Capacity Building for Poverty Eradication

Concept paper for Sedibeng Centre

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1. INTRODUCTION

This concept paper is the outcome of a study on capacity building for poverty eradication, commissioned by Sedibeng Centre for Organisational Effectiveness. In part, the initiative was stimulated by startling evidence from the *Non-Profit Study* that 53% (over 52 000) of the non-profit organisations in South Africa are informal, located in mainly poor communities and cut-off from the services of professional NGOs. Furthermore, at a focus group discussion organised by CS Mott Foundation in April 2002 it became apparent that there was indeed a great disjuncture between the coverage of capacity building and/or organisational development (OD) NGOs and the numerous grassroots organisations of poor people in need of capacity building services. It was broadly agreed that this situation must be understood better and addressed in a more systematic manner.

The central problem statement in this paper is defined as follows:

> In a context characterised by endemic poverty and inequality, what is the role of capacity building / 'OD sector' organisations in contributing towards strengthening the capacity of development organisations that seek to contribute to poverty eradication?

Before presenting the findings and recommendations of the study, we want to state the following assumptions that have informed our approach to the problem statement, based on a literature review of the topic as it pertains to other contexts:

1 Civil society organisations (CSOs) 'potentially have roles to play in building more democratic political institutions, enlarging political space for grassroots change, and generating alternative thinking and approaches to poverty reduction' (Lewis and Wallace 2000: x);
2 Notwithstanding this potential of CSOs, few CSOs have an explicit and coherent theory of poverty, why it exists and how it gets reproduced and sustained (see Fowler 2002a);
3 Few CSOs are adept at making the right linkages between their work at the micro level and the wider systems and structures of which they form a part (see Edwards and Hulme 2002).

To try and address the central question of this study, the methodology adopted combines literature review with interviews of stakeholders in the capacity building sector. In total,

[1] This paper was originally prepared on commission for Sedibeng Centre. We want to thank Sedibeng for permission to reproduce it as a Dark Roast Paper and want to acknowledge the useful feedback we received from Reuben Mogano and his colleagues that strengthened the paper. We obviously remain solely responsible for the content.

13 interviews were conducted with service providers and donors in five urban centres in South Africa (see list of interviews in the References section).[2] The feedback from interviews is presented throughout the report. The paper also builds on research undertaken by one of the authors for the Mott Foundation on how best to strengthen the non-profit sector in South Africa, which included interviews with Mott grantees that work in the field of capacity building and OD.

Structure of the paper

In seeking to articulate some provisional suggestions in response to the problem statement, this paper starts with an exploration of the context. In particular, the next section looks at the following issues:

- The scale and manifestation of poverty in South Africa;
- Government interventions in relation to poverty, both at the level of policy and intent and at the level of implementation and impact;
- Potential gaps in the reach and coverage of government interventions and possible areas of coordination and cooperation (partnership) between government and CSOs to address the multiple challenges related to the eradication of poverty;
- The size, nature and types of interventions of the non-profit sector in South Africa.

The contextual sketch is followed by a section that aims to clarify the core concepts, i.e. capacity building and poverty/poverty eradication. This section is crucial as it provides the basis for beginning to address the complex challenges that have surfaced in the contextual analysis by using the same reference points. Too often organisations speak past each other because of different starting points and conflicting conceptual assumptions.

The fourth section of this paper seeks to explore what form capacity building actions aimed at poverty eradication would take. Two approaches to capacity building for poverty eradication are suggested and each approach is elaborated on. The paper concludes with a summary of issues for further discussion to foster greater coherence and coordination between stakeholders in the sector.

Given the infancy of this debate, this concept paper is not intended to provide all the answers or solutions. Rather, its purpose is to stimulate and focus discussion on capacity building for poverty eradication.

2. CONTEXT

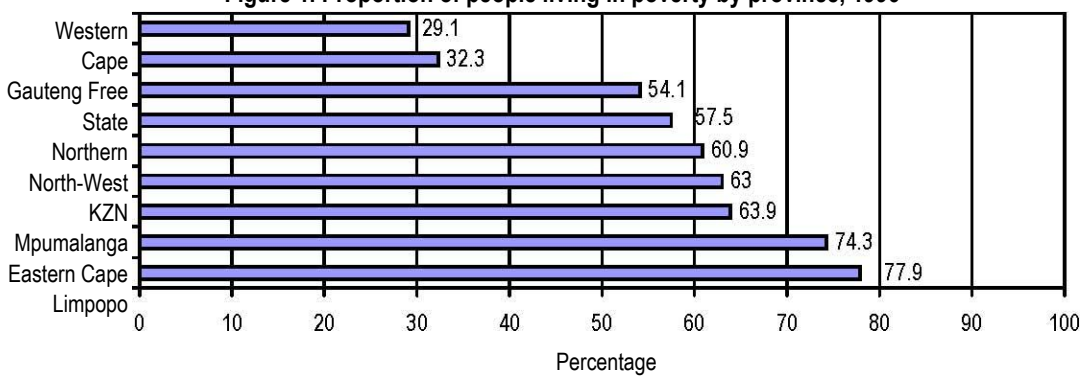
The purpose of this section is to contextualise the problem statement of this concept paper within the South African context. For this purpose, we will present an overview of: i) the scale and manifestations of poverty in South Africa; ii) the government's antipoverty programmes; and, iii) the size and nature of the non-profit sector in South Africa. This overview will allow us to assess what roles CSOs can play in support of, partnership with or critical engagement with the government and other stakeholders to overcome poverty.

[2] The interviews were complemented by correspondence with the Education, Training and Development Practices Sector Education and Training Authority (SETA).

2.1 Scale of Poverty

According to the Committee of Inquiry into a Comprehensive System of Social Security for South Africa (hereafter referred to as the Taylor Committee), between 20-28 million South Africans (45-55% of the population) are living in poverty, depending on which poverty line is used. The incidence of poverty varies substantially between provinces (see Figure 1). With the exception of Gauteng and the Western Cape, over half the population in all provinces live in poverty. The highest poverty rates are in the Limpopo Province and the Eastern Cape, where on average three out of four people live in poverty, whereas in Gauteng and the Western Cape poverty rates are around 30%.

