were excised' (Khilnani 2003:12). Thus civil society was seen as a sector in addition to the state and the market. The International Society for Third Sector Research (ISTR) understands civil society as the 'third' sector. In this view boundaries exist between the three sectors of government, the market and civil society. An aspect of the sectoral distinctions made in this use of the term is that civil society is seen as being able to solve a wide range of social, political and economic problems that cannot be addressed either by the state or the market (Wiarda 2003:130). For international donor agencies, both of these views have led to particular onus being placed on civil society to contribute to development and democratisation. A third view is a 'romanticisation' of civil society in the three spheres of the economy, society and culture.

In these three strands of thinking about civil society, the first reflects a liberal position, which sees the effectiveness of civil society as residing in the economy, in property rights and in markets where such rights may be freely exchanged (Khilnani 2003:11). This is the way the term is used in the East. A second reflects a more radical position that locates civil society in society. In this view, ideas are publicly exchanged, associations are freely formed and interests discovered. A third conservative view locates civil society in a set of cultural acquisitions. The three theories derive from a belief that the role of the state in the delivery of services has declined. Because of this perception, there was a turn to civil society, especially NGOs to provide those services more cheaply than the state.

In the South, civil society organises society into interests, for example, these may or may not confront the state. Trade unions, for example, confront the owners of capital and organised religion can be seen as a space where people come together for spiritual reasons. Political commentators in the late 20th Century saw the rise of civil society organisations as a response to global changes in statehood. The rise of global civil society weakened the power of the state and globalisation was seen to undermine the sovereignty of the state (Keane 2003). The state lost control in areas of the environment where degradation was out of control; where civil wars and drug trafficking raged in the context of 'transborder' and 'intraborder' activities. In this context, civil society organisations were seen as more trustworthy than states. Globally, civil society became 'a large-scale resistance to state hegemony' (Lipshutz, 1992:399). Thus global civil society assumed the role of an international watchdog over activities of states.

The current understanding of civil society in development circles brought to the fore the possibility that it might be a more effective and efficient conduit for aid. This was based on the fact that aid to the Third World had failed to achieve its development objectives. This was due to state failure, ineffectiveness of aid agencies and bureaucracies themselves and overdependence on market forces. In this context, development actors viewed civil society organisations as effective and credible agents capable of filling in the gaps left by states and donors.

Robinson identified the reasons for the new attention given to civil society, among which were Northern interest in democratisation, the problems associated with liberalising economies and the need for the provision of basic human services in places where the state is functionally non-existent (Robinson 1995:70-71, see also Wiarda 2003:130, Keane 2003:75). The difficulty with these perspectives is that their focus on civil society seeks to limit the power of the state and the market rather than lead to further development.

Contemporary writings on civil society are shaped by this history. Cohen and Arato (1992), for example, view civil society as concept that articulates a powerfully contested terrain particularly in the West. For them civil society can be used to expand democracy and human rights. Hence it is easily the target of dictatorships, authoritarian regimes and military ones.

Civil society therefore is that force that spreads democracy and the promotion of rights. But the term 'civil society' is very unclear in liberal democracies. Cohen and Arato argue that civil society might refer to what the West has already and as such it cannot be a potential tool to address the injustices of democracies. Democratic societies need intervention from outside to fight the dysfunctions of their society. In areas where civil society does not exist, it is that force that is needed to fight injustices. In the case of the West, civil society is already present and lacks the potential to be effective. Cohen and Arato go further to argue that the ambiguity of the term 'civil society' is further exacerbated by the fact that it might refer to early modern forms of political philosophy, which do not resonate with contemporary societies. However, Cohen and Arato conclude that civil society is relevant to liberals and democrats everywhere across time, space and issues. It is even used by politicians in their speeches, the result of which is its corruption and cheapening.

Cohen and Arato's understanding of civil society is informed by the trajectory of the concept. As such their interpretation does not escape the general perspective that excludes those organisations that belong to the state and the market. Such a conception of civil society has resulted in efforts, for instance, by the *Johns Hopkins Non-Profit Comparative Project* to assess the scope and nature of NPOs throughout the world. *The Size and Scope of the Non-Profit Sector in South Africa* (2002) was one outcome of this project. These discussions have reduced civil society to those organisations that fit their definition. Often civil society is equated with NGOs. This way of understanding civil society draws much from the idea that the state and civil society are separate.

The term has also been taken up to mean a space that organisations occupy. It is described as an enabling environment and Gramsci's idea of civil society as a 'terrain of struggle' captures a view that emphasises a more combative relationship between state and society in the development of democracy

And Diamond offers another interpretation. It is,

> The realm of organised social life that is voluntary, self-generating, self-supporting, autonomous from the state and bound by a legal order or a set of shared rules. It is distinct from society in general in that it involves citizens acting collectively in a public sphere to express their interests, passions and ideas,

> exchange information, achieve mutual goals, make demands on the state and hold state officials accountable (Diamond, 1994: 5).

Contemporary conceptions of civil society have been shaped by the experiences of western democratic societies over the last hundred years or so. However, while the Western experience has also shaped the way scholars have defined civil society in Africa, its use has tended to focus only on organisations in modern, urban environments and has neglected traditional patterns of association.

1. 1 (a) Civil Society in Africa or Patrons and Clients?

One of the most contested issues about civil society is whether the Western conventional definitions capture the reality of African associational life. Should the traditional sphere be included in the idea of civil society as a social contract as advanced by Locke? Do 'traditional African communities' fit the conventional definition of civil society as a public sphere of formal or informal collective activity autonomous from the state? As noted by Orvis, most writers in Africa or about Africa have tended to focus on voluntary associations in the modern and urban sectors. This has implied that the traditional sphere is beyond the boundaries of civil society (Orvis 2001:19). Other scholars (Western and African), for example Wiarda (2003) have argued for a wider understanding of the term to eschew the imposition of western concepts on Africa. According to Wiarda (2003), the definition of civil society in Africa should reflect the western tradition but also accommodate the associational life of contemporary Africa. Associational life in Africa includes all kinds of groups that span associations, networks (formal and informal) and groups. These include ethnic, regional, religious and other traditional values. Yet these networks are not included in the definition of civil society. To exclude them is to exclude much of African social life.

The norm of community obligation is very important in defining African societies. This is manifested mainly in associations such as hometown groups that send resources from the city to their rural homes. The underlying principle guiding these associations is what Orvis called 'moral ethnic norms' (Orvis 2001:20). Moral ethnicity encourages collective activity in the public sphere with the common goal of developing the community. The idea of civil

society in Africa needs to include in addition to the conventional view of civil society as voluntary organisations, patron-client networks, self-help groups, ethnic associations and cooperative groups as well as some traditional groups. Below we explore examples of these networks. They are all based on the concept of *ubuntu,* an African practice and version of social capital, that one becomes a human being through others (Ramose 1999:49).

1.1(b) Civil Society: African Applications? Social Capital, *Ubuntu* and the development of associational life

The idea of '*ubuntu'* is closely allied to a western concept 'social capital'. Social capital was popularized by Robert Putnam (1993, 2000) to show that when communities took responsibility for their own development, they felt empowered and tended to work for their own good. A degree of connectedness developed between members of these communities. This led to bonds of trust which resulted in positive developments in the communities concerned. Putnam called this 'glue' that bound the members of the community, the family and any form of associational life together 'social capital'. This resonates with the African concept of *'ubuntu'*

Debates about the impact of social capital or social participation or social energy' saw it as critical in development theory. Putnam (1993) showed that Southern Italy was poor and less democratic because there was less civic associational life or social capital than in the north.

The discourse on social capital and its importance in development theory coincided with the retheorising of the idea of civil society. One reason was the realisation that states and markets were two components of an essential trilogy: 'that society matters, that social institutions count and that citizens make a crucial difference to the health of the polity and to its economic success' (Edwards 1999:5). Edwards, a development analyst and director of the Civil Society Programme at the Ford Foundation (New York) suggests that in the post Second World War period, civil society and social capital were recognised by development agencies as key components of the development equation. But both were overrated as a corrective to the failures of the state and the market (Wiarda 2003:150). Consequently many development institutions endeavoured to understand how social capital and civil society might contribute to development.

Influenced by Joseph Stiglitz, the World Bank under the leadership of James Wolfensohn in the 1990s developed the Social Capital Initiative. Building on Putnam and other social capital analysts, the World Bank integrated the idea into their programme development. Edwards (1999) divided these into 'enthusiasts, tacticians and skeptics'. Enthusiasts were economists who saw social capital as the missing ingredient in integrating non-market rationality into economic models. This approach suggested that collective action would generate mutual advantage. 'Enthusiasts' held that more social capital was associated with better economic performance, at least if the former was defined by membership of social networks and the strength of social institutions. The latter was measured using conventional measures of income per head and economic growth rates (Edwards 1999:6). Thus social capital was important in doing business. According to Edwards, it was cheaper to do business if people trusted each other (Edwards 1999:6).

'Tacticians' regarded social capital as a 'godsend', a way at last of engaging economists in a serious dialogue about the social world, backed up by empirically verifiable hypotheses (Edwards 1999:7). Edwards held that tacticians found that 'social capital offered a way of doing good things better and provided an interdisciplinary discourse'. However since economics still reigned supreme over politics, the tactical approach was to influence economics from within.

The third approach to social capital identified by Edwards was that of the 'skeptics'. Skeptics argued that there was lack of information on how to reshape the knowledge that the more one had, the more one got. In this context, what mattered was not more social capital but socializing the production and distribution of capital in all its forms (Edwards 1999:8). Although skeptics acknowledged that strong social networks and a dense web of civic associations were likely to contribute to economic performance as Putnam showed in his study of Italy, they rejected the idea that those improvements necessarily resulted in lower levels of poverty, inequality, violence and social exclusion (Edwards 1999:8).

But social capital is something that can be built up and exchanged. And the question is what renders some configurations of social capital more successful than others in promoting development. This is an important theoretical question, which has implications for what

foundations, private donors and development actors can do. One criticism of the social capital idea according to Edwards is that community bonding deepens inequality because only the interests of a particular group can be promoted. But according to Edawrds, there is also growing evidence to suggest that the growing trust embedded in the idea of social capital reduces these negatives over time. People outgrow their differences for the common interest. To build stronger societies and economies it is important to emphasise bridging relationships. However in the process of building new linkages, traditional forms of social capital should not be destroyed or by-passed. There must be a balance of advantages to both bonding and bridging.

If social capital and its outcome have positive effects, it would benefit community philanthropy in tapping into existing networks of social capital. In South Africa, the challenge has been to cultivate 'bridging' social capital. The Kalamazoo Community Foundation in Michigan, for example, has a special programmatic area on social capital, the *Better Together Kalamazoo* initiative that accepts applications for Good Neighbor Grants. The Good Neighbor Grants provide groups of people with small grants of up to $1 000 for activities that bring people together and also support projects that enhance bridges between people who are different from each other in some significant way: race, religion, economic status. The initiative also engages citizens in community activities that make a difference in the lives of those involved. It also embraces the youth in the community, organizations and families by recognizing them as the community's future leaders.[2] This strengthens the levels of social capital.

In the South African context, social capital can be understood as the practice of *ubuntu,* which involves considerable levels of volunteerism. Below I discuss the philosophical underpinnings of the concept of *ubuntu* and how communities have tapped into the practice to develop themselves. Social capital and *ubuntu* have been central to the formation of associational life in South Africa and in other parts of the Continent.

[2] Interview Kalamazoo Community Foundation staff as well as personal conversation with Rob Collier (CEO/Council of Michigan Foundations).

1.1(c) Trust, Civic Responsibility and the Reinvention of Ubuntu in Post-Apartheid South Africa

Ubuntu is an idea that self-realisation or self-actualisation can only be achieved through civil responsibility and activity, participation and interaction. The significance goes deeper into meanings of humanity, humanness or even humaneness. For Louw, *ubuntu* is a concept and philosophy that articulates respect and compassion for others. It is a factual description and a rule of conduct or social ethics (Louw, 1999:1). Two relationships are described by the concept of *ubuntu.* First, is the idea that being is only possible in relationships with others. Second the concept prescribes the rules of relating to others or what it means to be in a relationship. The South African Government's White Paper on Social Welfare outlined the principle of *ubuntu* as,

> The principle of caring for each other's well being and a spirit of mutual support. Each individual's humanity is ideally expressed through his or her relationship with others and theirs in turn through recognition of the individual's humanity (www.gov.za/whitepaper/index.html).

Similar unifying concepts are found in other cultures. Immigrant Jews in North America were held together by *landsmanshaften,* home town associations. In South Africa, the Truth and Reconciliation Commission turned to the philosophy of *ubuntu* in attempting to create a bridge to a new future. Archbishop Desmond Tutu, Chair of the TRC remarked,

> My humanity is caught up, is inextricably bound in yours. We belong in a bundle of life. I am human because I belong. A person with *ubuntu* is open and valuable to others, affirming of others, does not feel threatened that others are able and good; for he or she belongs in a greater whole and is diminished when others are humiliated or diminished, when others are tortured or oppressed, or treated as if they were less than who they are (Tutu, 1999:35).

Louw suggests that ubuntu is built on three pillars. First, *ubuntu* builds on respecting the religiosity of the religious other. The statement, a person is person through other people, transcends its obvious meaning of treating others with respect and compassion. This statement assumes a religious meaning. It means the person one is to become through other persons, is ultimately an ancestor (Louw, 1999:4). The relationship of most Africans to their ancestors is complex, but they symbolize an extended family. According to John Mbiti (1969), ancestors are the living dead. The living and the dead share with and care for each

other. They also depend on each other. Most Africans believe that there is a bond between man, ancestors and God and whatever is regarded as a Supreme Being. This implies that a deep respect and regard for religious beliefs and practices underpins the concept of *ubuntu*.

In a traditional setting a person only becomes an elder after going through initiation rituals. For example in some South African cultures, one is not a man, unless circumcised. In fact there are cases where teenagers who have been initiated are considered men and those over thirty years but have not been initiated are excluded from men's public meetings. The understanding is that they are not men and secondly that they are not fully human, because to 'become' means going through specific community rituals. In this sense there is an implied belief that not every person has personhood. Therefore not everyone can practice *ubuntu*, only 'persons' can. In this context, *ubuntu* becomes a form of social control; it facilitates respect for consensus and individuality. The family name is important here as each head of the household has a duty to continue the family name and constantly make links with the living dead. In this way, the paradox of *ubuntu* is its ability to hold families together but also to encourage the submission of women and exclude them from the definition of a 'person'.

The second aspect of *ubuntu* is that it emphasises agreement or consensus. If democracy were to be defined from the perspective of *ubuntu*, then it would go beyond majority rule (Poliarchy) to involve more direct forms of interaction, for instance, lengthy discussion. Robert Dahl (1998) shows that although direct democracy would allow everyone to speak, it is not appropriate for large-scale societies. But in small-scale communities, every 'person' (except women in most cases) would get an equal chance to speak up until some agreement or group cohesion is reached (Louw, 1999:6). Ramifications of this are reflected in South Africa's Broadcasting Corporation's slogan, '*Simunye; We are One'* and the Congress of South African Trade Unions' motto; '*An injury to one is an injury to all*'. This should however not be used to romanticise *ubuntu*. The concept could equally be used to impose totalitarian communalism and demand oppressive conformity and loyalty to a group (Louw, 1999).

The third pillar of *ubuntu* is that it inspires individuals to open themselves to others, to encounter the difference in their humaneness so as to inform and enrich the individuals' own (Louw 1999:8, Sidane, 1994: 9). *Ubuntu* takes on the meaning that 'to be human is to

affirm one's humanity by recognizing the humanity of others in its infinite variety of content and form' (Van der Merwe, 1996: 1). This entails respect for particularity and historicity as well as individuality. Individuality in this context differs from that of Rene Descartes' idea of 'I think therefore I am' because *ubuntu* defines individuals in relation to others, thereby substituting 'I think therefore I am' with 'I participate therefore I am' (Shutte, 1993:47).

The practice of *ubuntu* lies behind the ubiquitous development of informal networks such as stokvels, burial societies and savings clubs which involve participation and community efforts to improve the socio-economic conditions of poor people.

1.1(d) Associational life: self-help institutions

Self-help initiatives in South Africa developed historically in response to urbanisation, migration and poverty. They arose in emerging migrant and working class urban communities, although they were communally generated, oriented and supported. They emerged primarily to offer mutual support in changing social and economic contexts. They provided relief, acting as shock-absorbers in times of economic, political and social decline. Russell and Swilling's study of the nonprofit sector in South Africa shows that by the early 21st century, these informal associations constituted 53% of the nonprofit sector. The writers estimated that there were more than 53 929 such associations in 1999, making them a critical factor in South Africa (Russell and Swilling 2002:21). Goran Hyden argued that small is powerful when referring to what he called the 'economy of affection' (Hyden 1980:18). In the study of peasants in Tanzania, Hyden argued that each mode of production gives rise to its own type of economy. The peasant mode gives rise to an economy in which the affective ties based on common descent and common residence prevail. The economy of affection according to Hyden is concerned primarily with the problems of reproduction rather than production. In other words, here the focus is on 'working to live' rather than 'living to work'.

Adam Habib offers a useful typology or categorisation civil society in post-apartheid South Africa. For Habib, political democratisation and the economic liberalisation processes in post-apartheid South Africa reconstituted civil society into three blocs. The first bloc consisted of formal developmental NGOs that developed a cooperative and collegial relationship with the state (Habib 2003:236). These NGOs were involved in service delivery

work and sometimes acquired contracts from government. They emerged in response to the new democratic government's enabling environment for the non-profit sector to engage the state in certain service delivery functions. The state established a conducive and friendly political, fiscal and legal environment in which State-NGO relations could flourish (Habib 2003:233).

The second and third blocs paradoxically emerged as a result of the effects of globalization and the government's adoption of neo-liberal economic policies in the late 1990s (Habib 2003:234). Similar social reconstruction and effects occurred in other countries that adopted structural adjustment policies. The result was that thousands of jobs were shed, inequality increased and so did levels of poverty. The effects were felt most by the poor. And their response was to mobilise either to engage the state in the case of new social movements in South Africa or to form community based associations that helped communities survive (Habib 2003: 236). In South Africa, stokvels, burial societies and savings clubs fall into this category. Usually the poorest sections of society initiate these organisations, which are communally based and oriented. According to Pieterse,

> In the absence of employment and its prospects in the near future, people in rural areas depend on non-formal opportunities. However accessing such opportunities requires the incessant and expansive mobilization of energy to foster and maintain useful connections in a multiplicity of networks (Pieterse 2003: 106).

The result is that people participate in various associational life and networks ranging from formal structures to community based organisations or informal structures such as self-help associations. These associations are usually small and operate at grassroots levels. A defining feature of these initiatives is that they do not have a direct relationship with the state or formal urban NGOs as Habib observed. This is because more often than not, these grassroots initiatives lack a professional administrative structure and infrastructure for undertaking development projects (Pieterse 2003:17). Hence they are only concerned with producing a livelihood.

Pieterse argues that these associations developed as a result of the rapid shedding of jobs by the economy after 1994. As this happened, people were compelled to rely more and more on the informal economy and kinship based support networks to access income, information,

goods and services. This process of the informalisation of the economy and the growing dependence on kinship networks confirms Orvis' (2001) argument that in Africa, the conventional understanding of civil society has excluded what constitutes civil society. According to Orvis, African associational life includes patron-client relationships, traditional authorities, ethnic associations, self-help groups and cooperatives.

Stokvels according to Lukhele (1990) were the effect of the survival strategies by black people in a 'hostile' world. A South African phenomenon, *stokvels* spread in form and power to neighbouring countries. In Zimbabwe, for example, people resorted to *stokvels* to raise money whether for personal or development projects.

In pre-colonial Africa, South Africa included, indigenous people shared and valued a spirit of reciprocity and interdependence. There was a tradition of helping one another, the practice of *amalimo* (cooperation). The community believed that none of its members should be in need or impoverished. Despite South Africa's colonial experience of conquest, domination and control, black people were sustained by the indigenous African system of communalism, sharing and cooperation (Lukhele 1990:1). Stokvels were essentially adaptations made in the context of colonial urban life.

Lukhele explains that the term *stokvel* derives its meaning from the rotating cattle auctions or 'stock fairs' of English settlers in the Eastern Cape during the early 19th century (Lukhele 1990). Black farmers and labourers who attended these stock fairs exchanged ideas and gambled whatever resources they had. Lukhele argues that this became a trend at almost all stock fairs. The person who won would go home with lots of money. When gold was discovered migrant workers flocked to the Witwatersrand from all over the world, including the Cape. The latter brought with them the tradition of *'stokvels'* (Lukhele 1990:4). This led, too, to the development of burial societies when black migrants conceived of the idea of sharing the costs of burials.

Lukhele's historical account of *stokvels* is more compelling than the popular belief that women in the 1930s were the originators of the practice. According to Lukhele it was only in the 1920s and 1930s that black women started arriving in the cities and towns. From then on, *stokvels* became associated with women, who formed them to supplement their meagre

wages. Black women also formed *stokvels* to protect themselves from police harassment. In order to create more income, women brewed and sold beer. This contravened liquor laws and women were arrested. When a *stokvel* member was arrested, as Lukhele shows, others would help with the home and children until the member was released (Lukhele 1990:16). In this context, *stokvels* transcended their primary role of circulating money and became comprehensive support systems for members in times of hardship (Lukhele 1990:17). This moral support is clearly articulated in the Sotho saying *Feta kgomo o tshware motho*, if and when one is faced with a decisive choice between wealth and preservation of life of another human being, then one should opt for the preservation of life (Ramose, 1999:194). This proverb captures the idea of community mindedness embedded in *stokvels*. *Stokvels* were in this view a response to the effects of capitalism.

In the post-apartheid period, the concept of a *stokvel* refers to joint undertakings or collective enterprises such as savings clubs, burial societies or co-operatives. They comprise a wide range of community-based financial arrangements where resources are pooled and disbursed to members as either interest free loans or payouts (Du Toit, 2000: 33). Since the early 1990s, a considerable literature on Rotating Savings and Credit Associations (ROSCA), under which *stokvels* are usually discussed as ROSCA-like savings organisations emerged (Besley, Coate and Loury 1993 and 1994; Calomiris and Rajaraman 1998). A distinction was made between typical savings organisations and burial societies. Even though burial societies are savings organisations, they differ from *stokvels*. *Stokvels* are accompanied by partying and lavish social activity (Verhoef, 2002a, 2002b, 2001). The difference between the two can be explained in terms of origin and function. Burial societies were formed first, primarily to meet the trauma of death in the city, normally a place distant from traditional homelands. Burial societies thus emerged as mechanisms to facilitate the full ritual of death, mourning and burial according to custom (Verhoef, 2002: 3). Like many practices invented for survival, *stokvels* by 2004 had undergone many shifts and they comprised of different types. These included savings clubs, investment clubs, credit clubs, and high budget stokvels.

Savings clubs were formed in the early 1920s. They rotated pooled funds to members on a mutually agreed basis. Membership varied between 5 and 6 people and at times membership rose to 8 or even more. By the end of apartheid, a typical *stokvel* had about 20-30 members.

Some grew to as many as 50 members. The second category of *stokvels* is an investment oriented association. Members in these types of stokvels tended to contribute higher amounts compared to normal savings club. An investment club took the form of a *stokvel* co-operative except that the pool of money was not paid out to members at the end of the meeting, month end or end of the year. Instead the money was saved with a common goal of carrying out capital projects, buying an expensive commodity or investing in a business venture (Verhoef 2002:4). The high budget *stokvel* consisted of a large membership (at times a hundred or more), all of whom were of high social standing and respected in the community (Verhoef, 2002:5). Contributions varied between R200.00 and R2000.00 per month. Payouts were considerable varying between R7000.00 and R15 000.00 per month.

These initiatives are African expressions of civil responsibility and interaction. They built on the practice of *ubuntu*, an African version of social capital. The definition of civil society should therefore take into account the different manifestations of African associational life. In South Africa, the term should include all these associations. In the next chapter we consider broadly the form that civil society takes in South Africa.

CHAPTER TWO

2.0 CIVIL SOCIETY AND PHILANTHROPY IN SOUTH AFRICA

The term 'civil society' has been contested in South Africa. Two critical phases have played a role in the definition of civil society. These are apartheid and the democratic dispensation. This chapter considers the way civil society was understood during each and how that shaped the contemporary views on civil society. This chapter explores the shifts from the general term 'civil society'/civics to NGO to NPO and the different state-civil society relations during each phase.

In contemporary South Africa, a number of definitions of civil society prevailed at different times. In the 21st Century, it is the definition developed by the CIVICUS research project on South Africa that is most widely used. This project defined civil society as:

> The sphere of organisations and/or associations of organisations located between the family, the state, the government of the day, and the prevailing economic system, in which people with common interests associate voluntarily. Amongst these organisations, they may have common, competing, or conflicting values and interests. (Core/Idasa, 2001: 4)

Within the civil society discourse, the term 'non profit organisation' gained currency. But prior to 1994, the term 'NGO' did not exist in the South African discourse. Different anti-apartheid organisations were called just that. The term 'NGO' entered the discourse in the transition to democracy. Civics came out of communities, trade unions from the shop floor, youth and women organised separately. All of these formed what we would broadly call civil society. Political dynamics of anti-apartheid movements or 'social movements' were the dominant form, alongside voluntary associations that played complementary roles; such as land rights organisations, and the social and political rights organisations such as the Black Sash and others. In the transition to democracy, the new political terrain of legal democratic competition saw the demobilistion of social movements and their transformation into more profession NGOs, that came to be defined as the 'non-profit sector'. The state needed to provide a legal framework for the legitimate operation of these NGOs and of community based organisations (CBOs). To understand a non-profit organisation in South Africa is a

complex exercise because the constructed notion of 'non-profit sector' is intimately bound up with the unresolved, emotive debate about the notion of 'civil society' (Russell and Swilling 2002:4). Russell and Swilling argue that as South Africans negotiated themselves from racially exclusive authoritarianism to a robust non-racial constitutional democracy over the decade starting in 1990, the debate about the state's function and form could not be detached from how South Africans envisaged a future civil society. The only uncontested notion was that civil society referred to associational life somewhere between the state and the family or individual. One debate about civil society and its role in post-apartheid South Africa gained prominence in the pages of the African Communist, a publication of the South African Communist Party in the mid 1990s, particularly in the persons of Blade Nzimande, Mpume Sikhosana, Steven Friedman, Mark Swilling and Mzwanele Mayekiso on the future of civil society. But questions about whether or not civil society included the 'for profit sector', its synonymy or antimony with the market, its homogeneity or heterogeneity, how big or small it was, whether it could move from being oppositional to developmental and whether indeed it was an 'it at all', pervaded the debates of the time (Russell and Swilling 2002:5).

This was because in the 1980s and 90s, the term NPO was not used in the debates around civil society. Instead the debates were about the role of service organisations. However due to the influence of donors and the donor language there was a shift to discussion about the role of non-governmental organisations (NGOs) and community based organisations (CBOs) (Russell and Swilling 2002:6). According to Russell and Swilling, in the mid 1990s, the policy environment demanded that a choice be made on what to call civil society in the post-apartheid South Africa. Stakeholders that included policy makers and key NGO actors settled for the term 'NPO' (Russell and Swilling 2002:6). The term 'NPO' was adopted because it was depoliticised and it transcended the NGO-CBO discussion. It clearly delineated the sector from the private sector. However the question of boundaries is subject to criticism. Wagner (2002) for example, questioned whether the non-profit is really a sector on its own. He saw an overlap in the roles that the three sectors played that blurred boundaries. He asked should we then talk about 'sectors' or rather a mixed welfare economy?

The term 'NPO' also underwent modifications in South Africa. Serious debate about its meaning and what it included as an NPO occurred. Since the democratic dispensation, three definitions were used. The Development Resource Centre (DRC, one of the case studies in the chapters that follow) coined the first definition. In 1993, the centre defined an NPO as a;

> Private, self-governing, voluntary, non-profit distributing organization operating, not for commercial purposes but in the public interest, for the promotion of social welfare and development, religion, charity, education and research (quoted in Russell and Swilling 2002:7)

According to Russell and Swilling, this definition was too narrow because it excluded business associations, professional associations and unions. Instead it focused on the public interest and activities of an NPO, which aimed at promoting social welfare and development, religion, education and research (Russell and Swilling 2002:7).

The Centre for Policy Studies (CPS) developed the second definition in the mid-1990s. Steven Friedman, one of South Africa's leading political analysts defined civil society as the realm of associations, independent of the state, but which engage with it without seeking to take it over. His approach regarded a liberal democratic state as a prerequisite for 'civil society'. However, this definition is also narrow. It excludes most black associational life including opposition organisations to apartheid. In other words, this definition did not fully reflect civil society in South Africa.

The most recent definition emerged from SANGOCO in 1999, enunciated by the Co-operative for Research and Education (CORE) together with the Community Agency for Social Enquiry (CASE). These two research institutions defined civil society in terms of organisations. They defined CSOs as;

> Those organisations and groups or formations of people operating in the space between the family and the state, which are independent, voluntary and established to protect or enhance the interests and values of their members/ founders (CORE/CASE 1999).

This definition is quite close to that developed by the CIVICUS-SANGOCO Project somewhat later. These three definitions were used in 1997, when the Department of Welfare and Population Development drafted the Non-Profit Organisations Act. The result was that an NPO was defined in the Act as;

> A trust, company or other association of persons established for a public purpose and the income and property of which are not distributable to its members or office bearers except as reasonable compensation for services rendered.

In South Africa, therefore the legally accepted definition of an NPO enshrined in the NPO Act emerged from civil society itself. What is interesting about this definition is that it shares similarities with the global definition of an NPO. The Johns Hopkins Comparative Non-Profit Sector Study Project designed the global definition from a structural-operational paradigm. Five features define what an NPO is according to this paradigm. An NPO must, first, be organised. This means an NPO should be institutionalized to some extent. Secondly, according to the project, an NPO should be private. This means it should not be a government structure, although it can still receive financial support from government and can be contracted by the state. Thirdly, an NPO should be self-governing. It must control its own activities. Forces like government and for profit businesses must not control it. Fourthly, an NPO should not distribute profits. Profits generated by an NPO must be ploughed back into organisation. Finally, an NPO most be voluntary. It must make use of volunteers in its operations (Russell and Swilling 2002).

According to the authors of the South African non-profit sector study (Russell and Swilling 2002) these five features were tested and they agreed with the legal and official definition of an NPO. However, some differences emerged, for example, that a stricter application of the structural-operational paradigm in South Africa would have excluded forms of NPO that were relevant in South Africa's context. These included among others, co-operatives, stokvels, burial societies, religious organisations and political parties (Russell and Swilling 2002:10). Stokvels, co-operatives and burial societies, for example would not have fallen with the criteria of non-profit distribution. And political parties and religious institutions would have militated against the self-governance criteria. However, excluding these would have narrowly confined the definition. Civil society could not exclude these associations as the discussion of South African forms of organisation showed. We turn to consider, first, what constituted civil society during the apartheid era and then consider the situation in democratic South Africa.

2.1 Civil society during the apartheid era

In the 1980s, the number of associational groups grew dramatically. This coincided with the global resurgence of civil society groups particularly in developing countries. However in South Africa, the growth took place in the context of growing popular struggles against the apartheid regime. In the late 1980s, the sustained and organised opposition that found expression in the United Democratic Front (UDF) led to a period of reform, resistance and expression (Slabbert, 2000). Habib called this the 'liberalisation phase' and it coincided with the mushrooming of civil society organisations. Habib suggests that the hegemonic elements in civil society were organisations and institutions that were pro-apartheid and pro-business (Habib 2003:230). Those that sought to critique the state and its economic policies were suppressed or marginalised from the formal political process. However in the 1970s, new anti-apartheid groups such as trade unions, students and organisations associated with the Black Conscious Movement made an impact on the state even though they faced constant harassment from the state. Moreover, the 1976 Soweto revolt played a key role in shaping the relations that developed between the state and civil society in the 1980s and in the reconfiguration of civil society in general. Other factors that Habib (2003) identified that made civil society in the 1980s a force to be reckoned with were the political liberalisation by PW Botha and increasing availability of resources.

Habib argued that the liberalisation of the political system through the restructuring of the cruder aspects of grand apartheid enabled the emergence of a number of civil society organisations and activities. After the 1976 uprisings, further protest activities created tension between reformers and conservatives within the regime. According to Habib,

> Reformers wanted to adapt apartheid and make it compatible with economic modernisation while the conservatives within the state wanted to maintain the status quo. The succession of P. W. Botha in the 1980s was therefore an opportunity for reformers to carry out a number of reforms which included the recognition and legalisation of independent black unions and the establishment of a political space for civil society organisations (Habib 2003:231).

The availability of donor funding, both local and international, created conditions that contributed to the strength of civil society organisations in the 1980s. According to Habib (2003), two kinds of resources were important. These were human and fiscal. Human

resources included students, graduates and prisoners who not only came together to unite and fight apartheid but formed institutions to support the mass struggle. Fiscal resources came mainly from international agencies, governments and foundations. Local institutions were also involved in supporting civil society (Habib 2003:231, Stacey and Aksartova 2001:373).

During apartheid, state-civil society relations were largely adversarial and confrontational. The whole aim of the majority of civil society organisations was to destroy apartheid and its policies. Hence oppositional organisations were treated with suspicion by the state. For Habib, state-civil society relations also took on a racial dimension during this time. While mainly white organisations cooperated with the state, a majority of black organisations opposed the state (Habib 2003:232).

2.2 Civil Society and the State: From Transition to the Consolidation of Democracy

With the advent of democracy, state-civil society relations were reconfigured and changed dramatically. Civil society assumed new positions and faced new challenges, thereby transforming its nature and behaviour towards the state. Political democratisation, globalisation and economic liberalisation changed the context within which South African society transformed.

Mayekiso (1996) argues that with the unbanning of the African National Congress (ANC), the SACP, and the Pan Africanist Congress (PAC) in 1990, 'civics', were no longer the only broad, multi-issue, anti-apartheid organisations. Civics were confronted with the question, what should they do now? What became dominant was the notion that had been developed in the 1980s by the Alexander Civic Association (ACA) that civics were a mass democratic, independent and non-party political instruments belonging to the poor and working class people. Civics' role was to campaign, advocate and play a watchdog role. They also helped in township development (Mayekiso 1996: 143). Although this was a dominant view, the civics and the progressive movements were now divided on the way forward. Fundamental questions such as whether the United Democratic Front (UDF) should continue to exist in

its broad anti-apartheid form or whether civics should become local branches of the ANC were asked.

Although civil society organisations maintained their autonomy from the ANC and the State, three views gained currency during the 1990s. Some individuals within the SACP led by Blade Nzimande and Mpume Sikhosana promoted the first. This view attacked civil society as a tool of the bourgeoisie that divided the progressive movement, and thereby threatened the drive to socialism (Nzimande and Sikhosana 1991). Steven Friedman developed a second view that civil society could pose a challenge to the state in its responsiveness to society at large. There was tension in this relationship, as public representatives came from political parties which are part of civil society. Competition is a feature of the vitality of civil society. Accountability and public contest are thus vital areas of social life (Mayekiso 1996:146, Friedman 1991). A third view was driven by the progressives, for example, Mark Swilling, who defended civil society as the basis for a class free sphere of liberty, even an associational socialism (Swilling 1991).

These debates were detached from what civics thought. Mayekiso offered a fourth position which stood for a working class version of civil society whose role was to be a watch-dog and provide the energy and the tools to build socialist blocks. Mayekiso argued that because civil society interrelated dialectically with class divisions at the level of economic production and with the state, civil society was itself a site of struggle and contest (Mayekiso 1996:147). This meant that civil society itself was in a cycle of struggle with itself. One of the struggles of civil society was whether or not it would bow to the demands of the State. Those within the SACP argued that civil society was bound to be engulfed by the State. Friedman, however, opposed the inclusion of civil society in the Government of National Unity's National Economic Development and Labour Council (NEDLAC). Nzimande and Sikhosana argued that as organs of 'people's power', civics should dissolve into ANC branches and be absorbed in the struggle for political democracy (Nzimande and Sikhosana 1991, Mayekiso 1996). They said,

> To suggest that the building of democracy is a task for civil society and its organs is plain naivety of the nature of political struggle. In fact it is such a conceptualisation that has led to the problematic practice that is beginning to emerge within the national liberation movement and the mass democratic

> movement, for example, that issues about services and development in townships are for civics and political issues are for political organisations and parties (Nzimande and Sikhosana 1991).

In this view, civics divided the ANC from its base. For Mayekiso, this position assumed the ANC would remain progressive forever. This view also saw no role for civil society. And yet there were many developmental challenges that faced the country. There was therefore a need for civil society to make a shift from protest politics to politics of development. Hence Mayekiso responded to Nzimande, Sikhosana and others who dismissed civil society and maintained that civil society was necessary, as it remained focused, united and politically conscious.

In 2004, ten years after the attainment of democracy one effect of the political and economic processes in society was the emergence of three distinctive blocs of civil society that Habib identified in line with the debates that occurred in the early 1990s. These blocs are developmental NGOs, CBOs and social movements. According to Russell and Swilling (2002), developmental NPOs engaged in directly improving the social, cultural and economic well-being of the society. These drew support from the state and private donors. Historically, these catered mainly to the white community. These NPOs are what Habib classified as the first bloc of civil society organisations in post-apartheid South Africa. The political restructuring which characterized the democratic state in order to create an enabling environment for NPOs influenced formal NPOs or NGOs. According to Habib, three initiatives were undertaken by the new state.

The first was in the political and security environment. Repressive laws were repealed to allow public scrutiny and protest. Secondly, the state passed legislation that regulated NPO activities. The Non-Profit Organisations Act of 1997 officially recognised civil society activities. The Directorate of Non-Profit Organisations was also established to coordinate the registration of NPOs. Civil society organisations participated in NEDLAC. The state also showed a political will to form partnerships with civil society organisations of this nature particularly in service delivery. Barnard and Terreblanche quote Zola Skweyiya, minister for Social Development saying that

> The twin expectations of government are that NGOs will firstly continue to act as monitors of the public good and safeguard the interests of the disadvantaged sections of society. This performance of this social watch role requires both transparency and accountability on the part of NGOs. The government's second expectation is that NGOs will assist in expanding access to social and economic services that create jobs and eradicate poverty among the poorest of the poor' (Barnard and Terreblanche 2001:17).

The second initiative of the state was in the fiscal environment. Habib notes that the state created institutions that would sustain the financial status of civil society organisations. This became necessary once donor funding was rerouted from civil society and came to be disbursed through the state. The Fundraising Act of 1978 was repealed to allow civil society organisations to raise funds for their activities. The National Development Agency and the Lottery Commission were created to support non-profit activity. NPOs also lobbied the state to promulgate the reform of tax regulations. The Non-Profit Partnership (NPP) was in the forefront in this process. The result was that registered civil society organisations were granted tax exemption status. This also encouraged philanthropic giving (Habib 2003:234).

The consequence of these fiscal, legal and political changes facilitated a collaborative relationship between the state and civil society organisations. NGOs were contracted by the state to implement its agendas. According to Habib and Taylor (1999), this resulted in the professionalisation and commercialisation of NGOs. The positive aspect of this development was that some NGOs became more sustainable. The negative aspect was that NGOs became less accountable to their mission and vision.

The second bloc of civil society organisations in post apartheid South Africa comprises survivalist NPOs. These are most often found in poor communities where there is real need for help. They usually assume the role of coordinators in the community especially for services not provided by the state or the private sector. And according to Habib (2003), these organisations owe their existence to the effects of globalisation and its manifestations in South Africa.

The political and economic transition in South Africa established two processes, namely the creation of representative democracy and the integration of South Africa into the global

economy. As a result, the government adopted neo-liberal policies. Although the policies have benefited the economy, the poor have grown in all race groups. The government's economic policies have not performed as expected. There has been less foreign direct investment than hoped for. There have been massive cuts in the labour market resulting in high inequality levels as well as incomes. According to Desai (2002) and Kotze (2003), many communities have had their water and electricity cut off. Kotze argues that the negative effects of neo-liberalism have led to an economic and social crisis (Kotze 2003:2). Pieterse claims that since 1994, over 500 000 jobs have been lost compared to more than 400 000 jobs lost between 1989 and 1993 (Peterse 2003:105).

In response to these policies and their effects, civil society organisations have regrouped into both survivalist and oppositional groups. The emergence of opposition can be attributed both to globalisation and neo-liberalism. These organisations mobilise people to pressurise the state, multinationals and private companies to make specific changes. Desai (2002) defined these organisations as 'social movements'. Some of them are nationally based, for example, the Treatment Action Campaign (TAC) and challenge the state's policy on HIV-AIDS. Others are locally based, for example, the Soweto Electricity Crisis Committee. This committee responded to cut-offs in water and electricity. These have a formal structure and are supported primarily by a middle-class activist base (Habib 2003:237). They are not survivalist in nature but are politically motivated and engage the state around the implementation of neo-liberal policies (Habib 2003:237, Kotze 2003:11). Desai suggests that their influence has been felt mostly at the local level where they have targeted local government service delivery. Their relationship to the local state is neither collaborative nor collegial. Survivalist groups, on the other hand have no relationship with the state. They do not receive state funding and most have not sought any registration from the state. Their main concern is to survive.

Kotze argued that a big divide emerged between the bigger, more professionalised NGOs, primarily involved in service delivery and increasingly referred to as 'blue-chip' NGOs and the growing number of smaller less formalised CBOs that tend to be more survivalist and increasingly oppositional in nature (Kotze 2003:3).

However, social movements have a very clear relationship with the state. Depending on the issues and the organisation, relationships fall between adversarialism and engagement. Sometimes it has involved both (see Habib 2003 and Desai 2001). According to Desai

> For many of the activists…working in different spaces and having different strategies and tactics, there was a binding thread. There was unmitigated opposition to the economic policies adopted by the ANC. Activists spoke of how the right wing economic policies lead to widespread and escalating unemployment with concomitant water and electricity cutoffs and evictions, even from the 'toilets' in the veld, provided by the government in the place of houses. More importantly there was general agreement that this was not just a question of short term pain for long term gain. The ANC had become a party of neoliberalism. The strategy to win the ANC to a left project was a dead end. The ANC had to be challenged and a movement built to render its policies unworkable. It seems increasingly unlikely that open confrontation with the oppressive power of the apartheid state can be avoided (Desai 2002:147).

