

PERSPECTIVE

The need for equitable redistribution to the historically disadvantaged from the broader resources of the country is strongly supported by the National Welfare Forum (NWF) and is a fundamental aspect of the Freedom Charter. We must however be ensure that, this policy need reflects a clear commitment by government to ensuring adequate funding for the social welfare, social services and development system *as a whole* to enable it to fully implement its Constitutional, legal and policy mandate. The current huge shortfall in such funding for basic human development in South Africa should be a critical issue addressed by the policy. Finally, we urge Government to take seriously the suggestions for a national dialogue on the nature and extent of transformation in the sector and begin the process to envision, consult and develop an overarching legislative framework to ensure the broad human development goals can be set out and agreed upon, so that we may all work together to meet that elusive goal of social cohesion in South Africa.

The National Welfare Forum (NWF) welcomes the release of this revised version of the financing policy by the Department of Social Development (DoSD) and we wish to acknowledge the positive shifts since the 2004 policy, particularly with regard to:

- An explicit acceptance of government's responsibility for the funding of core social welfare services; and ¹
- A move away from discretionary post and *per capita* subsidies to an approach based on actual core costs of services according to properly developed costing models.

At the same time there is still a lack of attention to a number of key concerns raised by non-governmental organisation (NGO) networks in relation to the 2004 document and its 1999 predecessor, with the result that there cannot yet be full agreement on this policy by civil society stakeholders. ²

It should also be noted that the very title "Financial Awards Policy" is itself objectionable to many NGOs, as has been pointed out in the past. It implies that government's role in this regard is that of benefactor rather than reflecting the nature and extent of this partnership in delivering the mandate of the White Paper of 1997.

We also wish to highlight a key challenge that have remained since the introduction of previous versions of the policy since 1999 and that we feel will serve as a crucial guiding beacon in making this a policy that is both useful and well received by the NGO sector and the people we serve. The revised policy fails to *recognise the lack of any apex legislation for the provision of social and development services in SA.* ³ This lack of a valid reference point means that even this revision of the policy is haunted by the same weakness of essential being a band-aid solution to a much wider and deeper challenge for South Africa. This policy is not just about finding ways to fund organisations delivering essential services, it is about how we think about and go about ensuring that human development is placed at the centre of our efforts to build a great country.

¹ http://www.forum.org.za/images/stories/document%20pdfs/Toolkits%20%28Learn%29/nawongo_judgment_20110609.pdf

² <http://www.forum.org.za/pfaspmarch09>

³ <http://www.forum.org.za/The-Need-for-an-Over-Arching-Legislative-Framework-May-2010>

CHAPTER SPECIFIC COMMENTS

Comments on specific sections follow. Where no comment is noted, it can be assumed that the NWF is in broad agreement with the content of the document.

CHAPTER 1: OVERVIEW

Pg 6, last paragraph

A statement is made here to the effect that alignment of NGO services with the government's transformation objectives "has regrettably not been the general trend....". No evidence is provided for this statement, which we find unfair, inaccurate, and offensive.⁴ In the 2004 document, research results were misquoted and distorted to reach the same conclusion, this time the statement is simply made without providing any basis at all. We would suggest that DoSD make the time to meet with officials of NACOSS and the NWF to discuss this matter and design a research process to ensure that the issue of transformation is addressed.

Pg 7, second paragraph

The same unsupported assumption is made here, along with the conclusion that "transformation mechanisms" must therefore be tightened. The point was made by NGOs in relation to similar statements in the last document that such an approach, being based on incorrect premises, in fact has the opposite effect to those sought. This will be explained in due course.

Pages 8-9: Context

What does not come across in this document is the point that the responsibility for ensuring that a comprehensive social welfare system is in place countrywide rests squarely with government. Where civil society organisations are available to assist, government is at liberty to enter partnerships with them. It is not surprising if more such organisations are operating in urban than in deep rural areas – it is in the nature of NGOs that they are initiated by people in response to needs that become apparent to them in their immediate environment. This happens more readily in urban areas, where more resources are available for such initiatives. The logical approach by government in this situation is to prioritise areas where NGOs are not operating for the development of its own services, and/or to enter partnerships with available NGOs and finance their expansion into rural areas.