Figure 1. Proportion of people living in poverty by province, 1996



Source: SAIRR (2001: 372)

Poverty is concentrated in rural areas. About 70% of people living in rural areas are living in poverty, compared to about 30% of people in urban areas. Although less than 50% of the total population lives in rural areas, 70% of all poor people in South Africa live in rural areas (May 2001). In other words, the majority of people living in rural areas are poor and the majority of the poor live in rural areas.

Post-apartheid South Africa continues to show a persistent correlation between poverty and race and poverty and gender. According to UNDP's South Africa Human Development Report (2000), 61% of Africans are poor compared with 1% of whites. Also, three out of five female-headed households are poor, compared to one out of three male-headed households.

So far, statistics referred to as a measurement of the scale of poverty in South Africa are derived from an income-based definition of poverty. The level and depth of poverty becomes even more obvious if we include indicators that measure the extent to which socio-economic rights are satisfied (see Box 1). The section dealing with conceptual issues will discuss the multi-dimensional nature of poverty in greater detail. For now, it suffices to refer to these various statistics as indicators of poverty.

Box 1. Selected socio-economic indicators

Unemployment

- In 1999, official unemployment was between 23.3% (strict definition) and 36.2% (expanded definition)
- Unemployment levels are highest among Africans, reaching between 20% (strict definition) and 44% (expanded definition)
- In each race group, women show a high unemployment rate than men

Food security

- 14 million people have no food security and 2.5 million people are malnourished

Housing

- In 2000, housing shortage was estimated at between 3-4 million units

Basic services

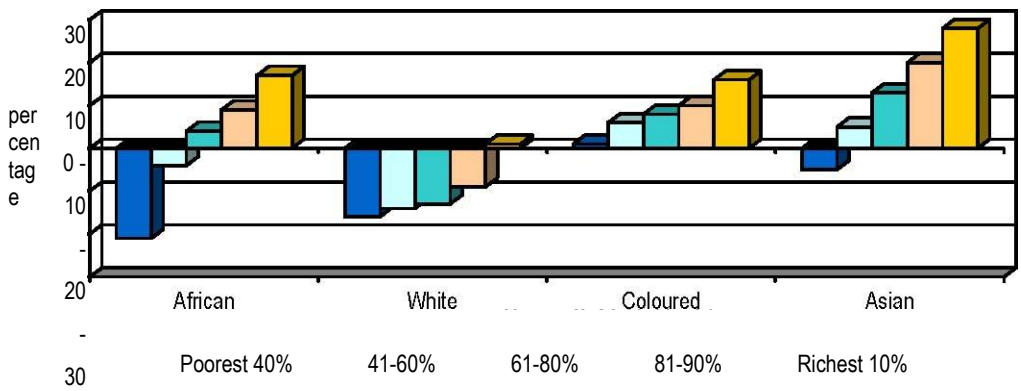
- In 1999, only 39% of the 11 million households in South Africa had running tap water inside their dwellings and almost 40% of non-urban households did not have access to piped water (in dwelling, on site or public tap)
- In 1999, 21million South Africans had no sanitation

Education

- 29% of the adult population is functionally illiterate
- Only 80% of children of school-going ages is in school

Despite an internationally acclaimed Constitution and substantial progress in addressing apartheid service delivery backlogs and inequalities, for a large proportion of the South African population the situation across a range of social development indicators seems to have worsened since the mid-1990s (Natrass and Seekings 2001). Unemployment levels have risen consistently during the 1990s. Between 1995-1999, there has been an absolute increase of 653 000 informal dwellings, mainly in urban areas (SAIRR 2001b). In its recent report, the Taylor Committee (2002) notes that the distribution of income seems to have become more unequal between 1991 and 1996. Whereas inter-racial inequalities have declined, intra-racial inequalities have become more stark. As Figure 2 shows, the income of the richest 10% of African households rose by 17%, whilst the income of the poorest 40% of African households fell by 21%.

Figure 2. Growth of household income by race (1991-1996)



Source: Taylor Committee (2002: 27)

Where poverty is rife and employment and income-generating possibilities are limited, many people find themselves forced to migrate to urban areas, which appear to offer better prospects. Because most of these migrants are young single adults (more often than not male), families and households are split between rural and urban areas. This result in fluidity of household structures that complicates interventions aimed at overcoming poverty.

The level and depth of poverty are likely to be exacerbated by the more recent developmental threat posed by the HIV/AIDS epidemic. On the one hand, poverty enhances vulnerability to HIV infection and significantly reduces the ability of households to cope with HIV/AIDS-related illness and death. On the other hand, the economic and social costs associated with HIV/AIDS (e.g. reduction of household income, diversion of income from nutrition and schooling to health care and funeral costs, possible exclusion from social networks) mean that more households are pushed into poverty and that poor households are pushed into deeper poverty. Just as poverty manifests itself along social divides like race and gender, so does HIV/AIDS. Given the scale and nature of the HIV/AIDS epidemic in South Africa, and specifically its interconnectedness with poverty, HIV/AIDS cannot be ignored in debates on poverty or in poverty eradication programmes.

2.2 Government Anti-Poverty Programmes

There is considerable debate about whether the government does or does not have a poverty reduction strategy. The landmark *Poverty and Inequality Report* (PIR) released in 1998 suggested that the government does not have a comprehensive strategy, even though it does have a plethora of distinctive anti-poverty programmes spread across various departments (May 2000). However, at the launch of the PIR the government responded assertively that it does in fact regard its various anti-poverty policies as a coherent strategy. Much of the current contestation between CSOs and the government about the developmental consequences of GEAR tends to come back to this question whether or not the government is advancing a coherent national anti-poverty strategy. In the following section, we do not proclaim on this matter, but simply draw attention to government expenditures ostensibly earmarked for poverty relief in one form or another. This is important, because it sheds light on the various points of interaction between the government and CSOs. As the volume and type of resources suggests, these flows represent massive opportunities for engagement, ranging from cooperative to confrontational.