Kotze agrees with Desai that there was a more visible manifestation of popular discontent between 2001 and 2002. During the World Conference on Racism in Durban in 2001 and the World Summit on Sustainable Development in 2002 in Johannesburg, there were heightened levels of protest by social movements. To Kotze, these local community struggles, more notably, emerging social movements, increasingly articulated the link between macro-economic policies, globalisation and increased poverty (Kotze 2003:3).

> The mood seems to be more of action as many ordinary people grow tired of promises and political rhetoric. They are increasingly judging 'the state of the nation' by their experiences of deteriorating living standards and an intensified struggle to survive. There is a new volatility on the ground which provides for fresh forms of expression and mobilization based in poor communities, spontaneous and direct in response to the state's devastating neo-liberal policies on the poor. Struggles are around bread and butter issues (Kotze 2003:19).

This volatility on the ground meant that more and more of the voices heard were those of the poor themselves rather than from formal NGOs. The latter argued that they were the voice of the voiceless. NGOs needed to address this shift.

It is clear as Habib concludes that civil society's relationship with the state takes a multiplicity of forms. The three blocs portray the kind of relations that have developed between the state and civil society in the post apartheid era. Different relations between the

state and civil society exist, some confrontational and others collegial. Relations are as varied as the nature and objectives of organisations.

Underlying some of these relations are the challenges that civil society has faced in South Africa in the post-apartheid era. Immediately after the transition to democracy, a number of civil society organisations lost their political and intellectual edge (Kotze 2003:17). According to writers like Habib (2003), Habib and Taylor (1999) and Kotze (2003), most NPOs found themselves implementing the agenda of donors and the state. According to Kotze, this resulted in many conferences and workshops addressing the needs of the 'have nots' by the 'haves'. This is what Poet Ross Coggins has said in *The Development Set;*

> Excuse me, friends, I must catch my jet-
> I am off to join the Development set;
> My bags are packed, and I have had all my shots,
> I have travellers' cheques and pills for the trots.
>
> The Development Set is bright and noble,
> Our thoughts are deep and our vision global;
> Although we move with the better classes,
> Our thoughts are always with the masses.
>
> In Sheraton hotels in scattered nations
> We discuss malnutrition over steaks
> And plan hunger talks during coffee breaks.
> Whether Asian floods or African drought,
> We face each issue with an open mouth.
>
> We bring in consultants whose circumlocution
> Raises difficulties for every solution-
> Thus guaranteeing continued good eating
> By showing the need for another meeting (Ross Coggins in Hancock 1989).

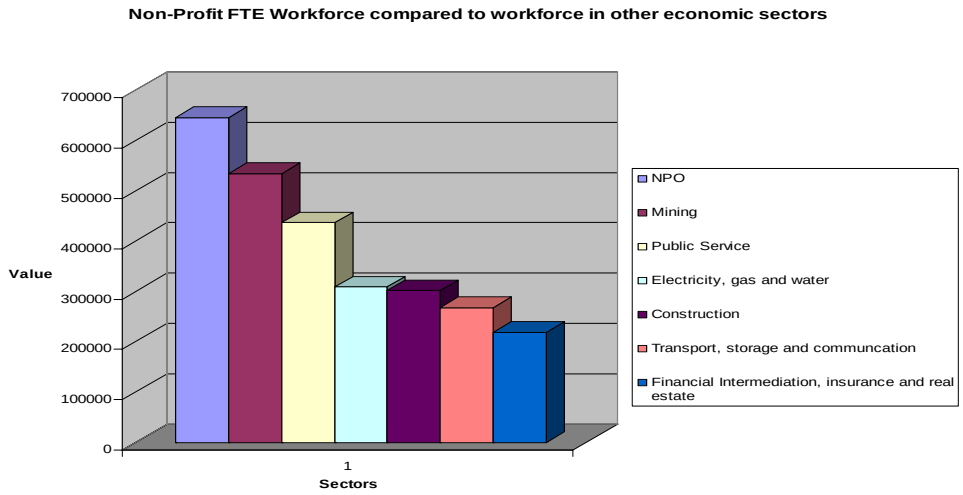
A challenge that faces civil society and development agencies is that of delivering services to the grass roots level. How much have the discussions and ideas at conferences and meetings got to the ground where there is real need? These are concerns that civil society

organisations, particularly formal NGOs have to confront as the country reviews and celebrates its ten years of democracy. Does civil society have the capacity to implement progressive policies in the next decade?

The ten years between 1994 and 2004 were somewhat 'crisis years' for some civil society organisations in South Africa. First, there was a radical reprioritisation of foreign donor funding to the democratic state during the period of transition and in the years following. Secondly, a number of civil society organisations had to restructure to meet the challenges of the new democratic South Africa. Some failed to adapt to the new challenges while others repositioned themselves well, reorienting themselves to and building new relationships with the state. Thirdly, a number of charismatic and visionary leaders filled government positions leaving a leadership gap in civil society.

However a vibrant civil society exists, as Pieterse has argued, in small social formations functioning at the grass root levels. Civil society is also a major economic force. In 1998, it employed just over half a million people and generated an income in excess of R10 billion per year. It also employed more people than other economic sectors as shown in figure 1 (Russell and Swilling 2002).

Figure 1 (Values taken from Russell and Swilling 2002: *The Size and Scope of the Non-Profit Sector in South Africa*, p.16)



A critical issue for this sector is that of funding. One of the challenges facing civil society, particularly formal NGOs is to connect with smaller CBOs that do not have access to adequate funding. Much foreign and domestic funding has focused on formal NGOs, which form less than 50% of all NPOs in South Africa. Yet Stacey and Aksartova (2001) and Russell and Swilling (2002) argue that the sector's finances have not declined drastically. In general South Africa has been characterised by unusually high levels of funding compared to other developing countries in Africa. Three sources of funding were identified, foreign funding; corporate social investment and individual giving. (Kraak 2001:144). For a long time, it was assumed that income from commercial activities and government was relatively low. However, according to Russell and Swilling (2002), in 1998 the non-profit sector had an estimated income of R14 billion**.** The highest contribution came from government (42%, R5.8bn) followed by the South African private sector, (21%, R3bn), donors (private philanthropy and international non governmental organizations, 25%, R3.5bn), and service fees and other self generated income, (34%, R4.6bn). What these figures suggest is that the non-profit sector is sustained more by South African donors than by international donors. Yet this is debatable for domestic funding went to only a few NPOs. First it went to formal organisations that formed less than 50% of NPOs in the country. Secondly, it went to social services, health, development and housing (see table 4). These NPOs were well developed, formal and tended to be active in urban areas in middle class communities.

Table 2: Government funding to NPOs according to sectors (Source: Swilling 2002).

Sector	Number of organisations	Total government funding per sector	Average government funding per organisation
Social services	22755	R2.1 billion	R92287
Health	6517	R1.7 billion	R260856
Culture and Recreation	20587	R50 million	R2428
Development and Housing	20382	R1.1 billion	R53969

The three sectors above reveal the skewed pattern of government funding to the NPO sector. Social services and health received the highest funding and yet they were concentrated mainly in middle-income socio-economic categories. And culture and

recreation as well as development and housing which operated mainly in poorest socio-economic categories, received very little funding. It may be argued that the sector did not face a shortage of finances rather it suffered from the skewed pattern of government funding. This was the pattern also among international foundations. They focused on formal, urban and professionalised NGOs. Contrary to popular belief, these did not scale back their funding to civil society in the period leading to the transition and after the transition. Aksartova and Stacey (2001) revealed that even though most official donors to civil society in South Africa rerouted their support to the democratic government, U.S Foundations however did not follow this trend. U.S Foundations never scaled back their grant making to South Africa either during the transition nor the period of consolidation of democracy (Stacey and Aksartova, 2001: 390).

Table 3: U.S Foundation Grantmaking internationally and to SA, 1988-1996 (Source: Stacey 2001)

Year	Value of foreign Grants (in millions)	Foreign grants (%)	Grants to SA	Grants to SA as %
1988	$125.09	4.4	$9.76	7.8
1989	$142.88	4.4	$6.39	4.5
1990	$164.45	3.7	$19.01	11.6
1991	$217.40	4.5	$19.82	9.1
1992	$195.38	3.7	$21.72	11.1
1993	$255.86	4.5	$17.48	6.8
1994	$271.83	4.4	$31.34	11.5
1995	$294.28	4.7	$35.86	12.2
1996	$359.29	4.9	$42.97	12.0

South African civil society enjoyed the financial support of international foundations, governments as well as individual and corporate giving over a substantial period. Other donors in the area of civil society included the USA, Netherlands and the Nordic countries, the World Bank and the UNDP. All these donors supported civil society in a bid to deepen democracy and contribute to development. Yet the questions still remain about the nature and reasons for the support of NGOs by donors.

2.3 Popularity or populism? NGOs and Development

Since the end of the Cold War in 1989, bilateral and multilateral donor agencies pursued a 'New Policy Agenda' which gave renewed prominence to the role of NGOs and grassroots

organisations in poverty alleviation, social welfare and the development of civil society (Hulme and Edwards, 1996: 961). Hulme and Edwards argue that although the details of this policy varied from one donor to another, two elements dominated. The first was economic: markets and private sector initiatives were regarded as the most efficient mechanisms for achieving economic growth, producing goods and providing services. NGOs were more efficient and cost effective service providers than states, especially in reaching the poor. The second element was political, where good governance was seen as essential for a healthy economy. NGOs played a role in the democratisation process by bilateral and multilateral agencies especially in countries where dictatorship and authoritarianism had come to an end in the 1990s.

In South Africa, Chetty (2000) and Bratton and Landsberg (2000), emphasise both elements of the 'New Policy Agenda'. Bratton and Landsberg showed that international development assistance began to flow into South Africa well before the 1994 elections. They argue that initially, modest amounts of aid were directed to resistance organisations and victims of apartheid as part of a coordinated campaign to bring down the regime (Bratton and Landsberg, 2000: 262). Donors channeled pre-transition aid to South Africa directly to NGOs and CBOs (Smith 2001:6, Kraak 2001:135). Countries that sponsored grassroots development projects prior to 1990 included Sweden, the United Kingdom, the European Union, the USA, Germany, Denmark, Norway and Canada. Bratton and Landsberg suggest that the involvement of these donors with South Africa's civil society before 1990, and with the South African state post-1990, established the basis for the assessment of the relationship between donors and the NGO sector.

The transition to democracy after 1990 affected the patterns of funding to the NGO sector. With the advent of democracy, many donors began to switch their assistance from civil society to the democratic state against the idea of strengthening civil society. White saw the rise of NGOs as an indication of a strengthening of civil society (White 1999:319). He argued that NGOs stood as examples of citizens' associations which guaranteed civil liberties and a broader distribution of basic rights. NGOs were also seen as conduits, 'honest brokers', between the state and society, which fostered broader social and political participation' (White, 1999: 320). But an effect of the dependence of NGOs on foreign aid

was to reduce their autonomy. Foreign funding also meant that NGOs were not induced to find independent means of sustaining themselves. Instead NGOs tended to follow the terms and interests of funding agencies. They often tailored their programmes to suit the focus of funders. In the long run, the consequence of this cycle and relationship with donors, was that often NGOs lost control of their civic role as 'citizens' association'.

The impact of funding as described above had precedents in other countries. White (1999) showed how in Bangladesh, for example, some NGOs had grown dramatically in response to overseas donor funding, very different from the citizens' associations of classical civil society theorists. White's research shows that the increased size, focus and direction of aid had brought 'increased distance from the grassroots and the early pioneering vision had been replaced by an ethic of efficiency and professionalism' (White, 1999: 321). Lang (1997) addressed the same phenomenon in her discussion of the 'Ngoisation of feminism' and social movements in Germany. . In a study of the women's movements in Germany, Sabine Lang (1997) referred to a similar shift, which involved a move from social activism to new kinds of organisation, which demobilised and professionalised previous interest-based social movements. She argued that dependence on state or donor sponsorship encouraged a stronger focus on organisation building and professionalisation, which, led to a shift from volunteerism to paid labor that called for hierarchical structures. The 'danger of professionalisation is that of demobilising civil society and exchange of relative autonomy for increased dependence on the state or donors. This often results in the exclusion of a larger public (Lang, 1997:114).'

Tvedt also looked at the question of NGO sustainability. He used the analogy of a Norwegian saga about a drinking horn, which brought happiness, joy and good health when one sipped from it, but also brought sorrow, unhappiness and sickness when it was emptied. Perhaps, Tvedt argued, 'the NGO route to financial support could be equated with this horn' (Tvedt 1998:43). He questioned whether NGOs and foreign aid were 'angels of mercy' or 'state-financed development diplomats'. Tvedt's concern was whether NGOs always reached those most in need. He was skeptical of the notion that NGOs enjoyed autonomy. This is also the question that contributors to Hulme and Edwards (1997), particularly Hodson, Pearce and Ditchter were concerned about. They concluded that NGOs had lost

their 'roots' and distanced themselves from the poor and disempowered whom they sought to assist and had moved closer to donor and government agendas (Hulme and Edwards 1997:8).

Indeed, in South Africa, Phiroshaw Camay argued that local NGOs were responsive to donor objectives and did not lead initiatives (Camay 1999:41). This resonates with the arguments of Hulme and Edwards (1997) that NGOs tailored their programmes to the priorities of donors. Marais (1997), Cawthra (1999) and Fani (1998) showed that the decline in funding of the voluntary sector soon after 1990 benefited more professional NGOs who accessed funding at the expense of smaller and unprofessional CBOs (Fani 1998:37, Marais 1998:62). The cycle of funding also shifted. Donors turned to the state to disburse funds and NGOs had to tender for contracts to the government. Thus the relationship between NGOs and donors became a complex and mediated process as Farrington and Bebbington noted. They warned that the 'relationship should not be interpreted as causal, despite donor influence. There were cases where donors determined project design, at times in a way that worked against the objectives of the NGOs' (Farrington and Bebbington, 1993: 189).

In the new South Africa, Chetty showed how the state influenced the agendas of funders, which in turn influenced the agendas of civil society organisations (Chetty 1999:13). In 1997, President Mandela cautioned donor agencies about agenda setting (www.anc.org.za/ancdocs/history/mandela/1997/sp971216.html, 11/09/2001). Donors became more careful when funding South African institutions. Chetty argued that by influencing the agendas of the funders, the state indirectly influenced the agendas of civil society organizations. However, because of the incapacity of government departments still in the process of transformation, delivery, and the complicated tendering procedures, limited the development and effectiveness of donor funding to the voluntary sector (Cawthra, 1999: 144). This analysis highlights the relationship between international donors, the state and local NGOs and CBOs. This provides questions and the context in which to evaluate the strength and relationship of civil society and foundations in South Africa.

According to Bratton and Landsberg 2000), despite civil society's importance to the consolidation of democracy and development, the role of voluntary organisations was

reduced following the democratic transition. The rise of civil society in South Africa during the apartheid era was followed, if not by a fall, then at least by a stumble during the 1990s. First, having achieved the supreme goal after 1994 of majority rule, many NGOs wondered, 'What next'? Second, the sector lost many of its talented and charismatic leaders as well as volunteers to the public and private sectors. Thirdly, NGOs encountered a funding crisis as already mentioned and most of them depended mainly on government funding (Bratton and Landsberg, 2000: 296). According to Nchabeleng, civil society organisations were told during this time to adapt or die by donors, the state and by other NGOs (Nchabeleng 2001:3, see also Kraak 2001:129). The effect was that NGOs ended up serving the needs of the donors rather than those of their constituencies. The case study of the Kellogg Foundation shows the potential for a donor to set an agenda for its recipients.

2.4(a) Philanthropy in South Africa

The term 'philanthropy' refers to an act of generosity towards other people and a sincere wish to help them, especially by giving money to poor people (Cambridge International Dictionary of English, 1995). For Steven Burkemann (2001) philanthropy originally meant 'love of human kind'. Today, however, the term and practice have undergone some transformation. Philanthropy means the giving of money away particularly by rich individuals, corporate institutions and private institutions. Communities in Southern Africa identify with practices that describe the act of caring and contributing to the love of human kind. However, these communities do not call this act 'philanthropy', instead a number of indigenous concepts and terms are used to describe such a phenomenon. 'Giving' is one example and 'helping' is another. These concepts are expressed and manifested in a number of ways; *Qogelela* (savings) and *amalima* (cooperation) in Zimbabwe, *stokvels* and savings clubs or burial societies in South Africa, Edir and Ikub in Ethiopia (Salole 1991), 'landsmanshaften' among Jews, etc.

Giving and helping in South Africa takes many forms. In extended families 'giving or helping' means many things. An employed family member is a giver if he or she takes care of the extended family. This may also be viewed as a social and family expectation or demand. In this context, is it proper to say that giving or helping is an act of philanthropy? However,

when does giving or helping begin and when does it stop? Is one giving or helping when one is performing a family duty? Would buying clothes for relatives for example or buying clothes for people outside the extended family be considered as 'helping' (Everatt 2004)?

Closely linked to philanthropy are traditional forms of survival. Are indigenous survival mechanisms, philanthropic acts or survival mechanisms to cope with the effects of poverty, state policies and other forms of iniquities? Can an argument be developed that '*stokvels'* (stockfair) or *'amalimo'* are philanthropic acts? Do people in these contexts give because they want to or because they must? Do they give because they are able to or do they give because the society coerces them to? Can people choose not to give? Is the western understanding of philanthropy as 'altruism' applicable to South Africa, characterised by acts of survival and community based organisations (Zabala 1999)?

Key meanings of philanthropic relations need to be addressed when discussing philanthropy in South Africa. In societies or regions characterised by poverty, it is important to identify the givers and the reasons why they give. It is also critical to identify the beneficiaries. More importantly, are these acts philanthropic or they are better characterised as survival tactics? Drawing on South African experience and other countries in the region, this discussion shows that a phenomenon that can be described, as philanthropy existed in the region with different terms and characteristics from those developed in the U.S. Practices grew in the context of social transformation. Communal responsibilities for welfare and well-being found expression in reciprocal and redistributive relationships where poverty was a social responsibility. Capitalist transformation saw individualism and property relations change but many cultural practices remained, including mutual associations for mutual support. This was an historical process and in South Africa a deeply embedded sense of giving, especially among the poor remains. This dispels the myth that philanthropy or giving is the domain of the rich. Recent research showed that poor people gave more than the wealthy (Everatt 2004; Theunissen 2003). This is an important dimension to philanthropy and social justice concerns. If the poor gave more than the rich, then it means they could also be defined as philanthropists. They can develop themselves and more importantly they are in a position to challenge social inequality.

In a historical sense, a number of acts have existed that can be called indigenous forms of philanthropy or acts that depicted the love for humanity. Among the Ndebele in Zimbabwe, for example, certain cultural practices existed that sought to develop the spirit of oneness, unity and equality. The Ndebele, just like many other tribes in Africa believed that whether in rural or urban areas, neighbours were important. In the rural areas, if a neighbour had cows but no bull, he could borrow or loan one from his neighbour. He would keep the bull till such time that it was not needed. However when that bull was returned to the owner, another cow as a gift, a 'token of thanks' usually accompanied it. This practice was linked to another called '*ukusisa'*. This practice entailed one family lending a herd of cows to one that did not have one, primarily for purposes of food and milk production. However, unlike the first practice where a cow was given to the owner of the bull, here the person who had been given a herd of cows also benefited at the end of the period. He would normally be given a cow per year. In most cases, the person who had lent his cattle was the wealthiest in the community and as such tended to be 'lionised'. However, the practice was developed to empower those who did not have resources to help themselves. These two practices remain active in many parts of the region. A third practice in Southern Africa was that called *ilimo* (Zimbabwe and South Africa) and *matsema* (in Lesotho). Here the community came together to help a family that did not have the means to plough, harvest or construct a hut. After the work had been done, the family prepared food and drink for those who partook in the process. This practice still exists in many rural areas of Southern Africa. This practice was based on the philosophy of ubuntu.

These practices promoted inter-relational modes and enhanced community development. '*Ukusisa*', '*ilimo'* and '*matsema*' signified a form of giving in African traditional setting. Although some of these initiatives have now been institutionalised, many of them still exist within the confines of traditional webs of social responsibility. This giving was mainly to survive and maintain the social fabric in communities. However with heightened levels of globalisation, an impetus was given to the emergence of a new form of giving, one that is institutionalised and strategic. This is the philanthropy as practiced by foundations.

2.4(b) Institutionalised Philanthropy

In South Africa there has been increased emergence of institutionalised philanthropy in the form of corporations, wealthy individuals, foundations and trusts. This is strategic compared to traditional charity. The emergence of community foundations played a critical role in the institutionalization of philanthropy. Community foundations' potential to mobilise resources from a number of donors and their supposed closeness to the needs of the people positioned them as strategic vehicles for philanthropic activities in the South. According to the Synergos Institute, 'community foundations in the South, not only represent a new trend, they also constitute a new model of organised philanthropy, one generally not originated by a single donor and not exclusively devoted to giving away money' (www.synergos.org. South Africa is the only country so far in Southern Africa where there has been a detailed study of its non-profit sector.

2.4(c) Foundations

Foundations form part institutionalised philanthropy in South Africa. Many of them are international, from which many domestic organisations derive their income. Frank Emerson Andrews, former president of the Foundation Center, defined foundations as NGOs, non-profit organisations, that have a principal fund of its own, managed by its own trustees or directors and established to maintain or aid social, educational, charitable, religious or other activities serving the common welfare. Foundations are a product of the U.S culture and rich industrialists created a number of them. As the following chapters show, most founders were industrialists. In the U.S, the first foundation was established in 1911 by Andrew Carnegie; the Carnegie Corporation, to implement his philosophy of general philanthropy (Nagai 1994:19). Other millionaires such as John D. Rockfeller followed Carnegie's example. And twenty years later, other foundations were established such as Andrew Mellon, Kellogg and Rusell Sage. In 2001, the National Center for Family Foundations reported that there were more than 40 000 private foundations in the U.S and their number seemed to be on the increase (McCoy 2001:6).

Foundations are generally categorised into four groups. According to Nauffts (1994: 4), these are;

(a) Independent foundations; these comprise the largest segment in the foundation world. They are grant-making organisations whose funds are generally derived from an individual or a group of individuals. They may be operated under the direction of the donor or members of the donor's family, or they may have an independent board of directors that manage the foundation's programs.

(b) Corporate foundations; these are established and funded by corporate businesses for the purpose of making grants and performing other philanthropic activities.

(c) Operating foundations; in the main these are established to operate research, social welfare and other charitable programmes deemed worthwhile by the donor or the governing body.

(d) Community foundations; these are established to raise resources locally for local organisations.

In South Africa, the extent of charitable or strategic giving of these foundations and trusts is currently under-researched. The *Centre for Civil Society's* Social Giving Project at the University of Kwazulu Natal, attempts to ascertain what these foundations give, why they give, whom they give to, how they give and where they give. And according to the study **'***Working with the Non Profit Sector in South Africa* (CAF 2000)**,** they were few domestic family trusts and private foundations, most were quite small and concentrated on specific target groups, development and geographic areas. But Russell and Swilling's study on the sector in 2002 claimed that there were 3 891 non-profit organisations that were registered as trusts or foundations. This is about 4% of the non-profit sector in the country and just 1% more than stokvels and burial societies that comprised 3% (2 472). This figure included international foundations such as Mott, Ford, Kellogg and Open Society. These figures indicated that foundations were an important source of income for organisations that worked towards the alleviation of poverty and bridging the gap between the rich and the poor.

But philanthropy has been questioned particularly for its impact in changing the status quo. The following section discusses the role that philanthropy plays in general and foundations in particular.

2.4(d) Social Justice Philanthropy

A number of questions arise when one talks about social justice philanthropy or what others have called progressive philanthropy or social change philanthropy. Does local philanthropy as defined above, advance causes of social justice and if so how? Are there gaps and possibilities for social justice philanthropy in the South? Does philanthropy address causes of poverty at the level of root causes? Do philanthropic organisations and the philanthropic culture help societies to become more just, especially in the South where the issue of justice is urgent to redress the imbalances of the past? How does philanthropy contribute to activities that would secure land tenure for local groups (e.g. Landless People's Movement), women's political participation and children's rights? And what role do foundations in South Africa play to address social justice concerns? These are some of the questions that one has to deal with when addressing social justice philanthropy and the work of foundations in South Africa.

Before addressing these questions, it is important to take a step back and review some arguments that have arisen concerning philanthropy. Traditional philanthropy or charity has often been accused of not challenging the status quo. It has been accused of having collaborated with the forces of inequality. Steven Burkemann argued that those who work for philanthropic organisations giving money away 'have reached a position where giving money away is seen as an unalloyed good thing'. He alleged that philanthropists are lionised; philanthropy is a sure-fire route to social respectability (Burkemann 2001:152). This prompted him to argue that;

> 'The good that money does in the short term or in a micro-context is often offset by the harm it does in the big picture'.

Traditional philanthropy does little to challenge the status quo and address issues around inequality and poverty at their root causes. Instead it provides short-term 'band-aid' solutions. Emmet Carson, academic and community foundations director, questioned why institutional philanthropy which is widely believed to be the primary source of venture capital for new and controversial ideals, had failed to fulfill a role in the area of social justice

advocacy (Carson 2003). He contended that the philanthropic horizon held no threat to the ruling classes. Lincoln Chen (2002) alleged that while philanthropy likes to think of itself as transferring resources from the wealthy to the poor, the actual system transfers resources from one elite group to another albeit for the benefit of the poor (Chen 2002). Thus, philanthropy contributes to and is a form of 'elite pacting'. These critics hold that organised philanthropy is a means to maintain elites and keep democracy within bounds (Bothwell 2003:23). The question then is how far can philanthropists support controversial objectives? Indeed most philanthropists prefer to support uncontroversial causes, shying away from social change advocacy.

Another concern is the extent to which 'tainted' money can address social justice concerns. For example, how far can corporate philanthropy address social justice concerns if it is based on the very unjust practices that it would seek to address? Chen asked if philanthropy 'could bite the hand that fed it', could it invest in social changes that reduced inequality, the source of its wealth (Chen 2002). Burkemann aptly quotes John Steinbeck;

> Perhaps the most overrated virtue in our list of shoddy values is that of giving. One has only to remember some of the wolfish financiers who spend two thirds of their lives clawing a fortune out of the guts of society and the latter third pushing it back…For giving can bring the same sense of superiority as getting does; and philanthropy maybe another kind of spiritual avarice (Burkemann 2001: 154).

So why do philanthropists give away money? Philanthropists and critical observers of the philanthropy industry have given a number of reasons. Some of these reasons include the fear of judgement day. According to Burkemann, no one wants to die rich. Another reason proposed is that people give to 'feel good' by making the world better (Burkemann 2001). Yet philanthropist George Soros once said,

> The truth is that I am not a humanitarian…I detest foundations in the conventional sense. My motive has never been charity. You could even say it was self-interest. I wanted to further those societies where people like me could live in peace (Kaufman 2002:172).

According to Burkemann, at times people give in order to reinforce their power over others, while others give money to buy off demands for more. Burkemann quotes Tolstoy, a philanthropist saying;

> I sit on a man's back; choking him and making him carry me and yet assure myself and others that I am very sorry for him and wish to ease his lot by all possible means-except by getting off his back.

Lastly, critics of philanthropy have argued that the nature of giving provides comfort for the powerful. And unless philanthropy helps to change the situations that give rise to the need for it in the first place, it simply reinforces existing power imbalances in society. It enables the rich and powerful to feel good about themselves despite the fact that they are doing nothing to effect real change for the poor and powerless (Burkemann 2001: 165, Bothwell 2003:36). And most foundations are not whole-heartedly into social justice philanthropy but only make grants into this area (Bothwell 2003:36). However is philanthropy not an extension of citizenship and capitalism a paternalistic sense of the responsibility of the rich? Heater wrote;

> The good citizen has more than loyalty. He has a sense of responsibility to take positive and supportive actions. The good citizen is he who gives at least as much as he takes both vertically to the state and horizontally to his fellows. Good citizenship is neighbourliness, the Boy Scout ethic of doing a good deed everyday (Heater 1990:197-198).

The above views suggest a charitable concern and limit the possibilities of philanthropy. According to Bothwell, public policy in the U.S has not improved the lives of the poor. Big and small foundations have attempted to support social change but have not had any significant success. Bothwell believes that this could be because foundations have not invested sufficiently in progressive values (Bothwell 2003:3).

If social justice philanthropy is understood to mean the process of equalising societies or communities, empowering communities to take charge and control their destinies by mobilising, leveraging and distributing human, financial and material resources, then community foundations may best be suited to address social justice issues. If social justice philanthropy means transforming individuals, institutions and relationships within, then foundations, corporations and individuals should play a critical role. However there is a sense in which traditional philanthropy does very little to address social justice concerns. Many social change philanthropists rail against capitalism and its evils, but their 'bark is hardly their philanthropic bite' (Bothwell 2003:36).

Social justice philanthropy is based on the belief that the poor need to be empowered to change their circumstances. This is different from traditional charity which has overtones of paternalism and elitism, and does not address the causes of inequality. Instead, it merely alleviates the symptoms and reinforces the status quo, making very clear the distinction between the haves and the haves not. The differences between charity or traditional philanthropy and social justice philanthropy are that the latter is a solution from the people, not imposed from above by the wealthier. It is a bottom-up approach encompassing the democratic involvement of those affected by the social problems in determining their solutions. Social justice philanthropy is a vision of economic justice and participatory democracy. The development of social movements from the ground, from the people, employing strategies that are grassroots oriented and informed and bolstered by community organising is an expression of social justice.

This understanding of social justice philanthropy puts local institutions that advocate self-reliance and sustainability at the best level to address social justice. Emmet Carson, in his address to Senior Synergos Fellows in 2003, asked why so few foundations appeared willing to engage in social change advocacy (Carson 2003). He suggested three reasons: first, they feared regulation by government; second, it was unlikely that individuals who made a fortune in the private sector would want to change the status quo and third, the structures of foundations made it difficult to engage in social justice grant-making.

These concerns are raised against the background that philanthropy at least in theory has the agility and flexibility to be more effective than bureaucratic or politicised government funding (Chen 2002). The following chapters attempt to investigate the extent to which foundations and their grantees have been effective in addressing the human rights and development challenges in South Africa. How far did foundations maintain the status quo and how far did they challenge it? What impact did foundations have on their grantees? Although the four case studies do not represent the entire foundation world, the findings provide the basis for some generalizations and lay the ground for new strategies.

PART TWO

INTRODUCTION TO U.S FOUNDATIONS AND THEIR GRANTEES IN SOUTH AFRICA

This introduction discusses the context under which foundations emerged and factors that led to the internationalisation of their programmes. In the previous chapters I discussed the historical trajectory of the term 'civil society' and its form in South Africa. I also touched briefly on why donors support civil society. Donors expect aid to induce policies and programmes that lead to improved economic performance as well as deepen democracy. But there are other complex motivations that drive the flow of aid. Aid is 'situated within the context of donor countries' development co-operation policies, which in turn are defined by their foreign and security policies' (Lancaster 1999). Some analysts suggest that these motivating factors often affect the administration and impact of aid by undermining the agency and sustainability of the African development process. There is increasing evidence which shows that international aid agencies use aid to create and foster the belief among recipients that aid can help them, yet aid has not substantially improved the situation of the poor. Instead, aid has promoted donors' interests (Sogge 2002, Stiglitz 2001). This observation applies particularly to bilateral and multilateral government agencies. Yet assumptions surround foundations. One such assumption is that foundations are neither as strict nor as stringent as bilateral or multilateral aid agencies (African Forum and Network on Debt and Development (AFRODAD) 2002:1). The following chapters attempt to test this assumption through the investigation of the role that foundations play in South Africa's non-profit sector. The underlying question is why African countries and non-profit organisations accept aid if it does not fully meet their needs and if it promotes the interests of the funders. According to AFRODAD, there is evidence showing that developing countries are compelled to accept aid as a result of their continued weakness and economic vulnerability and because of their urgent short-term financial needs (AFRODAD 2002:1). The result is that most African countries justify their acceptance of aid as a tool to rescue the continent from the quagmire of poverty and crisis. They view aid as capable of providing a wide range of social and economic services.

With respect to foundations, the question is whether they have promoted their own interests or those of the non-profit sector? To what extent are non-profit organisations dependent on foundations? Is the sector sustainable in the long run? What relations have developed between foundations and grantees?

This introduction provides a background to the case studies that follow. It explores the relationship between U.S foundations and the State department, locating the discussion within the wider context of globalisation and growing U.S hegemony in global politics. Although there is a difference between U.S foundations and U.S government aid, our perceptions of the two are clouded by increasing globalisation, blurring of sectors and the growing concerns about U.S hegemony particularly after September 11, 2001 and the subsequent invasion of Iraq in 2003. The U.S seemed aggressive and unilateral to impose its values on other nations after 2001. The Bush Administration used the slogan 'war on terror' to exert its superior muscle over weaker states. Imperialist dominance by the U.S can be traced to the Second World War period followed by the Cold War. The end of the Cold War in 1989 was supposed to usher in a new era of peace. The U.S emerged from the Second World War as the dominant political, economic and military power in the world. And the initiatives that President Truman launched in 1947, for example, the Marshall Plan, served as the embodiment of America's acceptance of global responsibility. The Soviet Union's imperialist objectives also left the U.S with no choice but to adopt a countervailing policy (Spainer 1995:43). According to Spainer, the change from isolationism to internationalism in the 1940s and 1960s can be viewed as the product of the post-war bipolar distribution of power and its attendant demand for a strong American role. American aid reconstructed a prosperous and democratic Western Europe, with the U.S promoting greater cooperation and unity (Spainer 1995:46). President Truman led the transformation of the U.S policy. The U.S competed as a political, economic and military superpower. However, the U.S made sure that the Soviet Union did not extend its influence beyond the Iron Curtain by helping Europe recover from the effects of the war.

Almost at the same time, the Third World became a focus in world politics. In the 1950s and 1960s, the U.S saw the 'unstable political and economic conditions of the third world as potentially dangerous' (Spainer 1995:102).

> The U.S promoted the 'end of colonialism after 1945, the third world gained importance and the international system ceased to be defined in terms of the first world of industrialized nations and the second world led by the Soviet Union. There was now the 'in-between' which during the Cold War was not an independent centre or site of power. The third world was an object of seduction for the two super powers that competed for the support, if not the allegiance, of the former colonial states' (Spainer 1995:102).

The third world had the option of aligning with the U.S or with the Soviet Union. The U.S undertook the task of helping the newly independent post-colonial countries develop democratically. It is in this context that we need to understand U.S Foundations. Both European and American foundations internationalised in the 1950s. For the U.S, helping developing countries was a matter of self-interest as much as a humanitarian concern for the poor (Spainer 1995:103).

Although colonialism ended in the 20th Century, its imperialist legacy lived on. It manifested itself in world events. The hegemonic imperialism of the U.S state needs to be placed alongside the foundations. Are they merely the fifth column? We need to assess the foundations in their own terms to decide the role they play in either promoting U.S hegemony or in promoting the material interests of recipient-communities. They may not operate in the same way as the U.S State Department, but do they share the same objectives? Do the ideals of democracy, development and altruism mask a deeper desire for power? Is this why many of them internationalised their activities? Does their stated objective of promoting democracy coalesce with the State Department? What were foundations' views on the expansion of communism especially in Third World countries? How do we interpret their modus operandi, shaped within the historical evolution of philanthropy in the U.S? What was their impact on the politics and economies of countries when compared to that of State Department funding?

The following four chapters attempt to put these questions into perspective. The discussion focuses on the four major American Foundations that are currently working in South Africa.

I chose these four American foundations because first they have been at the forefront in supporting civil society organisations, particularly in Southern Africa. Secondly, the U.S State Department has also been a leading donor in supporting democracy and civil society programmes in the third world. Finally, the environment changed for Foundations and other grant-making organisations after the attacks in September 11, 2001. The State Department became skeptical of its own organisations. Together with Treasury, the Department developed a keen interest in international grant-making. They passed legislation that prevented grant-making organisations from supporting international organisations that are possibly linked to terrorist networks. This resulted in foundations and other grant-making organisations exercising due diligence, thoroughly checking and compiling every detail of the grantee before making a grant. More time was spent on the selection criteria and less on programmes. Because of this, some foundations scaled down their support in developing countries. The Mott Foundation, for example, closed its offices in Eastern and Central Europe. These factors explain why it was important and timely to study U.S Foundations in a world that was increasingly characterised by U.S hegemony and decreasing resources for the non-profit sector.

South Africa presented an opportunity to assess these institutions and at the same time take stock of her own gains. Ten years of democracy was an opportune time to assess the developments and limitations of the non-profit sector in the democratic dispensation. Its assessment was therefore not only timely but also necessary. American foundations, the Mott Foundation, the Ford Foundation, the Kellogg Foundation and the Soros Foundations, provided significant support to NGOs. An investigation into these foundations and their grantees evaluated the nature of dependence of the third sector on foreign donors and the way in which the objectives of civil society were tailored to the agendas of donors.

The following chapters contend that foundations and the non-profit sector can facilitate development if both donors and recipients use aid 'effectively'. The people who lead organisations form part of the development equation. The development agenda framed within broader national agendas, with NGOs, development agencies from outside and 'people on the ground; should involve all in making an impact. How programmes are devised is the subject of the case studies that follow.

CHAPTER THREE

3.0 THE MOTT FOUNDATION: DONOR- RECIPIENT RELATIONS

This chapter discusses the relations that developed between the Mott Foundation and its selected grantees. I argue in this chapter that the relationship that developed was mutual, however unequal and complex. To a large extent, historical ties between the Mott Foundation and the non-profit sector in South Africa shaped the kinds of relationships that developed. For fifteen years, the Mott Foundation worked with the non-profit sector in South Africa resulting in some long-standing relations being built. On one level the Mott Foundation had enough time to understand the climate under which it worked and to consequently review its strategies. It provided money and technical assistance which contributed to development and the eradication of poverty in most areas where it worked. The Mott Foundation also played a critical role in policy-making, for example, in the formulation of the Non-Profit Organisations Act, No 71 of 1997 through its support of the Non-Profit Partnership, the South African NGO Coalition and the Development Resources Centre. Mott also strengthened the non-profit sector financially through its focus on developing in-country philanthropy. More critically, Mott prior to 1997 through its Women's Participation Portfolio and in its Citizen Rights and Responsibilities supported projects raising the status of women.

On another level, fifteen years was long enough for the Foundation to cultivate a culture of dependency among its grantees. The research found that many Mott grantees would collapse if the Mott Foundation stopped supporting them. This was not unique to Mott grantees only. It was a common phenomenon among civil society organisations. Some grantees became complacent. They failed to provide necessary documentation such as project evaluations, reports and proper proposals. The Development Resources Centre (DRC), for example, did not notify the Mott Foundation that it was closing down (Kuljian, Interview, 2002). Kuljian said Mott was disappointed by the fact that they (Mott) only heard on the grapevine that DRC had closed down.

And the Community Law and Rural Development Centre (CLRDC) took advantage of its long-standing relationship with Mott and submitted incomplete reports. CLRDC later closed down due to financial mismanagement.

To trace these developments, I focus on a historical trajectory of Mott's work in South Africa. I focus exclusively on those organisations that had a long and ongoing relationship with the Mott Foundation and were still in existence. I selected ten organisations from different geographical areas and social clusters. One group was urban based (for example, the Centre for the Study of Violence and Reconciliation) and the other comprised community based organisations. These reflected Mott's funding strategies. These are; the Community Law and Rural Development Centre (1991-2003), the Community Development Resource Association (1991-2003), the Development Resources Centre (1991-2001), Hlomelikusasa (1995-2002), the Community Based Development Programme (1991-1997), the Centre for the Study of Violence and Reconciliation (1997-2004), the Southern African Granters Association (1995-2003), the Non Profit Partnership (1998-2003), the South African NGO Coalition and Sedibeng Centre for Organizational Effectiveness (1998-2003).

The chapter attempts to show through an analysis of these organisations the impact that the Mott Foundation had on its grantees. It also asks what influence the founder had on the evolution of the programmatic areas of the Foundation and the way it related with its grantees. I argue that Charles Stewart Mott' ideals and vision influenced the programmatic areas of the Mott Foundation. This impacted on what the Mott Foundation supported. I therefore locate the Mott Foundation's work within the broader philosophy and principles of Charles Stewart Mott. I suggest, too, that trustees and Foundation staff played significant roles in determining the priorities of the Foundation. Their personalities, training and ideologies impacted on their decision-making processes. In South Africa, Christa Kuljian, Mott's first director played a critical role in establishing Foundation's offices and designing its programmes.

I also discuss the Foundation's internationalisation of its programmes. The internationalisation of the Foundation's work should be read in the context of globalisation and the U.S effort to help developing countries. The end of the Second World War provided

an opportunity for the U.S to become a superpower. The U.S wanted to expand its sphere of influence beyond its borders, particularly to regions that it perceived as vulnerable to communism, like Africa, Latin America, Asia, Eastern and Central Europe. The U.S promoted a democratic path to development as opposed to communism. Foundations shared this objective. It is precisely for the reason that I trace the historical trajectory of the Mott Foundation from home-based programmes in Flint to international programming. I pay special attention to its South Africa programme. Finally, I discuss the relations that developed between the Foundation and its grantees.

The Foundation cannot be properly understood without understanding the principles and philosophy of its founder, Charles Stewart Mott. This chapter begins by looking at his life.

3.1 Charles Stewart Mott: A background

Charles Stewart Mott was born on the 2nd of June 1875, in Newark, New Jersey, to John Coon Mott and Isabella Turmball Stewart. He attended numerous New York City public schools. According to the Horatio Alger Association of Distinguished Americans, Mott wore clothes his mother made for him out of his father's old suits (www.horatioalger.com/memmber/mot71.htm, 04/06/2002). His was a 'rags to riches' story. This was often the trend among philanthropists; they were born of poor families and grew up under difficult circumstances. The same was true of Henry Ford, George Soros and Will Keith Kellogg. These became philanthropists in order to make the world better. They probably did not want others to experience what they went through.