What makes no sense at all is to blame the urban NGOs for the lack of rural services, and fail to fund them adequately on the basis that they are "historically well-established". A great many of these organisations are in fact, despite the impression to the contrary that is created in the document, targeting disadvantaged communities in "poor inner city areas, low income communities, informal settlements and deprived communities" in their current areas of operation. "Redirecting" resources away from them merely further disadvantages the poorest and most vulnerable urban dwellers. This idea is based on an erroneous notion that the "historically well established organisations" serve more privileged people. Our submission is that this is simply not true. The system must indeed be

⁴ <http://www.forum.org.za/Transformation-Charter>

strengthened in areas which served inadequately or not at all – but this must be done by bringing in additional resources, and not by spreading the already thin layer of existing NGO resources even more thinly, making it increasingly inadequate for the achievement of its objectives.

So-called “well-established” NGOs are not beneficiaries but service providers. The users of their services are poor, vulnerable and/or marginalised people and are entitled to be properly provided for. Where the budget provided is insufficient the approach should not be to “redistribute” *within* such a budget but to increase the budget by redistributing from external sources so that the human rights of all the relevant service users are upheld. Redistribution within the confines of the welfare system amounts to *the redistribution not of wealth but of poverty and vulnerability*.

Page 9: Situational analysis

We welcome the recognition given here to the fact that the inequality in salaries between government and the NGOs is leading to drainage of social workers from the latter. The resultant instability of the national social development workforce is having a disastrous effect on service delivery. The only viable solution is a financing system that enables NGOs to pay salaries at the same levels as government. In addition, recipients of bursaries should be allowed to fulfil their service obligations in NGOs as well as the Department.

Page 11: Profile of NGO sector in SA

The statement that section 21 companies, trusts, and bodies organised at the provincial and national levels are “likely to be well resourced” is very misleading. The truth is that social welfare NGOs across the board are typically in a constant struggle for survival. The fact that community-based organisations are usually even worse off does not alter this situation.

Page 12-13: Challenges

We agree that most of the issues identified here present challenges, including the lack of equity between the provinces in relation to their funding of and overall dealings with NGOs. We welcome the recognition given to the fact that delays in the transfer of funds to NGOs are seriously problematic.

With regard to the reference to “multiple dipping” across state departments by NGOs, we would point out that NGOs are obliged to approach a multiplicity of sources of partial funding, as this is usually the only way to achieve full funding. This practice should only be regarded as unacceptable if dishonesty and/or a lack of transparency is involved. The statement about non-compliance to legislation (bullet point 6m page 13) is made without any clarification and could amount to an unjustified generalisation. In what proportion of cases was such non-compliance found?

Page 13: Scope of the policy

We fully identify with the stated aim of the PFASP as set out here. However, we believe that this aim cannot be achieved without some fundamental changes in the current approach to financing.

Page 14: Purpose of the policy

The notion of *redirection of services* is problematic because it is based on an unsubstantiated assumption that existing services are misdirected – an assumption which could result in the removal of resources from vulnerable people who are in need thereof. What is needed is expansion and improvement of the service system and replication of viable programmes to ensure coverage for all who are in need.

We fully agree that no person should be deprived of services because of *un-affordability* – but we emphasise that this can only be achieved through financing that enables organisations not to be excessively dependent on fees. This in turn requires appropriate and realistic funding models to ensure that core costs are covered for persons who cannot cover their own.

Value for money can only be expected of an organisation if it has sufficient funds to deliver a service of an acceptable standard.

Page 15: Objectives

We recommend the inclusion of the following additional objective:

- To ensure adequate national and provincial Social Development budgets to provide for a social welfare system of sufficient scope and quality to provide for the core service needs of all poor, vulnerable and marginalised people in South Africa.

Fundraising by organisations can and should contribute to service delivery. But income thus generated is unpredictable and cannot be relied upon for core expenditure involved in essential services, or for the survival of organisations delivering them.

Page 15: Outcome of the policy

The reference to achievement “within available resources” should not be interpreted in such a way as to detract from the obligation of Treasury to set aside sufficient funds for the implementation of our country’s Constitutional, statutory and policy mandate with regard to the delivery of essential social welfare services.

Pages 16-17: Values and Principles

We fully identify with the values and principles as set out here, with the following qualifications:

- In relation to *affordability*: as already mentioned above, it is the state financing system that must ensure that organisations that are compelled to charge fees do not have to turn people away because of inability to pay.
- As regards *redistribution of resources*, we again emphasise that this must involve resources from outside the traditionally underfunded social welfare system.
- As regards *sustainability*, in the vast majority of cases there is no possibility of services in this sector becoming financially independent of government. Service providers are delivering services on behalf of government and these will by their very nature always have to be funded.

These services contribute to the sustainability of the overall economy by protecting and developing its human resources – they cannot be sustainable in and of themselves.