The first point to note is that the government does devote considerable resources to social development expenditures, such as education, health and basic services (water and sanitation, electricity, etc.).[3] Over and above these foundational investments, a variety of special poverty relief/alleviation funds also exist. We will briefly review both types.

2.2.1 Mainstream poverty expenditures

Mainstream programmes can be divided along the following lines: (i) infrastructure programmes earmarked to address household consumption basic needs, such access to

[3] This is relative to other so-called middle-income countries (see UNDP 2000; Watkins 1998).

shelter, water, sanitation, energy along with individual needs for health and education services; (ii) safety-net welfare measures for certain categories of people; (iii) job creation measures through skills training, access to credit and SMME promotion and, controversially, maintaining macro-economic 'stability'; and (iv) legal protection through measures to ensure respect for human rights and justice for all (see Figure 3).

It is crucial to remember that provincial governments carry the bulk of the spending budgets for 'major social services, including school education, health (including academic and regional hospitals as well as primary health care), social grants and welfare services, housing and provincial roads' (RSA 2001:4). The most recent provincial expenditures and projected allocations on education, health and welfare are reflected in Table 1. Despite these substantial resource flows via provincial government, very few development CSOs target provincial government in their advocacy and delivery work. Municipalities in turn are also implementers of various provincial programmes and through their own revenue (which makes up 90% of total revenue) they carry out vital poverty alleviation and reduction functions. More importantly, municipalities are the lead government actors that work with CSOs, citizens and the private sector through various institutional configurations to address poverty in programmatic terms at a local level. In other words, even though a lot of the financial resources earmarked for poverty reduction sit at a provincial government level, the *implementation process* tends to be driven at a local government level.

Table 1. Social services expenditures of Provincial Government: 1998-2003

	Actual		Estimated actual	Medium term estimate		
R Million & % of total	1998/99	1999/00	2000/01	2001/02		2002/03
Education	38 723 40.3%	39 828 40%	43 255 39.3%	46 947	39%	50 164 38.6%
Health	23 025 24%	24 110 24.2%	26 421 24%	28 745	23.9%	30 433 23.4%
Welfare	18 441 19.2%	19 373 19.5%	20 929 19%	22 840	19%	24 640 18.9%
All other exp./ Nonsocial services exp.	16 944 16.5%	16 744 16.3%	19 892 17.7%	21 759	18.2%	24 190 19.1%
Totals	**97 133**	**100 055**	**110 498**	**120 473***		**130 039***

figures in the contingency reserve allocations not reflected in table Note: Total government expenditure in fiscal

At the heart of the government's anti-poverty drive during the current medium-term expenditure framework (MTEF) cycle is an emphasis on HIV/AIDS programmes in health, early childhood development programmes in education, extension of social security coverage and infrastructure development, building on the tax windfall resulting from improved collection (RSA 2001). Table 2 demonstrates that the government's budget grew by 12% in 2001/02 whilst the debt ratio declined, which reflects that substantial more resources were available in the system in a context of fiscal austerity. It highlights important new sites of struggle for CSOs focussed on poverty eradication. These growth figures are important, because a frequent refrain of NGOs is that government does not allocate enough to poverty reduction measures. However, closer scrutiny of government programmes and resource allocation suggests that usually the central issue is less a question of levels of resource allocation, but more how effectively those resources are deployed to ensure developmental outcomes.

Table 2. Overall government expenditure in relation to GDP: 1998-2005

	Outcome			Revised Estimate	Medium term estimates		
R Million	**1998/99 201**	**1999/00 214**	**2000/01 233**	**2001/02 262**	**2002/03 287**	**2003/04 311**	**2004/05 334**
Total	**416**	**750**	**942**	**590**	**909**	**231**	**561**
Interest on debt **expenditure**	42 669	44 290	46 321	47 515	47 503	49 845	52 434
Contingency Reserve	-	-	-	-	3 300	5 000	9 000
Allocated expenditure			187 621	215 075	237 106	256 386	273 128
% of GDP	26.7%	26.2%	25.7%	26.5%	26.6%	26.4%	26.2%
% increase	6.0%	6.6%	8.9%	12.2%	9.6%	8.1%	7.5%
Deficit (-)	-17 411	-16 588	-18 350	-14 143	-22 692	-22 253	-21 350
Deficit as % of GDP	-2.3%	-2.0%	-2.0%	-1.4%	-2.1%	-1.9%	-1.7%
Gross Domestic Product	758 829	821 144	910 500	991 002	1 082 301	1 178 801	1 277 501

Note: Despite a sharp year on year increase in expenditure in 2001/02, the deficit ratio is still very low at 1.4%. This is due in part to the success of SARS in tax collection. (Source: RSA 2002: 49, 53)

It is noteworthy to consider that the Taylor Committee found that mainstream government programmes aimed at overcoming poverty (i.e. programmes related to health, education, housing, land, basic services and access to credit) are well conceived and potentially well targeted. However, concerns and problems are noted, including administrative and institutional blockages, gaps in geographic and social coverage, and persistent inequalities in delivery (rural women, children, disabled people, etc). The Committee also found that income poverty is a key obstacle for poor people to enjoy the realisation of other rights and access to services. The Committee's findings underscore that no amount of money flowing through bad institutions with weak developmental capability will result in good developmental outcomes. These trends point to strategic imperatives for CSOs committed to strengthening a developmental state with pro-poor policies. We tease these out in more detail once we have reviewed the special poverty reduction measures of the government.