To support himself while studying mechanical engineering at the Stevens Institute of Technology, Mott made and installed soda-water carbonating machines. In his early years, he also served during the Spanish-American War as a gunner's mate on the USS Yankee. After his father's beverage business was sold, Mott formed a bicycle wheel manufacturing company, the Weston-Mott Company. He became its superintendent in 1900. Mott showed leadership skills and a business-mind through the roles that he assumed. For instance, under his direction in 1913, the Weston-Mott Company shifted to axle making. It moved from New York to Flint, Michigan in 1905 and became the largest axle company in the world. It

was later purchased by General Motors (Ibid). From 1916 to 1937, Mott served as vice-president of the company. He also served on the Board of directors till his death in 1973 (Lawrence 1976:125).

Mott made remarkable achievements during his lifetime. He was a mayor of Flint for three terms, in 1912, 1913 and 1918. At this time Flint high levels of poverty characterised Flint. Mott rebuilt part of Flint in 1953 after the Beecher Tornado hit the town. He was awarded the Big Brother Award by president Dwight D. Eisenhower in 1954 (Young 1963). When he died at the age of 97, he left behind a philanthropic legacy, the Mott Foundation, which he formed in 1926 when he was 51 years old.

3.2 The Foundation: An overview

The Mott Foundation is a private and endowed non-profit, grant-making organisation whose head office is in Flint. The Foundation has regional offices in Johannesburg and Prague. In 2003, the Foundation Center's Top 100 U.S Foundations by Asset size showed that the Mott Foundation was ranked 20th with assets worth $2, 013, 895, 612, after foundations such as Bill and Melinda Gate, Lilly Endowment, Ford and J. Paul Getty Trust. It was ranked 22nd in terms of giving, again after Bill and Belinda Gate, Lilly Endowment and Ford Foundation. In terms of giving the Mott Foundation was worth $108, 659, 450.

The Mott Foundation made grants that fell within four broad programmes, namely; Environment, Civil Society, Pathways out of Poverty and the Flint Area. These objectives were guided by Mott's love for the community. During his term of office as Mayor of Flint, facilities that were adequate for 10 000 people were stretched to accommodate 40 000 (Mott 1991: 2). He responded by building a medical and dental clinic for children (Mott 1991: 2). The Mott Foundation supported school ground recreational activities, which were later extended nationally. The Mott Foundation still supports programmes for the well being of the community, the neighbourhood and systems of local government. Its programmatic areas in Flint and internationally still reflect his ideals. He once wrote,

> It seems to me that every person, always, is in a kind of informal partnership with his community. His own success is dependent to a large degree on that community, and the community, after all, is the

> sum total of the individuals who make it up. The institutions of a community, in turn are the means by which those individuals express their faith, their ideals and their concern for fellow men (Mott 1875-1973).

The Mott Foundation's philosophy drew on Mott's belief that it should be known through its deeds rather than by its money. It wanted to 'identify, test, demonstrate, support and disseminate principles that in application strengthened and enriched the quality of life of individuals and their communities' (Mott 1991:3). The community held a central position in the Foundation's work. As we have seen, it supported education, social welfare, economic development and environmental management in Flint. This was extended to other cities and towns in the country. The Foundation focused primarily on community education, community foundations, environment, job training and senior citizen issues. However, due to the interconnectedness of communities through the process of globalisation, the Foundation broadened its understanding of community. It then decided to make international grants. It desired to promote democratic ideals in countries that had just made a transition to democracy and those that were authoritarian.

The discussion below focuses on the historical evolution of the Foundation's programmes, in particular its Civil Society Programme. It explores the reasons for the Foundation's internationalisation, who decided where to locate the grants and why. What were the factors that determined the Foundation's expansion? What motivated the Foundation to move to South Africa? What was the context?

3.3 The internationalisation of the Civil Society Programme

There is no detailed record of the Mott Foundation's internationalisation process. Available sources indicate that the first informal international grants were made in the late 1920s. The Mott Foundation only formalised its international activities in the 1990s and established regional offices in Prague and Johannesburg. However between the late 1920s and 1990, the Foundation made grants that benefited international organisations in an informal manner. It did not follow established guidelines. International guidelines for international grant-making were developed in 1979. Maryanne Mott, a Foundation Trustee, commissioned

Michael Scott, (then-director of Oxfam America) to produce a document on *Guidelines for Assessing Private American Aid in Latin America* (Mott 2003). Scott argued for the need for international funding by private American Foundations. He suggested 'principles for dealing with local and indigenous NGOs in overseas countries' (Mott 2003). Sam Sava, a Mott programme officer, further developed this in 1980. He discussed possibilities for international grant-making with Landrum Boiling, chairman of the Council on Foundations (a coalition of all foundations in the U.S). Boiling endorsed the need for private foundations to conduct international grant-making (Mott 2003). By this time though, many foundations were already involved in international grant-making. The Ford Foundation for example, internationalised its activities in the early 1950s at the time when modernisation theory was dominant and the U.S wanted to help other nations recover from the effects of the Second World War.

The 1980s set the context for the internationalisation of Mott's activities. Between 1980 and 1986 the Mott Foundation gradually developed overseas programmes that extended its existing domestic focus on community education, community foundations, the environment, job training and senior citizen issues. In 1986, the Mott Foundation's planning department reviewed its informal international grants and evaluated growth areas and new opportunities for programming (Mott 2003). And in January 1987, the Mott Foundation explored the idea of expanding its international grant-making. The Board at its 1987 meeting accepted this. In 1988, the recommendations were incorporated into the Foundation's 'Programmes, Policies and Procedures'. The Mott Foundation identified six areas that needed attention. These were degradation; the challenge to values; the need for education reform; the issues of the underclass (persistent poverty); the need for leadership; and the nuclear threat.

The Cold War shaped these focus areas for the Mott Foundation. There was the fear that the Soviet Union would resort to nuclear war. Underdevelopment in the South also influenced the Foundation to focus on issues of the underclass. Racism in the U.S and apartheid in South Africa were also crucial determinants. Environmental issues were a global concern and the Foundation addressed environmental injustice. In Africa and other third world countries, education played a significant role. The end of colonialism in Africa left many countries vulnerable to competing powers. Aid thus played a critical role in strengthening the

public sector. Development was state-led. This changed in the 1980s. The market replaced the state as the principal actor in development. The context changed and NGOs and civil society emerged as agents that filled the gap created by the state and the market. The state was weakened by globalisation and international aid agencies such as the IMF, the World Bank and WTO. At the same time, neo-liberal policies widened the gap between the poor and the rich. There was a shift towards empowering people. People's movements gained momentum, especially in authoritarian regimes. In South Africa and some parts of Eastern Europe, social movements and political associations played critical roles in democratising the political landscape. The Foundation made grants to South Africa and to Eastern Europe during this period. What were Mott's interests in making grants to these regions? Why in the 1980s? Who benefited and how? I attempt to explore answers to these questions below.

3.4 An historical overview of Mott's South Africa-international interests

The Mott Foundation made its first formal international grant to South Africa in 1988. During this period, South Africa witnessed the peak of resistance to apartheid. The state unleashed coercive measures under emergency powers. But the political landscape was beginning to change. The 'winds of democracy' were blowing across authoritarian regimes, for example, in Eastern Europe. Nations were making a transition to democracy. South Africa was no exception. To be accepted into the global community, South Africa had to follow suit. Mott began its formal South Africa programme during this period. The Mott Foundation focused on and promoted civil society organisations as 'vehicles for democracy and development'. The South Africa programme was established through Willard J. Hertz's experience. Hertz had worked for the Ford Foundation in South Africa in the 1980s. Mott had since the 1980s made many grants to South African organisations primarily to promote and support civil society. Its objective in South Africa was 'to contribute to a healthy civil society by strengthening the non-profit sector'. In addition it supported efforts to 'build participatory democracy, especially at the local level, with emphasis on women's participation' (Mott 2000: 17).

Mott conceived its activities in South Africa as 'protest against apartheid' despite being late in the day (Mott 2003). Rather, the Foundation's intervention was at best an effort to

facilitate a peaceful transition to democracy. Mott strengthened black community organisations and trained black community leaders. This was in response to South Africa's grassroots needs. Its traditional interests in and experience with neighbourhood-based groups in the United States guided Mott in this. Thus the South Africa programme was four-pronged. First, it aimed to support organisations that provided technical and training assistance to black community organisations and leaders. Second, it supported community organisations and projects. Third, it provided mid-career training opportunities for selected South African community leaders in the U.S. Finally; it strengthened contacts between community development groups in South Africa and interested agencies and donors in the U.S (Mott 2003). Until 1992, the Exploratory and Special Projects programme area housed grants to South Africa. By 1990, Mott had disbursed one million dollars to South African organisations. During the period, 1988-1992 proposals were handled in the Flint office, although consultants were based in South Africa who assisted in monitoring the programmes and assessing ongoing needs. But because, Mott was unsure of South Africa's transition to democracy, it waited until 1993 to establish a permanent office.

The international context also determined Mott's work. In the late 1980s, the former Soviet Bloc countries were opened and communism died as the Berlin Wall fell and the Cold War came to an end. It became clear that the Soviet Union was no longer a threat to the West. Mott's Board of Trustees went to former Soviet Bloc countries. They took advantage of the special opportunities that encouraged and nurtured open, civil and democratic societies in the region. Bill White, the President of the Mott Foundation and a family member, wrote of Russia during this time,

> The bottom line for the U.S is that, if we are going to solve some of the problems in this country, we need to be able to divert monies from defense spending into domestic programmes. This can only be accompanied with security and stability in the world at large. The attempted Russian coup demonstrated that the march of democracy is not always forward or constant and can suffer many setbacks. Before the euphoria wears off, it is also important to realise that the U.S.S.R's quest for democracy will be a long and a difficult process. Also the hard part, economic structuring is still ahead and may cause major hardships for the Soviet people. This won't be accomplished overnight or perhaps even in a generation. As I see it, the Pursuit of Peace programme should be retitled Civic Society *(*Mott 1991).

White's statement captures how the Mott Foundation saw its role in global events. It could be mistaken for that of a U.S official or as an extension of the U.S State Department. The transition from communism to democracy in Eastern Europe coincided with the political liberalisation in South Africa. White held that civil society played a critical role in the transition to democracy and saw 'an opportunity for Mott to strategically encourage the development of civil society in Eastern Europe and in South Africa'. However White's views on the role of civil society needs to be put into context.

The Mott Foundation also wanted to bolster a particular version of democracy, a liberal democracy. The Foundation made grants in1989 under the programme area "Pursuit of Peace". White wrote,

> We are following a similar approach in the Soviet Union and Eastern Europe. If we are going to have an impact in those countries, we must be working with other grantmakers. As the attempted coup pointed out, this geographic region is absolutely essential to world peace and to our own well being here in the U.S (Mott 1991).

This is the role that White envisaged for the Mott Foundation in the world. He placed special emphasis on civil society, although the Foundation did not use the term till 1991. The term 'civil society' was only introduced to the Trustees in mid-1991 through Bill White's report, *Random Thoughts on International Grant-making* that culminated in a 1992 briefing paper called, *A Grant-making Strategy for South Africa.* This paper reviewed South Africa's changing political conditions and implications for the Foundation's programming. It also suggested the need for Mott to establish an office in South Africa.

Christa Kuljian assumed grant-making responsibilities and managed the South Africa office. She set up the office. Later, she became an active figure in South Africa's non-profit sector for almost ten years. Kuljian first came to South Africa in 1984 to work for a local school. She also worked for the South African Council of Churches. After a year in South Africa, she returned to the U.S. Kuljian returned to South Africa as a volunteer accompanying Senator Edward Kennedy. This time she met her husband, whose father worked for the United Democratic Movement. Through him, Kuljian accessed first-hand information about the political situation in the country. She worked for the U.S Senate for three years between

1985 and 1988, focusing on foreign policy, particularly on Southern Africa. In 1989 she completed a Masters degree at Princeton on development and policy issues. Her study focused on Southern Africa. She did an internship in Zimbabwe, in the late 1980s. She later joined the Mott Foundation in Michigan. Based on her experience of Southern Africa, the Foundation requested her to establish the South Africa office in 1992.

For Kuljian, this as an opportunity to contribute towards the democratisation process. The other factor that made her move to South Africa was that her in-laws were in South Africa. She remained in South Africa after her resignation from the Mott Foundation in 2003. She was also influenced by her studies in foreign policy and her three years at the Senate. She later adopted a 'hands-on' approach to her grant-making. Rather than just writing cheques, Kuljian played an active role in many grantees' projects.

Political and social changes shaped the trends and patterns in Mott's work. Below is a discussion of these trends.

3.5 The period of the transition (1988-1992)

The first phase, (1988 to 1992) refers to the period when Mott handled proposals from Flint. This phase coincided with the negotiations for the transition to democracy in South Africa. Former President Nelson Mandela was released during this time. Political parties were unbanned. Willard Hertz traveled to South Africa once or twice a year. Consultants who resided in South Africa helped him. Mott focused on strengthening black community organisations and training black community leaders. Support was given to organisations (not necessarily black) that provided assistance in different ways to communities. These services ranged from legal advice, training in administration and community development among others. Mott desired to 'encourage the emergence of new civil societies and to strengthen mature civil ones'. Stacey and Aksartova (2002) observed that the Mott Foundation chose the term 'civil society' for its programme because it provided a 'common framework" for supporting polities restructuring toward more democratic, open and pluralistic societies' (Mott 1995:3). Mott linked civil society with democracy (Stacey and Aksartova 2002: 380).

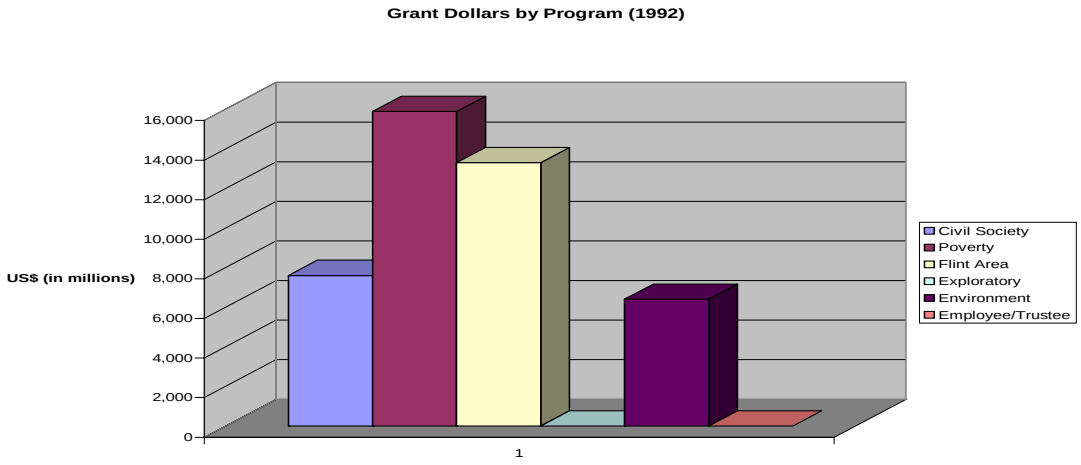
During this period, Mott made grants to South Africa that supported areas as diverse as legal education, training in financial accounting, community development, leadership, fundraising and capacity building particularly for the non-profit sector. Table 5 shows that Mott in 1991, for example, supported 18 organisations with an amount of $1, 263, 554. Nine of these were based in Johannesburg; three in Cape Town, one in Durban and the rest were in the U.S. During this period, negotiations for a democratic South Africa were advanced. Mott intervened by strengthening its focus on strengthening existing and already established civil society organisations. It focused on encouraging the emergence of new ones. Mott hoped that old organisations would continue with their projects, while others adapted to new challenges of a new democracy. The Mott Foundation continued support to these organisations to ensure continuity. It also ensured that the transition to democracy was pluralistic, rather than monolithic. It held that they should be as many constellations of civil society organisations as they were issues.

Mott funded organisations primarily in the areas of the transition to democracy. These included conferences, legal education, community development issues and leadership roles. In 1992, Mott increased its support by $18 159 00 to $1 281 713. During this period Mott made more grants to its Poverty programmatic area than to civil society. In 1992, for example, it made 103 grants in its civil society programme compared to 149 grants in the area of Poverty. The Figure below shows that the poverty programmes based in Flint received the lion's share. The Civil Society Programme (CSP) came next, followed by environment. This changed later during the CSP received considerably more, making it the second largest funded programme.

Table 4: Mott's grants to South Africa in 1991

Name of organization	Grant in US$
Advice office Trust of the Black Sash	35,000
Community Development Resource Association	100,000
Conflict Management Fund	164,040
Council on Foundations	10,000
Development Resources Trust	100,000
Get Ahead Foundation	53,600
Institute of International Education	50,000
Institute of International Education	15,000
Leadership Institute	85,464
Montagu and Ashton Community Service	74,500
Pratt Institute	30,450
Rural Advice Centre	96,000
Rural Finance Facility	30,000
University of Cape Town INC	15,500
University of Natal	200,000
University of Witwatersrand Foundation	80,000
Urban Foundation	64,000
Western Cape Foundation for Community Work	60,000
Total	**1,263,554**

Figure 2



3.6 The period of democracy (1993-1997)

Mott's second phase coincided with South Africa's new democracy. During this period, South Africa held its first democratic elections in 1994. The focus was on transformation. The government enacted many legislative policies that addressed the imbalances of the past. Of significance were the Constitution and the Bill of Rights. The Reconstruction and Development Programme (RDP) was formulated as a strategy to deliver services to the people. It was later replaced by GEAR in 1997. Civil society organisations faced a crisis both financially and organisationally. Many of them failed to adapt to funding trends and thus appeared to in a 'financial limbo'. Others failed to address new developmental questions. This was the context that defined Mott's work during this period.

Mott developed guidelines for civil society programming through in its five year planning process. It held discussions and consulted with local stakeholders. The programming for South Africa changed dramatically. First, Mott planned, monitored and implemented its programming through the South Africa office. Kuljian manned the office alone until 1996, when the Foundation hired an additional staff member. The staff grew to four in 2001. This period was characterised by lack of infrastructural resources for the office. But the overall grants to South Africa increased during this phase. In 1993, for example, support increased from $1 281 713 in 1992 to $2 218 239. Mott widened its areas. First, it supported those organisations that fostered democratic values, respect for human and civil rights, promoted citizen participation and civic responsibility.

It also supported those that encouraged private philanthropy and volunteerism, respected diversity and strove for social, economic and political empowerment (Mott 1993:38). Second, Mott continued its support for black community-based organisations by training grass roots leaders (Mott 1993:39). It supported organisations that provided technical assistance and training. Third, Mott supported selected community organisations and projects that provided mid-career training opportunities in the U. S. Mott promoted the growth of private South African philanthropy as a source of internal support for community organizations (Mott 1993: 39). Fourth, Mott focused on voter education as the country approached its first election.

Mott made grants totaling one million dollars to facilitate peaceful democratic participation of new voters in elections. The South African Free Elections Fund received $500 000 to distribute among NGOs that worked on voter education and registration programmes. The Reserve Fund provided grants for voter education. The increase in grant-making to South Africa during this period is explained by this special fund. The Community Development Resource Association received $100,000 to train organisations on development and democracy. The Community Development Resource Association was established in 1987 at a crucial time in the history of South Africa. Its purpose was to provide development services to other organisations. It worked with organisations and individuals who were involved in the transformation of the society, particularly in marginalised communities. For many years, CDRA provided organisation development services to more than 500 development organisations locally and in other parts of Africa. CDRA also provided capacity building services for CBOs and NGOs.

The Development Resources Centre also received $100 000. It was established in 1992 as organisation geared towards the transition, worked to strengthen civil society in South Africa's transformation. It worked towards the creation of a better policy and legal environment for the non-profit sector and also to secure financial flows to the development NGO sector (www.drc.org.za/about.html, 14/10/2003). During this period of the transition, a major programme of DRC was the Independent Study into an Enabling Environment for NGOs. DRC also provided development information to the non-profit sector. It encouraged networking among non-profit organisations through the establishment of the Southern African NGO Network (SANGONET). In addition, it contributed to the formation of the Initiative for Participatory Development (IPD), the Southern African Grant Makers Association (SAGA) and the South African National NGO Coalition (SANGOCO).

These organisations formed part of the organisations that were consulted by the Board of Trustees in 1994. The trustees consulted with members of government particularly from the Social Development department, with NGOs, Mott grantees and communities in order to review future programming. One of the outcomes was the development of new objectives.

Programming shifted to education for democratic participation, women's participation in government and NGOs and strengthening the non-profit sector. Due to this shift, Mott made grants that supported political, economic and social transformation involving citizen participation and empowerment.

Mott's Democracy Education Programme concentrated on voter education and supported workshops and public education efforts that encouraged citizen participation in the political processes. It also supported activities that built tolerance and relationships across formerly divided communities. Under this programme, grants were made to the University of Natal ($100 000) to continue support for training, publications and casework at the Community Law Centre. The Centre became important in providing paralegal services to marginalised communities. However in 2003, the Center collapsed due to allegations of mismanagement. Two hundred thousand dollars was given to Voter Education and Elections Unit to support preparations for South Africa's first local government elections. The University of Cape Town was given $150 000 to provide rural South Africans with voter education on constitutional rights and also prepare them for local elections. The South Africa Free Elections Fund which was based in New York received $500 000 for voter education.

Other organisations that were supported included the National Literacy Co-operation ($75 000) and the Education Resource and Information Project ($106 250). Mott also supported community development interests. The university of the Western Cape was granted $10 000 to conduct a two year certificate course for community workers. Mott encouraged formerly disenfranchised people to participate at the local, regional and national levels in decision-making that affected their communities (Mott 1994: 45).

The Women's Participation Programme focused on training women entering local, provincial and national government and provided support for leadership development initiatives for women working in the NGO sector. This programme sought to strengthen efforts to organise and empower women around issues that affected them most (Mott 1994:45). For example, Mott made grant of $35 000 to the Legal Resources Trust Organisation to make the interim Constitution accessible to South Africans. The NGO Secretariat for Beijing was supported through a $100 000 grant to help some South African

women attend the United Nations World Conference on Women. Women's College was supported to strengthen a programme that made women understand the workings of government through a $75 000 grant. The focus extended to the non-profit sector. Hence Mott supported the World University Service-SA with $100 000 to develop a programme that encouraged NGOs to examine women's role in the South African society. Similarly, $75 000 was given to the University of Witwatersrand Foundation for a project that encouraged greater attention to women's needs within the NGO sector (Mott 1994). Altogether Mott made grants totaling $340 000 to this programme compared to $1 416 250 on Democracy Education. Although voter education and democracy building was critical during this phase, Mott under-supported women's issues. This is also evident when compared to Mott's programme on the non-profit sector.

Grants within the Non-Profit Sector Programme supported efforts to access in-country resources for the non-profit sector as well develop and implement policies, laws and regulations that recognised and protected the legal status of non-profit organisations. These grants were meant to strengthen networking and advocacy in the sector within the country and throughout the Southern Africa region. To meet these goals, Mott made grants to organisations such as the Community Development Resource Development ($100 000) to do consultancy work for non-profit organisations. The Development Resources Trust, later called Development Resources Centre was granted $200 000 to conduct research on the enabling environment for the non-profit sector and then advocate for legislative changes. The DRC, together with the Southern African Grant-Makers Association (SAGA) and the South African Non-Governmental Organisations Coalition (SANGOCO) later lobbied the government for fiscal, legislative and political changes to the NGO climate. The result was the Non-Profit organisations Act of 1997, the Tax Income Act, the repealed Fundraising Act and the NPO Directorate among other changes. SAGA was given $75 000 to strengthen the stature of the NGO sector. Other organisations that were supported during this year were the Council of Foundations in the U.S for two South Africans to attend a conference and a retreat of the Southern Africa Grantmakers' Affinity Group. The Institute for International Education in New York was given a grant to run partnerships between South African and Southern African NGOs. Overall, Mott made grants that equaled $2 263 925 to South Africa, $45 686.00 more than the 1993 amount.

After the 1994 elections, Mott continued its support to the three programmes in South Africa. In 1995 it extended its support to a number of organisations that worked with paralegals providing public information about citizens' rights, elections, the Constitution and access to government (Mott 1995: 57). These included Black Sash Trust in Cape Town which received $700 000 for human rights purposes. The Legal Resources Trust continued receiving the support of Mott for its programme on making the constitution accessible. The University of Cape Town also continued with its programme on educating the rural people on the constitution and preparing them for local elections. The University of Natal was granted $600 000 to continue its paralegal project in rural Natal and some parts of the Eastern Cape.

Support also continued for women entering local government for the first time as well as for organisations working on gender related issues. Support was given to grassroots organisations that sought to empower women with specific skills and information, for example, Hlomelikusasa-Skills for the Future. Hlomelikusasa is a rural women's organisation based in Durban. It is run and managed by women, dedicated to improving the quality of life and the living conditions of rural women. Through its capacity building programmes, it strove to ensure the involvement of women in all community development initiatives. Hlomelikusasa worked in rural areas of KwaZulu-Natal and the Eastern Cape. It sought to empower and educate rural women through a coordinated network which provided and organised training, advice and information dissemination regarding the promotion of recognition of rural women as equals in their families, communities and country (Hlomelikusasa Annual Report 2001-2002). Hlomelikusasa received its first grant of $20 000 from the Foundation. This grant helped the organisation empower rural women to participate equally and fully in their families, in the society and in government.

Similarly, the Community Based Development Programme in Johannesburg received a $100 000 grant to work on a project that would encourage the attention of the needs of women among NGOs. Other organisations that received funding for women's issues were Black Housewives League of South Africa ($100 000), University of Cape Town ($56 572), University of Witwatersrand Foundation ($30 000), Women's Development Foundation

($200 000) and the World University Service-South Africa ($50 000). This time the support for women's issues increased to $476 572, although it still lagged behind the Democracy Education Programme which received $1 400 000.

Mott began a process of consultation with NGOs that resulted in a draft Non-Profit Bill and a National NGO Coalition (SANGOCO). This encouraged the government to develop enabling legislation for the nonprofit sector. These consultations resulted in a consolidated post apartheid dispensation for non-profit organisations. Together with other stakeholders, the Non-Profit Partnership (NPP) with the support from Mott managed to lobby government for an enabling legal and fiscal environment for NPOs. The NPP was established by SAGA, SANGOCO and CAF Southern Africa with the aim of supporting the democratic transformation by strengthening the financial sustainability of the NPO sector in South Africa.

The NPP set up services that were directed towards meeting this mission. It put in place a number of programmes that looked at the financial management, effective use of resources, an enabling environment, good fundraising skills, income generation potential and a good public image for NGOs. The NPP lobbied for an enabling environment for the NPO sector through its Enabling Legislation Programme. The programme aimed at strengthening the NPO sector's ability to challenge the structural causes of poverty and make statutory funding particularly that from the National Development Agency (NDA) and the Lotteries Fund (LF) accessible to a number of organisations.

The NNP created an enabling fiscal and legal environment for creating revenue and reducing expenditure. It tried to create incentives for company and private giving. The NPP developed "give as you earn" schemes where employees made donations and employers matched that amount. The money was then given organisations that employees identified. The other programme that the NPP developed was the Financial Sustainability Training Programme. The NPP conducted this programme in collaboration with SAGA. The objectives were to generate income, achieve financial management, strategic management and marketing as well as fundraising and proposal writing for NGOs. Research formed an important component of the NPP. The NNP conducted research on the National

Development Agency Act and the Lotteries Act. The findings were submitted to parliament. The result was that government finalised key pieces of legislation to entrench the autonomous and legitimate role of NPOs in the broader society (Pieterse 2002:3). These included the Income Tax Act, the Fundraising Act, and the NPO Act among others.

The purpose of the new pieces of legislation and policies was to ensure that NPOs had increasing access to resources to be effective in working towards poverty reduction, economic development, welfare provision, promoting culture and establishing participatory democratic institutions. The NPO Act, for example, provides a sound basis for creating a vibrant, pluralist democratic NPO sector and for constructive, mutually beneficial relations between NPOs and government to develop (Peterse 2002). The Tax regulatory initiative, a programme of the NNP made sure that government created a regulatory framework to increase available resources for the NPO sector and development work through taxation provisions.

In 1996, the Civil Society Team of the Mott Foundation was created. It identified new programming within four spheres: South Africa, Central/Eastern Europe and Russia, the United States Non-profit Sector as well as Race and the Global sphere. The team met in Cape Town and three Civil Society objectives for all its programme areas. The first was to strengthen the non-profit sector. The President's 1996 annual message captured the importance the Foundation attached to civil society. Entitled, *A Sector for the People—by the People—and for the People*, he wrote,

> Throughout the Mott Foundation's many years of providing support to the non-profit sector, we have come to a new appreciation of it. We have watched it as it has taken on a renewed vigor and fundamental importance to the very fabric of our democracy as a balance between the public and private sectors, government and business (Mott 1996:4).

The second objective was to deepen democracy and promote citizen rights and responsibilities. The third was to transcend the past and improve race and ethnic relations. Mott held that its support for civil society had increased people's awareness of the term 'non-profit'. In South Africa debates were about which term to use to refer to the sector. Mott Foundation argued that there could be no civil society without a vibrant non-profit

sector (Mott 1996: 4). Bill White argued that the non-profit sector was critical to the checks and balances system that made democracy work. He suggested that the work of the Foundation's grantees during this period was the most compelling story that could be told about the Foundation and the non-profit sector in general. He said,

> The story of the Foundation's grant making is rich and diverse, involving thousands of individuals and institutions working separately and together to make the world a better place (Mott 1996:5).

While Mott boasted of this progress in 1996, the non-profit sector in general faced stiff financial and organisational challenges. Mott responded by re-buttressing its CSP. It supported activities and organisations that strengthened networking, advocacy and efforts to access in-country philanthropy (Mott 1996: 17). Eight grants totaling $1,050.000 were made towards this end. Mott supported SANGOCO, a coalition of NGOs formed in response to South Africa's post apartheid reconstruction challenges and to reinforce the collective role of NGOs in the new democracy. The formation of SANGOCO ushered in a new organised sector. Mott granted $100.000 to SANGOCO to help the organisation hire an executive director, open offices and begin to develop programmes (Mott 1996:17). The period from the democratic elections to the time of the formation of SANGOCO was a time of transition and uncertainty for the sector. Prior to democracy, movements such as the United Democratic Front and other mass movements mobilised politically to bring down apartheid. NGOs worked as service providers.

The phase after the democratic elections of April 1994 challenged the sector to redefine and reposition itself. The apartheid regime died and ushered in new challenges. NGOs faced a number of obstacles, including funding uncertainties and unfamiliarity with collaborating with rather than opposing government structures. The challenges for NGOs were the needs to solidify their financial resources, reformulate their strategies from protest and opposition to more development activities, and forge partnerships with each other and with the new government (Mott 1996:17). The formation of SANGOCO provided a platform for diverse interests and NGOs within its membership.

The Southern African Grantmakers Association (SAGA) played a significant role in identifying and cultivating new sources of funding within South Africa. Founded in 1995,

SAGA is an independent association of NGOs and individuals involved in funding social development initiatives. To help SAGA perform its role as a grant maker, Mott granted it $165 000 in 1996. Many other grants were made towards strengthening the non-profit sector and its capacity to mobilise domestic sources of funding. In total in 1996, Mott granted $2 355 500 to South Africa.

Mott continued supporting organisations such as the Community Law and Development Resource Association, which aimed to promote democracy, educate the rural populace of its rights and ensured that government was accountable to its electorate. Since 1989, the Centre developed a paralegal training programme and embarked on democracy teaching. It played a critical role in the 1994 elections by creating a training package that included publications *Waiting for Democracy* and *Making Democracy Work* that dealt with democratic concepts and the mechanisms of voting. This organisation collapsed towards the end of 2003. During my fieldwork visit to CLDRA, I noticed signs that the organisation was at the verge of collapse. There was a letter, for example, which had been written to CLRDC director by Mott's programme officer. The officer wrote that the proposal submitted in July 2002 had not clearly outlined what the support was intended for. She requested a revised proposal and budget in order to release a new grant. She went on to instruct the head office in Flint to put a hold on the grant. The letter to Flint read,

> I am requesting that you put a hold on the payment. We want a new document from them. This is just to put pressure and not let the grantee take advantage of the long relationship that exists between the two organisations and start taking things for granted.

This period ended with a review for the period between 1993 and 1997. Mary Honey, Nozipho January-Bardill and Edgar Pieterse conducted the review. They argued that the Foundation made positive contributions to South Africa. They noted the strengthening of the nonprofit sector, the successful elections of 1994 and support for women's voices in policymaking. I think the review overlooked the negative developments that took place during this period between Mott and its grantees. These included the dependency syndrome that the Foundation created. Mott also focused on 'soft' issues that did not challenge the status quo. It also failed to cut the cord' or 'let go' of its long-time grantees.

Reviewers suggested the following changes to Mott's activities in South Africa. First they suggested that Mott continue focusing on the non-profit sector, however adjusting to new developments, for example, the NPO Act. Second, they suggested that the Democracy Education objective be changed to promoting citizen rights and responsibilities. They urged Mott to focus on developing democracy at the local level. Finally, reviewers recommended that the Women's Participation objective should be integrated into the Non-profit sector and Citizen Rights and responsibilities programme objectives (Peterse 1997). In my view, the conflation of women's issues into the other two programmes was problematic. It suggested that women's challenges were not as critical and urgent as those of the non-profit sector or issues around citizen rights and responsibilities. Yet as I discuss in the next chapter, it was during this time that many women's organisations emerged to address questions around gender based violence, HIV-AIDS and development.

3.7 The period of consolidation of democracy (1998-2002)

The third phase began in 1998. Mott consolidated its programme in South Africa. This coincided with the country's own efforts of consolidating democracy. In 1998, NATO bombings of Yugoslavia, the ongoing fragility of the Russian economic and political systems, the devolution of responsibilities for social services in the US from federal to state level and the preparations for the 1999 presidential elections in South Africa provided challenges and opportunities for Mott's general civil society programme (Mott 1998:12). Mott focused on developing local philanthropy particularly community foundations, United Ways, work place 'giving' funds and women's funds. Mott developed associations and affinity groups of grant-makers and encouraged corporate social responsibility. Working closely with the Ford foundation and Kellogg, the Mott Foundation initiated a pilot project in South Africa on community foundations. SAGA was granted $250 000 to develop community foundations. The project had mixed results. Mott supported a tour of delegates from South Africa to Michigan to study community foundations. Although SAGA hosted the pilot project for community philanthropy, other organisations also got funding from Mott for resource mobilisation.

Mott supported Social Change Assistance Trust (SCAT) with a $300 000 grant to develop creative ways to spur community-based philanthropy including expansion of a fundraising incentive programme that provided matching funds for money raised through local community events (Mott 1998: 13). In April 1998, Mott was instrumental in the formation of the Non-Profit Partnership (NPP). The NPP received $68 000 during this period from Mott to increase the number of corporate donors and to undertake research on work place giving (Mott 1998:13).

Mott addressed ethnic related violence in parts of the world. Internationally, it focused on the conflict in Central and Eastern Europe in 1999, the political uncertainty in Russia and the sporadic violence and racial tensions in the U.S in 1999. Locally, Mott focused on the second election in South Africa, which presented the challenge of the consolidation of democracy and the transfer of leadership from Nelson Mandela to Thabo Mbeki. This was combined with the growing HIV-AIDS pandemic (Mott 1999:10). In response to these challenges, the Foundation refined its grant-making and focused on improving race and ethnic relations.

In 1999, Mott made grants to South Africa totaling $3 702 038. And in 2000, a big grant was given to the International Fundraising Consortium (Interfund), an intermediary organisation that operates as a grant-maker to community-based organisations. A one million dollar grant for HIV-AIDS was given to Interfund. The other big grant was $2 million to the Nelson Mandela Children's Fund, for endowment. Thus the largest support to South Africa was made in 2000. It totaled $6, 943 million. This was due to two special grants which responded to issues of HIV-AIDS and endowment.

Mott also made two multiyear $250 000 grants to the Greater Rustenburg Community Foundation and Uthungulu Community Foundation to develop local philanthropy based on South Africa's strong culture of 'self help'-stokvels, burial societies and savings clubs. Another grant was made to People's Dialogue on Land and Shelter in Johannesburg. PDLS helped local savings clubs encourage unemployed and homeless people to save money and pool resources to address community needs (Mott 2000: 14).

In 2001, the world was reshaped with the attack on the U.S on September 11. Because of the uncertainty of the U.S economy and the world economy, the stock market plunged and Foundation assets decreased. Bill White wrote in 2002 that the Mott Foundation made reductions to its core programme areas in the past two years due to the downturn in the U.S economy. Mott reassessed itself and asked questions such as; to what extent was the Foundation still a critical player, did it have a long funding history, extensive knowledge and experience with respect to a specified need? A critical question for this thesis that Mott raised was what effect would withdrawal of the Foundation's funding have? Mott was concerned whether recipients had reached the stage of development such that funds could be withdrawn without great disruption (Mott 2002: 6)?

Mott's evaluation had implications for global civil society. Its introspection occurred at a time when new challenges in international grant making confronted the sector. Foundations in general faced declining assets and non-profit grantees faced heightened competition for fewer resources Mott 2002: 11). Furthermore international grantees particularly in Eastern and Central Europe faced additional pressures due to traditional funders' decision to re-focus their donations to other regions or to different issues (Mott 2002:11). This debate did not significantly affect South Africa's budget, despite the decline in Mott's assets.

The withdrawal of funders or their shift in focus prompted Mott's initiative to redouble its efforts to encourage the non-profit sector to promote indigenous philanthropy. In South Africa, Mott made grants to strengthen local grant-making. SAGA was further supported with $125 000. CAF was also given $255 000 to promote work place giving. Mott also made a grant to the University of Natal's Centre for Civil Society to conduct research on sources of philanthropy in South Africa. In 2004, the Center had produced findings on individual giving.

At the end of this period, a review was conducted of Mott's work. The review covered the period 1998 to 2001. Edgar Pieterse who did the first review, once again led the review team. The team reviewed Mott's three programmes, that is; strengthening the non-profit sector, promoting citizen rights and responsibilities and improving race and ethnic relations. The reviewers concluded that, Mott needed to focus on fewer strategies. They suggested that

Mott was 'spread too thin' and that reducing the number of strategies 'increased the dollars, staff-time and leveraged opportunities devoted to fewer areas'. Thus Mott would be proactive in its intervention. Reviewers also argued for the need for a greater attention on monitoring and evaluation of grantees. This was an important observation, as grantees were not properly monitored. Another critical observation was that HIV-AIDS had an enormous impact on South Africa. Mott needed to integrate involvement with HIV across all of its programme objectives. The Foundation could continue its support to Interfund and the Nelson Mandela Children's Fund. Again Mott could continue its support and focus on women as it had done since 1994. The new objective captured this shift. It read,

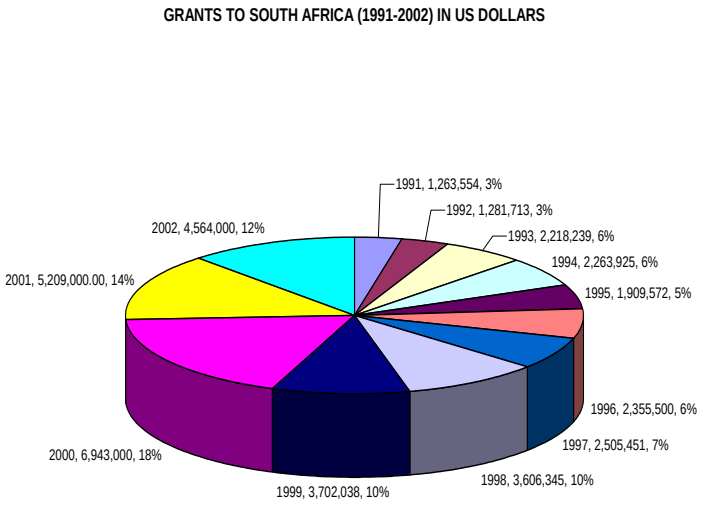
> A vibrant diverse and inclusive civil society in South Africa that is better able to respond to the challenges of democratic transformation and reconciliation, poverty and inequality and which promotes participatory democracy and the active participation of women (Mott 2002).

Table 5 and Figure 3 summarise the grants in three periods from 1991 to 2002.

Table 5: Mott's Grants to South Africa visa-vi Overall CSP (1991-2002)

Year	SA/Amount in Millions (USD)	Number of grants to SA	Overall CSP/Amount in Millions (USD)	Overall Numb
1991	1,263,554	18	4,405,000	53
1992	1,281,713	17	7,597,000	103
1993	2,218,239	17	11,306,000	118
1994	2,263,925	20	11,087,000	131
1995	1,909,572	11	13,692,000	130
1996	2,355,500	22	15,719,000	171
1997	2,505,451	29	19,124,000	186
1998	3,606,345	26	22,024,000	217
1999	3,702,038	33	26,355	232
2000	6,943,000	34	41,547,000	606
2001	5,209.00	40	31,423,000	258
2002	4,564,000	45	31,256,000	250

Figure 3: Grants to South Africa in Dollars ($)



The three phases raise some questions regarding Mott's activities in South Africa. First, how were Mott priorities and those of its grantees set and implemented? What was the nature of the relationship? Second, who set the development agenda? Were grantees subjected to Mott's specific interests or they responded to their own needs? Third, what role did NPO leaders play in the relations that developed? Were they passive implementers of the Foundation's agenda or they engaged Mott in a manner that saw them implementing their own locally 'brewed' agenda? Finally, what role did Mott play in creating a dependency culture among its recipients? How sustainable were grantees of the Foundation? What would happen to these grantees if Mott changed its focus and moved elsewhere? Many of these questions were indirectly answered in my discussion of the three periods.

3.8 WHO SET THE AGENDA?

The following discussion builds on the three periods. It explores Mott's impact on its grantees. Mott argued in 1997 that it was not an 'implementer' of its programmes. Implementing its programmes would make it lose its independent position and impact on grantees' accountability (Mott 1997:3). Mott understood its role to be that of a 'facilitator' in

the implementation of civil society programmes. To what extent was this adhered? Did this not imply that ultimate responsibility for development rested with the grantees? Bill White (1997) captured this. He said, 'all this depended ultimately on the diligence, organisation and passion of the gardener'. How did Mott escape the temptation of directing and telling grantees what to do? Did it serve as a resource for implementing the grantees' own ideas? What kind of partnerships developed between Mott and its grantees? Did Mott realise that developing civil society entailed patience and long-term strategies? How genuine was Mott when it wrote,

> While there is need to strengthen individual organisations, the Foundation will target its work at strengthening the sector as a whole. There is an opportunity to improve policies toward the sector in terms of taxation, registration, fundraising, etc. In addition, there is a need to unlock financial resources for the sector so these organisations can become self-sustaining. [Civil society] should be strengthened in order to act as a strong partner, [with the state] in meeting the country's many developmental needs (Mott Annual Report 1995:10).