Pages 23-24: List of policies and legislation

We suggest that the laws and policies mentioned have direct (rather than indirect, as suggested) bearing on the financing policy. We recommend the addition of the following:

- ◆ The Child Justice Act
- ◆ The Domestic Violence Act
- ◆ The Criminal Procedures (Sexual Offences and Related Matters) Amendment Act
- ◆ The Mental Health Care Act
- ◆ The Divorce Matters Act
- ◆ ILO Conventions on Minimum Age and Worst Forms of Child Labour
- ◆ Hague Convention on International Abduction of Children
- ◆ Declaration and Agenda for Action against Commercial Sexual Exploitation of Children
- ◆ UN Standard Minimum Rules for the Administration of Juvenile Justice
- ◆ “ Protection of Juveniles Deprived of their Liberty
- ◆ UN Guidelines for the Prevention of Juvenile Delinquency
- ◆ UN and AU agreements and guidelines on the treatment of refugees
- ◆ World Programme of Action Concerning Disabled Persons
- ◆ Madrid International Plan of Action on Ageing
- ◆ The Expanded Public Works Programme
- ◆ The National Children’s Rights Programme
- ◆ The National Policy Framework and Strategic Plan for the Prevention and Management of Child Abuse, Neglect and Exploitation
- ◆ The National Family Policy
- ◆ The Child Labour Action Plan
- ◆ Various strategies relating to Early Childhood Development
- ◆ The National Policy for Older Persons
- ◆ The National Strategy for Older Persons
- ◆ The National Drug Master Plan
- ◆ The Victim Empowerment Programme.

Page 26: Roles and responsibilities of the Department

We are in agreement with the list provided here, with the following qualifications:

- Priorities should be determined in consultation with civil society partners.
- The following should be added: “Ensure an adequate budget for social welfare service delivery”.

We welcome the statement that payment of funds must be timeous.

Pages 26-27: Roles and responsibilities of NGOs

While we are broadly in agreement with this section the following points need to be taken into account:

- Agency boards are made up of volunteers, and organisations are not able to control the availability of such persons. It is not always possible to ensure that boards are fully in line with the demographics of the communities they serve. However, the principle that efforts to achieve this must be demonstrated is accepted.
- In relation to Service Level Agreements, it should be stipulated that these must be supplied well in advance of signing and that the content should be fully agreed by both parties.
- Monitoring and reporting systems should be rationalised and consistent across all spheres of government, should be fully ethical in respecting the confidentiality of service users, and should be appropriate to the needs of the sector. They should be designed in consultation with stakeholders.

Page 28: Transformation ⁵

What has tended to be left out of discussions around transformation is the role that government itself must play, with the result that NGOs tend to be unfairly blamed for deficits instead of being given credit for provision of most of the available services. We suggest that there are at least two key responsibilities of government in this regard that are not yet being fulfilled and are obstructing the process of transformation:

- Government is responsible for ensuring that a comprehensive system of services is in place countrywide and is accessible to all who are in need. Where partnerships can be developed with NGOs for this purpose, that is to be welcomed – but the primary responsibility cannot be laid at the door of the NGOs, which in their very nature have limited scope. Each arises in a particular time and place, where support can be accessed to address felt needs, and each can only contribute to the extent of its resources.
- As already mentioned, government funding must be such as to prevent exclusion from needed services of people who cannot afford to pay fees.

Page 29: Criteria for measuring transformation

To the list of criteria for the Department should be added that of ensuring that there is adequate financing for the whole system. While it is crucial that emerging CBOs are supported, it is also critical that “established” NGOs are properly financed as in general these bodies are serving the poorest and most vulnerable in the country. Many of them are also providing support and assistance to CBOs. There has never in the history of South Africa been adequate state funding for social welfare services. The allocation of such funding should be regarded as a key criterion for transformation.

In relation to criteria for organisations, the following should be borne in mind:

⁵ <http://www.forum.org.za/Transformation-Charter>

- Not all organisations have needed to “redirect” their services to previously marginalised communities and the poorest of the poor – many of them have always worked in these communities.
- As mentioned above, it should be recognised that the available supply of volunteers is not always fully in line with the local demographics. Volunteers are a scarce resource and cannot be turned away on the grounds of being the “wrong” colour. In addition, staffing demographics have been seriously distorted by the Department’s practice of “poaching” black practitioners from the NGOs, and by the salary disparities between government and NGOs.
- The final criterion mentioned – of making the organisation less dependent on government – is totally unacceptable. Most organisations are carrying out government responsibilities and government must continue to provide for these.