2.2.2 Special poverty reduction measures

Poverty Alleviation Fund

The RDP Fund established in 1994 set the precedent for special funds aimed at poverty reduction, located outside of the red-tape constraints of normal government programmes. Since the phasing out of the RDP Fund (after the closure of the RDP Ministry in 1996), a new Poverty Alleviation Fund was established to provide a fast-track route for special poverty alleviation and reduction programmes. The Fund, located in the Treasury, is a short-term intervention to offset the detrimental impact of fiscal adjustment through supporting poverty alleviation projects in thirteen government departments. It was also set up because of institutional and administrative weaknesses in line departments to prioritise spending on the poor (De Bruyn 2001). The resources in the fund are channelled to various line departments for special poverty alleviation programmes in these

departments. The most infamous of these is the 'Poverty Relief Programme' of the Department of Social Development that struggled to spend even 10% of its allocations in the first few years of its launch.[4] As Table 3 shows, there has been a steady increase in the number of departments qualifying for the Fund and in the size of the Fund. The Fund is meant to have a limited life span and will terminate, or mainstreamed into departmental budgets, in 2005 (Ibid). Significant features of the various anti-poverty programmes supported through this Fund are that they tend to target marginal areas and that execution of programmes happens in close 'partnership' with CSOs. Furthermore, the Independent Development Trust (IDT) acts as programme manager/facilitator for most of these programmes. This institutional feature raises important issues for this study, because capacity building for poverty reduction is central to how the IDT carries out this work.

Table 3. Poverty Alleviation Fund allocations by department 1997/98 to 2003/04 in Rand millions

Department	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
Agriculture*	25 20 25 35 35 50 DACST 30 55 48 64						
Education					73	74	114
DEAT*			70	99			175 240 300
Health	15 28 23			7		10 12 15	
Housing	75 -				75	75 -	
Labour				50 3.4 10		-	-
DPLG	45 78 79					102	120
Public Works*	85			374 377 249 274 274 274			
Dept Social Development*	50 203 40 120 50 100 71						
Sport & Recreation					40	90	129.5
Transport	100 -				94	100	100
DWAF*	150 270 200 351 380 350 330						
TOTAL	**800**		**809**	**1000 972.4 1350**		**1500**	**1567.5**

* Large programmes with good potential for partnerships with CSOs

Source: De Bruyn (2001: 3)

Importantly, the various departmental anti-poverty programmes create unprecedented opportunities for CSOs to engage in service delivery partnerships towards poverty reduction. It is also in these programmes where there is greatest scope for innovation, pilots and new modalities of delivery that can overcome the typical problems associated with top-down government delivery. Significantly, in our interview with the IDT it was obvious that none of the NGOs interviewed for this study were engaged with any of these programmes in an ongoing manner.[5]

[4] According to the government, 'the programme aims to increase the self-reliance of targeted pockets of poverty and improve the social cohesion of specific demographic groups (women, youth, children, infirm, disabled and aged) that are vulnerable to the conditions associated with poverty. The emphasis of the projects is on creating access to economic opportunities for specific target groups and establishing local institutional structures that will identify, own and manage the implementation of development projects beyond the funding period' (De Bruyn 2001: Annexure B).

[5] The exception would be Olive OD & T that was involved in an impact assessment of IDT programmes.

In a candid assessment of the performance of the Poverty Alleviation Fund, the coordinator Julia de Bruyn (2001) indicates that many of the programmes that operate through the fund have been beset with severe problems, including the following:

- Underspending of allocations leading to successive roll-over of funds;
- Overlap between and duplication of activities between different line departments, indicative of poor coordination and integration;
- Leakage of resources of the fund as consultants are drawn in to fast-track delivery and complement the capacity within departments;
- Investment in projects that cause unintended maintenance costs for other departments and spheres of government, reflecting again poor coordination and

National Development Agency

The NDA was established in 1998 (Act No 108) to take forward the work of the Transitional National Development Trust (TNDT) as a dedicated funding agency established to support civil society organisations that work towards poverty reduction. The NDA defines it mission as follows: 'The NDA is a statutory body that contributes towards the eradication of poverty and its causes. It will do this through the provision and facilitation of: development funding, capacity building, research and policy development, and dialogue' (NDA 2002:4). One of the aims of the NDA is: 'To build institutional capacity and support civil society organisations working in the area of poverty eradication' (Ibid: 5). The NDA is unique in that it receives the bulk of its funding from the national fiscus. This is complemented by donor resources, in particular from the European Union.

During the first few years of the NDA, it has not been smooth sailing due to a combination of internal and external pressures. This is reflected in the limited spending capacity of the organisation: in 2000/01, its first year of operation, 37% of the R338 million it was supposed to channel to CSOs was allocated, but only 15% (R 51.5 million) was actually disbursed (Ibid: 23). In its second year of operation, this 'improved' to 26% of funds available (Mail & Guardian, 19 April 2002). As a result, most of the emphasis of the organisation has been, understandably, on improving the spending ability of the organisation at the expense of the other three statutory obligations, including capacity building. There is therefore great potential for systematic dialogue and partnership with the NDA to exponentially improve the capability of the NDA and the development sector at large to strengthen understanding and practice with regard to capacity building for poverty eradication.

Box 2. Special funds

- ☒ NDA
- ☒ ♀○⬥□♌□○❖◆ ❄❒◆⬥♦ ☒ National Lottery
- ☒ National Skills Fund
- ☒ National Empowerment Fund
- ☒ Ntsika Fund
- ☒ Khula
- ☒ Poverty Alleviation Fund
- ☒ Isibiya Fund
- ☒ Industrial Development Corporation Fund
- ☒ Local Economic Development Fund
- ☒ Social Fund

Other measures

We have focussed on the previous Funds because these represent the most important and strategic entry points for exploring the link between capacity building and poverty eradication. The IDT is an important resource, because of the volume of resources it works with and, more importantly, the fact that it focuses on both government and civil society capacity and especially their interfaces at a programme/project level. The NDA and Umsobomvu Youth Fund are focussed on capacity strengthening of CSOs involved in various types of poverty reduction work. It is important to flag that there are many other pots of resources and institutions that could

also be part of this discussion given their mandates and significance for poverty relief (see Box 2). However, it is simply beyond the scope of this initial framing of issues to explore these organisations as well. Future work will have to address that.