CDRA was one of the first grantees of the Foundation in 1991 to 2003. The CLRDC was founded before 1991 but received support from Mott in 1991. Available records suggested that CLRDC was probably one of the few organisations that received a lump sum from the Foundation and had still not broken the cord with Mott until its closure in 2003.

The Development Resources Centre was a long time grantee of Mott but closed its doors in 2003. A detailed study of the DRC is undertaken later when I discuss its relations with the Kellogg Foundation and issues around legitimacy, autonomy and management. According Zane Dangor, one of the former directors of DRC, Mott Foundation supported the DRC even when it was undergoing serious challenges. Dangor argued that the relationship that developed between the organisation and Mott was mutual. Mott understood the problems that DRC went through and provided support. The research agenda for example, on the enabling environment for the NGO sector was negotiated between Mott and DRC. Kuljian participated in the debates. Mott viewed the DRC as an innovative organisation around policy environment. But in Dangor's view Mott was confused about the identity of DRC (Dangor, 2003). Kuljian confirmed this when she expressed disappointment about DRC's state and the fact that DRC failed to notify Mott of its decision to close down. Moira Mbelu, a former programme officer for Mott argued also that the Foundation was confused as to

who DRC was when it changed leadership. There was a lot of confusion regarding its role. Was DRC an implementing organisation, a facilitator or a research institution?

I chose SAGA, not only because it was Mott's grantee but because it was one of a very few grant-making organisations in South Africa. It was the only organisation in the country that drove the community foundation pilot project. The success of this project might give some indication as whether or not domestic community philanthropy can be mobilised to strengthen the sustainability of the sector in South Africa. Mott was involved in setting up SAGA, seconding a staff member to the SAGA board. This raised issues around 'conflict of interest'. Very close to SAGA, too was the Non-Profit Partnership. The mission statement of the NPP mirrored one of the three programmes of Mott, namely to strengthen the financial sustainability of the sector. This raised questions about 'institutional isomorphism', a process in which the whole organisation or some of its units tend to want to look like its donor.

Leadership and organizational problems 'rocked' SANGOCO. The coalition was in a crisis in 2001 when key personnel including two Deputy Presidents left the organisation. This weakened SANGOCO's profile (SANGOCO 2003:12). By 2001, the question of SANGOCO's identity was raised. Was SANGOCO a coalition or an organisation? Funding for the Coalition declined and a wide organisational impasse developed between the National Office bearers, Executive Director and the National office staff (SANGOCO 2003). Eventually the Executive Director resigned in 2003. The question is what role did Mott play in the creation of SANGOCO? What role did it play in unraveling its crisis? According to Pieterse (2002), since SANGOCO's inception in 1995, it asserted its independence from government and the ANC as was manifested in the Poverty hearings Campaign in 1998. SANGOCO's political practice assumed an exclusionary approach. SANGOCO saw itself as a radical voice of progressive NPOs that shared an oppositional political perspective on government's macro-economic policies and associated institutional reforms such as privatisation and down-sizing of the public sector. What was problematic about this was that SANGOCO was seen as representing NPOs. SANGOCO was setting the agenda for other NPOs. The membership felt that SANGOCO showed an inability to build an inclusive united front across all the constituencies of the NPO sector.

I focused on Hlomelikusasa because it operated at grass-roots level in KwaZulu Natal. It was one of the few organisations that received little from Mott in monetary terms, but it benefited in non-monetary ways. Dedicated to improving the quality of life and conditions of women in rural areas, Hlomelikusasa strove to ensure that women were involved in all community development initiatives. Hlomelikusasa grew out of CLDRC initiatives.

Although Sedibeng Centre for Organizational Effectiveness was not a long-time grantee of Mott, it represented organisations that did not diversify their funding base. During the course of this research, Mott alone supported Sedibeng. The organisation was going through a financial crisis. There was a trend that developed which led to the crisis. It began with the departure of Rams Ramashia to join government. Funders lost confidence on the organisation. During the time of writing up the thesis, I understood that Mott also put its support on hold. The organisation was on the verge of closure. The director left and there were 'rumours' that staff members had not been paid. By August 2004, the organisation was under a 'care-taker' director and the chances of reviving it were almost nil. Sedibeng Centre for Organisational Effectiveness was established in 1997. It was to take over the activities of Private Agencies Collaborating Together (PACT-SA). Since 1991, PACT worked towards strengthening the NPO sector through capacity building training and consultative programmes. PACT's twenty-eight experience in over seventeen countries formed the basis for the formation of Sedibeng Centre.

Sedibeng played a critical role in the formation of SANGOCO. SANGOCO received much of its technical and financial support in its initial phases from Sedibeng Centre. Sedibeng Centre established a track record as a reputable leadership and management-training and consulting organisation in South Africa. Some of the programmes that the Centre was involved in included strategic planning workshops for NGOs to sufficiently fulfill their missions and objectives. These workshops focused on organisational and institutional development. The other programme was fundraising and financial sustainability workshops for NGOs. They focused on fundraising principles and techniques. These included exploring alternative funding initiatives through marketing, self-generated income, cost recovery and endowments and investments. The third programme was financial management. The

workshops and advisory consultancies were offered to NGO staff and Trustees to strengthen their financial management systems. This was to promote more accountable, efficient and professional NGOs. Project management was another activity of the Centre. It offered project management workshops and follow-up advisory support to NGOs and relevant government departments to strengthen their capacity to meet development objectives. The crisis emanated as a result of leadership changes. The first director joined the Department of Labour and a new director took over, who later joined the NDA.

Lastly, I chose the Centre for the Study of Violence and Reconciliation because it represented big NGOs that had a diversified base of funders and yet remained unsustainable. CSVR was established in 1989 as a mutli-disciplinary NGO dedicated to contributing towards a peaceful and meaningful transformation in South Africa. CSVR worked in many programmes that included the Africa Programme, the Criminal Justice Programme, the Gender Programme, the Transition and Reconciliation Programme, the Victim Empowerment Programme and the Youth Violence Prevention Programme. Other cross cutting issues were addressed through CSVR's Consulting unit and the Education and Training Unit.

The Africa Programme made strategic partnerships with various national, regional and international non-governmental organisations to strengthen its work on the African continent. Some of the key partners included, the United Nations High Commissioner for Refugees, Amnesty International Human Rights Defenders Programme' Lawyers Committee for Human Rights, African NGO network on Transitional Justice, Network of Africa Peace Builders, Street Kids International, International Centre for Transitional Justice, National Consortium on Refugee Affairs, Johannesburg Refugee Network and a host of civil society organisations across Africa. The goal of the Africa Programme was to strengthen the capacity of civil society organisations in targeted African countries. It also developed and advanced sustainable peace, healing and reconciliation based on justice, accountability and respect for human rights.

The Criminal Justice Programme was established to respond to escalating violence in South Africa. In 1994, the criminal justice system could not serve all South Africans within a human rights framework. It could not respond to the challenge of violent crimes. The result

was the emergence of vigilante groups against suspected criminals. In many instances, citizens 'took the law into their own hands' due to the frustration they encountered within the criminal justice system. The CSVR's CJP aimed at promoting a human rights culture while building respect for the rule of law. The programme also aimed at contributing to the development of better policies and practices in criminal justice agencies (www.csvr.org.za).

These organisations reveal that Mott focused primarily on urban grantees. Many of these grantees still depended on Mott except those that had closed down. Although, the DRC closed down, Mott still supported SANGONET, an organisation that grew out of the DRC.

3.9 The dependency culture

It is clear from Mott's grants to the ten organisations that a dependency culture grew. The CDRA, DRC, CLRDA and CBDP first received support from the Foundation in 1991. This support continued till 2003, except for DRC and CBDP. Had DRC not closed down, chances are that it would still be supported. This group of organisations received more than $100 000 each per year. These were large grants. Thus they got close to a million or more dollars in the period between 1991 and 2002. The other organisations got support from Mott after 1994, many of which were large grants, on average $100 000 each per grant, except for Hlomelikusasa. Hlomelikusasa got the lowest amount due to its size and organisational weakness in financial management skills. These organisations focused on the transition and empowerment of formerly marginalised groups. However they all depended on Mott to an extent that they would be crippled if the Foundation stopped its support. Table 7 below gives an overview of the grants that were given to the ten selected organisations between 1991 and 2002.

Table 6: Grants to selected ten grantees

	CDRA	CLRDA	DRC	HMSASA	CBDP	Sedibeng	SAGA	CSVR	SANGOCO	NPP
1991	$100,000	$200,000	$100,000		172,000					
1992	$100,000	$100,000	$100,000							
1993	$100,000	$400,000								
1994	$100,000	$100,000	$200,000		$100,000		$75,000			
1995		$600,000		$20,000						
1996	$200,000		$300,000				$165,000		$100,000	
1997		$75,000		$40,000					$68,213	
1998		$200,000				$150,000	$125,000	$160,000	$324,160	$68,000
1999	$111,705		$231,000	$40,000		$10,000		$250,000		$50,000
2000						$200.00	$75,000		$250,000	$50,000
2001		$310,000		$40,000		$200,000	$125,000	$262,000	$15,000	$125,000
2002		$250,000				$115,000	$125,000	$80,000	$100,000	$75,000
Total	**$711,705**	**$2,235,000**	**$931,000**	**$120,000**	**$272,000**	**$675,000**	**$690,000**	**$502,250**	**$857,373**	**$368,000**

The dependency culture evident in these organisations showed that NGOs faced serious challenges. Hulme and Edwards argued in 1996 that there were signs in the NGO sector that greater dependence on funding compromised NGO and grassroots organisations' performances. Dependence distorted their accountability and weakened their legitimacy. The dependency syndrome exhibited by NGOs in South Africa should be read in the context of the transition to democracy and the donors' shifts in policy. First, after 1994, most donors rerouted support to directly fund the democratic government. NGOs were faced with diminishing budgets. Second, there was an exodus of people from the NGO sector to government departments. The sector was affected both from the human resource as well as from the financial resource capacity. According to Chetty (2000) this diminution in the pool of donor funding and re-channeling to government forced many CSOs to bow to the pressures of funder demands. The agenda and plans of institutions became funder-driven (Landsberg and Bratton 2000:259).

Mott supported these organisations in this context. Although not all organisations depended solely on Mott, they however depended on other foundations. Some might still survive if Mott stopped supporting them, but they would survive on the 'mercy of other foundations'. The question; 'who set the agenda' should therefore be answered within the understanding that a number of NGOs depended on international foundations. And these foundations

were in most cases products of their own countries' domestic and international policies. American Foundations were a product of American industrialism and the need to promote a democratic path to development. The question here was whether Mott promoted American interests and values at the expense of local concerns or it was reacting to the overriding problems in South Africa? According to Mott, it supported civil society in overseas countries because there could be no peace in the U.S if other parts of the world were unstable. This could be seen as agenda setting. Was this the case in South Africa?

3.10 Dependency and agenda setting

The case studies showed three observations about dependency. First, grantees that said they were dependent on Mott did not have a diversified funding base. Second, grantees with a diversified funding base also argued that they were dependent on Mott. In my view this raised questions around sustainability. Third, grantees that claimed they could exist without international donor agencies were small community-based organisations. The irony here is that big organisations that attracted many donors felt vulnerable to donors withdrawing support compared to small community-based organisations that had very little funding. The overdependence of organisations on Mott exposed the Foundation's weaknesses. It tended to fund larger, urban organisations, a trend that was followed by other foundations. Mott supported professional organisations with a 'proven track record'. Such organisations were not embedded in communities like community-based organisations. Kuljian agreed. She said;

> One area of weakness with quite a few international donor agencies is that we tend to fund larger, more established NGOs that happen to be in big cities of Gauteng, Natal, Western Cape and Johannesburg (Kuljian, Interview, 2002).

Ben Fani, coordinator of the Community-Based Organisations, also cited this weakness. He argued that changes in donor practice favoured larger, sophisticated and urban NGOs at the expense of smaller, grass-roots organisations, which no longer managed to meet rigorous criteria and reporting requirements of Northern donors (Fani, 1998:38). Marina Ottaway and Thomas Carothers (2000) observed also that donors ended up concentrating on a very narrow set of organisations. These were professionalised urban NGOs that focused mainly

on issues directly related to democratisation. They argued that organisations targeted by donors were a creation of donor funding rather than of social demands for representation. This resulted in many of these organisations tending to resemble each other in leadership, programmes and ideological outlook. The result was the 'isomorphisisation of organisations'. They tended to reflect donor preferences rather than the needs of the supposed constituencies. Although I discuss this process later, table 7 shows the similarity between Mott's programmatic areas and grantees' mission statements and areas of work. The NPP, SAGA, SANGOCO, DRC, CBDP and Sedibeng Centre for Organizational Development had mission statements and worked in areas that satisfied the 'strengthening the non-profit sector programme' of Mott. Hlomelikusasa, CDRA and CLRDC worked in the area of 'citizen rights and responsibilities'. And CSVR worked on the area of 'race and ethnic relations' and 'citizen rights and responsibilities'. These observations raised the question 'to what extent did Mott determine the priorities or interests of its grantees?

Table 7: Grantees' Profiles

	MISSION	**AREAS OF WORK**	**LIST OF DONORS**
CDRA 1987	CDRA is an NGO advancing conscious and continuous learning about development processes and the art of intervention. Aims to bring about and support authentic and coherent development practice amongst people, organizations and institutions working towards those forms of social transformation that most benefit the poor and marginalized. Strives towards a just and civil society; a society in which people have access to resources and power over choices.	1. Organizational development Consultancy 2. Training programmes 3. Publishing, research and learning 4. Facilitation of development Explorations	1.Mott Foundation 2.Open Society for SA 3.Hivos Evangelischer Entwiklungdienst 5.Cordiaid
CLRDC 1989	To promote democracy and help rural Communities to understand their human rights by training paralegals to run advice offices in rural areas.	1. Access to justice 2. Human Rights 3. Democracy and Good Governance 4. Gender Equality 5. HIV-AIDS 6. Capacity Building 7. Community Structures	1. Ford Foundation 2. Mott Foundation 3. Open Society for SA 4. USAID 5. Kellogg Foundation (N/A)
DRC	To build the fundraising capacity and		

1992	increase the effectiveness of the non-profit sector and to broaden the base for volunteerism and philanthropy		
HLOME LIKUSA	A rural women's organization run and managed	1. HIV-AIDS	1. Mott Foundation
SA, 1994	by women dedicated to improve the quality of life and conditions of women in rural areas.	2. Human Rights (Domestic Violence) 3. Skills Development	2. National Lotto 3. British High Commission 4. International Partners
	Strives to ensure the involvement of women in all community development initiatives.	4. Agriculture 5. Capacity Building	in Mission 5. DKA
CBDP	To work in partnership or in consortia with communities or community-based organizations to support them in their quest to achieve Community stability, reduce poverty and address significant community needs.	1. Skills Training 2. Organizational Development 3.Networking	1.Ford Foundation 2. Mott Foundation (1991-1994) 3. DG Murray Trust 4. EED 5. Condiaid 6. Broedelijk Delen 7. Interfund
SEDIBENG	Committed to strengthening the delivery capacity of development partners through cutting edge organizational development services in order to respond to challenges of poverty eradication.	1.Capacity Building 2. Leadership Training 3. Management Training	1. Mott Foundation
SAGA 1994	To optimize the relevance, efficiency and impact of grant -making in Southern Africa.	1. Leadership and Innovation 2. Networking and Coordination 3. Information and Communication 4. Professional Development and Training 5. Community Foundations	1. Mott Foundation 2. Ford Foundation 3. Atlantic Philanthropies
CSVR 1989	Committed to building a just and violence free society through violence prevention and the promotion of human rights culture and reconciliation values diversity, equality and social justice.	1. Gender 2. Youth 3. Victim Empowerment 4. Reconciliation 5. Crime Prevention 6. Criminal Justice 7. Peace Building and Conflict Prevention	1. Mott Foundation 2.Ford Foundation 3. Open Society for SA 4. Foundation for Human Rights 5. AusAID 6. Bread for the World 7. Oxfam 8. IDRC 9. Irish Aid 10. Atlantic Philanthropies 11. Themba Lesizwe
SANGOCO			
1995	Working for participatory democracy, people centered development and the voluntary sector	1. Enabling Environment for NPOs 2. Advocacy for Social Security	1. Mott Foundation 2.Africa Capacity Building Foundation

		3. Advocacy for Food Security 4. Advocacy for People's Budget 5. Development 6. Community Participation 7. Building Institutional Capacity	3. Swedish Embassy (SIDA) 4. National Development Agency
NPP 1998	Promoting democratic transformation by Strengthening the financial sustainability of the non-profit sector.	1. Lobbying 2. Training on financial sustainability 3. Advice on registration, fundraising	1. Mott Foundation 2. Ford Foundation 3. Atlantic Philanthropies 4. USAID

Isomorphic tendencies and dependence among grantees raised questions about the sector's sustainability. Very few organisations had put in place sustainability mechanisms in the event that foundations pulled out. Dependency created a crisis for organisations. It made them very vulnerable to Mott's interests, although in different ways.

The case studies showed that intermediary NGOs, like SAGA, were impacted differently from research NGOs like CSVR. Similarly, organisations with a diverse funding base were impacted differently from those that depended on a single source. Those with that diversified their base found it easy to create healthy donor relations. Organisations like SAGA, NPP, CDRA, CSVR and CLRDC that had on average five donors, argued that they did not feel Mott's pressure in choosing their priorities. However those like Sedibeng that had only one donor felt pressured by Mott in the work that they did. This was clear in the responses these organisations gave to the question *does the foundation set the agenda for your organisation?* Two organizations (Sedibeng and SANGOCO) said that Mott influenced them in setting their priorities. Sedibeng argued that it felt the influence because it depended on it for funding. And SANGOCO argued that it felt the pressure because in general donors set the agenda for development. In an interview in 2002, Abie Dithlake, SANGOCO's director made it clear that donors influenced priorities for NGOs. He alleged,

> If one moves from the point of understanding that philanthropy is generally not an innocent thing, it is based on particular interests and particular needs of the philanthropists, there is no doubt of the impact of the donor community on NGOs especially as they are very dependent on that philanthropy. This impact happens in a number of ways. First, they determine what needs to happen because donors say these are our priorities and this is what we fund. We see that many people then go to develop proposals in line with what the donors perceive to be the priorities. Second, we see NGOs jumping from one particular issue to the next, for example from gender to HIV-AIDS because that is

> where money happens to be at that particular time. That in itself does not reflect what the particular nation needs and what the priorities are at that point in time. This reflects largely donor driven programmes (Dithlake, Interview, 2002).

Dithlake's views reflected the conflicts that were taking place at the time between the Director and some donors who were critical of the direction SANGOCO was took in 2002-2003. This somewhat explains his position that;

> Ruthless donors, who in the event that that they failed to achieve what they wanted through their activities began to have a direct and political role in coercing and determining who should be the people and leaders of the particular organisation before they could fund it (Ibid, 2002).

That SANGOCO felt the pressure of donors implies that diversifying the funding base is not necessarily the solution. SANGOCO depended on other sources for its programmes.

CSVR and Hlomelikusasa argued that while the whole process was not determined entirely by Mott, to a certain extent the Foundation influenced them in setting their agenda. Hlomelikusasa represented a grassroots organisation. Most members of its members were uneducated and lacked a number of skills to run an organisation. A possible explanation why Hlomelikusasa felt influenced by Mott could be that Foundation staff provided more than the money. They offered their services in capacitating the organisation. In fact, one Mott staff member referred to the organisation as their 'baby'. Such a relationship could have put pressure on the grantee.

CSVR, however, attracted many donors. As a research organisation, most of its funding was project oriented. Thus it lacked flexibility on how it used its money. CSVR went through a negotiation process for its agenda to fit within the broader framework of donors. Again the CSVR case showed that diversification of funding is not necessarily a solution to agenda setting. In fact it could create complex scenarios. Interfund, a consortium of funders argued in 2002 that it found itself juggling between satisfying its constituencies and meeting the needs of the donors as a result of depending on many donors. Alicia Pieterse, Interfund's director argued in 2002,

> The most important thing to understand about us (Interfund) is where we are placed. We are very much in the middle, we have these donors in the top and we are funding close to 130 organisations,

> some of which are NGOs and others are CBOs. In all honesty one cannot begin to know how much time it takes to negotiate upwards. We are all saying we are talking about partnerships and partnerships imply equality, but then why are we not negotiating the other way; downwards and both ways, because we always find ourselves in a position to satisfy donor requirements? We serve so many donors and they all have different requirements ……the following is not politically correct but it is a fact that resources are still located at the top and the cultures are different. There is still a culture of superiority plus the resource (Pieterse, Interview, 2002).

Beni Fani (1998) also alluded to this. He said,

> Donors own and control these resources…Sometimes, a donor's agreement to make funds available has strings attached, some obvious, some hidden.

Both Pieterse and Fani argue that donors due to their resources set the agendas for their grantees. They also allege that power relations define the politics of aid. There is no equality between donors and grantees. In many cases grantees negotiated the agenda and donors did not do likewise. It was grantees that had to align their projects in line with what Mott funded especially in the production of proposals. This raises the question; to what extent did Mott influence the agenda of grantees through its guidelines?

3.11 Guidelines and agenda setting

Guidelines played a very important role in shaping the organisations' programmatic areas. Tvedt (1998) argued that in order to access money, NGOs tended to describe the local needs in the aid language prevailing at any point in time in order to maintain organisational activities. These case studies showed that grantees also played important parts in the development of such processes. It was not just the donor that played an active part. NGOs 'juggled' between the need to access financial support for existence from the Foundation(s) and the desire to meet the interests of the people. Pieterse captured this dilemma. She said,

> I was a director of an NGO before and one learns to play the game. What I used to do was to match the needs of the community. I never used to just draft a standard proposal. I used to adjust the needs of the community to suit whichever donor's criteria. I would want to know that we still have leaders who are passionate enough about local agendas but are also equipped enough to go back to the office and write a proposal in such a way that it can generate funds, because one cannot do without funds. The reality is that we report to these people (donors) in a very sophisticated way. We live in a third

> world environment but report to the first world people. So the reporting has to be in the first world standard, highly sophisticated. But when one goes to the field, one surely does not want to be sophisticated. However the reality is that when one gets back to the office and has to present problems of the community, the report has to be sophisticated and first world standard (Pieterse, Interview, 2002).

Many grantees agreed with Pieterse that they adjusted the needs of the community with the expectations of donors in proposals that they submitted to Mott. They regarded this as 'responding to the needs rather than being influenced by guidelines'. Instead many of them argued that in the process, they influenced Mott's work in South Africa. Reviewers of the Foundation's programme in 1997 and 2002 supported this. The reviewers suggested that environmental factors determined new programme developments for Mott. For example, before 1994, Mott's new environment was the need to support anti-apartheid activism and develop the capacity of black community-based organisations and their leaders. After 1994, what was critical was democracy education and women's participation in decision-making. In 1997, the focus shifted to strengthening civil society, promoting citizen rights and responsibilities and encouraging race and ethnic relations. And in 2002, the context dictated that focus be put on HIV-AIDS. These issues emerged from the South African context. Mott responded to these needs and solicited proposals that addressed them. Thus both Mott and the grantees responded to the context. Eight of the grantees argued that neither Mott nor its guidelines influenced them. And two held that guidelines had minimal impact on them.

But when one looked at Mott's guidelines, it was clear that only those organisations that satisfied one of the three Foundation programme objectives were funded. The question still remains whether these areas influenced grantees in setting their priorities? I think this was a complex question and as such it needed to be approached holistically. The case studies suggested in my view that programmatic areas of Mott impacted on the priorities of the grantees. But grantees were able to fulfill their mission and vision without alienating the Foundation. The DRC, for example, got project funding from Mott to research on the enabling environment for the non-profit sector. Although Mott was involved in the debates and one can argue that it had an interest in the research, DRC managed to achieve its mission and vision. But this was within the confines of the conditions of the grant. Similarly,

Steven Friedman of the Centre for Policy Studies commented about the relationship between CPS and its donors. He said,

> We try to develop our own research agenda. However we must be honest, most of the time a lot of what we are doing is not our research agenda; it is the donor's research agenda. But that does not mean we are total slaves. We try within that to do as much our own research agenda as we can. Sometimes we succeed in persuading the donor that our research agenda is worth funding… There is no way that I can look you in the eye and say that we have entirely our own agenda and we do not do what the donors want us to do. No research organisation would look you in the eye and tell you that. It won't be telling you the truth. It is not possible to survive even for one day if you take that attitude. If you are asking me, are we simply slaves of the donors? Then I would get angry because we do get lucky and manage to persuade our donors that what we want to do is what they want to fund. Secondly we do not just take it at face value. We discuss and negotiate. We would not do the work, which we think is totally out of our experience and research interest (Friedman, Interview, 2002).

This is closely linked to the question to 'what extent does the type of funding create dependency'? In what way does project or core funding make organisations vulnerable to donor conditionalities and interests? Most of these grantees depended on Mott for project funding.

3.12 Project/Core funding and agenda setting

Project funding was directive and limited grantees, while core funding was flexible. Many organisations that depended on project funding faced financial problems around overhead costs. Kuljian captured this very well. She said,

> There are cases where support by the donor for an organisation is broad and flexible, covering the general operations, general activities and the overall budget. There are also cases where support is in the form of project funding, more targeted and less flexible on the part of the organisation. However there are also other cases where the donor provides support for the organisation's capacity building, covering strategic planning, organisational development and staff development. This support is usually a response to the realisation that there can be no effective project without an effective organisation (Kuljian, Interview, 2002).

The cases do not provide clear-cut answers to questions posed above. However the following are my observations. In the case of Hlomelikusasa in KwaZulu Natal, Mott started supporting it in 1995 with a $20 000 grant to capacitate the organisation on its work with

rural women. By end of 2002, Mott had given $120 000 to Hlomelikusasa. In 2003, Hlomelikusasa had a network and membership of 14 communities around KwaZulu-Natal and the Eastern Cape. Mott did not fund all of Hlomelikusasa's programmes. However, when I visited Hlomelikusasa and held discussions with women who managed Hlomelikusasa, there was a sense in which Mott had played a significant role in the growth of the organisation. They claimed that Mott provided technical assistance to the organisation. For example, in its early stages, Hlomelikusasa did not have skills on financial management and found it difficult to manage its finances. Staff members often used their own money when conducting organisational work. And the end of the project would not expend the Mott grant. These members thought they were saving the money.[3] But this was interpreted by Mott to mean that the organisation did not need the money. Mott realised that this was due to lack of financial skills and knowledge on project funding. Instead of just proving money, Mott responded by seconding technical staff to the organisation to help Hlomelikusasa with organisational issues (Mbelu, Interview, 2003). Mott's project funding to Hlomelikusasa was positive because Mott also played an active role in the operations of the organisation.

But Hlomelikusasa had its own weaknesses. First, it was a membership organisation that could not support its network. This was due to the organisation's lack of skills and staff capacity. Project funding did not provide for this. Second, the membership failed to grow beyond rural women. Third, Hlomelikusasa could not fundraise and had serious governance problems. Only five women ran the organisation as a management team. There was no director. Fourth, none of these women could develop a proposal. There was confusion between Hlomelikusasa activities and those of the network.

This chapter showed that Foundations are influenced by many factors in designing their priorities. In the case of Mott, the founder's ideals guided the Foundation from Flint to other parts of the World. External factors also played critical roles in the ways Foundations internationalised their activities. In the case of Mott, the general obsession of the U.S to prevent the expansion of the Soviet Union and communism influenced the Foundation's decision to expand to South Africa and parts of Eastern and Central Europe. People were

[3] Personal discussions with five members of Hlomelikusasa, Durban, 2003

also crucial players in the Foundation. The Board of Trustees and staff members determined the direction and the nature of grant-making. In South Africa, the key person was Christa Kuljian.

The chapter also showed that although donors influenced priorities of their grantees in many ways, civil society leaders developed strategies that helped negotiate their agendas with those of donors. Grantees tailored their proposals in such a way that they reflected the needs of the community and those of Mott. The chapter also underscored the necessity of civil society. The various projects that Mott supported filled many gaps in communities. Former President, Nelson Mandela, in an interview with Christa Kuljian in 2000 captured the importance of NGOs. He said,

> NGOs are an important sector of society because changing the attitude of the community and community development are not just the task of the government. It is the task of the entire society. If the country is going to progress, an idea must not just be held by the government, it must be held by all decision-makers in society. Therefore if we want any significant development, we must co-opt civil society (In-Focus 2000:19).

Case studies showed that civil society organisations faced challenges around leadership, accountability and transparency. There was a need for the sector to address these challenges, as there were likely to affect its effectiveness. On the one hand the dependency culture was likely to affect the sector's autonomy and identity. NGOs needed to avoid tendencies that suggested they implemented the interests of Foundations because they were not sustainable enough to resist pressure. On the hand, the dependency on international foundations helped civil society maintain its independence from the state. That way it was instrumental in deepening democracy and spreading a human rights culture.

In the next chapter I further the discussion of the influence of different factors on agenda setting. I focus specifically on events, resources, experience and individuals. I use an historical methodological approach to evaluate the Ford Foundation's impact on civil society organisations in South Africa.

CHAPTER FOUR

4.0 THE FORD FOUNDATION AND GRANTEES IN SOUTH AFRICA

This chapter explores the extent to which the Ford Foundation set the development priorities for its grantees. It examines the relationship of Ford with grantees in order to evaluate how grantees set their own agendas and retained their independence. The chapter focuses on how Ford established its priorities, and the extent to which the needs and interests of grantees played a role in this process. The issues are addressed through an historical and an organizational analysis. According to Carmichael (2001) an institutional biography helps to understand who set the goals, how goals were revised, what resources were obtained and how 'success' was defined and measured (Carmichael 2001:.7).

From an historical perspective, there were many factors that determined the objectives and the programmatic areas of Ford. Internal and external factors were both critical. First, the influence of a trustee or staff member or the arrival of a new staff member shaped the direction Ford followed. This impacted on the areas and grantees that it supported. Second, global events and forces influenced Ford's choice of priorities. The decline in the global economy in the 1970s and in the U.S after 2001 forced Ford to scale down its expenditure. Such events also impacted negatively on Ford. After September 11, 2001, Ford was accused of funding terrorist groups as a result of its financial support of the World Conference on Racism in Durban (Salole, Interview, 2004). Third, resources influenced Ford's focus. In the 1970s, Ford scaled down its grant-making and retrenched staff as a result of diminishing resources. Fourth, Ford's own evolution and experience in many parts of the world determined its priorities. Finally, U.S foreign policy after the Second World War influenced Ford's internationalisation process, as it did for Mott. Ford supported regions that were vulnerable to communism and served as potential markets for the U.S.

From an organisational analysis, the chapter argues that grantees negotiated and carried out their agendas within the broader parameters of Ford's programmatic areas. This chapter explores these relations.

First, it looks at the life of its founder, Henry Ford, and his objectives. It asks whether Ford's philanthropy was blind or more complicated than we suppose. It is only from an historical perspective that the question of agenda setting and present activities and direction can be understood. They are a product of Ford's initial work in Michigan in the years 1936-1950 and its subsequent work in India. Equally important were Board members who also worked for the State Department. They played critical roles in America's foreign policy. It is of significant that Paul Hoffman, the architect of the Marshall Plan, became Ford's first president.

Second, the chapter explores Ford's evolution. I locate the discussion within U.S foreign policy and post-Second World War concerns. I juxtapose Ford's internationalisation process with the increasing desire of the U.S to spread its influence to newly decolonised regions. I argue that Ford himself determined the Foundation's programmes and objectives initially. After his death and that of Edsel Ford, the family gradually relinquished control of the Foundation. With the resignation of Henry Ford II in 1976, the family lost complete control of the Foundation. The Foundation was the directed a Board of Trustees. I explore the link between the founder and the Foundation's programmes. I also contend that Ford's internationalisation was influenced by America's foreign policy.

Third, I discuss Ford's programming in Africa. I argue that Africa, in the 1950s and 1960s presented a window of opportunity for Ford to contribute to a democratic path to development. Ford held that the world was a single global system whose parts were integrated. It feared that during the Cold War era, Africa was vulnerable to communism. The U.S shared similar concerns. Both argued that if the Soviet Union captured Africa, communism would define the path to development. The superiority of the U.S would have been threatened (Stacey 2003). Ford's programming to Africa should be read within this context. An underlying question is whether the Ford Foundation can be seen as a vanguard of American imperialism, for instance, what imperatives chose the Foundation's strategic choices to support India in 1951, Africa in the late 1960s and Latin America in the 1970s. Individuals sent to different locations had had experience as foreign policy analysts and some were researchers who specialised in third world issues. I examine the strategic choice of organisations supported by Ford.

In the last section, I focus exclusively on Ford's activities in South Africa. I periodise Ford's work into the two historical epochs of apartheid, between the 1970s and 1993, and the democratic phase after 1994. Different contexts shaped the activities of the Foundation and the organisations it supported. The different relations that developed were also subject to these shifts in context. Regional perspectives, development priorities and the global events also determined Ford's focus.

4.1 A note on methodology

This chapter is based on an examination of Ford's grantees. Many of them requested complete anonymity and emphasised that neither their names nor those of their organisations should ever appear in the discussion as this might jeopardise the continuity of funding from the Foundation. The veracity of their responses was thus suspect. From a small survey of ten grantees whose responses were used in addition to interviews carried out with other grantees, analysis showed similar thinking among NGO leaders. DiMaggio and Powell (1991) called this tendency by organisations 'normative isomorphism'. This process involved the homogenisation of organisations and their leaders through lines of formal education and professional networks that leaders belonged to. Respondents to the questionnaire adopted a particular NGO language, which on the one hand opened up the space to a critique of philanthropy but on the other tended to romanticise NGO-Ford relations. Methodologically, this was a limitation. A further limitation was that access to critical documents such as proposals, communiqués, project evaluations, minutes and grantee profiles was denied by the Foundation. These would have highlighted the real dynamics of relations. Interviews and questionnaire responses were complemented by literature on the Foundation and grantees. These included annual reports and books.

4.2 The life of Henry Ford, his objectives and the Foundation

The Ford Foundation cannot be understood without first looking at its founder's ideology and interests. Founders played critical roles in shaping the focus of American Foundations. Henry Ford was born in 1863 in Wayne County to Irish immigrant farmers, William and Mary Ford, who had migrated to America in 1840s. They settled in Detroit (www.pbs.org/wgbh/aso/databank/entries/btford.html). Ford spent substantial time helping his father on the farm at the expense of his education. However he became skilled with machines. And two related events later shaped his life. His mother died when he was only twelve. His father gave him a watch to occupy his mind and help him come to terms with his mother's death. Ford would strip the watch and reassemble it. Later he became a watch repairer. Ford also saw the first road vehicle propelled by a steam engine. And in 1876 at the Centennial Exposition, he saw a gasoline-powered engine. These two vehicles incited Ford to venture into automobile manufacturing.

Ford became an automobile manufacturer when he was only sixteen. He worked part-time for the Westinghouse Engine Company, before setting up a small garage on the farm where he worked on engines and machines. He went to Detroit and became a chief engineer at the Detroit Edison Company. This position required him to work 24 hours a day. But he managed to experiment with vehicles. In 1889 he built a quadricycle, which provided his first source of capital. By 1903 he had built both passenger vehicles and racing cars. He founded the Ford Motor Company and launched his Model T in 1908.

Ford's success was determined by his advanced production technology, which involved the first moving assembly line. He used standardised interchangeable parts and assembly line techniques. Ford was responsible for their general adoption and for the great expansion of American industry. Ford's new technology resulted in a mass market for cheap automobiles. Ford also increased his workers' minimum wages from $2.50 a day to $5.00. He said that this increased the productivity and the stability in his labour force. His workers also managed to buy cars. His practice did not impress other business people. In 1917, stakeholders sued him for diverting profits into company expansion. Although the court ruled in favour of the stakeholders, in 1920, Ford bought them out. He now controlled the company. In 1926, he

lost sales to General Motors due to the outdatedness of the Model T. He introduced Models A and V-8. But he was still outstripped by General Motors and Chrysler.

Ford's stubbornness and his authoritarian tendencies caused the problems that the Ford Motor Company experienced. He remained in strict control of the company even when his son, Edsel, was the president. When General Motors and Chrysler signed contracts with the United Automobile Workers, Ford did not abide by them. Instead he hired spies and company police to prevent his workers from unionisation. According to Nielsen,

> By 1945, Ford seemed to have gone from eccentricity to the brink of madness. Those close to him say he had by harassment destroyed his son Edsel and by his paranoia and arbitrariness he had virtually destroyed his great company (Nielsen 1972:78).

Ford's life was characterised by a complex of contradictions and controversies. For example, in 1941 he won a government contract to manufacture bombs and airoplanes. He established a plant in Michigan, which manufactured more than 8 000 planes. But at the same time, Ford had funded and chartered a peace ship in 1915 to Europe. With a delegation of like-minded individuals, he sought to persuade the belligerent governments to end World War I.

Ford was also a politician. He was nominated to the office of the US Senator for Michigan in 1918. In 1919, he built the Henry Ford Hospital in Detroit at a cost of $7. 5 million. He also became the publisher of the *Dearborn Independent*, a weekly journal which at first published anti-semitic material. His criticism of Jews and a certain tolerance of German nationalism during the World War II branded him 'an anti-semite'. Ford discontinued the publication of anti-semitic material after many protests. He apologized publicly to Jews.

It is difficult to explain how Ford became involved in philanthropy when he was so anti-semitic and produced bombs. He nevertheless set up a historical museum in Greenfield Village. He also established the Ford Foundation in 1936. According to Nielsen (1972), the Foundation was established as a device to administer gifts to the family's favourite charities, mainly the Henry Ford Hospital in Detroit and the Edsel Institute. The Foundation was also created to avoid the necessity of selling control of the company in order to pay estate taxes

after the death of the donor (Nielsen 1972:79, Magat 1979:18).). One could argue that the Foundation was established primarily to address the social ills of the citizens of Michigan. Ford's critics, however, argue that the Foundation's education's programmes served Ford's interests. They allege that the Foundation produced educated machinists and mechanics for his own factories. Thus, the Foundation served Ford's interests. Below I discuss how individuals influenced the Foundation's priorities after the death of Ford. Whose interests did the Foundation serve and how did this impact on its grantees?

4.3 The influence of individuals on the Foundation

After Ford's death, a series of individuals influenced the Foundation's activities. These included presidents, Board Trustees and programme officers. Their own histories, education and personal interests influenced them. However these individuals operated within the culture of American philanthropy, which emerged in the late 1800s from a unique combination of the United States' industrial expansion, ideas of social reform and a system of government taxation that provided incentives for the charitable giving of private wealth. The Ford Foundation functioned as a philanthropic institution from 1936 onwards to promote human welfare, strengthen democratic values, to reduce poverty and injustice, to promote international cooperation and the advance human achievement (www.fordfound.org/about, 14/11/2004).

After the global turmoil and end of World War II, the Foundation commissioned a study, called the *Gaither Report*. The Report was named after H. Rowen Gaither Junior, a member of the Board of Trustees and a San Francisco lawyer who had been the assistant to Doctor Karl Compton, president of the Massachusetts Institute of Technology during the Second World War (Nielsen 1972:80; Young 2003:21; Magat 1979:18; Mohamad: 2003). His report was influential in determining the direction of the Foundation in the 1950s. It evaluated past activities and suggested new options and priorities for the Foundation. It also suggested that the Foundation needed to address the causes of social ills rather than their effects (Young 2003: 21). This report became the Foundation's roadmap in setting its new course and restructuring its programmes (Berresford 2000: 2; Young 2003:21). The report identified five areas of interest: the establishment of peace; the strengthening of democracy; the

strengthening of the economy; education in a democratic society and the study of individual behaviour and human relations (Young 2003:21; Berresford 2000:2; Magat 1979: 18).

The Gaither Report coincided with the request in 1950 by Henry Ford II, president of the Foundation since 1943, for articles and by-laws to be repealed to expand the board. This formally separated the Foundation from the Ford family. Henry Ford II resigned in 1950 as president and became chair of the Board of Trustees until 1956. Henry Ford II continued serving as a Board member until 1976 when re formally resigned from the Foundation in protest to the direction the Foundation was taking.

Paul Hoffman was elected president of the Foundation. The Gaither report was entrusted to him (Hoffman) to implement as the new president of the Foundation. Hoffman was a businessman who from 1948 until 1951 had gained prominence worldwide for his successful leadership of the Marshall Plan (Nielsen 1972:81). According to Nielsen, Hoffman hired strategic individuals to implement the report. These included Robert Hutchins, who was Chancellor of the University of Chicago. He also brought in Milton Kutz, a lawyer at Harvard University who had served as a Marshall Plan ambassador in Europe. The other strategic person whom Hoffman hired was Chester Davis, a 'long-term administrator of government programmes in Agriculture'. Gaither, who was now chair of the Board, was also included as a part-time member of the group. In addition to these individuals, Hoffman and the Foundation established two independent institutions in the field of education: the Fund for the Advancement of Education and the Fund for Adult Education.

Hoffman led the Foundation when the world focused on peace. In the aftermath of the Second World War, efforts were directed towards rebuilding Western economies. Trustees of the Foundation argued that the Foundation's resources were to be managed as a perpetual resource for economic growth and social development. The Foundation thus internationalised its programmes in 1950 under Hoffman's presidency. Hoffman's international perspective determined the focus of the Foundation's direction. Fear of Russian and Communist advance in Africa shaped America's belief that U.S markets and interests were threatened. Cold war policies shaped politics. Africa was seen as a weak link in the chain, vulnerable because of colonialism (in the 1950s), because of its post-independence

dependency (in the 1960s), as well as the challenge beginning to surface from the G.77 and non-aligned countries to western imperialism (in the 1970s). The Foundation feared that Africa could easily become a vanguard of communism due to its vulnerability. If this happened, other regions would be affected. Hoffman used his experience to direct the Foundation to focus on newly independent or emerging societies that struggled to make a transition to democratic forms of government.