It is not appropriate to demand a transformation plan from all organisations. Many if not most have long been fully transformed, and this requirement would just create unnecessary paperwork in an already overburdened system. Such a plan can justifiably be required from any organisation, which can clearly be seen not to have transformed.

Page 31-32: Service specifications and configurations

It is recommended that detailed national and provincial plans for services, with associated targets, be developed, based on a comprehensive audit of social welfare needs in the country and each province, with a parallel audit of available services, and a gap analysis. These should also serve as a basis for bids to Treasury.

Rehabilitation services to offenders and addicted persons should be added to the list of service categories.

Page 32-33: Financing

The Department’s responsibility to source sufficient funding for services mandated by the Constitution and relevant statutes, international agreements and policies should be spelled out here. While NGOs can and should raise funds for the continuous improvement and expansion of services, this funding cannot be relied on as provision for the core costs of essential services.

While many established service providers can and do assist CBOs with capacity-building, it must be remembered that significant costs are associated with such efforts and these need to be taken into account in financing arrangements.

Page 36: Eligibility criteria and areas for consideration

The points made earlier about voluntary board members and services to rural areas apply here. Given the rapid rate of urbanisation of the South African population and the extent of acute social needs in urban areas, it would be extremely unjust and counterproductive for the Department to discriminate against organisations serving urban communities. Government must itself provide services in areas where NGOs are not present or able to extend their services.

Page 37: Disclosures

We support full transparency with regard to the sources of NGO funding. At the same time, as already mentioned, it should not be assumed that because funding has been received from any particular source, sufficient has been received to deliver the service. Most organisations have to approach multiple funders to raise enough to deliver their services.

Page 38: Contracts

- It is suggested that there should be discussion as to what will be considered to be “developmental in nature”, as this is an area where considerable confusion is prevalent. Statutory and rehabilitative services should not be disadvantaged in the interpretations given to this term.
- The provision for multi-year contracts is welcomed, as this will promote sustainability and stability in services.

Page 39: Reduction, suspension and termination of funds

In relation to “non-compliance”, we would again emphasise that the attainment of objectives and “value for money” depend on sufficient funds having been allocated in the first place. It makes no sense for the Department to provide funding that bears no relation to actual costs and then blame the organisation if a programme does not function adequately.

Page 42: Roles and responsibilities of national DoSD

As previously mentioned, there is a need for monitoring and reporting mechanisms to be coordinated across all spheres of government. There should also be consultation with NGOs in developing a system which does not create excessive paperwork and hence detract from direct service delivery, while also producing information which genuinely assists in planning, budgeting and the design and improvement of programmes.

Page 42: Roles and responsibilities of provincial DoSDs

We support the statement that provincial DoSDs should maintain a proper information management system. Again, this should be designed in consultation with NGOs. We also support the position that these departments should lobby for adequate provincial funding – the information management system should be specifically designed with this in mind.

Page 43-44: Monitoring and evaluation

Current M&E approaches are a source of major dissatisfaction among NGO’s, being fragmented and excessively time-consuming while failing to produce information urgently needed by the sector. In some instances there is serious conflict with confidentiality ethics. The M&E system mentioned here should be developed in full consultation with NGOs.

In relation to compliance with transformation imperatives and sustainability plans, earlier comments apply.

Page 45: Innovation and learning culture perspective

These very important issues need to be taken into account in funding arrangements.

Pages 46-58: Glossary

Civil society does not only apply to persons and structures that deliver welfare services. We thus call on DoSD to use a clearer and ideally mutually agreed upon definition of civil society.

Department of Social Development: The reference to “provincial spheres of governance” should perhaps be reworked.

Equitable redistribution: This should be rephrased to make it clear that we are not talking about taking from the poor and vulnerable to give to the even more poor and vulnerable, or from the urban poor and vulnerable to give to the rural poor and vulnerable.

The term “**persons with disabilities**” is preferred to “handicapped persons”

HIV and AIDS: It is no longer correct to say that AIDS usually causes death.

Prescribed: The name of the Act involved here is omitted.

The **Social Development sector** does not only comprise personnel – this is a much broader concept.

Subsidisation: Where this applies to the provision of essential services it should not be regarded as “supplementary” but as core funding.

Sustainability: The reference to project assistance being “over” should be removed. Government is delegating its responsibility for these essential services and they should not ever be expected to become independent – any more than would be expected of e.g. the education or health care systems.

Transformation: It is recommended that a national dialogue be launched with the aim of achieving consensus as to the characteristics of a truly transformed system.

Well-established organisations: This is a misleading definition. Many established organisations encounter periodic financial crises that may prevent them from achieving their goals.