2.2.3 Strategic shifts in government's approach to development: linking delivery, coordination and integration

The Presidency of Thabo Mbeki is categorised by a strong emphasis on speeding up delivery programmes to address the backlogs in access to basic services amongst the poor, whilst maintaining fiscal stability to shift the economy onto a durable growth path that increases jobs and productive investment. Budget prioritisation of human development and infrastructure development is the most obvious manifestation of these political priorities. Significantly, the new emphasis is underpinned by an institutional transformation programme[6] to achieve better coordination and integration between line departments to remedy the pitfalls of sectoral development. The flagship programme of this new approach is the Integrated Sustainable Rural Development Programme (ISRDP). It is worthwhile summarising the main features of this initiative, because it embodies the institutional direction that will characterise anti-poverty frameworks and programmes over the medium-term.

The Integrated Sustainable Rural Development Programme

The vision of the ISRDP is to 'attain socially cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people, who are equipped to contribute to growth and development' (RSA 2000). The strategy is anchored in the generation of local economic development (LED), which is targeted through *nodal* development. The approach adopted by the programme is to promote the systematic coordination of current government initiatives and programmes within specifically identified spatial nodes. Thirteen such nodes have been identified and a further 17 are in the pipeline if the Cabinet decides to extent the ISRDP. This approach signals a move away from establishing a new dedicated fund for rural development in favour of *reorienting* existing government programmes and expenditure towards integrated rural development. It is a significant departure in approach.

The rationale of the strategy is further that the continued delivery of basic infrastructure and services in the short term will create the lead mechanism for opening economic access in target local economies. Building on this dynamic, LED initiatives will, in turn, take place within a defined functional area that is socially cohesive and interconnected in terms of local economic activity and that draws on basic infrastructure and services. In addition, new programmes will also be initiated on the basis of re-aligning budgets over the long term. The thrust of the strategy is centred on a concept of integrated and co-ordinated action within government and between government and other sectors, as a means to achieve maximum impact. The strategy emphasises the importance of using monitoring and evaluation instruments to continuously measure and analyse impact, or lack thereof.

[6] We explore the political and policy significance of this reform agenda at greater length elsewhere (Pieterse & van Donk 2002).

The ISRDP and the Poverty Alleviation Fund programmes are seen as laboratories to fine-tune more integrated approaches to poverty reduction. The outcome of these pilots is that government is committed to a partnership-based service delivery model, which is lead at a local level by municipal governments. It is within these institutional configurations that NGOs and CBOs are expected to come to the party with their distinctive 'value-added' contributions. The recent annual report of the NDA also signals that it will increasingly seek to work in an inter-sectoral fashion in order to 'integrate community initiatives and development programmes'. These trends respond to the integrated development planning (IDP) imperative that confront municipalities and local CSOs. The question is, whether NGOs and CBOs have sufficiently understood and engaged with these profound institutional shifts in the field of development resources.

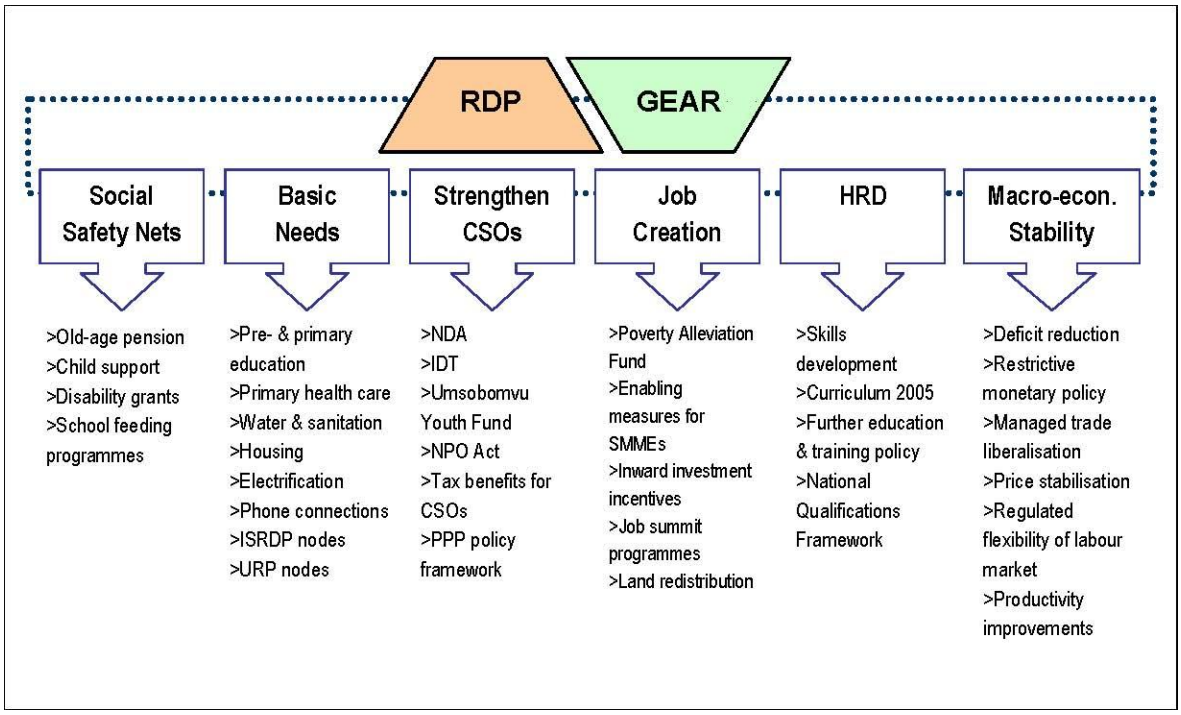
Implications of government's anti-poverty programme for CSOs

Based on the foregoing discussion we can now draw some general conclusions:

- There is an impressive battery of anti-poverty policies and programmes across the various government departments, even though these do not necessarily function optimally or integrate effectively (see Figure 3);
- There are potentially more resources available for poverty eradication activities by (or with) CSOs through increased flows towards basic infrastructure, the Poverty Alleviation Fund, the NDA and other dedicated funds;
- These resource flows are tied to an imperative for greater organisational collaboration, cooperation and partnership, especially with state actors (different spheres, especially the local state) and other CSOs and, in certain instances, the private sector;
- Anti-poverty funds will increasingly be deployed at a local 'area' scale in a manner

These trends represent profound contextual shifts for the operational space that development CSOs occupy. Most development organisations are not geared to engage strategically with this new and shifting environment. Critically, we argue that it is not possible to scope out the capacity building needs and challenges of CSOs involved in anti-poverty work without coming to terms with these imperatives.