The Foundation used Indian independence of 1949 as a reference point. It made its first economic grant to India in 1950 to an agricultural institute, which it followed through in 1952. The main areas of interest for the Foundation in India and Asia were government departments and educational institutions. The Foundation selected and funded advisors that were placed in key government and educational posts (Young 2003:22). It also supported governments in the region to research the economic and social problems. Rural development projects included 'village self help and cooperative groups that aimed at improving the economic, social, educational, health and general welfare of villagers' (Young 2003:23).

It was under Hoffman's presidency that Ford developed its overseas programmes. First, it focused on the needs of individual countries. Second, it consulted government leaders of those countries about their own priorities. Third, Ford established overseas offices in order to enable the Foundation to oversee work on the ground (Mohamad 2003:10). And six years later the Foundation worked in 54 foreign countries. International programmes accounted for 15% of the Foundation's expenditure (Young 2003: 22).

The influence of Hoffman and Hutchins was felt in the mid-1950s. Within two years as President of the Foundation, Hoffman spent significant time working on the Presidential campaign of General Dwight Eisenhower. Always absent from the Foundation, tensions developed among the people he had hired (Nielsen 1972:82). The Foundation also faced criticism from militant anti-communists. The conservative press accused the Foundation of leading to the formation of a 'Special Committee' to investigate 'subversion and communist penetration' among philanthropic foundations (Nielsen 1972:82). Hoffman and Hutchins were targets of these criticisms. This led to the dismissal of Hoffman as president. Gaither

was appointed the new Ford Foundation president. Although Hoffman was influential in directing the Foundation towards international issues and in education through Hutchins, the Foundation spent a considerable time defending itself against congressional criticism. Thus Gaither and the Board 'cleaned' the house and transferred the Foundation's headquarters to New York. Gaither's influence was two-pronged. First he influenced the Foundation's activities through his report. Second, he determined the activities through his positions as President and Chair of the Board.

The other individual who was influential was Henry T. Heald. Heald became president of the Foundation in 1956 when Gaither became very ill. Before joining the Foundation, Heald was the head of New York University. He was a civil engineer and an academic at the Armour Institute of Technology. According to Nielsen, Heald was asked to run for Mayor of Chicago but preferred to remain an academic. Heald had no experience or interest in international affairs. According to Nielsen, Heald also disliked 'reformers' like Martin Luther King Junior, whom he referred to as 'propagandist politicians' (Nielsen 1972:90). He also did not like social sciences. As a result he closed all behavioural sciences and mental health programmes that the Foundation supported.

He also deemphasized international programmes. He rejected staff recommendations that were controversial (Nielsen 1972:90). Heald's interest was in education. Thus he directed the Foundation towards educational programmes. He stressed that the Foundation was 'essentially an educational foundation'. During his time as president, the Foundation allocated resources to scholarships in the field of education. He supported colleges and universities and upgraded engineering schools. Heald's interest in education also permitted the Foundation to focus on research. Heald presided over the Foundation's International Research and Training programme before assuming the presidency. His unit conducted research in Africa and other developing countries between 1954 and 1957, through the Ford Fellowship Programme. Young American scholars were funded to conduct academic field research in Liberia, French West Africa, the Gold Coast, Nigeria, the Belgian Congo, Portuguese Africa, Somaliland, British East Africa, Sudan, the Central Federation and the Union of South Africa (Young 2003: 23). According to Young, the research included the

promotion of contact and cooperative research as well as training programmes between U.S scholars and those in Africa.

Heald's opposition to new ideas and his insistence on his executive prerogatives influenced the Board to intervene. According to Young (2003) and Nielsen (1972), the Trustees set up a committee in 1961 to conduct a review of the Foundation's programmes and procedures. Nielsen argues that the review was primarily to redress the imbalance of authority that had developed between the trustees and the president. The board wanted to gain control over the Foundation. Further, the board wanted to force Heald to widen the Foundation's programmes to new areas of activity, such as international affairs, the arts and sciences (Nielsen 1972:93). In 1965, Heald was forced to leave the presidency due to tensions between him and the Board.

The fourth president was McGeorge Bundy. Bundy had been national security advisor at the White House in Washington before joining the Foundation. He was therefore an authority in international affairs. This made him different from Heald who had domestic interests. Bundy had also wanted to become Secretary of State and while Heald was conservative, Bundy was liberal (Nielsen 1972:93). His interests were to redirect the Foundation into new areas. As he became president, crises were developing both in the international sphere and at home. The Foundation's assets declined on the stock market as a result of the oil crisis. Bundy hired David Bell who had worked as President John Kennedy's budget director and later head of the foreign aid programme. He became the Foundation's head of international activities. The Foundation underwent a major retrenchment programme. It decided to work in few countries to increase its effectiveness and productivity. Carmichael (2001) captured the context of Ford's internationalisation. He said,

> During its early years, the Foundation's large international work was strongly influenced by Cold war considerations. The decision in the mid 1950s to open field offices in Asia and the Middle East stemmed from the need to have initiatives that would spur economic development and improve the effectiveness of development paradigms and actors. This was meant to enable countries in these regions to resist the advance of the communist tide. Hence the Foundation's extension to Africa in the early 1960s reflected these concerns (Carmichael 2001:249).

Similarly, Carmichael showed that the Foundation's move to Latin America was influenced by the same concerns.

> Paralleling the thinking of the U.S government's Alliance for Progress, the Foundation's opening of offices in Latin America was a response in part to monitoring concerns about Fidel Castro's Cuba and communist expansion in the Western Hemisphere (Carmichael 2001:249).

Although I suggest that seemed to be a strong connection between the Foundation and the State Department, Carmichael interprets the relationship differently. He argued that there was no direct relationship between the Foundation's international work and U.S foreign policy. According to Carmichael, the Board of Trustees and its staff set the Foundation's programmes, with no interference, directs influence or financial incentives or pressures from the U.S government (Carmichael 2001:250). But the Board of Trustees as I have shown was composed of highly influential American citizens (primarily) who together with staff members, subscribed to values (Cold war rivalries), preferences for 'open societies' and market driven economies that were reflected in the U.S government's policies and actions.[4] It is primarily this close connection that leads to an interpretation that links the direction of U.S foreign policy and Ford's priorities. The U.S supported the same countries supported by Ford.

4.4 MOVING TO AFRICA (1958-2004)

4.5 The context (events, resources and experience)

Ford argued in the 1950s and 1960s that state institutions in developing countries were weak. This influenced programming which was tailored towards state institutions. Ford focused on planning ministries and similar governmental structures (Young 2003, Carmichael 2001). It also supported non-governmental activities and efforts that involved development and

[4] This information was obtained through personal email communication with W D Carmichael, 9 May 2004. Carmichael joined the Ford Foundation in 1968 as its Representative in Brazil. In 1971, he returned to the U.S to serve as head of the Foundation's Latin American and Caribbean Programmes until 1976. In late 1976, at the request of President McGeorge Bundy, he changed jobs and became director of the Foundation's Middle East and African Programmes. In 1981, he was appointed Vice President for Developing Country Programmes responsible for Asia, Africa, Latin America and the Caribbean and the Middle East. From 1977 to 1981, Carmichael was also in charge of the Foundation's work in Cairo, Nairobi, Lagos and Dakar. He was also involved in grant-making to South Africa. He was in charge of South Africa until his resignation in 1989.

poverty alleviation. It placed emphasis on the provision of foreign experts in national institutions. The Foundation forged strategic partnerships with overseas governments. Its focus was on non-confrontational projects with national governments. 'Prudence dictated that Foundation assistance be restricted to technically sound and non-controversial objectives that would readily illicit government approval and assure a continuing welcome for the Foundation's programmes and staff (Carmichael 2001:250). Support for human rights groups on the other hand was seen as ideological. According to Carmichael, this would have been perceived as opposing national policies and government practices (Carmichael 2001:250). Thus governments set the context and areas that the Foundation supported.

But this changed in the late 1960s particularly in Latin America. The Foundation limited its partnership with host governments. In Latin America, the relationship was not as restrictive as it was in Africa and Asia. The Foundation supported universities and other research institutions with loose or no government ties. According to Carmichael, it was this support to universities and other social sciences programmes that set the context for support for human rights.

In Southern Africa the human rights programme began in the mid-1970s. In 1974, David Heaps, a Foundation staff member argued that while the Foundation needed to refrain from activities that elicited confrontation from overseas states, the Foundation faced the need to support human rights research and related activities (Carmichael 2001:252). President McGeorge Bundy and other staff members endorsed his suggestions in 1976. Human rights then came to occupy centre stage.

Development paradigms of the time also influenced the activities of the Foundation. For example, in the early 1960s, the Foundation pursued objectives of modernisation through its agricultural research programs in Africa, in particular West Africa. The Foundation also placed great emphasis on the state as the engine of development. And support to universities was geared towards generating public servants (Young 2003:8). The global shifts in development theories impacted on the Foundation. Under the presidency of Franklin Thomas in the 1980s, the Foundation focused its activities towards empowering

marginalised groups. Support was given to NGOs throughout the developing world because they came to be seen as more effective than states.

The Foundation's move to Africa should be understood in the above context. There is very little literature on the Foundation in Africa. The Foundation began to focus on Africa as early as the 1950s. In 1954 and 1957, American scholars were funded by the Foundation to conduct research in Africa through its International Training and Research (ITR) programme. The ITR programme was designed to provide support for area studies around the world, especially to American universities (Young 2003:5). The findings of the research reports and Africa's independence provided the context for the Foundation's expansion to Africa. The Foundation carried out feasibility studies through mission visits in 1956 and in 1958.

The 1956 mission to Africa comprised John B. Howard, programme director of ITR, Melvin J. Fox, programme associate of ITR and William O. Brown, an Africanist who served in the State Department and was head of the African Studies Programme at Boston University (Young 2003:27). The team gathered information about the needs and opportunities for the Foundation's work in Africa. The focus was on higher education and social science research activities. These formed the basis for the Foundation's human rights programme. Their report thus suggested a focus on higher education and economic research particularly in former British colonies. This presented an opportunity for the Foundation to assist governments and institutions upgrade their education qualifications (Young 2003:27).

The second mission team comprised Melvin Fox, who formed part of the 1956 team, Alfred Wolf and Francis Sutton associated with the Near East and Africa programme. They recommended that grants be allocated to education (80%), to government and administration (13%) and 4% for rural development and economic and social research (Young 2003:27). They also identified key activity areas to strengthen national unity, develop democratic institutions, improve economic and social conditions to meet people's rising expectations and the training of key manpower for public affairs, business and for technical functions.

The Africa programme was run from Africa. First, the Foundation felt that its comparative advantage lay in having people in the field. Second, independence of African countries ushered in a new political leadership with which the Foundation had no previous contact. The Foundation wondered whether it would be accepted. Third, the head of the Nigerian civil service, Chief Udoji, requested an advisor from the Foundation to help him train the Nigerian civil service. This paved the way for the Foundation in other African countries (Young 2003: 28).

Regional perspectives and developments also shaped the Africa programming. In South Africa, for example, in the 1970s, there was a political deadlock. The rest of Southern Africa focused on destabilizing South Africa's influence. Zimbabwe headed towards independence. And Namibia was controlled by South Africa until 1990. These factors determined that the Foundation would focus on human rights in Southern Africa. The shift towards human rights in Southern Africa in the 1970s can be interpreted as the Foundation playing a political role in the transition to democracy and independence in many of these countries. Although the Foundation did not directly support liberation movements, one of its objectives was to promote stability in the region both politically and socio-economically. A number of public interest law organisations and centres in Southern Africa were established through the Foundation's assistance.

The above analysis shows how the Foundation's work was shaped by the political and economic context in Southern Africa. In Botswana and Lesotho, 'programmes were designed to enable them resist South Africa's attempt to control them' (Young 2003:53). Young concedes too that the Foundation also supported Botswana in order to assist the country to her new-found diamonds in a way that would free her from South African influence. Experts were seconded to Botswana to help develop its mineral resources, macroeconomic planning, agriculture and education. In Lesotho, the Foundation funded 'research that loosened the country's link with South Africa'. And in Namibia, the Foundation supported the United Nations' Institute for Namibia to 'prepare Namibians for true independence and freedom from South Africa' (Young 2003). Zimbabwe did not get the same attention as other countries in the region because of the internal tension between liberation movements (Young 2003, Kriger 2003: 36, 67; Meredith 2002; 64). The

Foundation only began its programming in Zimbabwe after independence. In South Africa the Foundation supported the research and dissemination activities of the South African Institute of Race Relations, whose research was a major source of information and analysis on apartheid and issues of racial injustice. A fellowship programme in the 1970s to enable black faculty members of South Africa's black universities to upgrade their professional skills was initiated with the Foundation support (Ford 1979: 19). Individual grants also trained and strengthened black leadership in various fields.

From 1980s to the mid 1990s, the Foundation's work in Southern Africa and other parts of Africa was shaped by new contexts. New challenges, for example, economic disruptions in countries such as Zimbabwe as a result of structural adjustment programmes, HIV-AIDS and poverty dictated the agenda. Politically, Southern Africa faced the challenge of destabilisation by South Africa. In the 1990s, this changed with the release of Nelson Mandela from prison and the unbanning of political movements.

In the following section I discuss the Foundation's work in South Africa. I show how the context, resources, individuals and events shaped the priorities of the Foundation and in turn how these impacted on the Foundation's grantees. I locate the work of the Foundation into two periods (1970s-1993 and 1994-2004).

4.6 THE FORD FOUNDATION IN SOUTH AFRICA

I discuss here the Foundation's support for civil society organisations and institutions. Many of these organisations worked to destroy apartheid prior to 1994. After the democratic transition, the Foundation funded projects that improved the way citizens participated in the democratic process. It strengthened the non-profit sector, bolstered democratic institutions and broadened the base for citizen participation in government (Ford Foundation 1992: 43, Aksartova and Stacey 2001: 377).

4.6 (a) The Ford Foundation in the 1970s-1990

Ford's support to civil society organisations and institutions during this period targeted human rights concerns in the main. Unjust laws provided the context for the Foundation. It funded 'efforts that used the law to secure human rights and to improve the lives of people' (Golub and McClymont 2000:1). According to these writers, the during this period, Ford grantees, in particular, those that worked in the struggle against apartheid, 'mounted successful court challenges that saw judges overturn key provisions of apartheid on the grounds of regulatory improprieties'. Ford supported university based institutions that engaged in legal research, trade unions and seminars that acquainted judges with human rights perspectives (Golub 2000:9). Ford made its mark in South Africa in 1973 when it funded a conference on Legal Aid at the University of Natal. The conference brought together legal experts from the U.S and South Africa. Many of the participants became critical voices in the transition to democracy. John Duggard, for example, later established the Centre for Applied Legal Studies (CALS) in 1978. And Felicia Kentridge was a founding member of the Legal Resources Centre (LRC). The two centres played critical roles in the struggle against apartheid.

CALS was established with the help of Ford, the Carnegie Corporation as well as the Rockfeller Brothers Fund. It was established at a time when resistance against apartheid was heightened. The apartheid state was also facing challenges. First, the economy was declining as a result of the global decline in stocks. Second, it was becoming expensive to maintain apartheid system's multiple racial administrative structures. Third, there were high-levels uprisings, for example, the 1976 Soweto one. Fourth, there was a growing concern among whites about the viability of apartheid. Finally, there was the pressure from liberation movements such as the ANC, PAC, other opposition groups as well as the international community. The international dimension was very critical.

Against this backdrop, Ford supported efforts that used the law as a vehicle for social change and justice. According to Golub (2000) CALS and LRC exploited the system's internal contradictions. LRC focused on challenging loop holes in the pass laws that barred blacks from residing in white towns and cities unless employed there. Pass laws also

prohibited family members from living with such employees. The Legal Resources Centre in the 1980s, for example, tackled the second prohibition in the *Komani Case (*Golub, 2000). The centre represented a black woman who had been prohibited from joining her husband in Cape Town. LRC 'convinced the Supreme Court that the law granted the authorities no power to issue regulations barring a wife from living with her husband under those circumstances' (Golub 2000). This was a challenge to the administrative law. In 1986 the state repealed the pass laws and a number of other laws related to them. This was however less because of LRC than because of popular insurrection and international pressure.

CALS, a Ford grantee also played a critical role during this period. In addition to research, CALS conducted litigation activities. According to Golub (2000) in the 1985 *Orr Case*, CALS' lawyers represented a government doctor who requested the courts to intervene against police abuse of prisoners in the Eastern Cape. CALS won a Supreme Court order prohibiting the abuse (Golub 2000:26).

Ford's support in the 1980s can be characterised as 'helping institutions and organisations mount a challenge to unjust laws and practices of the apartheid regime'. Ford aimed at sowing the seeds of democracy and prepare for the transition. During the 1990s, Ford grantees played a vital role in building a new South Africa. Many of the grantees shifted focus and orientation in the transition from apartheid to democracy. The democratic dispensation ushered in new challenges for civil society organisations. They no longer targeted the apartheid state but they faced the challenges of a democratic order for a human rights culture, erasing authoritarianism from public and private life. Among the social norms of a society was a deeply embedded belief in the authority of men reflected in a culture of militarised violence, high levels of gender based violence against women and children and in the power and authority of tradition that underpinned the culture of control over women and children. In response to these new challenges, new organisations emerged with the help of the Ford Foundation. Some such as CALS and LRC continued to exist after the transition with a different orientation and focus.

4.6(b) The Foundation in democratic South Africa: 1990-2004

Ford expanded its programmes to organisations that worked towards building a new South Africa. The political environment was not restrictive anymore. The period 1990-2004 saw a number of civil society organisations that previously fought the struggle against apartheid shift focus to educating the public about their rights under the democratic Constitution and ensuring their access to legal, economic and social rights (Ford 1999/2000:10). More specialised programmes developed to address urgent issues such as gender based violence, women's rights, police reform, access to land and environmental degradation. These organisations focused on protecting human rights, improving democratic governance and assisting in consolidating the gains of peace and democracy (Ford 1999/2000:10). Considerable funding was directed towards diversifying the legal profession through university-based legal clinics, clerkships for black graduates, continuing legal courses for practicing lawyers and other professional activities (Ford 1999/2000:10). Many civil society organisations were forced to reorientate their mission as partners of government rather than adversaries. A number of other changes also took place, for example, organisations lost good leaders to government departments. And many donors rerouted their funding to the democratic government.

Against this backdrop, Ford continued from the early 1990s to fund research and conferences most of which targeted ANC figures and other South Africans to contribute to the formulation of Constitution. Ford made a grant to London's Institute for Commonwealth Studies, so that exiled ANC Legal and Constitutional Affairs Committee member, Albie Sachs could research constitutionalism in South Africa. According to Golub, Sachs and other individuals and groups advocated for a Bill of Rights to be incorporated into the Constitution (Golub 2000:34). Ford also supported Constitutional studies during the period (1990-1994) at the University of the Western Cape.

CALS played a significant policy-oriented and political role. CALS proposed and influenced the shape and content of legislative measures, particularly in the fields of administrative law, anti-discrimination law, labour law and land law. CALS developed many projects such as the Constitutional Law Project, the Labour Economy and Development Project, the Land

Rights Research Project, the Law and Transformation Project, the Gender Research Project and the Aids Law Project. With the help of John Duggard, one of the most respected and vociferous academic constitutional legal minds in South Africa, CALS brought a talented group of young lawyers, many of them trade union activists to shape the Constitution.

CALS' Constitutional Law Project undertook litigation on constitutional matters. The project successfully represented Ms Patricia de Lille in a case challenging her suspension from Parliament. The Gender and Research Project was involved in applied research, advocacy, education and strategic litigation on gender, law and human rights. Many research projects were conducted on customary law, reproductive rights, employment, family law, gender violence, HIV-AIDS and women's participation in politics.

CALS made a shift from challenging unjust laws and achieving political rights to addressing constitutional rights issues and socio-economic rights. This was a response to the rise of democracy, which entailed the formulation, and implementation of progressive laws.

The LRC also underwent significant changes. In the transition and post-apartheid period it focused on law, gender and social service issues. Using law as an instrument of justice, LRC provided legal assistance to the poor, the homeless and the disabled. It trained black lawyers in its Candidate Attorneys Project. It afforded black South African graduates the opportunity to gain practical experience in public interest law. The Centre's Constitutional Litigation Project contributed to the consolidation of constitutional democracy and the development of the culture of human rights and the rule of law. The Children's Rights project focused on issues around basic right to education for children. And the programme on Farm dwellers focused on the eviction of farm dwellers and ensured the security of tenure of labour tenants. The center also focused on land reform. In 1988 it negotiated a landmark victory for 25 000 families seeking return to their land from which they had been evicted under apartheid laws (www.lrc.org.za).

Both LRC and CALS show the shifts that organisations that were established in the 1970s made in the post-apartheid era. Organisations now worked on issues that were not of priority in the years before the transition such as gender violence, rape and implementation

of progressive laws. The nature of the post apartheid environment demanded that efforts be put in place to tackle these challenges. New organisations also emerged that addressed the new environment. Old ones adjusted to the new climate. For example, the emerging focus on women grew out of women's struggles. The Women's National Coalition worked on gender equality and the Constitution. Gender based violence in post-apartheid South Africa also took particular gendered forms. Women's groups such as People Opposing Women Abuse (POWA), Genderlinks, the Commission on Gender Equality, Women's Net, among others emerged to address these challenges.

The Ford Foundation intervened in the area of legal advocacy on laws such as the Domestic Violence Act, the Maintenance Act and the Recognition of Customary Marriages Act by creating the first national NGO that focused on these issues. Tshwaranang Legal Advocacy Centre to End Violence Against Women (TLAC) was established in 1997 to focus exclusively on law reform, advocacy, public education, training and research on matters related to gender violence. Two South African gender activists (Joane Feddler and Mmatshilo Motsei) were funded by Ford to conduct a feasibility study based on the experiences from the USA, Canada and other African countries. Their study identified that the South African legal system was hostile to the needs of abused women who sought redress through the justice system. They also noted that there was a dearth of legal remedies available to women. Existing laws were not properly implemented and law enforcement agents treated abused women with contempt. There was widespread secondary victimisation of women at the hands of untrained police, district surgeons, prosecutors, magistrates and judges (www.tlac.org.za).

In response to these problems, TLAC was established and since 1997 it worked towards the eradication of the victimisation of women by the legal system through a number of programmes. TLAC ran a training unit, which focused on civil society, the police, court officials and government departments on the Maintenance Act, No.99 of 1998, Domestic Violence Act and the Recognition of Customary Marriages Act. The training unit developed many programmes that included a five-year rural train-the-trainer outreach programme called the *Legal Information for Empowerment (LIFE)*. This programme taught members of the communities their rights within existing gender based laws and the South African

Constitution. The programme was initiated to fill the gap in information about people's rights and the channels that they could use to access justice. The other programme *Making Maintenance Real* was launched in 2003. This programme targeted court officials particularly those at the lower level. These were maintenance officers, clerks, prosecutors and investigators. The programme focused on the legal and social context of the Maintenance Act. The programme was established because there was a realisation that the Maintenance Act was not being properly implemented. Partly this was due to the lack of understanding of the Act by its enforcers. TLAC's research uncovered lack of commitment among maintenance officials and developed a training programme to incorporate an experiential dimension. TLAC also trained on the Domestic Violence Act and the Recognition of Customary Marriages Act. TLAC also conducted research that developed and influenced policy on gender related matters. The organisation's research was on 'the enforcement of the Maintenance Act'. The findings were edited into a book called *What About the Children: The Silent Voices in Maintenance.*

TLAC was also involved in advocacy activities to address women's access to justice. Between 2003 and 2004, TLAC established an information desk project at three Gauteng courts, the paralegal desk in Diepsloot (an informal settlement, north of Johannesburg) and the campaign during the 16 days of activism.

Ford provided core support to TLAC ever since its establishment. In 2002, TLAC faced a critical organisational crisis and lost other core donors. Ford, however, stood by TLAC and saw it through the crises. The same happened at the beginning of 2005 when TLAC suffered a cash-flow problem. Ford released a grant to TLAC earlier than agreed to avoid the collapse of the organisation. The case of TLAC raises the question around what organisations go through once the founding members have left the organisation.

There are other organisations that Ford supported but the above show that the agenda for the Foundation and its grantees was dictated by the needs and the context. Regional perspectives and geo-political factors determined the programmatic areas for Ford. Below I discuss some of the responses from the interviews I conducted with ten grantees (Centre for Policy Studies, Centre for the Study of Violence and Reconciliation, the Non Profit

Partnership, the South African NGO Coalition, the Southern African Grant Makers Association, TLAC, the Steve Biko Foundation and the Development Resources Centre among others that demanded anonymity).

4.7(a) SETTING THE AGENDA FOR DEVELOPMENT!

The ten grantees showed that organisations largely set their own development priorities. They claimed that the Foundation did not determine their areas of activity. The Non-Profit Partnership (NPP), for example, argued that it developed its own mission and implemented its programmes based on that mission. According to the director, the Foundation funded the NPP's projects based on the organisation's merit. Eugene Saldanha said,

> The NPP has developed its own mission; it has not experienced donor driven agendas. On the basis of its mission, the NPP developed a set of work plans and has taken those plans to international donors who in turn have funded it on the merit of its proposal and its own capacity. The NPP has not been in a work that has been influenced by funders. The NPP has responded to particular needs in South Africa, which include strengthening of the financial sustainability of the non profit sector (Saldanha, Interview, 2002).

The NPP represented organisations whose development priorities reflected the needs of people in the communities. As I discussed in the previous chapter, the NPP's projects reflected needs of the non-profit sector. It can be argued therefore that Ford did not set priorities for the NPP. The context did. It can be argued also that Ford only served as 'a resource' for the NPP to conduct its services. The NPP approached the Foundation for funding. Thus the NPP's relationship with Ford differs from its relationship with Mott that facilitated its establishment through its grantees, SAGA, SANGOCO and CAF. The NPP and Ford seem to have responded to the needs set by the context. Both wanted to strengthen the financial sustainability of the sector. And both formed a symbiotic relationship. The donor wanted to develop local sources of philanthropy and the grantee identified those sources. It is natural that the two would find one another and develop a special relationship. The issues of effectiveness and efficiency drove the empathy of the two, I think. There does not appear to be a conspiracy as other analysts suggested (like Christopher Landsberg). Chris Landsberg, director of the Centre for Policy Studies argued in 2002, when he was a lecturer of International Relations that sometimes donors and

NGOs have a 'buddy-buddy' relationship. He argued that donors are driven by individual connections. He suggested that donors award funding based on individuals leading those grantees and the quality of the proposal. According to Landsberg, at times these proposals do not reflect the needs of the communities and the critical nature of the work but the conditions of the donor (Landsberg, Interview, 2002).

Did the needs of the communities coincide with Ford's interests? It seems to me that there was an opportunity for Ford to contribute to the consolidation of democracy in South Africa through strengthening its civil society component to act as a monitor of the state and also as a deliverer of services at grassroots levels. However, as in the Mott case, the Ford Foundation influenced agenda setting through its broad funding priorities which grantees used to tailor their needs according to its funding priorities. The NPP would not have received support from Ford if its work did not fit its funding areas. From this perspective Ford indirectly set the agenda not only for NPP but for all its grantees. But as I showed previously, proposal writers adjusted the needs of the community with the conditions of the Foundation.

The question of guidelines was closely linked to Foundation headquarters. Grantees argued that Trustees in headquarters in New York, Michigan, Battle Creek and London set donor programmes. Field officers in South Africa only implemented what the Trustees had decided. But as I showed earlier, staff members also impacted on the programmes of the Foundation. Phiroshaw Camay of the Cooperative Research for Education (CORE) captured this. He said,

> Often donors come along with a civil society programme or a governance programme and yet those agendas have been set from Washington, London, France. Local NGOs bid for work and agree to do that work which is really the donor's work and agenda. The trick however is to make a local agenda in the implementation of the donor's agenda (Camay, Interview, 2002).

Camay's views agree with what Alicia Pieterse said in the previous chapter that grantees need to adjust the proposal to fit both the needs of the communities and the conditions of the donors.

4.7(b) Resisting the 'dependency syndrome'

The dependency syndrome resurfaced in the relationship between the Ford Foundation and its grantees. It was more than in the Mott case. Here most grantees argued that they depended on Ford although some alluded to dependency on other international sources for their existence. There was however one grantee however that claimed it resisted depending on donors. The Cooperative Research for Education (CORE) alleged that it maintained its independence from its donors. According to its director, CORE tried to keep donor involvement at arms length to retain its independence. In order to achieve this, CORE charged fees for its work, for example, it charged Tshwaranang Legal Advocacy Centre to End Violence against Women for collecting newspaper articles for TLAC on gender based violence. CORE also sold publications to generate an income. CORE hoped to be fully independent from donor sources. CORE did this for two reasons. First, it was a systematic plan to be able to sustain itself over a period of time. Second, CORE wanted to ensure that in terms of its fundamental work, it was not directed by the agenda of a particular donor or donors. Other ways of developing independence included diversification of donor funding bases and mobilising local resources.

Ford's Alice Brown, programme officer for the Human Rights and International Cooperation agreed with the strategy that CORE adopted. Other sources of income helped to solve the question of dependence on the Foundation. Brown argued that,

> The Ford foundation constantly promoted the need for grantees to diversify their funding base. The Foundation did not want a grantee to be solely dependent on it. That would not be a healthy relationship for a grantee to be solely dependent on one source of funding. Many of the organisations that the Foundation funded were quite diversified in their funding base. They got money from numerous sources that included the South African corporate sector, private philanthropy, international donors and government funding (Brown, Interview, 2002).

According to Brown, grantees that had many donors were not subjected to the whims and will of one or two donors. But as I showed earlier, diversification of donors did not necessarily lead to independence. It could lead to complex relations between donors and organisations. However this was an admission by Brown that the Foundation could set the agenda for its grantees.

The Centre for Policy Studies, a research institution that produced original and thought provoking research on South Africa and the rest of Africa's policies, governance and democratisation challenges had diversified its funding base. The Centre acquired its core funding from the Ford Foundation, De Beers Fund, Anglo-Gold Fund, South African Breweries, Open Society Foundation and Anglo-American Chairman's Fund. In addition to these, the Centre got project funding from other sources including the Institute for Development Studies (IDS-UK), the Friedrich Ebert Stiftung, the United Nations Development Program (UNDP), the Mott Foundation, the Ford Foundation, International Development Resources Centre, the MacArthur Foundation, Interfund, Atlantic Philanthropies, the Woodrow Wilson International Centre for Scholars, Kellogg Foundation, British Department for International Development (DFID) and the Royal Danish Embassy.

However as we showed also in chapter five, the Centre had to negotiate its research agenda with donors. While it is appropriate to diversify funding sources, this may not be the solution to agenda setting. Donors own and control resources. And sometimes a donor's agreement to avail funds has strings attached, some obvious, some hidden (Fani 1998). The funder has ultimate power to decide whom to support. This research however showed a subtle approach that ensured particular development of focus. The relationship seemed to be set by the context first and then by individuals. On this regard, Brown suggested that both Ford and grantees responded to problems and issues affecting the communities where they worked. She said,

> An example would be HIV-AIDS. Everyone realises that it is a problem facing South Africa. Donors, NGOs, CBOs and individuals realise this. Some groups respond to the problem by developing different programmes on HIV-AIDS and in turn because I am a donor who wants to be responsive to real issues and problems on the ground, I am going to be receptive to requests that are targeted at dealing with the pandemic. So it's not a matter of me as a donor setting the agenda. I do not think the donor should set the agenda. And I do not think the NGO can set an agenda in a vacuum. The issues set the agenda and the problems facing the communities in which we work and that is what we all need to be responding to (Brown, Opcit, 2002).

The question then is 'whose methodology was used to tackle these local challenges'? To what extent did grantees adopt their own methodologies to address their agendas? And what role did Ford play in deciding what grantees worked on? The cases pointed out that there are

times when grantees submit proposals that are in line with the priorities of the donor primarily to access funding. According to Gary Hawes of the Ford Foundation, grantees are intelligent human beings who shaped their proposals according to the Foundation's priorities. In 2002, he said,

> I do not want to sound over-cynical, but it is a fact that NGOs and CBOs have to scramble to find funding to implement the projects and programmes. So it is in their best interest to get to know what the priorities of the donor are and see how their goals might overlap with the goals of the Foundation (Hawes, Interview, 2002).

These relations developed between Ford and its grantees. James Murombedzi, a former programme officer at Ford captured the dynamics involved in the relationship between Foundations and grantees that the research might have not uncovered in the interviews. He argued that,

> Philanthropy pushes the agenda of capital. The political implications of this are that as long as the agenda is perceived to be anti-the interests of capital, then that agenda would not be supported by philanthropy. NGOs and CBOs are not directly forced by donors to act in certain ways. However in a sense, this is a process of negative reinforcement where unless NGOs and CBOs talk the language of transparency, the language of democratisation, and whatever the current issues of the day are, unless they behave in ways that are acceptable to people who are making grants, they will always be told that their agenda does not fit what donors support. Donors arrive at priorities through deliberate choices whose impact is to channel the interests and the activities of NGOs into areas where funding is available. For instance, the big questions of today are HIV-AIDS, poverty alleviation, democracy and governance. The agenda of grant-making organisations is the agenda of capital. It is an agenda that is designed to make negative effects of capital more bearable rather than to reform the system by which capital is created (Murombedzi, Interview, 2002).

Foundations need to be critiqued in ways that will contribute to development. Ford can be viewed as flexible when compared to bilateral and multilateral agencies, but its activities need to be interrogated in order to understand what lies behind its objectives. It is critical to understand why it adopted the programmatic interventions that it implemented in South Africa and other parts of the world.

The cases showed that although Ford had also cultivated dependency among its grantees, the most important issues were factors that determined the relationship between grantees and the Foundation. This chapter showed that the earlier times of the Foundation had close links

with the State Department and this might have 'muddled the waters' between U.S foreign policy and the Foundation's interests. Ford could have operated as an extension of the State Department. In the next chapter, I look at the Kellogg Foundation, which developed a unique kind of relationship with its grantees. I stress in the next chapter the need for grantees to define their relationship with the donor and the need for donors to spell out the contractual terms in the relationship.

CHAPTER FIVE

5.0 THE W. K. KELLOGG FOUNDATION AND GRANTEES

> 'Our social institutions-such as schools, hospitals, and government agencies-were created to serve people and communities. But too often, they build walls and bureaucratic barriers that keep people out. They close their doors-and their minds-to new ideas and solutions. That's certainly not the case with the Kellogg Foundation-funded projects ---------. In these places, institutions and communities have formed partnerships to expand and improve the services they provide. They are living examples of how partnerships can transform a community' (*Kellogg Foundation Annual Report* 2002:11).

> 'While the Development Resources Centre (DRC) had a substantive relationship with Mott, it had an ironic relationship with the Kellogg Foundation whose decision making was still in Battle Creek. Kellogg came up with the developmental methodology without reading the trends in the sector. It saw itself as an implementer rather than a facilitator. NGOs became 'vendors' as if they were in a contract. Due to the fact that Kellogg was a big donor, it had enormous power. None of this was deliberate but an oversight on the development side (Dangor, Interview, 2003)'.

> 'NGOs should know what their limitations are. It's not Kellogg Foundation's problem to invite an NGO based on its expertise to implement a programme for the Foundation. It becomes a problem when the NGO does not stick to the agreed contract (Mpumlwana, Interview, 2003)'.

These three statements reflect three different views of different individuals in the sector. They set the context for this chapter. The Kellogg Foundation viewed its role 'as mutually beneficial to the community it served'. Some grantees viewed Kellogg as 'prescriptive' and 'inflexible'. And Kellogg leadership in Southern Africa perceived its role as 'strictly implementing its development agenda'. This chapter examines these notions and narratives in the Foundation's work in South Africa, in particular and Southern Africa, in general. The chapter explores Kellogg's initiatives and grantees. Although Kellogg did not have a specific focus on civil society as did Mott and Ford amongst others, its focus was primarily on communities and grassroots associations. The focus of analysis therefore lies in the impact that Kellogg had on these communities in which grantees implemented the programmes.

The chapter begins with an exploration of Will Keith Kellogg's ideals as the founder and the role these played in the formulation of the Foundation's programmatic areas. Did these influence the way the Foundation later saw its role in the communities? What led to the Foundation internationalising its activities? As I discussed previously, this process makes sense if placed within the wider debate on U.S foreign policy and the post Second World War and Cold War concerns.

The chapter also shows that Kellogg Africa programmes were designed according to the priorities determined by the Africa Team, which comprised of its own functionaries. Its modus operandi was to develop its own programmes that were contracted out to non-governmental organisations, whose role was to implement the initiatives, as contractors for Kellogg. Zane Dangor, former director of the Development Resources Centre described these NGOs as having become 'vendors' for Kellogg. The consequence of this funding was that the relationship between Kellogg and its grantees appeared more prescriptive than others. Kellogg's agenda in Southern Africa was described by some grantees such as DRC and Sedibeng Organisational Centre for Effectiveness as somewhat 'directive' and 'inflexible'. Most grantees suggested that Kellogg interfered with their autonomy in the implementation of their programmes.

This chapter explores the reasons for the development of this relationship 'model' between Kellogg and its grantees. I focus in particular on the initiatives that Kellogg established in Southern Africa. These are; the Integrated Rural Development Programme (IRDP), the Leadership Regional Network (LearN) and the Initiative for Development and Equity in African Agriculture (IDEAA). In addition the chapter looks at some of the NGOs that ended up becoming 'vendors' for Kellogg to use Dangor's characterisation. This is balanced by cases of those that were not compelled by the Foundation in designing programmes. This section therefore makes use of a case study approach as well as a survey of ten grantees.

The two sections suggest that some NGOs that were contracted to implement Kellogg's programmes did not fully understand the nature of the agenda. Thus, the chapter attempts to explain why Kellogg took the route of an 'operational foundation' and implemented its own programmes. Kellogg wanted to develop a particular democratic vision of civic participation

and socio-economic development within the community context where individuals and families could live what its founder perceived as the 'good life'- a life where individuals and families could flourish within a democratic society. However as the chapter shows, in carrying out this vision, Kellogg 'isomorphised' its grantees, to use Powell and Dimaggio's (1991) terminology. In other words, Kellogg funding enabled the reproduction and replication of its own work, vision, organisational structure and function. Hence one of the difficulties faced by Kellogg in Southern Africa was the lack of understanding by recipients of this community and organisational model. The result was that a number of grantees were disillusioned with the way Kellogg operated.

In this context, I discuss the objectives of the Foundation and test the extent to which Kellogg was accountable to the people that it sought to help. Some grantees claimed that Kellogg was not accountable to 'those it sought to help but rather to its Board of Trustees in Battle Creek', the headquarters of the Kellogg Foundation in Michigan. The leadership of the Foundation based in Southern Africa also echoed this view. According to its director, Revered Malusi Mpumlwana, based in Pretoria, Kellogg 'was not and should not be accountable to NGOs who were contracted to implement the programmes. Kellogg was accountable to the communities that it sought to help and to Battle Creek (Mpumlwana, Opcit, 2003).

There was a group of grantees such as ABC Ulwazi, however that argued that their relationship with Kellogg was one of mutual benefit. They argued that they were not compelled by the Foundation to develop particular programmes. What these organisations realised was that Kellogg was not simply a donor but had developed a structure and function led by a 'group of Africans who were ambitious and creative and kept changing their approach and strategies in the context of a changing environment' (Silaula, Interview, 2003). The chapter argues that this group of grantees emphasised the importance for communication between donors and grantees in the event that strategies changed. This was the same group that believed it could sustain itself in the event that Kellogg withdrew its funding.

This research suggests that Kellogg's impact depended on the type of support or grant that it gave to organisations. Lack of clarification on the part of NGOs that were contracted by the Foundation about what they were supposed to do or the type of grant they received clouded the relationship that developed. NGOs confused a general proposal grant and a Kellogg Foundation Initiative grant. A general proposal grant was given in response to a proposal by an NGO. It allowed grantees to be flexible and autonomous in the way they implemented their programmes. However, a Kellogg Foundation initiative grant restricted grantees. Here the 'master called the tune'. It is therefore important to distinguish the two when addressing the relations that developed between Kellogg and its grantees. The findings are therefore complex and uneven. One group felt that funding from the Kellogg reoriented them and weakened them both strategically and organisationally. Another cluster of grantees alleged that funding did not determine the direction of their work-it 'gave them the wherewithal to implement their objectives'. The analysis in this chapter questions the way in which the ideals and vision of the founder shaped the relationship of the Southern Africa office of the Kellogg Foundation and its grantees. The chapter argues that underlying all programmatic work in all geographic regions was the philosophy*; helping people, help themselves*. This chapter draws out how this mission determined the nature of the kinds of relations that developed between the Foundation and the communities that it worked with.

5.1 Will Keith Kellogg: Ideals and Philosophy

The historical trajectory of the Foundation cannot be understood without first understanding the ideals and philosophy of its founder. Unlike Charles Stewart Mott and Henry Ford whose fortunes came from the automobile industry, Will Keith Kellogg-born in 1860 and died at 91, in 1951, gained his wealth from the cereal industry. He is best known for 'inventing corn flakes'. Perhaps more important was his contribution to the development of philanthropy as part of the social responsibility and civic virtue that went together with huge industrial and commercial success. Kellogg was held up as one of America's greatest philanthropists, alongside Charles Stewart Mott, Henry Ford and David Rockefeller, amongst many others. Kellogg had humble beginnings as a clerk at the Battle Creek Sanitarium. His biographer suggests that it was at the sanitarium that he discovered cereal

flakes while searching for a vegetarian diet for patients (www.wkkf.org/whowe are/Founder.aspx).

Without formal education, Kellogg worked first as a stock boy, then as a broom salesman, before joining the sanitarium where he worked with his brother John Harvey Kellogg, who was a physician-in-chief. Life at the sanitarium marked and showcased his philanthropic ideals. In 1894, Kellogg accidentally left a pot of boiled wheat to stand and become tempered in a crisp flake. The result was a flake, which Kellogg argued should become diet for the patients. The flake was soon in demand. It was then expanded to Australia in 1924 and to England in 1938. In addition to being a philanthropist, Kellogg was also a businessman who combined making economic profits with charitable giving. According to Nielsen (1972), Kellogg lived three different lives. The first phase in his life was when he was a frustrated book-keeper in the Sanatorium. The second phase comprised his mid life-from his 40s to his 70s. During this period, he built a profitable and worldwide breakfast food company. And the third phase of Kellogg's life was the creation of a philanthropic foundation (Nielsen 1972:109). Kellogg's philanthropic activities were influenced by 'moments of loneliness'. Nielsen claims that as Kellogg grew richer and older, he attempted to enjoy himself. He travelled a lot around the world. He remarried after the death of his first wife but the relationship was not pleasurable at all. He built many homes in California, including a ranch. After many years, Kellogg is said to have claimed that he did not have friends. In his sixties, he focused his energies toward philanthropy as a means of personal fulfillment (Nielsen 1972:111). And in 1930, when he was seventy years old, he established the Kellogg Foundation. The Foundation was based on his personal experience and philosophy. He argued that the Foundation was to focus on children's welfare, in particular children from poor backgrounds and rural areas. This was due to a tragedy that befell his family. One of his grandchildren fell as a child from an upstairs window and was injured permanently (Nielsen 1972:112). Kellogg's humble beginnings also influenced his passion for children. Before the Foundation, he had established the Fellowship Corporation in 1925 which built an agricultural school and a bird sanctuary. He also established an experimental farm and a reforestation project. He donated close to $3 million to home-town causes, for example, the Ann J Kellogg School for handicapped children, a civic auditorium, a junior high school and a youth recreation centre. His interest in promoting the youth is similar to

that of Charles Mott's After Schools Programme in Flint, which kept children away from many dangers and built a future for them through recreational and educational activities.

In the late 1920s, Kellogg was invited to the White House Conference on Child Health and Protection as a result of his interest in children. The conference inspired him and made him more determined to help even more. In 1930, he established the W.K. Kellogg Child Welfare Foundation, which he called the W.K. Kellogg Foundation. He widened its scope from child welfare to the 'welfare of mankind' (Nielsen 1972:112).

His strongest belief was that good came from helping people to people help themselves. He believed that communities should be given an opportunity to do what was important for them using their own indigenous knowledge. Over time this became the mission of the Foundation, *'to help people help themselves through the practical application of knowledge and resources to improve their quality of life and that of future generations.'*

5.2 The Foundation: Objectives and the historical trajectory

Since its establishment in the 1930s, the Kellogg Foundation's objectives were 'to help people help to themselves through the application of knowledge'. This was in line with Kellogg's instruction to, 'use the money as you please, so long as it promotes the health, happiness, and the well-being of children' (www.wkkf.org/who we are/history, 14/11/04). This resulted in a programmatic design that focused on building the capacity of individuals, communities, and institutions to solve their own problems with a special focus on children, particularly their education, in line with a special passion for children. His commitment was expressed in his statement 'education offers the greatest opportunity for really improving one generation over another.'

In addition to education, Kellogg had an interest in health; hence one of the very earliest programmes of the Foundation was the Michigan Community Health Project (MCHP), which was operationalised in seven Southwestern Michigan counties, namely; Allegan, Barry, Branch, Calhoun, Eaton, Hillsdale and Van Buren. It aimed at improving health care and education at the grass root levels. Some of its achievements included opening of public

health departments, training of public health workers as home nurses, expanded library services and general community development (www.wkkf.org, 14/11/04).

In the U.S, the Foundation's programming since the 1930s focused on four areas. First, the Foundation focused on health. This was to improve the health of people in communities through increased access to integrated, comprehensive health care systems, organized around public health, prevention and primary health care. Second, the focus was on food systems and rural development. Here the Foundation focused on catalyzing efforts that led to a safe, wholesome supply for generations while ensuring the economic viability of food production. The rural development work focused on work that encouraged greater collaboration between people, organisations and institutions that created a social and economic opportunities. Third, the Foundation supported youth and education. This programme addressed the continuum from pre-school through college. Its goal was to support healthy infant, child and youth development by mobilising, strengthening and aligning systems that affected children's learning. Finally, the Foundation supported philanthropy and volunteerism. This programme was designed to increase the ranks of new givers and to nurture emerging forms of philanthropy (www.wkkf.org, 14/11/04). As a Michigan based agency, the Foundation also maintained strong ties with Battle Creek. It engaged with the community, as a partner in addressing the educational and economic needs of the community.

Unlike Ford and Mott that internationalised after the Second World War, Kellogg internationalised very early in 1930. It expanded its programming to Latin America. The focus here was on schooling for dentists, physicians and other health professionals. After the Second World War, programming was broadened to include agriculture. In its response to disruptions of the agricultural system in Europe during the war, Kellogg funded a number of agricultural projects in some parts of England, Germany, Iceland and Norway. By the 1950s, Kellogg's focus on child health and welfare was replaced by the general field of medicine and health, followed by education for adults. And in 1951 after Kellogg's death, a third programme was added on agriculture (Nielsen 1972:114). In the 1960s, the Foundation continued to extend its programming to include support for graduate programmes in health and hospital administration. This was in response to the states' weaknesses especially in

developing countries. A focus on rural leadership was added to the programming. This became a programme in Southern Africa. Between 1970 and 1980, the Foundation expanded its initiatives. It encouraged volunteerism and helped the disadvantaged. In the United States of America, a programme on minorities was developed. This was in response to the development needs of the minorities. A major review of goals and purposes was also conducted during this period, which resulted in deepening the focus areas-health, education, agriculture and leadership. These constituted the central focus of the Foundation's programmes in the U.S and in Latin America.

Kellogg made specific grants in the areas of health, food systems and rural development, youth and education and philanthropy and volunteerism. Kellogg worked in these areas because it believed that poverty was at the core of development challenges of developing nations. Addressing poverty required multiple approaches. Moreover, programming in all these areas was tailored to meet the needs of each geographic region. For example, in Latin America and the Caribbean, Kellogg took an integrated approach to address its four programming interests.

And in Southern Africa, Kellogg, in the 1980s, focused broadly on its four programmatic areas. It designed initiatives that suited African conditions and required African solutions. Kellogg established three programmatic initiatives that it implemented through a number of institutions, NGOs and communities. Kellogg also made grants to NGOs that worked on areas that fitted within its guidelines and programmes. These grants tended to be flexible.

To understand how Kellogg interacted with Africa and Southern Africa, in particular, I place emphasis on those civil society organisations and institutions that partnered with the Foundation in implementing its initiatives. Underlying all Kellogg's work in all regions was the vision of the Founder, that of 'a world in which each person has a sense of worth; accepts responsibility for self, for family, and for societal wellbeing; and has the capacity to be productive, and to help create nurturing families, responsive institutions, and healthy communities (www.wkkf.org/who we are, 14/11/04).
While this vision might have remained intact, the practice somewhat blurred the vision, particularly in the context of Southern Africa. Although communities were encouraged to

take ownership of development initiatives, the implementation of projects blurred the grant-making process and the operationalisation of these projects. This confused recipients. The next section attempts to analyse developments in Southern Africa.

5.3 THE FOUNDATION IN SOUTHERN AFRICA

Kellogg always demonstrated an interest in alleviating poverty because it believed this to be the core challenge facing communities. It addressed this through a focus on transforming communities and institutions in order to achieve a just and equitable economic and political society. Kellogg began work in Southern Africa in the late 1980s. Its aim was to improve the quality of life for poor people. Kellogg believed that the way to bring economic viability was to strengthen organisations and institutions so that they became effective in supporting communities. In particular the issue of civic participation was promoted as a means to underpin the development of democracy. Kellogg believed that a democratic society contributed to development of its people. It also worked on the assumption that development of communities played a critical role in the democratisation process. Hence its programmes in Southern Africa were to assist social and economic development in order to hasten the transformation of the region, and to nurture the emerging democracies of the region.

Kellogg focused on six countries; South Africa, Botswana, Lesotho, Swaziland, Mozambique and Zimbabwe. In these countries, it strove to strengthen the capacity of individual Africans, in the context of their family life. In addition, Kellogg supported organisational and institutional development as the lynchpin in sustainable and healthy communities. In these countries, at its core was the democratic value of participation-that the vulnerable in society should be heard; that diversity and inclusivity were essential for creativity and innovation. Kellogg believed that communities were rich in assets such as history, knowledge and the power to define and solve their own problems. This was important in that it allowed communities and recipients a chance and flexibility to implement their own programmes.

The focus on participatory development led Kellogg to support a people-centered development. Kellogg encouraged bottom-up approaches and emphasised the role that the

youth play in developing their own communities. Kellogg established programme initiatives within a regional network of local organisations and institutions that received funding and managed them. The initiatives were managed and implemented by Universities of Zimbabwe and Pretoria, the Development Resources Centre and Sedibeng Organisational Centre for Effectiveness. The three initiatives; Integrated Rural Development Programme (IRDP), Leadership Regional Network (LearN), Initiative for Development and Equity in African Agriculture (IDEAA) formed the core of Kellogg's work in Southern Africa.

These initiatives were phased out based on a review that showed that Kellogg had not met its goals. The review also showed that the initiatives were inappropriate. It suggested that what seemed appropriate to locate development at the local and community level rather than at the regional level as was the case. These initiatives were developed to strengthen civil society organisations, the public and private sectors. The idea was bring multi-sectoral solutions to community problems, particularly, rural poverty (Mpumlwana, Opcit, 2003). Kellogg developed these initiatives because it believed that poverty could be traced to the specific historical circumstances in a society. In South Africa, the history of colonialism and apartheid were germane to processes of underdevelopment and the creation of poverty. In the present, poverty was perpetuated by ongoing realities.

The review suggested that present factors contributed to poverty. The first was the social dualism in society-the wide gap between the rich and the poor. The globalisation process caused part of this. Second, weak institutions contributed to the ongoing poverty in the region. The state was weak and so were civil society organisations and other development agencies. This was exacerbated by the unhealthy relationships between civil society, donors, governments and business. Civil society organisations in the region developed multiple relations with their governments. Most obvious was the adversarial relationship that invited repression from the state machinery.

Due to these factors and the historical legacy of colonialism and apartheid, Kellogg argued that development in Africa should build on the assets of African cultural and historical heritage. Kellogg's approach was to identify a strong set of African values and principles and build upon them. The objective was to have a modern functional African society where the

valuable aspects of community, civil society, economy and government grew out of a synergy between culture and traditions of value that would influence the global community. Kellogg sought to ensure that communities.

Initially, Americans ran Kellogg's interventions. However, when it came to South Africa in the mid-1980s, it invested in human development programmes. Africans led the Foundation. The context played a critical role in determining what Kellogg's direction. Kellogg expanded its programming to South Africa at the peak of apartheid government. For Mpumlwana, this was the 'darkest hour' in the country (Mpumlwana, Opcit, 2003).

Kellogg's response was to support educational programmes. It funded undergraduate students in South Africa. Kellogg also supported post-graduate studies mainly in U.S universities for students from Southern Africa. Kellogg also supported training of health professionals. However, after 1994, Kellogg debated whether it needed to continue working in South Africa at all. This question confronted civil society also during the same period. Apartheid had ended and many of its visible structures were demolished. Kellogg conducted research in Southern Africa to ascertain the problems that it needed to address. The research findings showed that rural poverty affected young people and women within the family framework. According to Mpumlwana, for Kellogg to be relevant, there was need to focus on the social and economic development of communities.

In line with its precept, 'to help people help themselves' Kellogg employed Africans to implement its programmes. Indeed Kellogg was the first American Foundation to employ Africans to design and lead a programme. For Mpumlwana, it was appropriate to employ Africans if the vision was to make communities own their development initiatives.

A programme was developed that used local institutions and promoted their transformation from colonialist and apartheid dependence. African development agents were provided with opportunities to understand the geo-politics as well as the socio-economic conditions appropriate for development. Training included travelling to different countries in the region. Local country experts were commissioned to undertake situational analyses. Based on country findings, the African Team developed a programme for Southern Africa. Its aims

and objectives were determined by the contextual problems, to increase economic responsibility, build civil society, strengthen leadership skills and improve health systems to deal with the pandemic of HIV-AIDS.

To deliver these objectives, Kellogg decided to use three programme strategies and two types of grants; one set of grants was an initiative grant and the other was general support. The grant for initiatives supported the three initiatives; IRDP, LearN and IDEAA. Below we consider each initiative, examining how each developed over time.

5.4 Integrated Rural Development Programme (IRDP)

The Integrated Rural Development Programme aimed at developing relevant and holistic approaches to building the capacities of rural communities to drive their own social and economic development. This was to leverage linkages with their local and national environments. It was also to create systematic change towards becoming a vibrant rural economy with viable social structures and sustainable social service delivery (Swanepol et al, 2001:3). IRDP mobilised communities towards determining their own future. Its objective was to strengthen transformational leadership and build economic capacity through developing skills and insights that underpinned the community's development activities.

The IRDP was first conducted as a pilot project in 1998 as the Initiative for Integrated District Development Programme (IIDDP) at three sites: Chimanimani in Manicaland in Zimbabwe, Nyandeni in Western Pondoland in the Eastern Cape, and Mohlanatsi in the Northern Province, South Africa. In each site, these initiatives were facilitated by an intermediary organisation contracted as a "District Facilitating Agency" (DFA) working with Kellogg's Programme directors. In 1999, Kellogg commissioned a coordinating intermediary organisation that took over responsibility for running the programme and directed its operations at the different sites. After carefully assessing institutions in Southern Africa, the University of Pretoria, through the Postgraduate School of Agriculture and Rural Development was appointed as the IRDP Regional Coordinating Intermediary. The University of Zimbabwe's Centre for Applied Social Sciences (CASS) was contracted to cater for public policy and promotion of activities of the initiative (Swanepol et al, 2001: 3).

From the pilot phase, the programme aimed at establishing a model for the reduction of poverty at community and family levels through a facilitation and support of, development activities in nine selected geographical areas or rural districts in six countries in Southern Africa, viz. Botswana, Zimbabwe, Lesotho, South Africa, Swaziland and Mozambique (initially for three years). In these sites the IRDP mobilised communities and increased their capacity to adopt healthy lifestyles.

Kellogg executed the initiative in partnership with a variety of NGOs in countries across the region. However by September 2003, the regional office for this initiative was closed as it did not deliver the expected results.

5.5 Leadership Regional Network (LearN)

The second initiative was LearN. LearN aimed at building the capacity of leaders at local, provincial, national, regional and global levels, and at increasing the community voices in the policy development process as well as to strengthen young leaders of the 21st century. According to Mpumlwana, this initiative was first managed by the University of Natal, which did not understand the concept that Kellogg had developed. Kellogg had opted for the University of Natal because it was its old grantee. Moreover, the University had a leadership programme. The problem, however, was that the University was interested in a Masters Programme, which did not fit Kellogg's priorities. Consequently, Kellogg sought an NGO to implement its leadership concept. Kellogg opted for Sedibeng Centre for Organizational Effectiveness. Rams Ramashia, then director of Sedibeng, did a feasibility study on the programme. However, he left and joined the Department of Labour before the programme could be fully implemented. Although Kellogg had already disbursed money to Sedibeng, the Foundation was disappointed by Ramashia's departure. According to Mpumlwana, Kellogg however, did not request their grant back. Mpumlwana alleged that Kellogg made two observations. First, an NGO was not reliable and secondly, a University was a disappointment. Thus Kellogg decided to use a University and an NGO in implementing its programme. The University of Pretoria and the Development Resources Centre were

contracted to implement Kellogg's programme. Kellogg wanted the two to complement each other.

LearN's approach was that Southern Africa was characterised by crushing poverty, dualism between the poor and the rich, white-black, urban-rural, young-old, modern-traditional, weak institutions and weak civil societies (Learn 1999). It aimed to build indigenous capacity for African leadership, with emphasis on the needs of such leadership within the first years of the 21st century. LearN focused on leadership for social and economic community development for various levels of society; government and public policy; organizational; community and local, and traditional leadership; and at family and personal level (Kellogg 1999). It also saw the need to transform leadership in general that was value-based, ethical, and democratic and committed to people and people-centred development. Such leadership needed to be conscious of the people's needs and develop a vision to address the major challenges of poverty, hunger, unemployment, lack of skills and education, and disempowerment of disadvantaged communities and people, in particular women and the young.

LearN operated within the framework of Kellogg's programme in Africa and its objective; that in ten years, the quality of life of poor people in Southern Africa should have visibly improved and organisations and institutions strengthened to be more effective in supporting communities. Civic participation would have improved as well. LearN was implemented under the following four programmes, Public Policy Dialogue, Youth 21, Local Leaders Futures and the Leadership Academy/Study Grants. LearN achieved its mission through these four distinct but interrelated programmes, which it carried out at both the regional and country level.

The purpose of the Leadership Academy was to provide fellows in LearN with opportunities for focused formal study and associates with tailored learning experiences that enhanced entrepreneurial capacity and active citizenship. Youth 21 was established to mobilise, strengthen and encourage the youth to engage in economic activities and become responsible citizens through themes such as entrepreneurship and community ability to deal with HIV-AIDS. Local Leaders Futures sought to strengthen existing leadership as well as

new leaders. It also aimed at strengthening institutions that supported local leaders as well as strengthen local government framework. The same applied to the Public Policy Programme. The aim was to get citizens active and taking ownership of their life.

Thus LearN worked as a network of country hubs. In each country, a network of service-providers was established. A Regional Co-ordinating Hub in Pretoria coordinated the country networks. LearN had an operational structure that allowed for accessibility for its programme both physically and conceptually, by the targeted rural communities. A leading University and NGO partnering in the coordination, provided the environment for conceptual and intellectual growth for these programmes (Kellogg 1999).

The hub that coordinated each network in each country also coordinated the selection of service providers. These providers were organisations that provided training, leadership development programmes and activities. They also contributed directly or indirectly to coordination and implementation of the core leadership programmes that included the Leadership Academy, Youth 21, Public Policy Dialogue and Local Leaders Futures and Global Leadership Program.

Although the programmes were implemented at country level, the regional coordinating hub was based in Johannesburg. This was for purposes of accessibility. It comprised the University of Pretoria's School of Public Management and Administration and the Development Resources Centre (DRC), an NGO, which was based in Johannesburg. An executive committee was also put in place, which comprised of the Regional Coordinator, Africa Programme Directors and the Patrons. The two Patrons appointed were Ms Graca Machel, wife to former president Nelson Mandela and Professor Walter Kamba, an academic and former Vice Chancellor of the University of Zimbabwe.

The hubs in different countries were as follows;
The Botswana country hub partners were Co-operation for Research, Development and Education (CORDE) and the Department of Adult Education of the University of Botswana. In Zimbabwe, the hubs were the Centre for Applied Social Science and IRED. In Mozambique, the Centre for Population Studies at Eduardo Mondlane University and the

Foundation for Community Development were chosen. In the Northern Province, South Africa, the Development Facilitation Training Institute, an affiliate to the University of the North partnered with Tlhavana Training Institute and African Pathways. And in KwaZulu Natal, the Community Internship and Development Centre and the University of Durban Westville made the hub. In other countries as well, hubs were formed.

LearN, just like the IRDP was reviewed and phased out in 2003. In closing LearN, Kellogg argued that LearN had failed to link Kellogg's philosophical ideas with the operations of the initiative. Kellogg also alleged that communities were not benefiting from LearN, instead, Kellogg argued, LearN had become an institution on its own rather than a programme of the Foundation.

5.6 Initiative for Development and Equity in African Agriculture (IDEAA)

The third initiative focused on improving the Southern African social infrastructure by tapping into the knowledge of institutions of higher education, organisations that created employment and productivity, and information systems that supported social development. The initiative was managed through the University of Zimbabwe and executed in partnership with a number of NGOs across the Southern African region. (www.wkkfafrica.org/IDEAA.htm). The initiative aimed at enhancing farm to market opportunities. It also aimed to create a new generation of progressive smallholders whose leadership would help transform the region's agriculture. By commercialising high-value crops and increasing their production, smallholders would gain access to new markets. Through this strategy, IDEAA sought to alleviate and reduce poverty, improve food security and promote community development across the region.

According to Mpumlwana, Kellogg found ways of supporting agricultural institutions that largely depended on large-scale farming and yet the majority of farmers in Southern Africa were small-scale farmers who were excluded from the mainstream economy. Most of these were subsistence farmers. This did not address poverty and communities did not benefit them as a result. Kellogg saw a need to transform these institutions through IDEAA in order

to address poverty effectively. This was in line with Kellogg's agenda, to address poverty through focusing on communities rather than NGOs (Mpumlwana, Opcit, 2003).

The IDEAA initiative was established so that universities could help small-scale farmers in production. Universities were made responsive to the needs of small-scale farmers. This was undertaken for three years. However it did not succeed because universities used funding to support their own programmes at the expense of small-scale farmers. The review of the initiative showed that focus should be placed on farmers themselves rather on institutions. Thus Kellogg decided to encourage farmers to form associations on the basis that collective work yielded better results.

If one uses the state of banana production in Mozambique under the IDEAA initiative, or farmers in Plumtree in Zimbabwe, it can be argued that this approach yielded some positive results for farmers. Farmers improved their environment and addressed market forces by sending their products to the market. They made immediate profits. They also negotiated with big supermarkets such as Shoprite Checkers to sell their products. Through IDEAA, small-scale farmers globalised their sales. This was in line with the founding principle of the Africa Programme, that communities should have purchasing power.

But in so doing, Kellogg clashed with NGOs in the region that wanted to speak on behalf of the communities (Mpumlwana, Opcit, 2003). Kellogg adopted the same model from IDEAA to help cultural artifacts. It believed that the producer of any artistic item should have proceeds tricking back to his or her family and the community.

These three initiatives were phased out in 2003 because Kellogg argued they did not produce the results they were intended for. Below is a discussion of the relations that developed between Kellogg and these initiatives and between Kellogg and its grantees. Two NGOs serve as case studies for a special relationship that developed between Kellogg and recipients. The first is the Development Resources Center (DRC). The second is Sedibeng Centre for Organizational Effectiveness.

Unlike, in the Mott chapter where most grantees did not seek anonymity, we are not able to name some Kellogg grantees because they felt very vulnerable as they were still Kellogg's grantees. However some wanted to be quoted, arguing that it was their duty to correct 'wrong doings' or point out the positive aspects in donor-grantee relations. The latter comprised the Directors or former directors of DRC, Sedibeng Centre for Organizational Effectiveness, LearN, and IRDP. All these had cut ties with Kellogg when this research was undertaken. In addition, DRC, LearN, IRDP and IDEAA no longer functioned.

They claimed that they closed down due to Kellogg's macro-management style and lack of respect for the autonomy of its grantees. Sedibeng Centre for Organizational Effectiveness still operated but with funding from Mott. There is another cluster of grantees that worked with Kellogg and had developed a mutual, respectful, beneficial and productive relationship. There were mixed opinions regarding relations with Kellogg as a result. This is based on how recipients understood Kellogg's agenda and the way grantees understood their role in a 'dependency relationship'.

5.7 Kellogg, NGOs and the implementation of the initiatives: Who set the agenda?

The study of the three initiatives and grantees showed that Kellogg's impact was direct, complex and varied. There was a general consensus that Kellogg influenced what the initiatives did. Kellogg set the agenda for LearN, IRDP and IDEAA. The same was raised by some civil society organisations that received funding from Kellogg to implement its programmes. The cases showed that Kellogg influenced them. These organisations argued that Kellogg wanted them to 'become closer to the Foundation', 'behave like the Foundation' and to 'operate like the Foundation'. This is what Walter Powell and Paul DiMaggio described as 'isomorphism', a process that refers to a 'constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions' (Powell and DiMaggio, 1991:65) This suggests that 'organisational characteristics are modified in the direction of increased compatibility with environmental characteristics'. The writers identified two forms of isomorphism; institutional and competitive isomorphism. Institutional isomorphism has three forms and each will be discussed in turn as it related to Kellogg and its grantees.

Coercive isomorphism stems from the problem of political influence and the problem of legitimacy. Powell and DiMaggio identified some features that characterise coercive isomorphism. The first is,

> The greater the dependence of an organisation on another organisation, the more similar it will become to that organisation in structure, climate and behavioral focus. Dependent organisations find it very difficult to resist demands of organisations on which they are dependent. On the other hand independent organisations have a greater ability to resist demands on organisations not depended on. In other words, dependence leads to isomorphic change (Powell and DiMaggio 1991:66).

The three initiatives and some of the grantees became very dependent on Kellogg to the point that they ended up finding it very difficult to resist agenda setting by the Foundation. The second feature of coercive isomorphism is,

> The greater the centralisation of an organisation's resource supply, the greater the extent to which that organisation will change isomorphically to resemble the organisations on which it depends for resources. Organisations that depend on the same source of funding, personnel and legitimacy will be more subject to the whims of resource suppliers than will organisations that play one source of support off against another (Powell and DiMaggio 1991:67).

The following case studies show how dependent local NGOs were on Kellogg for core projects. This made it easy for Kellogg to change strategies as it found fit. Cases also show that organisations responded in a similar format to Kellogg's support. These organisations closed down. For Powell and DiMaggio, such a homogenisation process normally occurs from both the formal and informal pressures exerted on organisations by those organisations upon which they depend. A second variable is the impact of cultural expectations in the society within which organisations function. Such pressures can be forceful, persuasive, or invite collusion. In this research, however it was not always necessarily the case that isomorphism occurred as a result of the above factors. The writers show that in some cases, organisational change is a direct response to government mandate. Governmental regulatory policies might cause organisational change (Powell and DiMaggio 1991:67).

However government policies should not be seen as coercion but rather a framework for accountability. In the South African context, the Non-Profit Organizations Act of 1997

forced many organisations to change their structures in order to meet the standards set by the Act (Russell and Swilling, 2002; Dangor, 1999). Other factors that shaped organisations in a similar manner to government legislation were annual reports, project guidelines and budgets. A certain standard had to be followed in proposal writing for example and as such a homogenisation process occurred. But this needs to be discussed in the context of South Africa's democratisation process. Organisations were expected to have a sound knowledge of the state. There was a need for them to from reaction to engagement and from protest to development.

The new environment demanded that NGO leaders be accountable to their donors. As such they had to have certain professional skills, a process that Lang (2000) referred to as 'ngoisation'. Many grass-roots activists lost their roles and social movements were demobilised. In this new configuration, new initiatives, NGOs and CBOs emerged to deal with the new political and social terrain. Some engaged collegially with the state while others engaged adversarily. This is the context under which South African organisations should be understood, although a number of organisational studies show how organisations alter and look like the organisations that they depend on for support. Lang shows how NGOs blanket the globe, with the wealthiest ones setting research agendas, deciding on areas in which women, for instance, should develop economically and determining the criteria for receiving social welfare assistance (Lang 2000:290).

In the case of South African NGOs supported by Kellogg, coercive isomorphism occurred as a result of lack of capacity and dependency of grantees on the Foundation. The three initiatives described above were designed in a way to mimic Kellogg's Africa Programme, although one director argued that the initiative's autonomy was affected. This effect may not have initially been clear with respect to the original initiatives and programmes of the Foundation. In time, though, they developed organisational forms that saw them emerge as fully-fledged institutions on their own.

However, with respect to already existing civil society organisations that partnered with Kellogg to implement its objectives, the impact of the Foundation was clear. Most of them came to depend heavily on Kellogg and as a result were expected the bidding of the

Foundation. Of the ten grantees that were studied, five were entirely dependent on Kellogg while four were less so. The investigations showed that the greater the dependence for resources, the less autonomous organisations became. An example of 'isomorphism' as a result of funding from Kellogg was the Sedibeng Centre for Organizational Effectiveness.

5.8 Sedibeng and the Kellogg Foundation

The former director of Sedibeng Centre for Organisational Effectiveness suggested that Kellogg used its 'muscle' to set the agenda for the organisation. Discussions with Rueben Mogano, former director of Sedibeng brought out some of the elements of coercive isomorphism. First, Kellogg chose the individual whom it wanted to work with in the implementation of the programme. According to Mogano, Kellogg began talking to Sedibeng in 1998 about the role that it could play as a regional hub for Kellogg's Africa Programme Initiative. Sedibeng would partner with universities and other civil society organisations in order to service other hubs in Southern Africa. In the midst of these plans, the then Chief Executive Officer of Sedibeng left to join the Department of Labour. Although Kellogg had approved a grant to Sedibeng, it decided not to continue with the plans citing its lack of confidence in Sedibeng to implement the programme. The reason for this retraction was that the CEO had left. Kellogg, in effect, doubted the capability of the new leadership of Sedibeng to implement its agenda. According to Mogano, Sedibeng wrote to Kellogg, emphasising that the partnership that had been made based on the institution's capacity to implement the initiative and not on the individual who had left the organisation. The weight given to strong leadership by donors is clearly important and can outweigh the collective capacity of an organisation. It is clear from this example that while individuals who lead NGOs are critical in giving the institution some credibility, there is also a danger of individuals becoming institutions in themselves.

Second, Kellogg reversed its approved grant to the Sedibeng and 'showed signs of schizophrenia' towards the development agenda. Its response to Sedibeng's letter was to inform them that the Foundation had asked the Development Resources Centre to implement the programme. This indicates the extent to which donors are able to decisively affect the sustainability and programmatic activities of grantees. Kellogg reflected features of

a donor that could exercise financial patronage over their dependent development partners. Mogano argued that in order to build a relationship with Kellogg, one had to 'succumb to its whims'. For him, Kellogg displayed a schizophrenic understanding of what the development paradigm should be. On the one hand, Africans who understood and shared the philosophy of black consciousness, Nepad and the African Renaissance, led Kellogg. On the other, there was a 'puzzling paradox' especially when compared to other donors such as Mott, Ford and Atlantic Philanthropies. The mentality that was displayed by Kellogg was authoritarian and held back the development agenda.

Third, Sedibeng found its autonomy compromised as a result of its financial dependence on Kellogg. Mogano explained that Sedibeng went through a financial crisis as a result of Kellogg's withdrawal because its programme design was based Kellogg's guidelines. In Mogano's words,

> This is not to say that a donor should not have broad parameters to set the agenda through guidelines, the issue is dictation. If there was anything we could have done about our relationship with Kellogg, it would have been to improve the leadership to stop setting agendas. At one moment, the centre felt that it was a blessing in disguise that the Foundation had withdrawn its support. The Centre was tired of the macro-management system at Kellogg. There was no symbiotic relationship between the Foundation and the Centre. One got the feeling that he or she was dealing with gangsters who would come back after promises have been made to say but we do not have that in writing (Mogano, Interview, 2003).

The case of Sedibeng reflects the vulnerable nature of relationships with donors. It also reflects the importance of proper communication between donors and grantees. A similar scenario unfolded in the relationship of Kellogg, LearN, the University of Pretoria and DRC. Kellogg's relationship with the DRC, fro example, is best understood within the context of 'mimetic isomorphism'.

5.9 DRC, LearN and Kellogg Foundation

Mimetic isomorphism is another way in which organisations homogenise. According to Powell and DiMaggio (1991:69) not all institutional isomorphism is coercive. They suggest that uncertainty is an additional powerful force that encourages imitation. The writers argue that when goals are vague or ambiguous or when the environment creates symbolic uncertainty, organisations may model themselves on other organisations. This occurs directly or indirectly. For example, the imitated organisation may be unaware that another organisation may be following its model. It may also not want to be copied. An organisation that is uncertain of its goals are usually tends to model itself after similar organisations in the same field that it perceives to be more legitimate or successful (Powell and DiMaggio 1991:74).

Although my research did not come across grantees that modeled themselves against Kellogg due to vagueness of their goals or because they were uncertain of what they were supposed to do, I did come across examples of grantees who were uncertain of the expectations of the Foundation. This resulted in ineffectual performance and the eventual collapse of the organisation. The Development Resources Centre closed down because it reoriented its focus from a policy and research organisation to an implementation agent for Kellogg.

Established in 1992, the Development Resources Centre was conceived during transition to strengthen civil society. Its objectives were to create a better policy and legal environment for the non-profit sector. It sought to secure sustainable financial flows for the development of the NGO sector (www.drc.org.za/about.html, 14/10/03). During the transition, a major programme of the DRC was the Independent Study into an Enabling Environment for NGOs. Another activity was the provision of development information to the non-profit sector. It also encouraged networking among non-profit organisations through the establishment of the Southern African NGO Network (SANGONET). In addition, DRC contributed to the formation of the Initiative for Participatory Development (IPD) and the Southern Africa Grant-Makers Association (SAGA) (www.drc.org.za/about.html, 14/10/2003, Dangor Interview, 2003).

From 1994 to 1997, DRC was involved in a number of activities that shaped its niche in the NPO sector. The first was the Policy Advocacy and Capacity Building Programme. During this period civil society organisations faced a financial crisis. Many of them collapsed or curtailed activities as they tried to adapt to the new developmental challenges in a climate of decreased funding and a leadership drain to the private and public sector (Development Update, 1996, 1997, 1998, 1999). Terence Smith however disputes the idea of a funding crisis. Instead, he suggests that changing donor funding patterns and engaging the state contributed to the transformation of individual NGOs and the sector as a whole. Thus a number of NGOs did not survive the transition while others adapted by taking on new roles and identities (Smith 2001:5).

Through, its research on the enabling environment, DRC advocated for a more enabling environment for development NGOs. Hence in 1995, it lobbied for the formation of SANGOCO. Later it played a critical role in the adoption of the 1997 Non Profit Organizations Act, together with SANGOCO. According to Zane Dangor, the last director of DRC, the organisation was instrumental in mobilising the sector and developing a critical mass of developmental organisations focused on policy issues such as the NPO Act, 1997 (Dangor, Interview 2003).

DRC was criticised by some organisations for being a tool of the African National Congress (ANC). Critics feared that the ANC government would use the NPO Act to corporatise NGOs and only register those that were not a threat to the state (Anderson Interview, 2003). However in recognition of DRC's work on enabling the environment for the sector, its peers awarded it the Katlego Award for Excellency in Advocacy during the NGO Week 1998 (www.drc.org.za/about.html, 14/10/2003).

A second programme of the DRC was the Advocacy Strategy Facilitation and Training. In 1998, DRC staff went to Nepal to work with NGO practitioners from across the developing world in order to strengthen its training capacity. Upon return, DRC staff coordinated the writing of an advocacy-training manual. In 1999, advocacy work was undertaken with, the National Network to End Violence against Women and Soul City, the Joint Enrichment

Programme (JEP), Norwegian People's Aid (NPA), the Urban Sector Network and Help Age International (www.drc.org.za/about.html, 14/10/2003). The third programme focused on Education and Training. DRC sought to bring synergy to education and training efforts in the sector. It ran a Community Work and Organisation Development course, which became recognised throughout the sector. DRC also contributed to the formation of a Development Training Institute at the University of the North. DRC also offered an Organisational Development Consultancy and Training and in 1996 established a Consultancy Department to cater for organisations that needed organisational development.

DRC's work during this time reflects some of the debates that characterised the sector and development after 1994 democratic elections. The NPO sector lacked capacity to respond to new democratic challenges and as such DRC provided programmes that aimed at developing capacity in the sector. Its engagement with Kellogg in 1998 to launch the Leadership Network for Southern Africa shifted its focus. DRC, together with the University of Pretoria formed the Southern African regional hub of the network. DRC also became a District Facilitating Agency for the Foundation's Integrated Rural Development Program (IRDP) in the Northern Province. It partnered with organisations such as Northern Province Rural Development Forum (NPRDF). According to Dangor, this shift in focus led to its eventual closure (Dangor, Interview, 2003).

The shift occurred when one of the DRC board members became the head of the Kellogg Foundation Africa Initiative. DRC was then drawn into the initiatives of the Foundation and became a facilitator for projects in which it had no expertise. Dealing with poverty at a macro-level was something that DRC had no experience of. For Dangor, this process led to DRC becoming a 'vendor' for the Kellogg Foundation.

The establishment of LearN also brought a number of changes according to Dangor. He argued,

> LearN took away the best programmes from DRC and left DRC with nothing. It killed DRC, which this time was already in the 'clutches' of the Kellogg Foundation. Most of the resources went to LearN. And the Kellogg Foundation took three years to consider a grant, which before took three months. This was the beginning of the changing nature of the partnership. Most staff members left.

> The board had no option but to close down the organisation as there was no reason for the organisation to be reinvented around its weakness (Dangor, Interview, 2003).

Another point is that Gavin Anderson who became head of LearN had been DRC's second director after David Bonright. Thus apart from taking the best programmes from DRC, LearN also took the director. What Dangor said regarding the closure of DRC was partly corroborated by Gavin Anderson. Anderson's explanation, though, differed from Dangor's. This is how he explained the demise of DRC,

> After DRC designed the criteria and gave a report to the Kellogg Foundation, it was contracted to do consulting and develop a facilitating agency to work at community level. LearN was established. Zane Dangor was promised that a grant would be given to DRC to build the institution that would act as a District Facilitating Agency (DFA). However this grant never came through. Kellogg Foundation did not 'honour' its verbal agreement. This led to a big error by Dangor who used the money from the DFA account while waiting for the money from Kellogg to fund other activities of DRC, hoping to replace it when the grant from Kellogg came through. This was a basic error by Dangor who trusted completely in the quality of the partnership between DRC and the Kellogg Foundation as he had seen it develop since 1992. The Foundation changed the strategy although it had assured DRC that it would continue funding DFAs. The Foundation decided to hire individuals rather than organisations. The DRC Board argued that there was a need to strengthen the DRC team in Limpopo, which was not competent. Strengthening the capacity of the team in Limpopo was done on the assumption that Kellogg Foundation would release the grant to DRC. However, the Foundation did not write or notify DRC of its decision. DRC heard through the grapevine that the Foundation would no longer fund DRC. The board reviewed the situation and saw that legally Dangor had made an error by using the DFA grant to pay for other activities of DRC, although he had acted in good faith. As a result DRC owed Kellogg. And to maintain the integrity of DRC, the board decided to close down and liquidate assets and repay Kellogg (Anderson Interview, 2003)

The DRC saga raises key issues in donor-grantee relations, those of accountability and partnership. What do accountability and transparency mean? Transparency has been viewed as the ability of a grantee to report upwards to the grant-maker. Yet real transparency should also involve the grant-maker being responsible to the grantee.

From the two cases of DRC and Sedibeng the issue of exit strategies by grant-makers comes to the fore. Kellogg failed to deliver on its promises and it tended to 'shift goal posts' and terminate funding without due notice. The same abruptness in withdrawing funding happened to LearN, IRDP and IDEAA.

Normative isomorphism, for Powell and DiMaggio stems from the 'professionalisation' of organisations and their leaders. This happens in two ways. First, organisations are homogenised as a result of the formal education that is produced by university specialists. Second, organisations isomorphise due to the growth and elaboration of professional networks that span organisations and across which new models rapidly difuse (Powell and DiMaggio 1991:75). They define features of normative isomorphism as first,

> The greater the dependence on academic credentials in choosing managerial and staff personnel, the greater the extent to which an organisation will become like other organisations in its field.

Second,

> The greater the participation of organisational managers in unions and associations, the more the organisation will resemble others in the field.

Among the grantees of the Kellogg Foundation, there were no classic examples to illustrate this point. However Kellogg was the first American Foundation to hire Africans to implement its programmes. There was a seeming paradox among American Foundations working in Africa, in particular, among Ford, Mott and Kellogg Foundations. On the one hand, Mott and Ford Foundations hired Americans when they established offices in South Africa, a procedure that only changed a decade after they came to South Africa. On the other hand, Kellogg believed that to 'help people help themselves', the ideal was to hire Africans. Thus from its inception in Africa, the office was manned by Africans. According to Anderson, the paradox is that,

> Mott and Ford have always been more open to their partners in terms of conversation about what they wanted to achieve. But the Kellogg team manned by brilliant African development thinkers had problems with grantees. The explanation could be that Americans wanted and tried to avoid crossing boundaries; hence they used consultations and gave reports that both the donor and grantee would look at. A discussion would follow around the report. In this case, the donor would not be using power to dictate to the grantee. However, African activists, passionate about development especially in rural areas, operated differently. Maybe the thinking was that since one is African, one did not have to listen to grantees, as one knew better about poverty. The result was that one designed his or her own accountability system. One ended up arguing that one's accountability was first to Africa and secondly to the board in Battle Creek. In the process one forgot to be accountable to everyone. The main paradox therefore is that Africans handling an American Foundation were less accountable than Americans themselves. What happened was that Battle Creek listened only to the African team and

> did not carry out its own evaluation. This was because the Africans knew and they were part of the poverty that they were seeking to alleviate (Anderson, Interview, 2003).

The issue of accountability kept surfacing among grantees as manifested also in Anderson's statement. There was a strong feeling among grantees that although Kellogg had more money and employed more Africans than any other American Foundation in South Africa, there were no 'rules of engagement' as in other Foundations. What transpired was more ambition and creativity on the part of Kellogg. However, ambition and creativity ended with these officials meddling with grantees' autonomy. One grantee argued that Ford and Mott respected internal dynamics, for example, during the crisis in SANGOCO. Kellogg argued that it had an agenda that it had to implement, so it felt it could interfere with the grantee if it felt that grantees were not 'toeing the line'. According to one grantee all the strengths that the Foundation had, (money, African team, creativity and ambition) became its weakness.

5.10 Closure of the initiatives

What the initiatives show is that Kellogg failed a number of times to respect its own commitments. According to its concept documents on LearN, IDEAA and IRDP, they were to be implemented on a three-year plan. However, barely two years after inception, Kellogg closed down the regional offices.

According to Gavin Anderson, director of LearN, Kellogg closed the initiatives precisely because they began acting as independent organisations and not as programmatic initiatives. For Anderson, the decision to close LearN was not based on any kind of impact assessment. LearN had exceeded the goals that had been set. Sabina Silaula, director of IRDP argued that the regional offices were closed because the three initiatives were supposed to integrate but it was clear that they had acted independently. And Kellogg, it was appropriate to close them and have the programme implemented by communities.

In describing the relationship between the University of Pretoria, IRDP and Kellogg, Silaula held that,

> In implementing the programme there was a need to remain within the framework of Kellogg, hence a director from Kellogg kept constant watch of the programme to make sure that the programme

> stayed within the mandate of the Kellogg Africa Programme. There was always someone in touch to discuss what the way forward would be. This relationship helped the two parties (i.e. Kellogg and IRDP) build capacities of the rural folk. They exposed them to a number of alternative ways of development. This was a positive relationship between Kellogg and IRDP (Silaula, Interview, 2003).