Figure 3. SA government's anti-poverty policies and programmes



The dominant discourse in the development CSO sector, lead by SANGOCO, is focused on the resource envelope available for poverty reduction and the lack of employment creation. Both problems are ascribed to the government's macro economic policy framework—the Growth, Employment and Redistribution (GEAR) policy. Considering the significant resources already available for poverty reduction, it could be argued that the central challenge is to shift the debate away from only focussing on the *levels* of government expenditure on social development infrastructure and services to a focus on the *quality* of delivery to ensure developmental impact. This does not preclude mobilisation for an increase in the share of government expenditure for anti-poverty measures. In fact, the debt cancellation campaign is a vital plank of addressing the large amount allocated to debt servicing and the targets for appropriate debt service ratios. So is the anti-privatisation campaign, because privatisation could result in further erosion of state capability. However, the deeper challenge is to understand and inform development processes 'on the ground' that translate budgetary allocations into tangible goods and services to improve the quality of lives and enhance democratic political space.

This means that CSOs need to have a coherent vision about how poverty is reproduced and systematically eradicated at micro (individual, household and neighbourhood), meso (ward, district, town or metropolitan region) and macro (national, continental and global) levels. Before we explore the different platforms of anti-poverty action and the implications for capacity building, we briefly look at the size and features of the nonprofit sector in South Africa. Our specific interest is threefold: i) to gauge the levels of mobilisation in poor communities; ii) to assess the extent to which established CSOs are effective in reaching the poor; and, iii) to review the availability of resources for CSOs.

2.3 Size and characteristics of the non-profit sector

According to the recent Non-Profit Study, conducted as part of a comparative project coordinated by John Hopkins University, the South African non-profit sector[7] is much larger, more varied and less formalised than previously assumed (Swilling and Russell 2002).[8] The Study found that there are close to 99,000 non-profit organisations (NPOs) across all sectors in South Africa, of which 53% are less formalised community based associations concentrated in poorer communities (i.e. not formally structured as Section 21 companies, trusts, churches, trade unions or cooperatives).

As Table 4 shows, the majority of NPOs work in Social Services (22,755), Culture & Recreation (20,587) and Development & Housing (20,382). Collectively, these organisations make up almost two thirds (64%) of the whole NPO sector.

Table 4. Size of non-profit sector in SA

Sector	Number of organisations
Civic & Advocacy	6,800
Culture & Recreation	20,587
Development & Housing	20,382
Education & Research	5,730
Environment	3,396
Health	6,517
Religion	11,706
Social Services	22,755
Professional Associations	525
Philanthropy	310
International activities	212
Total	**98,920**

Source: Swilling and Russell (2002)

Volunteers make an indispensable contribution to the non-profit sector. In 1998, nearly 1.5 million volunteers actively contributed their time and energy to NPOs. Some sectors, like Civic (which includes political parties), Culture & Recreation and, to a lesser extent, the Religious sector are largely volunteer-driven. The ratio of paid employees to volunteers in these sectors is 1:2.6, 1:2.5 and 1:1.7 respectively. As the study notes, this is not surprising, since these sectors are more about values, recreation and cultural identity rather than about organisations for delivery. However, there are also substantial numbers of volunteers involved in more service-oriented sectors, like Social Services (50,450 volunteers) and Development & Housing (43,935 volunteers).

The total involvement of volunteers is the equivalent of 316,991 full-time workers. In addition, the non-profit sector employs the equivalent of 328,326 paid full-time workers. With total full-time employment in the sector equalling almost 650,000 positions, the sector is a significant employer. In fact, it is larger than some economic sectors, like mining industry workers and public servants in national departments.

The study further demonstrates that the non-profit sector is a major economic force. In 1998, its total operating expenditures amounted to R 9,3 billion, which accounted for 1.2%

[7] The *Non-Profit Sector Study* uses the term non-profit sector to denote organisations that comply with the following criteria: organised, private, self-governing, non-profit distributing and voluntary (see Swilling and Russell (2002) for a more detailed elaboration).

[8] The findings of the Non-Profit Study have been met with some caution, with some people raising concerns about the accurateness of the data and querying some methodological issues. It is beyond the scope of this paper to engage with these concerns. Given the fact that the study is the first serious attempt to assess the size and scope of the non-profit sector in South Africa, we believe its findings need to be considered as these highlight key challenges for CSOs in general and capacity building/OD organisations in particular. The data referenced here is meant to be illustrative of these challenges, rather than suggesting that the study's findings are final and conclusive.

of GDP. The annual income of the non-profit sector exceeds R 14 billion, of which R 5,8 billion (42%) comes from government, R 3.5 billion (25%) from the private sector (R 3 billion from the South African private sector and almost R 500 million from foreign private donors) and R 4,6 billion (34%) from service fees, dues, etc. In comparison, the component of international development aid (ODA) that is channelled directly to NPOs amounts to R 390 million.

Looking at the funding priorities of government and the private sector, respectively, reveals interesting distinctions (see Table 5). The bulk of government funding is directed at Social Services (R 2,1 billion, or 36% of total government support to the sector), Health (R 1,7 billion, or 29% of the total budget) and Development & Housing (R 1,1 billion). Together, these three sectors receive 84% of the total of government support to NPOs. In contrast, Culture & Recreation NPOs only receive R 50,9 million.

The Study further found that about half of the organisations in the Development & Housing and Culture & Recreation sectors are concentrated in the poorest socio-economic categories, whereas the majority of organisations in Social Services and Health (47% and 42% respectively) are concentrated in the middle group of socio-economic categories. In light of this, **the Study concludes that most government funding is concentrated in sectors with well-developed formal NPOs, which tend to be more active in established urban working and middle class communities than in poorer communities**. In other words, organisations representing and/or targeting 'the poorest of the poor' tend to get negligible support from government, with the notable exception of Development & Housing NPOs.

However, if we compare the total government funding to each sector to the number of organisations per sector, the picture changes substantially, as Table 5 demonstrates. Seen from this perspective, on average Health organisations receive the highest amount of government funding (R 260,856 per organisation), followed by Civic & Advocacy organisations (R 110,294 per organisation) and Social Services organisations (R 92,287 per organisation). Whereas 20% of government funding is directed at Development & Housing NPOs, on average organisations in this sub-sector receive slightly less (R 53,969) than the average government support per NPO (R 58,896). The lowest level of government support is given to NPOs in the sub-sectors Environment and Culture & Recreation.

As Table 5 shows, South African private sector funding mainly goes to Health (R 634 million), Development & Housing (R 585 million) and Education (R490 million). Again, if we look at how total amounts per sector convert into average financial support per type of organisation, we get a different impression. In this case, environment NPOs receive the highest amount of support (R181,861 per organisation) from private donations, followed by Health organisations (R 97,315 per organisation) and Education & Research organisations (R 85,602 per organisation).

Table 5. Sources of revenue for non-profit organisations

Sector	PUBLIC Total R 1,000,000	SECTOR Average / organisation	PRIVATE DONATIONS Total R 1,000,000	Average / organisation	PRIVATE FEES Total R 1,000,000	Average / organisation	TOTAL REVENUE Total R 1,000,000	Average / organisation
Civic & Advocacy	750.0	R 110,294	96.5	R 14,191	64.9	R 9,544	911.5	R 134,044
Culture & Recreation	50.9	R 2,472	341.2	R 16,574	420.9	R 20,445	812.9	R 39,486
Development & Housing	1,176.9	R 53,969	585.2	R 28,712	1,024.6	R 50,270	2,786.7	R 136,723
Education & Research	17.3	R 3,019	490.5	R 85,602	307.5	R 53,665	815.2	R 142,269
Environment	7.1	R 2,090	617.6	R 181,861	243.8	R 71,790	868.5	R 255,742
Health	1,705.1	R 260,856	634.2	R 97,315	146.7	R 22,510	2,485.9	R 381,449
Religion	0.0	--	299.5	R 25,585	510.7	R 43,627	810.2	R 69,212
Social Services	2,113.1	R 92,287	415.0	R 18,238	1,210.1	R 53,180	3,738.2	R 164,280
Professional Associations	6.3	R 12,000	3.3	R 6,286	756.1	R 1,440,190	765.8	R 1,458,667
Philanthropy	0.0	--	4.0	R 12,903	12.2	R 39,355	16.2	R 52,258
International activities	0.0	--	0.0	--	0.0	--	0.0	--
Total	**5,826.6**	**R 58,896**	**3,487.1**	**R 35,252**	**R 4,697.4**	**R 47,487**	**R 14,011.1**	**R 141,640**

Drawn from Swilling and Russell (2002)

Table 5 also reveals that private fees and dues are a significant source of income for some sectors. Not surprisingly, Professional Associations are entirely dependent on membership fees and almost two-thirds of the income stream for Religious NPOs comes from this source (63%). More than 50% of the total revenue of Culture & Recreation NPOs comes from private fees, compared to 35% for NPOs in the sectors Development & Housing and Education & Research, and 32% of Social Services organisations.

Unfortunately, the Study does not compare data on employment status and revenue flows between formalised NPOs and less formalised community-based associations. However, it is interesting to note that the three sectors receiving the bulk (84%) of public sector resources (Social Services, Development & Housing and Health) are also the three biggest sectors providing paid employment within the non-profit sector. Collectively, these three sectors employ the equivalent of 191,055 paid full-time workers, which amounts to 58% of the total full-time employees in the non-profit sector. This conclusion corroborates the Study's findings that the majority of organisations that receive public sector resources are established, formalised CSOs.

Based on the findings of the Non-Profit Study, we can infer the following conclusions, which are of specific relevance to the focus of this concept paper:

- The non-profit sector is much larger, more varied and less formalised than often assumed, with over 52,000 organisations (53%) being less formalised community-based associations located in poor communities;
- Both the public sector and the private sector make significant resources available for
  CSOs, with the majority of these resources going to formalised organisations which tend to work predominantly in urban working class and middle class areas;
- Whereas private fees are an important source of revenue for all sectors, sector

Development & Housing and Culture & Recreation NPOs, tend to be disproportionately dependent on service fees or dues.

These findings raise the question which CSOs will be able to take advantage of the new policy framework and funding opportunities for anti-poverty work outlined in the previous section, as it requires a significant level of institutional formalisation and organisational capacity to access these funds and work in partnership with the state. Furthermore, this leads to a pertinent question about how the relationship between more formal CSOs and less formalised community-based associations is structured. Assuming that some form of collaboration between formal CSOs and informal community-based associations is essential for effective poverty eradication, what are the implications for organisational capacity requirements for formal CSOs and less formal community-based associations respectively? How do the latter become effective intermediaries between CSOs with funds and communities and social groups who are targets of the funds? We will return to these questions after some conceptual ground clearing in relation to capacity building and poverty respectively.