And on the closure of IRDP regional office, she said,

> Although programming still continues, the institutional arrangements have changed. One would have loved the programme to continue, building especially on the lessons learned over the past two years. It took two years to learn what was happening on the ground. However to argue that programming should not have changed does not mean that the current one was rosy. There were challenges, it is true it was not easy to address poverty in rural areas but we wanted communities to be in the forefront in developing themselves. We did not want communities to feel dictated to. It is unfortunate that the programme closed down at the time when people were beginning to grasp and understand what development was about. However the good thing is that district facilitators were not changed, hence sticking to the ideas of the Foundation to transform the region socially and economically. This was the same philosophy even for IDEAA and LearN. Hence the vision of the Foundation still stands even today when the regional offices have been closed, that communities should own development. However, the programme was abruptly closed. It should have been thought out properly. We were out in the field, having identified trends and results of the pilot project when the programme was closed. Although it made sense to focus on districts, time could have been given to prepare (Silaula, Interview, 2003).

Silaula's statement reveals the impact of the shifts that Kellogg made regarding its strategies. As was shown with the DRC and Sedibeng Centre, Kellogg suffered from a tendency to shift strategies without properly informing its development partners. In this case it failed to prepare a proper exit strategy. This also shows that Kellogg kept experimenting with ideas on how to develop communities. Hence on Kellogg, Silaula maintained that,

> What needed to be understood about the Kellogg Foundation in Africa was that it was a donor but also a team of Africans who were interested in the implementation of their programme because they were part of the poverty. Hence there was always a need for constant guidance from the person who set the agenda, the person who gave the money to fund things the Foundation said it would fund. For example, it was made clear that the three initiatives should be integrated but the three continued to drift apart rather than integrating. The Foundation felt that it had to close them, because it became difficult to argue that they were integrated (Silaula, Interview, 2003).

To complement the point discussed above, Silaula also suggested that Kellogg comprised of people who were always generating ideas. One needed to always anticipate and know what they might say or do. In this, she was in agreement with the other grantees who argued that the Foundation kept changing strategies before they were seen through to completion. However, for Silaula, the fact that the Foundation kept changing direction did not fundamentally shift their beliefs. The Foundation adapted to circumstances. But she contended also that donors set the framework for the agenda for the specific action that they wanted to address, for example, economic and social problems. But she believed that donors also left enough room for innovation.

The views and reasons given for the closure by the grantees reflect those of Kellogg itself. According to Mpumlwana, Kellogg had an agenda to fulfill in Southern Africa and NGOs were contracted on the basis that they would implement that agenda. However the problem with some NGOs was that they saw themselves as the beneficiaries of the programme, forgetting that the community should be. Thus grantees should not own the programme, instead they should implement it. Kellogg and the communities being served should own the programme. Hence the Foundation, according to Mpumlwana,

> Funded in phases of five years and as such could not tolerate grantees 'messing around'. The Foundation's accountability is to its Board and the community. Anyone in between should do what the Foundation wants.

What Mpumlwana meant was that the terms of the initiative had to be fulfilled. Thus time frames, action plans and the achievements should meet agreed outcomes. Organisations had a contract to fulfill. Thus when LearN, IRDP and IDEAA began to act as independent organisations, diverting from the agenda of Kellogg, funding was withheld and they were forced to close. Mpumlwana did not shy away from acknowledging that Kellogg's approach was controversial, but he was clear why the Foundation was not 'a nice guy funder' when contractors failed to fulfill their commitments to the Foundation's agenda (Mpumlwana, Opcit, 2003).

For Kellogg, the three initiatives were asked to come together but saw themselves as organisations and not as programmes. For this reason, the Foundation decided to wind them

up. This coincides with Anderson's and Silaula's explanations. Some of the initiatives seemed to preempt their role. For example, LearN donated one of its core programmes to DRC and another to the University of Pretoria, leaving its regional office without any work. According to Mpumlwana, LearN then became involved in work that was not mandated by Kellogg. Some initiatives had coordinators at local and country level who understood the situation of their communities better than the directors at regional level. For example, Mpumlwana argued that a district facilitator in Chimoio in Mozambique appeared to be more informed about how development should take place than the IRDP director. The Foundation felt that the driving force should come from communities. Thus, it decided give a grant to an organisation that worked with people on the ground, and not to an organisation that operated at regional level. This would facilitate a bottom up approach that would tap into local indigenous knowledge.

When the South African office undertook a review in 2003, it recommended that the Foundation should remain committed to its original objectives in Southern Africa. However it suggested a change in strategy. One of the changes was to abolish regional offices and enable local organisations to run all programmes. The Kellogg Foundation Phase 11 Programme document called *Intensification Plan-An Integrated Community Focused System* (2003:1) said;

> One of the key lessons has been that, while programme implementation design initially emphasised regional level structures, the next programming period needs to find a way to achieve programme objectives through a bottom-up approach, in order to enable sustainability through local institutionalisation.

The document pointed out that the Southern Africa Programme was conceptualised as a single integrated effort. However, because this had been a very large, complex and ambitious programme, it had been divided into three parallel but integrated initiatives. While this approach had helped to crystallise best practices in each and define the way forward, the lessons learned indicated that the individual initiatives were ready for stronger integration. The review also showed that there was a need to realign the programme strategy in a way that would not affect the original purpose of the work of the Foundation in the region. The

Foundation would still address poverty. But to do so, the Foundation argued that certain institutional arrangements should be put in place at all levels of programming.

The Foundation envisaged that the District Facilitator (DF) would remain as the key social organizer at local level. In addition, a Business Development Officer (BDO) should be deployed to take care of the economic aspects at this level. A local organisation would be identified to host the DF and BDO. A Kellogg Foundation Programme Director would work closely with these officials and the local community leadership to develop a district funding plan. This is how the Foundation envisaged that development would proceed at the local level. At the national level, the same Kellogg Foundation Programme Director would work with a National Programme Facilitator (NPF), who would help broker the policy and business environment to advance opportunities for local community work and profile the gains and lessons of local development work. The NPF would advise the Kellogg Foundation on policy and other national contextual issues in order to promote and enhance the relevance of the local programme and facilitate scaling up, impact and integration. An organisation with national credibility would be identified to host the Kellogg Foundation Programme Director and the National Programme Facilitator. And at regional level, a single regional centre would serve as a resource and technical support centre with a networking and convening role for integrated rural development. The objective of this structure would be to consolidate the Kellogg Foundation programme at regional level. The idea was that it would be a 'content provider' with no administrative or operational responsibility for in-county operations. The centre was planned for the second half of 2004.

5.11 General Grants

In addition to the three initiatives and NGOs that implemented Kellogg's programmes, the Foundation made other grants across Southern Africa. One was in the arena of transformation of institutions, particularly banking institutions. Kellogg worked with the Standard Bank in all six SADC countries to encourage a savings and investment culture. Kellogg hoped to enable the poor to be able access financial institutions and open bank accounts so that they could begin to make investments. They planned to train about 300 people.

Kellogg did the same with information systems and education. In Wedza, in Zimbabwe, it worked with local organizations to train local people on the importance of wet lands. The result was informed policy decision-making on the part of the Zimbabwean government, which previously did not have any knowledge of the importance of wet lands (Mpumlwana, Interview, 2003).

Kellogg also supported efforts that promoted community philanthropy. The Foundation believed that Africans have always been givers. Kellogg partnered with the Mott and Ford Foundation in 1997 to fund the Southern African Grant Makers Association (SAGA)'s pilot project on community foundations. Kellogg used this project as an experiment and learning ground for its other programmes on community philanthropy. In 2003, Kellogg supported plough-back initiatives that aimed to reverse the effects of brain drain and economic drain by encouraging people to return to their natal homes. The Foundation wanted to make sure that individuals gave back to their communities financially and otherwise. This would enable communities to develop themselves.

The Foundation also funded a number of civil society organisations. In South Africa for example, close to 364 grants were made between 1991 and 2003. Of these, about 119 were still active in 2004 and 245 were completed. From 1991, the Foundation had made the largest grants to universities. According to its Grant records, about 142 grants were made to universities between 1991 and 2003. Most of the grants were allocated under headings of agriculture, community development, health, scholarship and leadership. A total of about $137 473 514.00 was disbursed from 1991 to 2004 (www.wkkf.org/grants, 14/11/2003). The Foundation's support for these organisations also produced certain kinds of relations. The survey of ten grantees showed that many felt that they were influenced by the Foundation to a considerable extent. A few said that had they not been funded by the Kellogg Foundation, they would not have worked on different priorities. The Foundation did not really divert them from their priorities.

The Kellogg Foundation Africa Programme can be interpreted in different ways. Its agenda for development was to address poverty by working with communities by means of

initiatives that developed contractual relations with implementing NGOs and universities. The Foundation addressed long-standing issues around development. It used a bottom-up approach to development, making it an attractive funder. But the implementation process left many grantees perplexed. Due to their dependence on the Foundation, the latter was able to shift plans of action and reorient the focus of work. This undermined organisational capacity and weakened and demobilised the NGOs concerned. This has ethical and moral repercussions. It discredited the Foundation in the eyes of people who were implementing the programme and recipients of the programme.

CHAPTER SIX

6.0 THE POWER OF A LIVING DONOR: GEORGE SOROS AND THE OPEN SOCIETY FOUNDATION

This chapter seeks to show the power and influence of a living donor, George Soros; over the development agenda and on how funding is distributed promoted by his foundations on how his money is used. In this chapter we explore, first, the impact of George Soros himself. We begin with a brief biography in order to understand what shaped his life and why he promoted philanthropy. Secondly, the chapter discusses Soros' network of foundations in more than 50 countries (South Africa, the ten countries of Southern Africa, the sixteen countries of West Africa, Haiti, Guatemala, Burma, Indonesia, all countries of the former Soviet empire and USA) and their global reach (Soros 2000:ix). Finally, the discussion turns to Soros' interest in South Africa and explores the impact on transformation of the Open Society Foundation's interventions. This case study differs from the previous three case studies in that Soros plays a significant role in deciding upon the trajectory of policy and support. Indeed his biographer described him as a 'programme officer' in his foundations (Kaufman 2002: 256). This is very different from the other foundations where the founders are dead and they are run by Boards of Trustees. In these foundations, the original interests of the founder have been transformed. Henry Ford might not have approved of the kinds of grants that the Ford Foundation makes, for example, to gay and lesbian organisations.

While the origins and purpose of the previous three foundations were focused on local issues, George Soros' intention from the beginning was on 'opening closed societies'. As with the other founders, Soros' life experience had a lot to do with his decision. He lived through the Nazi occupation of Hungary and fled to England where he was strongly influenced by Karl Popper's ideas of 'The Open Society' when he studied at the London School of Economics (LSE). Once he had made his fortune through currency speculations, Soros put his philosophy of 'open society' into practice through his philanthropic activities. By open society, Soros meant liberal democracy, more on individual opportunities and choices. Although Soros was thrilled by Popper's formulation of the term, he contends that Henri Bergson first introduced the term in 1932 in the book, *Two Sources of Religion and Morality*. Bergson argued that one source of ethics was tribal and the other was universal. It

was the tribal that gave rise to closed societies while the universal gave birth to open societies (Soros 2000: xxi). Popper popularized and further expanded the meaning of open society. He argued in his book *Open Society and its Enemies* (1945) that open society was under threat from universal ideologies that claimed to possess ultimate truth (Popper 1945:183). Totalitarianism, for example, Popper argued appeared to have imperialist tendencies. These ideologies tended to impose their claim forcibly on everyone and as such they were a threat to open society. Taking the Bergsonian and Popperian formulations of 'open society', Soros argued that both were useful in different contexts. In the context of Yugoslavia, Bergson's formulation was useful in understanding conflicts there. And in explaining the threats posed by totalitarian regimes like Nazi Germany and the Soviet Union, it was useful to make Popper's formulation the reference point (Soros 2000:xxi). For Soros, it was true that the concept 'open society' made sense when contrasted with those that were closed by totalitarian ideologies. But this was only up to 1989 with the collapse of the Soviet empire. Since then, the meaning of the concept has changed. As Soros wrote,

> The collapse of communism did not automatically lead to the establishment of open society. The simple dichotomy between open and closed society is no longer applicable. Open society is threatened from an unexpected direction: the unbridled pursuit of self-interest (Soros 2000:xxi).

Today, Soros considers market fundamentalism as the threat to open society. He says that market fundamentalists believe in individual freedom (which is a cornerstone of open society) but they exaggerate the merits of the market mechanism (Soros 2000:xxiv). In other words, market fundamentalists do not want to be regulated either by the state or by international institutions. Thus Soros argues that he is not against capitalism *perse*; he is against 'laisezz-faire' capitalism, which seeks to abolish collective decision-making and to impose the supremacy of market values over all political and social values (Soros 2000:xxiv).

Soros' network of foundations has operated in this framework. First they sought to dismantle such ideologies as communism, socialism and apartheid. Second, they have focused on efforts that seek to promote liberal democracy. Thus Soros' first intervention was to open up the closed society under apartheid in South Africa in the early 1980s through a scholarship programme for black students at the University of Cape Town (Kaufman 2002: 171). He then moved to Eastern and Central Europe. Later he moved to Russia and China

where he did not make many inroads. Recently in 2004, he focused his attention on opening U.S society, which he believed was the most dangerous under the leadership of President George. W. Bush. Clearly Soros has an agenda and he can implement it. Kaufman characterised Soros as a 'stateless statesman and the only private citizen who has his own foreign policy and can implement it' (Kaufman 2002: xiii). Through his personal fortune, Soros has immense power that he has used to promote his ideas globally through his foundations. It is this fortune and power that make his philanthropic activities demand a critical analysis.

Soros' influence began after many foundations were founded. He was born for example, in 1930 when the Mott Foundation had been established. He is therefore a philanthropist who has sought to address the effects of globalization although he has also been part of the global movement of capital. It can be said that his impact on financial markets and different currencies was an impetus for his foundations. He took with one hand and gave with the other. This reveals the somewhat paradoxical nature of Soros' ideas for an 'open society' and his own experience of acquiring great wealth. However as stated above Soros' understanding of open society hinges on the liberal notion of democracy and as such he is not opposed to capitalism *perse* but to market fundamentalism. Something that comes out clearly about Soros' life is that it is not easy to choose where one starts. He has lived as a philosopher, businessman, political activist and a philanthropist. His life is all of a piece; his different aspects are intimately inter-connected. For example, it is his philosophical aspect that guided him as a businessman. It was the same philosophy that made him establish the Open Society Fund, which he has used as a stateless statesman. A number of national presidents have approached him for help. While he has helped many presidents get into power, he has also overthrown others like Slobodan Milosevic of Yugoslavia (Soros 2000:311). His intervention has been more than philanthropic. It has been political in other parts of the world and also developmental in others. Has he used his money as a tool rather than an object to promote his social and political views (Trifkovic (2004:7)?

What is his agenda in world affairs? The appointees to his Board of Trustees include General Wesley Clark, who commanded NATO forces in the war against Serbia in 1999. It also includes Louise Arbour, the former chief prosecutor of the Yugoslav war crimes tribunal at

The Hague (Trifkovic 2004:6). According to Trifkovic, Soros is not only the power behind the Open Society Institute; he is also behind the National Endowment for Democracy, Human Rights Watch, Amnesty International, the International Crisis Group, and the U.S Institute of Peace among others. He extends his influences all over Eastern Europe, South-Eastern Europe as well as the Republics of former Soviet Union (Trifkovic 2004: 4). He is also the founder of the Central European University in Budapest. With the help of these institutions, Soros can exert his influence in the world. In December 2003, Soros sought ways that would lead to Bush's defeat in November 2004 elections. In his book**,** *The Bubble of American Supremacy* (2004), Soros argued that Bush's supremacist ideology brought back horrible memories of his childhood in occupied Hungary. Soros said that when he heard Bush say, 'you are either with us or against us', it reminded him of the Germans, it conjured up memories of Nazi slogans in the walls that read 'the enemy is listening'. As a result, Soros pledged $15 million to groups like America Coming Together and MoveOn.org, both left wing activist groups that sought to attack Bush and the Republican Party through radio and internet advertisements (Trifkovic 2004:7). Nahshon suggests that Soros has had greater influence on politics in more countries through his initiatives than any other private citizen (Nahshon 2004:6).

This chapter is based primarily on interviews with people who have interacted and worked with Soros in South Africa. These include activists, academics and politicians. The chapter does not claim to cover all of Soros' work and activities. His network of foundations is broad to be covered in one chapter. This discussion thus is an illustration of some of his activities and agendas. It is not exhaustive. It seeks to show the power of a living donor and the paradoxical nature of Soros' ideas for an 'open society' and his experience as a financial markets player.

6.1 George Soros: Background to his life and times

George Soros was born of middle class Jewish parents in 1930 in Budapest, in Hungary and lived there until 1946. He escaped to London when Jews were being persecuted in Hungary. As a young boy, Soros used to trade currencies in the black-market during the occupation of Hungary by the Nazis (Kaufman 2002:49). Looking back at Soros' early childhood and what

he later became, one quickly makes a link between his career as a financier, philanthropist and political activist and his experiences as a child. Kaufman (2002) describes how the early years of Soros' life, how Nazism, anti-Semitism and xenophobia cast a dark shadow over his family and disrupted his upper-middle class life (Karatnycky 2002:1). Soros and others changed identity and adopted pseudonyms to avoid persecution. Growing up in a closed society in war-ravaged Hungary and later encountering Karl Popper's philosophy of open society, Soros' life and activities were later focused on philanthropy that sought to promote democratic change in closed societies. Karatnycky suggests that Soros' philanthropy was a cause-oriented one. Such experiences made Soros spend his later years as an influential philanthropist whose help sustained and inspired civic groups and mass movements worked towards democratic revolutions (Karatnycky 2002:2).

His experiences in Hungary also helped him survive in England. Soros moved to England in 1947. Soros told Kaufman that although he wanted to study at the London School of Economics, his English blocked his acceptance until 1949. Without money, Soros had to work to survive. Xenophobia in Britain meant social exclusion for Soros. Kaufman says,

> When Soros thinks back to the first years in England, his memories are painful, filled with frustrations, loneliness, and rejection. This was his time of trial, comparable in his mind to his father's years in Serbia (Kaufman 2002:54).

Soros graduated from LSE in 1952. He moved to the U.S in 1956 where he would make a lot of money through an international investment fund which he founded and managed to support himself as an author and philosopher (Nahshon 2004:4). He made money through currency and stock speculation over the next forty years. In September 1992, he famously made a billion dollars in one day by betting against the Bank of England. He speculated that the sterling was overvalued. The Bank of England was forced to withdraw the currency from the European Exchange Rate Mechanism (Wikipedia 2004:1). This earned him the name, 'the man who broke the Bank of England'. And in July 1997, Nahshon claims that Soros contributed to the Southeast Asian financial crisis by shortening the Thai bath. The Malaysian Prime Minister also accused Soros of bringing down the Malaysian currency, the *ringgit* (Wikipedia 2004:1). Trifkovic claims that by November 2003, Soros was betting that the U.S dollar would plummet.

The way Soros has made his money makes him a controversial figure. On the one hand he made his money from speculation; his wealth in 2000 was estimated at U.S $5 billion. On the other hand he acknowledges that currency speculation undermines healthy economic development especially in underdeveloped nations. This raises the question of how genuine is Soros in promoting his idea or philosophy of the open society when in the process currency crises have made people poorer. There have been fears that his Quantum Fund which is registered in Curacao, Netherlands Antilles, a Caribbean tax haven, is one of the most important centres for laundering illegal proceeds of the Latin American drug trade (Wikipedia 2004:2). Nahshon argues that by operating from Curacao, Soros avoids paying taxes and in the process he also hides the nature of his investments. Could this be a case of a philanthropist wanting to clean his conscience by giving the money away?

Another paradox in Soros' practices is a contradiction between his currency speculation and his pronouncements that market fundamentalism is the new enemy of the Open society. In 1997, Soros was quoted as saying as a market participant; he did not need to be concerned with the consequences of his actions (Talbot 2003:1). This response might be viewed as contradictor to his philanthropic activities, raising a serious question about his commitment to opening societies. It might also cast doubt too on his fight against market fundamentalism, which he considers a threat to the open society.

The other aspect that is of paramount importance is that Kaufman (2002) portrayed Soros as a hands-on philanthropist who moves rapidly and responds to intellectual and political passions. Soros is depicted as a person who has remained enthusiastic, able to launch new initiatives and redirect resources as high speeds based on emerging needs and opportunities. As Soros, himself put it,

> Yes I do have a foreign policy, and now I have it more consciously. My goal is to become the conscience of the world (Kaufman 2002:293).

Kaufman also writes that Soros himself makes decisions about how and where his money should be spent. Soros pulled the strings (Kaufman 2002:256). Soros did this even in his business activities. According to Kaufman, for the most part Soros focused on

microeconomic thinking while his business partner Rogers concentrated on less cosmic trends and opportunities, studying specific industries and companies (Kaufman 2002:138). Soros told Kaufman jokingly,

> It was very clear, he (Rogers) was the man who did the work and I was the one who was pulling the trigger and executing. I was the chief executive and he was the chief of research. I was the captain and doing the trading and he was doing the analytical work (Kaufman 2002: 138).

We see here the relationship between Soros' business and philanthropic practices. In both cases, he operates as the *de-facto* programme officer. He tends to take charge of the processes. Below we examine some of the paradoxes more closely through his initiatives and writings.

6.2 Soros' Agenda: Constructing Open Societies

During his time at the London School of Economics, Soros was exposed to the work of Karl Popper, especially, *The Open Society and Its Enemies*. Popper wrote that totalitarian ideologies like Communism and Nazism have a common element in that they claim to be in possession of the ultimate truth. However since ultimate truth is beyond the reach of humankind, these ideologies resort to oppression in order to impose their vision on society (Popper 1945:183-184). In an open society no one has the monopoly of truth argued Popper. Totalitarianism and totalitarian ideologies were enemies of an open society. Inspired by Popper, Soros says that after he made more money than he needed, he decided to set up a foundation in 1979 based on Popperian philosophy. He says,

> I reflected on what I cared about. Having lived through both Nazi persecution and Communist oppression, I came to the conclusion that what was paramount for me was an open society. So I called the foundation, The Open Society Fund and I defined its objectives as opening up closed societies, making open societies more viable and promoting a critical mode of thinking (Soros 2004)

Soros rethought and reformulated the 'open society' concept. He expanded the concept beyond the Popperian sense or what Soros himself meant when he established his Open Society Foundation in 1979. Soros argues that if an open society is an ideal worth striving for, then it can no longer be defined in terms of the Communist menace. It must assume new enemies and be given a more positive content. In an article called**,** *The Capitalist Threat*

(1997) Soros argues that Popper's usage of the term needs to be extended. He argues Nazism and Communism depended on the power of the state to repress the freedoms of individuals. Today open society may also be threatened by excessive individualism. For Soros, too much competition and too little cooperation cause inequality and instability (Soros 1997:3). Thus for instance, he views the doctrine of laissez-faire capitalism as a threat to open society. The enemy would no longer be communism or totalitarian ideologies seeking control. Rather the threat would be coming from within the international open society (Soros 1997:4). For Soros, the fall of a repressive regime would not automatically lead to an open society. Open society is not simply the absence of repression or government intervention-it is more complicated, sophisticated and a deliberate effort is required to achieve it (Soros 1997:6).

Soros' philosophical contribution to the concept is the identification that human beings are fallible. The idealization of the concept of open society thus falls short. The ideal is not attainable. Soros himself has critiqued the capitalist system that made him a billionaire. He pointed out that markets do not look after the needs of society. Markets are instead designed to protect individual rights and the pursue of profits (Soros 2000:xii). Linked to this is Soros' critique of globalization. While he acknowledges that globalization, in particular global integration, has brought tremendous benefits such as the international division of labour, rapid spread of innovations, international movement of ideas among others, the process is not without problems. In an article called Toward a Global Open Society (1998), Soros contests the view that free markets are self-sustaining and market excesses correct themselves, provided that governments or regulators do not interfere with the self-correcting mechanism (Soros 1998:3). Soros identified five deficiencies of globalization, in particular the global capitalist system. There are; the uneven distribution of benefits, the instability of the financial system, the incipient threat of global monopolies and oligopolies, the ambiguous role of the state, and the question of values and social cohesion (Soros 1998:3). He argued strongly that globalization has reduced the capacity of states to take care of social needs. *In Open Society: Reforming Global Capitalism* (2000) Soros argued that communism and socialism are discredited but market fundamentalism is ascendant and markets do not feed into social justice (Soros 2000:119). He concluded in *The Capitalist Threat,*

> 'Although I made a fortune in the financial markets, I now fear that the untrammeled intensification of laissez-faire capitalism and the spread of market values into all areas of life is endangering our open and democratic society. The main enemy of the open society is no longer the communist but the capitalist threat (Soros 1997:1)

In 2003 Soros viewed the U.S as a threat to global open society by assuming the position of a superpower. I discuss below the change in the meaning of the term 'open society' from the time Soros established Open Society Fund to his 2004 intervention in the U.S where he pondered the impact of September 11, 2001 on world politics.

6.3 The Open Society Foundations, 1979 to 2004: Highlights

Soros' first major undertaking in South Africa occurred 1979 during the apartheid period. Having lived in Hungary under similar oppressive conditions, Soros understood the impact of apartheid on black people. He then tried to open up the closed society. By his own admission, Soros says that the apartheid system was so pervasive that whatever he attempted to do, made him part of the system rather than a contributor to change (Soros 1997:2). He then focused on Central Europe. He secretly supported the dissident Charter 77 movement in Czechoslovakia in 1980 and the Solidarity Movement in Poland in 1981. Soros was more successful in this region and he established foundations in Hungary in 1984, in China in 1986, in the Soviet Union in 1987 and in Poland in 1988.

The term 'open society' did not need explanation in communist societies, despite the fact that Soros himself wanted to explain it. This was because the people there lived under such closed societies that the definition of an open society flowed naturally from their own experiences. In Hungary, for example, Soros says that his Foundation aimed at exposing people to alternative activities. He told Kaufman,

> I knew that the prevailing Communist dogma was false exactly because it was a dogma and that it would become unsustainable if it was exposed to alternatives. The foundation was effective. It became the main source of support for civil society and as civil society flourished; the Communist regime waned (Kaufman 2002: 170).

Soros says that his first success was in Hungary. He focused on Hungarian educational and cultural institutions. Soros' strategy was to infiltrate Hungarian government and incapacitate socialism. In Poland, Soros funded in 1981 the Solidarity Movement. In an article *George Soros, Imperial Wizard*, Coffin, suggests a close relationship between the CIA objective and the Open Society Fund. Coffin argues,

> It is not coincidental that in South Africa, the CIA sought out dissidents who were anticommunist. In Hungary, Poland and USSR, the CIA with overt intervention from the National Endowment for Democracy, USAID and other institutions supported and organised anticommunists; the very type of individuals recruited by Soros' Open Society Fund. Hence Soros' ever expanding influence gave rise to suspicions that he was operating as part of the U.S' intelligence complex. In 1989, the Washington Post reported charges first made in 1987 by the Chinese government officials that the Soros Fund for the Reform and Opening of China had CIA connections (Coffin 2002:4).

The allegations of the closeness between Soros and the CIA gave rise to questions about Soros' philanthropic activities. These allegations resurfaced when he established his foundations in Moscow. In Russia, Soros targeted the education system. He provided the entire nation with textbooks, which indoctrinated an entire generation of Russian youth with Open Society Propaganda (Coffin 2002:4). Coffin suggests that Soros' foundations were moreover accused of meddling with the financial system through privatizations and the promotion of foreign investment. Soros was viewed as an agent whose goal was 'thwart Russia as a state, which had the potential to compete with the world's only superpower'. The Russians began to suspect that Soros and the CIA were connected (Coffin 2002:4). Coffin quotes one business tycoon Boris Berezovsky saying 'I nearly fainted when I heard a couple of years ago that Soros was a CIA agent' (Coffin 2002:4).

The other event that has sought to link Soros to the work of the CIA was the coup in Yugoslavia in 1991. According to Clark (2003), Soros' Open Society Institute channeled more than $100 million to the coffers of the anti-Milosevic opposition, funding political parties, publishing houses and 'independent' media such as Radio B92 (Clark 2003:3). Clark argues that the coup was financed, planned and executed in Washington. Milosevic was then carted to the Hague tribunal, which was co-financed by Soros along with other custodians of human rights. According to Clark,

> Milosevic faced charges of crimes against humanity, war crimes and genocide, based in the main on the largely anecdotal evidence of Human Rights Watch, a Soros' financed organisation (Clark 2003:3).

Clark alleges that Soros has opened societies not in the Popperian sense but in order to make more money (Clark 2003:4). According to Clark, Soros has made money in every country he has helped. Clark claims that in Kosovo, Soros' investments are estimated at $50 million. Soros has responded to some of these accusations by saying,

> When I became active as a philanthropist, I was determined to keep my foundations as strictly separate from my business as I had kept my private life. I am sure this contributed to their success, because it allowed me to be as single-minded about my philanthropy as I had been about my business. But I have not been able to maintain the segregation. The countries where I have foundations need investment as badly as they need philanthropy, and after much soul-searching I decided to invest in Russia (Soros 2000:160).

Soros also supported underground publications in Poland, for instance, through his Stefan Batony Foundation, which later became the source for reformists such as Branislaw Geremek (later a foreign minister in Poland) and Tadeusz Mazowiecki (later Prime Minister). Soros also supported Czech dissidents including Vaclav Havel, the country's president (Karatnycky 2002: 3).

Other projects that have occupied Soros include support for Bosnia in the late 1990s, for 400 000 Kurdish refugees, for young pro-democracy intellectuals in mainland China and educational programmes in Lithuania. He has also supported women's health and reproductive rights by focusing on improving the quality and accessibility of abortion services in Albania, Slovakia, Macedonia, Russia and Moldova (Trifkovic (2004:2). His support for women's health projects has earned him the criticism that he wants as few Russians and others born into this world as possible (Trifkovic 2004:2). Soros has also supported any rehabilitation and health projects for drug users. He has also supported programmes for sex workers, prisoners and gay activists. According to Trifkovic, these projects stem out of a conviction that no one possesses the ultimate truth. After 2001, Soros turned attention in 2003 and 2004, to the U.S. He had become convinced that the U.S was a threat to open and democratic societies.

In his latest book, *The Bubble of American Supremacy* (2004) Soros argues that September 11, 2001 changed the course of history. This is because of the way President George W. Bush responded to the events. He declared war on terrorism and under that guise, Soros argues, Bush implemented a radical foreign policy agenda whose underlying principles pre-dated the tragedy. Those principles according to Soros can be summed up as 'international relations are relations of power, not law; power prevails and law legitimizes what prevails' (Soros 2004:2). The U.S is unquestionably a dominant power in the post-Cold War era and as such it is in a position to impose its views, interests and values (Soros 2004). Soros defines U.S foreign policy as 'neo-conservative or 'a crude form of Social Darwinism'. It is crude because it ignores cooperation and puts all focus on competition. According to Soros, U.S foreign policy stands against the principles of open society, that people have different views and no one has monopoly over truth.

For Soros, the U.S foreign policy has established two Sovereignties, that of the U.S which takes precedence over international treaties and obligations and that of other countries which have become subject to the will of the U.S. Hence when President Bush says 'freedom will prevail-he means that America will prevail' (Soros 2004). As a result Soros opposed Bush in the November elections of 2004. He supported a number of groups that were against Bush. This was also another moment when Soros played a direct political role through his philanthropy, raising questions around whether he could buy an election.

Below I provide an historical account of Soros' intervention in South Africa. Although the Foundation in South Africa has supported many initiatives, this discussion draws on Soros' earlier interventions especially, support for the Institute for Democracy in South Africa (IDASA). This approach is deliberate for purposes of unpacking the personal involvement of Soros with South Africa.

6.4 Soros in South Africa

Soros' intervention and work in South Africa did not start in 1979 when he established his Foundation, although he says that his major intervention was at the University of Cape Town. According to Professor Herbert Vilakazi, whom Soros has written about as the first South African he met, Soros began working with South Africans in New York before 1979. Vilakazi considers himself as the person who introduced George Soros to the black world. Vilakazi said,

> Soros did not know any black people-the huge greater part of the world. I also introduced him to Africa and then to South Africa and South Africans. This enriched him morally. He had not been connected to the huge part of humanity-having gone through Hitlerism. He had been racially oppressed. His assistance to South Africans began before he even came to South Africa in the early 1980s. Through me he got to know and assist many South African exiles who were becoming a big community and needed scholarships and subsistence money. I appealed to George Soros and he always helped- this was in the 1970s in New York. He paid scholarships for people like Felicia Mabuza and Dr Thondlane Thondlane, former CEO of the National Development Agency (Vilakazi, Interview, 2003).

According to Vilakazi, Soros also supported musicians, for example, Philip Tabane and others, who performed on Broadway in New York and thereafter attempted to break into the American music industry. Since it was difficult to break through, Soros helped these musicians financially. According to Vilakazi,

> Soros organized parties outside New York and at times at his New York apartment. We arranged that these musical groups perform at his functions and Soros paid them. He also rented buses for them. His contribution was enormous. He did not want to see people suffering. He is a philanthropist who wants something in return for his money, but this return should be to the world and not to him (Ibid).

In writings about Soros' intervention in South Africa, this first interaction with South Africans is not recorded. Narratives begin with Soros' trip to South Africa in 1980 to visit Professor Vilakazi who had left the U.S to teach at the University of Transkei. Soros also in his writings begins describing his intervention in South Africa through this trip.

Soros and Vilakazi met through Marco Poggio, an Italian who was Vilakazi' roommate at Columbia University, later becoming Soros' philosophy tutor (Kaufman 2002:129). On how the two met, Vilakazi said,

> I met George through a friend at Columbia University in the 1960s where I was studying. I first met Marco during our first year of studies at Columbia. He was my room mate and majored in Philosophy. During this time, Soros had a personal interest in Philosophy due to the influence of his teacher, Karl Popper and his book, *Open Society and It s Enemies*. Soros was writing a document in which he was making an attempt to criticize the philosophies or paradigms of the day, namely materialism and idealism. In writing the document, Soros needed someone with a strong philosophical background to look at his work critically. He contacted the department of philosophy at Columbia University. The department identified Marco to be Soros' tutor. Since I was an intellectual friend to Marco, he suggested that the three of us meet. We did and I read the document and made contributions. I felt that what Soros was offering had already been covered by Karl Marx (Ibid).

Soros and Vilakazi seem to have grown to know each other well and Soros' interest in South Africa grew. He wanted to know what it was like to live in South Africa under apartheid. He told Kaufman,

> I did not know any Africans and I felt I should know some (Kaufman 2002:129).

Vilakazi filled this vacuum. He gave Soros books on South Africa. Soros began to follow events in South Africa. In 1976, the Soweto uprisings had flared and in 1977, Steve Biko was killed. In 1980, Vilakazi decided to return to South Africa to teach. Soros took this opportunity and decided to visit Vilakazi. About this visit, Vilakazi said,

> My father had retired from Washington DC and was working at Zululand. Soros visited me in South Africa. He came with his son. It was a memorable event. He also went to see my father at Zululand. At Zululand, he was introduced to the South African university world. The possibility then arose to help South Africans, not as individuals as he had done in New York but institutionally. He did not begin at Zululand but at the University of Cape Town, which this time was opening to black students. There was a programme at UCT of African students who were accommodated at Gugulethu (remember this was before 1994 and Africans were not allowed to live in town). Soros decided to support this programme (Vilakazi, Opcit, 2004).

During this visit Soros visited clinics, townships, schools and shebeens. He also met with political activists, many of whom had been imprisoned with Mandela, as well as white people

who fought against apartheid. One of these was Nadine Gordimer, a novelist and Nobel Laureate, and Black Sash members (Kaufman 2002:170). Although Soros had already set up the Open Society Fund in 1979, his plans for it were still 'vague, modest and unrealized' (Kaufman 2002: 164). Through this visit, Soros believed a window of opportunity for his Fund was opened: 'I felt that here was a great place to start with the Open Society precisely because it was a closed society offering some small possibilities of change' (Kaufman 2002:171).

Soros also met with Professor Staurt Saunders, the Vice Chancellor of the University of Cape Town. Soros says of the meeting,

> I thought, here was an institution that believes in multiracial education, an open society. I thought that to support this institution to bring in more black students would be a very efficient way to go about things. Actually the state was paying most of the students' costs. My thinking was that I would pay for their lodgings and their supplementary costs. In this way I would be using the mechanism of a generally oppressive state to subvert it, to widen and expand a small area of interracial activity. At the same time I would be helping to build a black elite and I still think that the creation of elites among persecuted people is the most effective way to overcome prejudice (Kaufman 2002:171).

This programme was terminated a year later by Soros himself. He saw his intervention as a failure. He says that although the number of black students had increased, they had not done so in tandem with the scholarships that he provided. Soros argues that instead of his money being used to supplement the state's contribution, it was used to replace part of government's original commitment to black higher education. He says,

> 'Instead of me subverting them, they were subverting me' (Kaufman 2002:172).

Although Soros regards this initial intervention in South Africa as a failure, given the history and the context of the 1980s, it was not. Soros realised that as somebody interested in spreading democracy and freedom, scholarships alone were not enough. There was a need to adopt a comprehensive strategy, which he later did through the Open Society Foundation for South Africa. A meeting that was organised by Nadine Gordimer in South Africa, which brought together both white and black people shows that this was a learning curve. At this meeting, Soros felt that people were interested more in his money rather than in exchanging ideas and strategies. This made him rethink the way he would later work in South Africa. He

decided that he would contact individuals, one or two at a time, which he did when he established the Open Society Foundation for South Africa. He contacted Dr. van Zyl Slabbert, founding member of Institute for a Democratic Alternative for South Africa (IDASA), academic and politician, in connection with establishing the foundation. But as he concedes, he was experimenting and exploring ways to use his money (Kaufman 2002:172). He told Kaufman,

> 'When I got into the field of philanthropy, it was definitely a process of trial and error. From 1979 to 1984, was a period of painful experimentation. I did not know what the hell I was doing and I made some wrong steps' (Kaufman 2002:178).

Having learnt from his 'wrong steps', Soros provided support for organisations for democracy in South Africa during the transition period through Dr. van Zyl Slabbert. In the next section I explore the work of IDASA and its relationship to Soros.

6.5 The Institute for a Democratic Alternative for South Africa (1987-2004)

In his book *Tough Choices: Reflections of an Afrikaner African* (2000), Slabbert discusses how he left academia to join Parliament and his frustrations by the parliamentary system that ultimately led to his resignation in 1986. He then sought ways of changing the system from outside. When he resigned from Parliament as leader of the opposition in 1986, Van Zyl Slabbert set up the Institute for a Democratic Alternative for South Africa with Alex Boraine, also a former MP and deputy leader of the opposition (Slabbert 2000:55). According to Slabbert, neither were sure what to do with their lives and they thought that IDASA might offer some excitement under the environment of the day. They realised that for IDASA to play to play a role in change, it would need to win the support of strategic groups and individuals in 'both camps', namely the 'struggle' and the 'system' (Slabbert 2000:54). Slabbert recalls how in his final years in Parliament he had noticed how insulated and isolated the Parliament was when he met with Thabo Mbeki, Mac Maharaj, Alfred Nzo and Oliver Tambo in Lusaka, Zambia in 1986. He believed that he noticed that there could be no resolution to the crisis without the participation of the ANC. Slabbert says that as soon as they resigned,

> There were approving noises in Lusaka about the resignations. A general assumption was made that we would immediately join the ANC. No one expected us to establish an independent institute to promote dialogue. When we tested the waters with Mbeki, he said that we should see if we could obtain the support of the internal struggle movement, the United Democratic Front or the Mass Democratic Movement. Dogmatists on both sides of the conflict had scant enthusiasm for something like IDASA. To them, negotiation politics meant either stalling tactics which undermined the inevitable revolution, or 'sell-out' politics (Slabbert 2000:56).

The formation of IDASA was bound to be viewed with suspicion. Slabbert recalls 'a baptism of fire' in the process. He recalls how a car fetched him from Port Elizabeth airport and after switching cars several times, he found himself standing alone at ten o'clock at night in New Brighton Township. He says,

> The country was in the state of emergency, and Casspirs and other military vehicles patrolled the townships. Someone tapped me on the shoulder and told me to follow him. In a small tin shack, five young masked comrades sat waiting; they asked what IDASA was about. They listened, then said they would make contact again and took me back to the hotel. Clearly they must have communicated with Lusaka and/or Robben Island, because a few weeks later we received an answer: the struggle would co-operate with our efforts (Slabbert, Interview, 2004; Slabbert 2000:56).

However, as Slabbert narrated the story of the formation of IDASA to me during the interview, and as he wrote in his book, they had no money to set up the organisation. A number of liberal agencies like the Ford, Rockefeller and Carnegie did not want to support them because the institution was perceived as too white, it was not composed of 'foot-soldiers' of the struggle and it stood as a threat to their existing projects (Slabbert 2000:57). Slabbert and Boraine managed to get support from Bjorne Lindstrom, the Norwegian *charge d'affaires* to go on a begging mission. They then managed to get funding from the Friedrich Naumann Stiftung, from the Swedes, the Norwegians and the Danes. IDASA was established formally on 1 November 1986 in Port Elizabeth. With this funding they organised a project that sought to bring together whites and blacks in communicative interaction through township tours. The response to the project was enormous and demand exceeded supply.

During this time Slabbert was invited by the French government to attend a conference in Senegal on the Island of Goree on the anti-apartheid struggle. It was during this time that

Slabbert and his friend Breyten Breytenbach, who had just come out of prison, decided to organise a special conference on *Goree* Island to bring together white Afrikaners and the ANC leadership through President Abdou Diouf of Senegal. IDASA however did not have funds to support this conference. Slabbert and Boraine had to fundraise again, this time in the U.S. According to Slabbert, they attempted again to get money from Ford, Carnegie and Rockefeller. Again they were turned down. Desperate in Washington, one of the directors of the National Endowment for Democracy said he knew a rich billionaire in New York who might be interested in their project, as he had once tried to intervene in South Africa. A meeting was arranged at short notice and the billionaire agreed to meet them the following day over lunch. This man was Soros. He met them in his apartment in Manhattan. Of the meeting Slabbert says,

> We met George Soros who kept referring to open society. After a long time of talking, he said you have come to ask for money…how much do you want? We wanted $150 000 and he signed a cheque of $75 000. In the lift, Boraine and I passed the cheques to and fro in disbelief. Soros did not ask for any guarantee and said, in passing, that we could send him a report if we wished. We obtained the rest of the money from the ever-reliable Scandinavians and the Friedrich Naumann Stiftung (Slabbert , Interview, 2004, 2000:61).

This is how IDASA made its first contact with George Soros. It was also the first time Slabbert and Boraine met Soros and received funding from him, a day after hearing about him. For IDASA this moment defined its possibilities. At one stroke of the pen, IDASA's immediate existence was defined as an NGO and the much needed funding was provided. Thereafter, American foundations that had turned down its proposal reconsidered working with IDASA. Lufthansa gave Boraine and Slabbert one hundred economy class tickets valid for three years, to any of its international destinations (Slabbert 2000:62). IDASA organised more conferences that sought to bring together the ANC and people from 'inside'. Through these meetings and other IDASA activities, both Boraine and Slabbert were recorded in the minutes of the State Security Council as 'politically sensitive persons' (Slabbert 2000:63). This phase in IDASA's life is what Slabbert referred to as the 'promotion of dialogue about democracy' (1987). Later IDASA was to evolve in the 1990s when it shifted its focus to addressing questions around 'what is democracy'. After 1996 with the constitution in place, IDASA shifted again to monitoring democracy. Below is a short discussion of IDASA's transition from a dialogue organisation to a monitoring one.

6.6 1986-1990: Promoting Dialogue

Between 1986 and 1990 IDASA's role was characterised by Alycia Kellman (in a paper called *Democracy Organisations and Transitions: IDASA's Development and Role in the Creation of a New South Africa*), a period of 'building a climate for democracy'. For Slabbert, this was a period of promoting dialogue. IDASA did this through conducting evaluations about the socio-economic and political situation of South Africa. It also organised a number of conferences, which included the momentous and historic Dakar Conference where a communiqué was issued and all participants expressed their preference for a negotiated resolution to the South African question and declared a commitment to a non-racial democracy. The main objective during this phase was to encourage South Africans of all races to reject apartheid and discover a non-racial and democratic alternative (Kellman 2004:3). Kellman saw IDASA during this oppressive period in the late 1980s as guided by its intention to sow the seeds of democracy. Slabbert called this 'the politics of negotiation' (Boyte 2004: 19). Soros contribution was critical to the process even though he did not have further contact with IDASA until the release of Mandela. Slabbert says that after meeting Soros in New York, he did not hear from him again until February 1990. He says,

> Out of the blue, Soros phoned me one evening from New York. He said he was considering establishing an Open Society Foundation in South Africa and asked if I would be chairman (Slabbert 2000:67). I agreed to chair the board for three years. I reminded him that he had told me at the first meeting that our country was doomed, so what was this? He said, things now looked much more promising than in Central and Eastern European countries where he was involved, and what was more, the Americans were sitting back and did not want to help these countries to become open societies (Slabbert 2000:67).

This is was how Soros established the Open Society Foundation in South Africa. He met with Slabbert at Zoo Lake Restaurant and four days later it was launched with an operating budget of $5 million (Slabbert, Interview, 2004). The foundation has since then worked in South Africa to promote open societies through its programmatic areas in the media, education and a criminal justice initiative.

6.7 1990-1995: Asking What Democracy Is

After the release of Mandela, the political situation changed dramatically and so did the work of IDASA. By this time IDASA had grown in size, employing more than 50 staff nationally in six regional offices (Kellman 2004:5, Graham, Interview, 2004). IDASA decided that its role was to promote transition to democracy by interpreting the events of the transition. In the field of education, IDASA sought to teach what democracy is, both in its constitutional meaning and how it affected people's daily lives (Kellman 2004:6). Hence IDASA established the Training Centre for Democracy in Johannesburg in 1992 to facilitate workshops, conferences and training on democracy. IDASA also taught economics, human rights, the media, and other democracy-related topics that included the role of security forces. As a result in 1992, IDASA organised a conference on policing in South Africa in the 1990s, which sought to understand policing in the context of the transition. IDASA was also involved in voter education. It prepared for the 1994 elections in many ways, including policy formulation, election monitoring, voter education and observer training. Thus IDASA saw itself during this period as,

> An organisation within civil society that sought to be impartial and yet not neutral, it sought to be independent. It also worked to establish a non-partisan space for civil society to discuss its views, to strengthen election bodies, to empower voters and contribute to free and fair elections (Kellman 2004: 6).

IDASA also changed its name during this period to the Institute for Democracy in South Africa (IDASA) as it was no longer appropriate to seek an alternative. Rather its focus was on consolidating democracy. Like other civil society organisations in the country, this was a period of strategic repositioning. It was at this juncture that Soros reconnected with Slabbert and asked him to Chair the Open Society Foundation for South Africa.

6.8 1995-1998: Consolidating Democracy

During 1995, IDASA shifted its policy and strategic focus to a monitoring role, particularly identifying the importance of abuse to power. In this context IDASA had to renegotiate its relationship with the state. Instead of working against the state, it had to work in conjunction with the state. It formed part of the first bloc of civil society organisations that Habib (2003)

described as having developed a 'collegial and cooperative relationship' with the state. The Public Information Centre created by IDASA served to collect, collate, analyse and provide information on public policy with a view to enhancing government transparency, accountability and effectiveness (Kellman 2004:10). IDASA sought during this period to consolidate the objectives embedded in the Constitution.

6.9 1998-2004: Empowerment of Citizens and Capacitating Democracy

At the time of second elections, IDASA was one of the few organisations whose influence on the political environment was provided through broad democracy education such as voter education. It published a package called 'Your Vote Counts' which it distributed across the country. IDASA also created the Local Government Centre and the Citizen Leadership Programme. The latter aimed to empower citizens to participate in policy development and implementation. The former was concerned to municipalities to achieve effective governance and service delivery. After 1999, IDASA internationalized its programmes to countries such as Ghana, Ethiopia, Zimbabwe, Malawi and Uganda due to the interconnectedness of countries (Kellman 2004:12). Today IDASA runs eight national programmes: Political and Monitoring Services, Budget Information Service, Public Opinion Service, Southern African Migration Project, Local Government Centre, All Media Group, Governance and AIDS Project and the Citizen Leadership Programme (www.idasa.org.za).

Although Soros did not have a direct relationship with IDASA, he supported the organisation through all its phases. There was a strong relationship between IDASA and the Open Society Foundation in South Africa. The former acted as the incubator for the latter (Graham, Opcit, 2004). Organisations like IDASA played very significant roles during the transition to democracy and thereafter as was shown in the discussion. He supported other projects as well such as the National Urban and Reconstruction Housing Agency.

6.10 Constructing Houses: Soros and NURCHA

The National Urban and Reconstruction Housing Agency was formed as a partnership between the South African Government and the Open Society Institute in New York. NURCHA's aim was to attract bank finance for the democratic government's programme to provide housing for all South Africans (NURCHA 2004:3). NURCHA made loans and credit available to low-income families. And Soros donated more than R200 million towards NURCHA (Slabbert 2000:69). According to Cedric de Beers, the Executive Director of NURCHA, the idea of NURCHA came out of a proposal by civics and the banks to support low income housing, which had been taken to Greater Johannesburg Metropolitan Chamber, which was then also chaired by Van Zyl Slabbert. The chamber worked on a political consensus and during this process, the Inkatha Freedom Party thought that NURCHA was an ANC plot to lure the electorate. The IFP blocked the proposal. Slabbert suggested revising the proposal and giving it to Soros. Soros sent evaluators to assess the feasibility of the project and felt that it was a feasible project. Slabbert organised a meeting between Mandela, Soros and the Director of Housing, who jointly agreed to fund the project. By May of 1995, the project was approved by the Open Society Foundation and the government (De Beer, Interview, 2004). As of February 2001, NURCHA had contributed to the construction of 70, 000 houses in South Africa (Open Society 2001:3).

NURCHA's programmes to date include bridging finance loans for small contractors. NURCHA through this programme lends money to small and emerging contractors building subsidy housing. In addition to financial support, NURCHA also provides financial management skills to emerging contractors. Another programme is bridging finance loans for established contractors. NURCHA provides financial support to established contractors. A third programme is financing for rental housing in which NURCHA provides finance and guarantees for the construction and upgrading of rental stock for the affordable housing market sector. Another important programme that NURCHA works on is the national savings scheme. NURCHA works with provincial and local authorities to assist beneficiaries to save towards their own housing. The programme was launched in 2001 as a voluntary scheme for consumers.

Although De Beer does not think that NURCHA forms part of Soros' efforts to open up closed societies, I think that Soros supported this initiative because housing is an important right to people. When people have no access to housing, they are very much in a closed society. NURCHA might not fall under the conventional 'open society' understanding but as Soros himself has shown, the concept keeps changing with contexts. It assumes new meanings and enemies. Given the context of South Africa in the early 1990s, lack of housing was an enemy to open society principles. Thus Soros put his money on the project.

6.11 Moving to Southern Africa

Soros in 1997 also established the Open Society Foundation for Southern Africa (OSISA) which extended its works to nine Southern African countries with the objective of supporting projects that aim at opening closed societies. Again he asked Slabbert to assist in setting up the Foundation. Although Soros relied on Van Zyl Slabbert's guiding hand for the South and Southern Africa foundations, he also played a direct role in what happens to them. An example of this direct intervention was when he personally flew from New York to South Africa to dissolve the first board of directors of the Open Society Foundation in South Africa. According to Slabbert,

> The first board became involved in political rivalry. There were concerns that a group of people within the Board was hijacking the agenda to suit their own. This was an unpleasant situation and Soros felt that he did not need this. He fired Dr. Brigallia Bam and others (Van Zyl Slabbert, Interview, 2004).

Van Zyl Slabbert's views coincide with Kaufman's views that Soros operated like a *defacto* programme officer for his foundations. And it says a lot about the authority that a living donor has over his own initiatives. According to Vilakazi,

> Soros a direct influence and impinges on decision-making. This is however not a major problem, it is inevitable. Foundations are doing the work he conceived and as such they are implementing his agenda. It is like the Catholic Church. It has its agenda and it sends priests to all parts of the world to implement that agenda. The same can be said of Soros. He has an agenda and to implement it, he established his foundations. We can therefore say that the agenda comes from outside but the people who implement it are local. South Africans run the Foundation in South Africa. There is a little bit of local autonomy which is very much limited. Does this make him a bad guy or dangerous for that matter? If he was Hitler, yes he would be dangerous because he has the money. But he is not, we see

him trying to stop Bush and his policies. Soros is a positive force in the world (Vilakazi, Interview, 2004).

The question of who forms part of Soros' board of trustees has received of attention. Clark (2003) argued that if one looked closely at the composition of the boards of directors of NGOs that Soros established, one would notice a link to the U.S military-industrial complex. At Human Rights Watch, Soros recruited Abramowitz, U.S Assistant Secretary of State for Intelligence and Research from 1985 to 1989 and now a fellow at the Interventionist Council on Foreign Relations. Paul Goble, director of communications at the CIA-created Radio Free Europe/Radio Liberty which Soros finances is also on the Board of Human Rights Watch. Soros also recruited ex-ambassador Warren Zimmerman, whose spell in Yugoslavia coincided with the collapse of that country.. At the International Crisis Group, Soros recruited Zbigniew Brzezinski and Richard Allen, both former national security advisors. General Wesley Clark who commanded NATO for Europe is also one of the directors of ICG (Clark 2003).

With such individuals on the Boards, Soros is able to move his ideas swiftly and effectively. However it also meant that Soros would be linked to the American system which he criticizes. Moreover, Clark also says that Soros' business partners are problematic. For example, at the Carlyle Group where Soros has invested more than $100 million, there are people such as the former Secretary of State, James Baker, George Bush, Senior, and the relatives of Osama Bin Laden.[5] These allegations suggest that Soros' initiatives are very much connected to U.S expansionism. This raises questions about his philosophy of an open society and his view that unregulated capitalism is a threat to open society. For Clark (2003) Soros wanted to defeat Bush not because he is against Pax Americana but because Bush has made U.S ambitions clear. They 'gave the game away'. Clark's view is that Soros and the NGOs he supported have for years gone about their work, extending the boundaries of the 'free world' so skillfully that hardly anyone noticed. Soros has through his philanthropy and NGOs 'toppled governments that are bad for business seized the country's assets and in the process he has been thanked for his benevolence' (Clark 2003).

[5] This information is confirmed by Michael Moore's movie called Fahrenheit, 9/11.

These allegations can be challenged. First as Vilakazi pointed out, if Soros were a Hitler, he would be a dangerous person to the world. However as was revealed by programme officers and the Executive Director of Open Society Foundation in South Africa, Soros has given the board all decision-making powers. According to Maleka Mokgapi,

> The foundation was given the latitude to be independent and the board of directors makes decisions as to who gets funding and who does what (Mokgapi, Interview, 2002).[6]

Secondly, Soros' power also lies not only in his pocket but it also depends a lot on his choice of strategic partners. Of course this depends on how detached from the programmes Soros wants to be. This has implications for the power of the Boards. A living donor has as much or as little authority as he would wish to exercise. Soros may not directly affect the agendas of civil society organisations but he definitely controls the agenda of his foundations. If he decided to close all his foundations, he could do so without anyone stopping him. He has suggested that he would close his foundations by 2010 (Kaufman 2002:296). However Slabbert said that Soros has since changed his mind and would want them to continue. It is this power that makes him a hands-on philanthropist, an influential one and one capable of moving the world towards his own agenda.

This chapter analysed the power of a living donor. It sought to unravel the direct role that Soros plays on the programmes he supports. His interventions have led some to suggest he is a *defacto* programme officer (Kaufman 2002: xiv). What emerged was that he has power not only through his money but also through the kind of people he has recruited to run his foundations, whether in Europe, Africa or China. The NGOs that he supported comprise of influential people who are capable of swaying the world in the direction that Soros wants. The danger with Soros is that he has the possibility and the power to intervene directly with what his foundations work on, especially if he finds them not implementing his agenda. It does not matter what his agenda is, the fact that he can fire and hire directors or board members makes him a very influential philanthropist and potential dangerous one too. The value of a living philanthropist like Soros is that he can readily respond to emerging needs and contextual possibilities in the world. Soros has enormous influence on what goes on the

[6] During the time of the interview, Mokgapi was a programme officer for Education. However at the time of writing, he had left the Foundation. Renald Morris, Cherly Franks and Zorha Dahwood, all of OSF-SA, echoed similar views.

world in his capacity as a capitalist financier and currency trader. The philosophy of the open society foundations has made possible interventions in South Africa, through IDASA, that defined the way the transition to democracy occurred and the way in which different political groups came to understand one another.

CONCLUSION

The case studies presented in this thesis on four American Foundations focused on aid dependency, agenda setting, autonomy, development, geopolitics, American foreign policy, sustainability and diversification of donor sources. The thesis examined the extent to which 'civil society', in particular the non-profit sector that comprised of NGOs, CBOs, social movements, stokvels, informal and formal associations in South Africa was dependent upon American Foundations, in particular, Mott, Ford, Kellogg and the Open Society. The thesis evaluated the nature of the dependency relationship that developed and the extent to which the four foundations set the agenda of the organisations they supported. It also investigated the relationship between the behaviour of these Foundations, geopolitics and American foreign policy and the role of non-profit organizations in South Africa. Thus, it adopted an historical and organisational biographical analysis of the four American foundations and their selected grantees, most of which were NGOs. Although the four cases show that each foundation developed a unique relationship with its grantees, a number of conclusions emerge.

The four cases show that despite general pessimism about what aid can achieve (Brautigam 2000:1) a good institutional environment can have positive effects. The four foundations enabled civil society to fulfill some of its objectives. Mott, Ford and Open Society Foundations supported organisations which worked to deepen democracy, promote a human rights culture and advance development. Kellogg focused primarily on grass-root communities. Their contributions ensured that civil society remained independent of the State and enabled those organisations to perform the function as a watch-dog and ensure that the State was accountable to its citizens.

However, where there was weak or no institutional environment, Foundations had less impact. The Kellogg case study illustrated this. Here, Foundation funding might contribute to the collapse, weakening and sometimes reorientation of grantees' work. The collapse of the Development Resources Centre and the weakening of Sedibeng are examples that were discussed in detail in the thesis. What this showed was that there were both positive and negative dimensions to the impact of aid.

One of the negative dimensions of aid which the four cases showed is that could reduce local autonomy, accountability and democratic decision-making. The architecture of aid is such that it is institutionalized in a system of international relations (Fowler 2004). This study showed that aid is one of the ways in which rich donors and poor communities interact. Hence, an analysis of the political economy of aid dependence shows that dependence on Foundations affected the institutions, the norms, and codes of conduct and pasterns of behaviour that structure the relationship (Pfeffer 2003). It was thus inevitable that organisations would be subject to the donor environment for their survival. By the same token, while grantees depended on donors, donors needed grantees in their programmes. There is a mutuality in the dependency relationship.

A reduced level of local autonomy and accountability questioned grantees' independence. What we established was that the aid architecture had established a relational structure as well as the policy space and 'ambience' for NGO work (Fowler 2004; Brehm 2004). In the process, however, the notion of 'partnership' which informed most of the relations between foundations and NGOs also came under scrutiny. The four cases showed that there was no agreed definition or understanding of partnership. Although it was generally accepted that foundation support led to a strengthened and autonomous civil society, there were imbalances in the partnership which threatened the autonomy and independence of grantees (Brehm 2004).

This study showed that there was power imbalance between foundations and grantees. The power balance was skewed in favour of foundations as a result of the resources readily available to them. This implied that, while in theory, accountability to local constituencies was important, in practice, the accountability mechanism was reoriented towards foundations and their headquarters. Consequently, grantees were distanced from their constituencies while foundations assumed a control function and drove the agenda. In the stricter sense of the word, grantees were not autonomous.

Although diversification of donor sources is supposed to increase autonomy and provide grantees with wider choices, this was not the case. We established that organisations like INTERFUND, CPS and CSVR showed signs of being vulnerable to donor demands even though they had diversified their funding base. This experience questioned the theory of

resource mobilisation and diversification. It means that diversification on its own is not enough; it must be accompanied by a horizontal accountability and genuine partnership. This did not exist among some foundations and the way they related with their grantees. Thus foundations, by virtue of being powerful, ended up setting the agenda and imposing their models of development and change for their grantees.

Perhaps, though paradoxically, more significant than setting the agenda for their grantees, foundations also freed critical NPOs to remain independent from the State. Foundations ensured civil society was not co-opted by the State. So while dependency on foundations had its negative results, there was a positive spin to it. This conclusion questions the view that aid dependency has negative effects on civil society and on the development agenda. The thesis showed that dependency on foreign donors can deepen the autonomy and effectiveness of civil society organisations.

On the question of partnership, the four cases underscored the importance of relational dimensions. The study established that foundations focused their partnership with grantees on individuals rather than on the organization. In the case of Kellogg and Sedibeng, an individual became the champion of change. As an individual agent, however, he was 'institutionalised' and such over-reliance on the individual represented the vulnerability of the partnership model (Brehm 2004, Fowler 2004). Although on the one hand this showed good leadership qualities on the part of the individual concerned, on the other hand, this worked against the interests of the organisation. Organisations tended to be reduced to individuals and when these individuals, in particular, visionary leaders and founders were lost, donors also lost confidence in the organisation. A number of organisations suffered from this. A paradigm shift was needed if the sector were to strive.

The case studies showed an indirect but close relationship between foundations and American foreign policy. The four cases showed that funding for most of civil society organizations was driven, for the most part, by geopolitical considerations and experiences. The work of the Ford, Mott and Kellogg was aligned to the foreign policy of the U.S. We established that the degree of alignment was determined by foundations and American foreign policy. American foreign policy influenced the thinking among foundation officials, most of whom worked for the State Department, as in the case of the Ford Foundation. But,

these foundations-which outlived successive American regimes and their policies, also reflected a deeper conviction that the constituting values of America itself and of foundations founders were worth exporting and promoting.

Indeed this was the case with Ford, Mott and Kellogg. One could argue that during the early 1950s to the late 1980s, Cold War concerns drove the direction for these foundations and American foreign policy. Geopolitics of the Post War Period shaped the foundations' view of the world in a liberal democratic, free world. Hence their objectives were to develop a republican notion of democratic civility. But in the wake of 9/11 and President Bush's counter-terrorism measures, there has been a shift in the alignment between these foundations, especially the liberal ones and American foreign policy. The Ford Foundation as was shown in the discussion clashed with the State Department when it funded the World Conference on Racism in Durban. And George Soros' foundations' agenda, for example, ran counter to the current U.S administration. As we showed in the Soros chapter, George Soros funded organisations in 2004 that aimed at defeating President Bush in the 2004 Presidential elections. Contradictions and counterpoints exist to the notion of alignment. It does not follow, in the contemporary period, that U.S foundations involved in international grant making will inevitably support an American hegemonic agenda. In fact, most of their support for a human rights approach would militate against a hegemonic agenda.

The four cases showed that while foundations contributed to strengthening civil society, deepening democracy and promoting human rights, a development package that the United Nations has called 'freedom from want', freedom from fear and freedom to live in dignity', these foundations suffered from a preoccupation with programme delivery. Their support was tied to immediate and tangible programme implementation. Very few foundations provided core funding. This had implications for how NGOs responded to the aid regime. Project funding was restrictive and tailored grantees to short term solutions to development challenges of the country.

As a result of project funding, grantees developed different responses to the aid regime. From this study, there was a group of NGOs that was able to operate comfortably within the aid regime. Although they were dependent on foundations, these NGOs were capable of coping with the shifts of donor contexts. However, there was another group that was

affected by these shifts and could not adapt well. Although, theory and literature on dependency normally show that big and well-funded NGOs easily adapt to donor shifts, this study, however, showed that bigger NGOs were also vulnerable to donor shifts. This kind of dependence generated mistrust.

As a result, grantees attempted to source funding from as many donors as was possible. And this study showed that foundations did not stop NGOs accessing funding from other sources at part of a dependency strategy. In fact, three of these foundations made an effort to support the NPO Act (1997) with favourable tax provisions. They also supported the establishment of SAGA to build the fundraising capacity of NPOs as well as promote corporate giving. On the one hand, this was admission of the dependency culture, on the other hand, this was an attempt to reduce it. Funding in South Africa during this research was characterised by multiple constellations of informal institutions at the lower level that made numerous transactions for small amounts of money. At the apex were big foundations, corporate social investments and government money that was not widely or evenly distributed. And in the middle were community foundations and other grant-makers that were able to access both levels for resources. Those at the lower level had difficulty accessing the top level for funding and those at the top did not acknowledge institutions at the bottom level. This was problematic as it contributed to the unsustainability of the sector. Thus another consequence of depending on donors was that the non-profit sector remained unsustainable in South Africa. This was partly due to the failure of the sector to mobilise its resources from its citizens.

This failure to mobilise resources among CSOs meant that there was no concerted effort to move towards self-reliance. The cases show that CSOs in the sector did not mobilise and tap into indigenous philanthropy (Holloway 2001:5). There was a need for a paradigm shift towards local means to sustain the sector that would nevertheless not subject the sector's agenda to the interests of the local elites. This would address the imbalances in power, wealth and culture. That foundation funding was not sustainable was not questionable. Over the long run it was bound to dry up, despite its size as has happened in parts such as Eastern and Central Europe. For this reason, CSOs needed to shift away from dependency on foreign donors to a concerted mobilisation of local resources.

There is a need for further research on what impact other donors have on the sector in South Africa. A comparison of American foundations, European donors and local South African donors could add more value to our understanding of civil society and development in South Africa. What this thesis has done is to raise more questions on the sector with the hope that it has stirred debate. One of the interesting observations of this thesis is that dependency is not necessarily as negative as I had assumed when I began this research project. My assumptions have been challenged and for me this is necessary and satisfactory in my journey towards understanding civil society-state-society relations.

APPENDIXES

Appendix A: **List of respondents**

DONOR AGENCIES	**NGOs/CBOs (SA)**
Ford Foundation	**Development Resources Centre**
Gerry Salole, Gary Hawes, Michael Edwards (USA), Alice Brown and James Murombedzi	Zane Dangor
Mott Foundation	**Community Development Resource Association**
Christa Kuljian, Moira Mbelu, Elan Garonzink (USA) and Dorothy Reynolds (USA)	Peta Wolpe
Kellogg Foundation	**Community Law and Rural Development Centre**
Rev. Malusi Mpumlwana	Bongani Kumalo
Open Society Foundation (SA)	**Community Based Development Programme**
Zohra Dawood, Renald Morris, Cheryl Frank and Mogkapi Maleka	Ernest Maganya
Atlantic Philanthropies	**Hlomelikusasa**
Gerald Kraak	Focus group (6 women)
Humanistic Institute for International Development	**Centre for the Study of Violence and Reconciliation**
Jan Nijzink	Graeme Simpson, Lisa Vetten
National Development Agency	**Southern Grant-Makers Association**
Delani Mthembu, Bridget Masango and Lazarus Gopane	Colleen du Toit
	Non-Profit Partnership
DEVELOPMENT CONSULTANTS	Eugene Saldanha
Alan Fowler, Zakes Hlatshwayo, Fredrick van Zyl Slabbert, Herbert Vilakazi, William D. Carmichael	**South African NGO Coalition** Abie Dithlake
COMMUNITY FOUNDATIONS	**Sedibeng Centre for Organisational Development**
Uthungulu Community Foundation (SA)	Rueben Mogano
Chris Mkize	**INTERFUND**
Greater Rustenburg C. Foundation (SA)	Alicia Peterse
Christine Delport, Corne Theunissen	**Centre for Policy Studies**
Marshall Community Foundation (USA)	Steven Friedman, Chris Landsberg
Focus group (7)	**Cooperative Research for Education**

Fremont Community Foundation (USA)	Phiroshaw Camay
Jeffrey Jah, Kathryn Huschke	**LeaRN**
Grand Rapids C. Foundation (USA)	Gavin Anderson
Marcia Rapp, Lon Swartzentruber	**Steve Biko Foundation**
Council of Michigan Foundations (USA)	Xolela Mangcu
Rob Collier	**Mvula Trust**
Coopersville C. Foundation (USA)	Martin Rall
Focus group (4)	**Institute for Democratic South Africa**
Muskegon Community Foundation (USA)	Paul Graham
Focus group (5)	**National Urban and Reconstruction Housing Agency**
Kalamazoo Community Foundation (USA)	Cedric de Beer
Focus Group (3)	**Group for Environmental Monitoring**
	Mensah Frenpong, Quentin Espey
	Integrated Rural Development Programme
	Sabina Silaula
	ABC Ulwazi Lyn Taylor

Appendix B: Abridged Questionnaire for Grantees

Setting the Development Agenda: U.S Foundations and the NPO Sector in South Africa

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Dear Sir/Madam

I am a Doctoral candidate at the University of Witwatersrand, in the Politics Department. I am doing research on the impact of U.S Foundations on South Africa's non-profit organisations. My supervisor is Dr. Sheila Meintjes, senior lecturer at Wits and also a Commissioner with the Commission on Gender Equality.

I am kindly requesting that you answer questions below. Your answers will be used for research purposes and if you so require remaining anonymous, I will happily grant anonymity to you.

Yours faithfully,

Bhekinkosi Moyo

PERSONAL DETAILS

Name: ----------

Position: ----------

A. ORGANISATIONAL HISTORY

1. In which period was your organisation established?
A. Before 1990 B. 1990-1994 C.1995-1999 D.2000-2004

2. What is your mission statement?----------

3. How would you classify your organisation?

A. NGO B.CBO C. GRO D. Intermediary Organisation
D. Foundation E. Other

4. How many full-time staff members are in your organisation?
A. 0-5 B. 6-10 C. 11-15 D.16-20 E. Over 21

5. What is the size of your organisation in terms of assets?

B. Donor Relations

6. From the list below, who are your donors?
A. Ford Foundation B. Mott Foundation C. Kellogg Foundation D. Open Society Foundation E. Others, please name them

7. When was your first grant from these donors?

8. What are the areas that you work on?

9. Are you influenced by the grants that you receive from Foundations in deciding your priority areas?
A. Yes B. No C. Not really D. To a certain extent E. Don't Know

10. To what extent do funding guidelines determine programmatic areas for your organisation?
A. To a greater extent B. To a lesser extent C. To no extent
D. Don't Know

11. To what degree is your organisation dependent on Foundations for its existence?
A. Very dependent B. Not dependent C. Somewhat dependent
D. Don't Know

12. Can your organisation exist without funding from Foundations?
A. Yes B. No C. Don't Know

13. Were Foundations to withdraw funding from South Africa, are there mechanisms and structures in place to sustain your organisation?
A. Yes B. No C. Don't Know

14. If there are, what are these?

15. If you were not funded by these Foundations, would you still work on the same areas?
A Yes B. No C. Don't Know

16. What would you want to change in the relationship you currently have with these Foundations?

17. What are the major challenges that you are facing?

18. Was there any impact on your organisation by the USA-PATRIOT ACT and the voluntary guidelines that the U.S State Department and the Treasury introduced to regulate international grant-making?

19. Is civil society still the panacea that it was in the 1980s?

20. Additional comments

Thank you for setting aside your time and answering these questions.

Bhekinkosi Moyo

Appendix C: Abridged questionnaire for Foundations

Setting the Development Agenda: U.S Foundations and the NPO Sector in South Africa

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I am kindly requesting that you answer questions below. Your answers will be used for research purposes and if you so require remaining anonymous, I will happily grant anonymity to you.

Yours faithfully,

Bhekinkosi Moyo

A. ORGANISATIONAL HISTORY

1. Where and when was the Foundation established?
2. What were the initial areas of work for the Foundation?
3. What was the influence of the founder on the Foundation's activities and focus?
4. Why and when did the Foundation internationalise its programmes?
5. What influence did individuals, resources, events and context play in programming?
6. Who were the most influential individuals in the history of the Foundation?
7. Why did the Foundation expand its activities to Africa in general and South Africa in particular?
8. What role did the founder's family members play in the activities of the Foundation?
9. Where do you work, in other words what are the geographic locations that you work in?

B. DONOR-GRANTEE RELATIONS

10. Who are your beneficiaries?

11. Why these?
12. How do you support your grantees?
13. What challenges have you encountered in your work and relationship with grantees?
14. Is your support/funding/giving to beneficiaries transformative or developmental? In other words do you seek to change the status quo or you simply support developmental projects/programmes without confronting hard political, social and economic justice issues?
15. What are the different philanthropic modes that you are involved in?
16. What is the philosophy or ideology that guides your Foundation?
17. How does culture, religion, history, socio-economic and political environment influence your patterns of your support/grant-making?
18. To whom do you give most and why?
19. How would you describe your relations with your beneficiaries?
20. Why do you give
21. How much do you disburse or give per year?
22. What is your size in terms of assets and giving?
23. Do you set the agenda for your recipients?
24. Don't funding guidelines suggest that you only support projects that you are interested in?
25. Are you an extension of the American imperialism?
26. Were you affected by the U.S State decision to introduce the USA-PATRIOT ACT?
27. Additional comments

Thank you very much for your time and for assisting in the project.

Bhekinkosi Moyo

Appendix D: Guidelines for organisations seeking funding from the Ford Foundation

Before a request is made for a grant or program-related investment, a brief letter of inquiry is advisable to determine whether the Foundation's present interests and funds permit consideration of the request.

The letter should include:

- The purpose of the project for which funds are being requested
- Problems and issues the proposed project will address
- Information about the organisation conducting the project
- Estimated overall budget for the project
- Period of time for which funds are requested
- Qualifications of those who will be engaged in the project

After receiving the letter, Foundation staff members may ask the grant seeker to submit a formal proposal. There is no grant application form. The proposal should include:

- The organisation's current budget
- A description of the proposed work and how it will be conducted
- The names and curricula vitae of those engaged in the project
- A detailed project budget
- Present means of support and status of applications to other funding sources
- Legal and tax status

In some instances, the Foundation requires the grantee organisation to match the Foundation's grant with funds from other sources. The Foundation supports pluralism and equal opportunity in its grant making and in its internal policies. The opportunities that prospective grantee organisations provide for minorities and women are considered in evaluating proposals.

Applications are considered throughout the year. Normally applicants may expect to receive within six weeks an indication of whether their proposals are within the Foundation's programme interests and budget limitations. Activities supported by grants and program-related investments must be charitable, educational or scientific, as defined under the appropriate provisions of the U.S. Internal Revenue Code and Treasury Regulations. The Foundation monitors grants through regular financial and narrative reports submitted by the grantee.

The Foundation's funds are limited in relation to the great number of worthwhile proposals received. For example, in 2003 the Foundation received about 40,000 grant requests and made 2,510 grants. Of that number, 22 percent were first-time grant recipients. The Foundation directs its support to activities that are within its current interests and are likely to have wide effect. Support is not normally given for routine operating costs of institutions or for religious activities. Except in rare cases, funding is not available for the construction or maintenance of buildings (www.fordfound.org).

Appendix E: Mott Foundation Interests and Limitations

Foundation Interests

The Mott Foundation makes grants in the United States and, on a limited basis, internationally. About 25 percent of our grants have an international purpose, although many of the grantees are located in the United States. In our entire grant making, we are particularly interested in:

- fresh approaches to solving community problems in our defined program areas
- approaches that, if proven successful, can generate long-term support from other sources and/or that can be replicated in other communities when appropriate
- public policy development as well as research and development activities to further existing programs and/or to explore new fields of interests and
- approaches and activities that lead to systemic change.

To further these goals, the Foundation provides both general-purpose support and project-specific grants.

What we do not fund

While we endeavor to maintain a high degree of flexibility in our programming, we observe the following limitations:

- We do not make grants or loans to individuals.
- Outside the Flint area, support for capital development and research, project replication and endowment is made only when these activities grow out of existing work with Foundation-funded projects or serve a programmatic purpose.
- No support is extended for religious activities or programs that serve, or appear to serve, specific religious groups or denominations. However, if a proposal submitted by a church-based or similar organization falls clearly within program guidelines and is intended to serve as broad a segment of the population as the program of a comparable non-religious organization, we will consider the proposal on the same basis as proposals from other agencies.
- Outside the Flint area, grants are not made for local projects unless the projects are part of a national demonstration or Foundation-planned network of grants and have clear and significant implications for replication in other communities.
- The Foundation seldom supports film or video projects. Such support generally is considered only if the project is directly relevant to our funding priorities.
- Scholarships, fellowships and books seldom are supported.

Review General Application Guidelines and Procedures

The Foundation has no formal application form. Letters of inquiry, including a brief description of the project and the range of needed funding, are acceptable for initial contact.

There are three ways in which the Foundation receives proposals:

- We request proposals from organizations with which we have been in contact.
- We occasionally send out requests for proposals that address a specific issue or area of interest.
- We accept unsolicited proposals for projects that fall within our program priorities and guidelines.

Organisations seeking grants should begin the application process at least four months before the start of the proposed grant period. Foundation staff must finalize grant recommendations for any given calendar year by August 31 of that year. Proposals received between September 1 and December 31 will be considered in the following calendar year. Both multi- and single-year proposals are acceptable, as are those for shorter periods.

Videotapes are discouraged. They should be attempted as a method of application only if the Foundation requests them. Tapes will not be returned. Applicants should understand that funds are spent according to the Foundation's areas of interest and the level of maturity of any given programme area. Therefore, available grant funds vary among programmes and programme areas within the Foundation. We observe strict conflict of interest rules for both staff and Trustees. Therefore, all applications must follow the Foundation's standard processing procedures. Proposals are reviewed initially by programme staff. If programme staff recommends funding, then the proposal is subject to review and approval under guidelines established by the Foundation's Board of Trustees.

Specific Guidelines for Individual Programs

While the Foundation has established General Guidelines for applying for funding, there are a number of guidelines unique to each of our four programmes. Please review the guidelines for the programme in which you have an interest. In cases where these guidelines may differ slightly from the General Guidelines, these guidelines should be followed.

- Civil Society
- Environment
- Flint Area
- Pathways Out of Poverty

Your proposal should contain the following:

- A cover letter detailing the amount of money requested and the grant period. The letter must be signed by the person ultimately responsible for signing grant contracts on behalf of grant applicant.
- A description of the project, including an explanation of why the project is needed, the population that will be served and what will be accomplished during a specific period of time.
- A description of how project fits within the objectives of the specific program area under which funds are requested.
- Methodology and plan of work describing activities to be undertaken and mentioning possible limiting factors that may affect project progress.

- Timetable of activities.
- Information on the project's feasibility and sustainability.
- Information on lasting benefits to the organization, the program participants, the community or other organizations working in the field.
- Anticipated results of the project.
- An appropriate plan for evaluating (including quantitative and qualitative parameters as appropriate), reporting and disseminating results of how the project met its proposed objectives.
- A detailed line-item budget for the project, showing all projected and confirmed sources and amounts of funding for the proposed grant period.
- Anticipated follow-up, including an explanation of future funding for the project, if it will be continued.
- Most recent institutional budget based upon your fiscal year, if the organization is not a major educational institution or unit of government.
- Copies of your annual report and audited financial statements. If these are not available, a U.S. organization must submit a copy of its latest IRS Form 990 return.
- Information about the organization seeking funds, including institutional background, qualifications of main project personnel, its staff, board of directors, legal classification, and history and accomplishments. For U.S. organizations, this should include proof of tax-exempt 501(c)(3) status by the IRS. Under U.S. law, non-U.S. applicants are required to submit an affidavit and public support schedule to determine equivalence as a tax-exempt institution. The affidavit form is provided by the Foundation (www.mott.org).

Appendix F: Funding guidelines for Open Society Foundation

Applicants must request an application form, which must be completed and submitted with the proposal. Proposals must contain the following information;

A detailed description of the project, that includes the following information:

- A discussion of the rationale for the proposed project;
- A review of current research literature on the issue;
- A statement of the objectives of the project;
- A detailed description of expected outcomes from the project; and a projection of time-frames for these expected outcomes;

A detailed description of how the project will be evaluated:

- Discussion of how this project, should it be feasible, will be sustained by the implementing organisation/s;
- A description of challenges to achieving the outcomes and a plan for meeting these challenges;
- Discussion of partnerships and alliances that will be formed in order to implement the project, and a discussion of which of these have been formed already;
- A detailed itemised budget for the total cost of the project, and what portion of this budget is requested from OSF-SA

All applications must include the following information regarding the organisation/s making the application:

- A description of the organisations seeking funding
- Information regarding the legal status of the organisation, including a list of the Board of Directors (where applicable)
- A copy of the organisation's constitution or other founding documentation
- Any recent internal or external evaluations of the organisation and/or the project
- The most recent Annual Report and audited financial statements (www.osf.org.za)

Appendix G: Guidelines for applications to Kellogg Foundation

The Kellogg Foundation is able to fund only a very small percentage of the requests it currently receives. Many requests are declined, not because they are lacking in merit, but because they do not match our current programming interests or programming guidelines.

We prefer that grant applicants submit their pre-proposals electronically by using the Foundation's online application at www.wkkf.org/ApplyOnline. Grant applicants who are not able to apply electronically should submit a pre-proposal document of less than five pages, containing the following information:

Contact Information

- Name (Include Salutation, First, and Last Name)
- Title within Organisation
- Organisation Name
- Street Address/City/State/Zip Code/Country
- Phone #
- E-mail address (if applicable)

This information should be provided for the representative submitting the request and will be used for correspondence purposes:

Organisation Information

- Organisation Type - Specify if other than nonprofit organisation
- Organisation Name - Legal Name of organisation according to IRS (for U.S.) or IRS equivalent (non-U.S.)
- Other Organisation Name
- Tax Status - Does the organisation have 501(c)(3) status?
- Tax Identification Number - EIN or equivalent if known
- Year Established
- Staff Size
- Number of Locations
- Organisation's Scope of Work - Organisational mission, focus, audience served and geographic reach
- Previous WKKF Support? - Has your organisation received previous support from the Kellogg Foundation? If yes, please provide the project number, if known.
- Contact Regarding Request - Have you discussed this request with a Kellogg Foundation staff member? If yes, please provide the name of the individual and when and where you contacted them.
- How did you hear about WKKF?

Request Details

- Project Name - Name or title of project.
- Purpose Statement - One sentence description of what will be accomplished as a result of the project.
- Amount Requested
- Total Project Budget
- Project Overview - A one-paragraph summary of the project.
- Project Goal - Impact to be achieved.
- Project Objectives - Key factors or achievements necessary for success.
- Rationale - Why the project is important at this time.
- Project Activities - Activities that will be performed in order to accomplish the project objectives.
- Anticipated Outcomes - What will be different as the result of this project?
- Sustainability Plan - Ways the grantee, community, or other beneficiary will continue to address the work after Kellogg Foundation funding ends.
- Target Geographic Area - Intended geographic area served by this project.

Please note Foundation funding is generally limited to the United States, Latin America and the Caribbean, (for priority geographic areas within this region, please visit the Web site at www.wkkf-lac.org and the Southern African countries of Botswana, Lesotho, Malawi, Mozambique, South Africa, Swaziland, and Zimbabwe.

- Collaborating Organisations - Other organisations you are working with on the project and the role of each.
- Project Start Date
- Project End Date
- Other Funding Sources - List all other organizations contributing to the project, including in-kind support.
- Grantee Project ID - List if you have your own ID or reference for the project.

Additional Information - Relevant information may be included. At this time, please do not include: tax documentation, staff or board listings, vita/resumes, articles or publications, letter of support or photos/music/video clips.

Pre-proposals should be submitted electronically, where possible. If mailed, they should be submitted on standard-size (8-1/2" x 11") light-colored paper. Please do not provide a plastic-bound, or expensively produced pre-proposal.

At this preliminary stage, personal visits to the Foundation by prospective grantees are discouraged.

The Foundation will give prompt consideration to all pre-proposal submissions. The initial review may take up to three months to complete. If the proposal project falls within the Foundation's priorities and available resources, applicants may be asked to develop a more detailed proposal (www.wkkf.org).

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