3. CONCEPTUAL ISSUES

3.1 What is capacity building?

In the 1990s, the concept of capacity building has become central in development theory and practice. Organisations with very different views on development, varying from the World Bank to governments and from international donor agencies to local civil society organisations, have appropriated the concept. In fact, it has become so commonplace in development practice that one may ask whether this indicates a great level of consensus between a variety of interests, or whether it actually masks a variety of views and approaches. And if the latter is the case, has capacity building become meaningless jargon, or does it just confirm the processes of contestation about meaning and operationalisation that underlie development?

Our viewpoint is that the fact that we seek to construct a common language from our respective practice is a central aspect of the development process itself, although one certainly has to be critical of the indiscriminate use of notions and concepts and the supposed consensus that underpins certain concepts. Theory, and theoretical lineages, are indeed important.

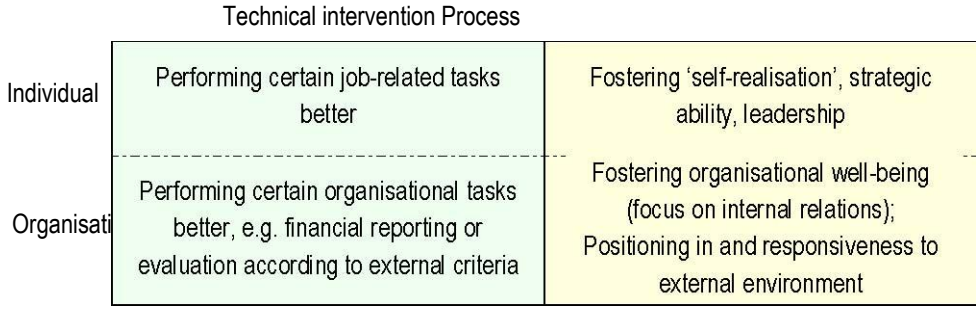
In this paper, we are particularly concerned with capacity building in the sphere of civil society, by civil society organisations, with the potential support of funding agencies. Thus, in seeking to clarify the meaning of the concept, we will restrict ourselves to its applicability in relation to civil society, and more specifically, some form of organisational life in civil society. We include a focus on individuals as development actors within organisations (see also Edwards and Sen 2002).

If, to extend Alan Fowler's (2002b) definition, *capacity* is a measure of the ability (be it intellectual, organisational, social, political, material, practical or financial) of an individual, group, organisation or community to achieve its objective, *capacity building* would be the response to a lack of ability. Even this broad definition leaves significant room for

interpretation. Capacity building can be interpreted as a set of technical interventions or a process, and it can be aimed at individuals (in organisations) or organisations/organisational forms (see Figure 4). The process dimension of capacity building is more commonly associated with Organisational Development (OD).

Figure 4 shows that the different interpretations and targets of capacity building interventions are linked to different objectives of capacity building. The line between the individual and the organisation is reflected as porous, because capacity building interventions aimed at individuals tend to be about strengthening their ability to perform job-related and organisational tasks better.

Figure 4. Purpose of capacity building



In other words, how one defines capacity building cannot be de-linked from the question capacity building *for what*? In the literature on civil society, there is general acceptance that this is a critical question. Embedded in this question is the issue of *purpose*, not just of capacity building, but first and foremost of the organisation that is the recipient of such support. This means that efforts to strengthen organisational capacities must not be separated from external change, or more specifically, from improvements in living standards and equity.[9]

This linkage between capacitated individuals or organisations and social impact implies that capacity building itself is an approach to development, rather than a set of technical interventions (Eade 1997). As such, capacity building is concerned with support to the various capacities organisations require to respond to the multi-dimensional processes of social change. However, it is not only a reactive strategy, it also seeks to enable organisations to proactively influence and shape these processes of change towards social and environmental justice.

From this, one may be tempted to conclude that capacity building is located in the fourth quadrant of Figure 4 (especially in relation to 'positioning in and responsiveness to external environment'). However, to achieve this purpose, specific technical interventions aimed at individuals, units/departments or organisations as a whole may be required. Equally important is the issue of leadership and the ability to give strategic direction. What type of intervention or support is appropriate at any given time depends on a critical analysis of the context and of the organisation's capacities to position itself as a critical development

[9] The link between organisational capacities and influencing the external environment is made explicit by Alan Fowler (2002), Michael Edwards (2002) and Deborah Eade (1997), amongst others.

actor. Invariably, this will require an assessment of the organisation's position in its own life cycle/trajectory.

How and where organisations position themselves in relation to the external environment is influenced by their 'core purpose'. As Davine Thaw (2002) highlights, this 'core purpose' is determined by three critical issues:

- Who we are: what is the identity of the organisation and what are the values that guide its work?
- What we have: what resources and capacities does the organisation have?

Following on from this, the critical question then becomes: ***how do we mobilise, strengthen or expand what we have in a consistent manner with who we are to address specific systemic problems and their manifestations?***

For those organisations that define themselves as organisations representing the poor and/or working towards poverty eradication, an important starting point would be to have a theory of analysis on poverty and related development challenges, which links micro-level manifestations of poverty to broader systems and structures that induce and perpetuate poverty. Whether this organisation is a CBO, NGO or donor agency, such a theory is essential to articulate a meaningful development strategy, as we will explore later.

If the intent of capacity building is the capacitation of an organisation to position itself in relation to the external environment, with the intention to influence this environment to the benefit of its target communities or beneficiaries, it begs the question what role capacity building organisations play or should play to direct such organisational positioning. Is their role to enable organisations to discover and determine their 'social purpose' by introducing a reflective practice in the organisation? Should this process of facilitating and support be more directive in relation to the types of critical questions that these service providers pose? If an organisation defines its identity as non-political and non-transformative, should this simply be respected or is there scope (or even a responsibility) to challenge this? For the time being, these questions will remain unanswered. We will return to these questions when we seek to propose a conceptual framework for capacity building for poverty eradication. The next section summarises the comments from respondents in the study.

Interview findings

The first interesting observation from the interviews is that a number of respondents indicated that their organisations have not defined what capacity building is. In some instances, this was because these organisations do not define themselves as capacity building organisations. This applies particularly to those that identify themselves as OD organisations. As one respondent said: "OD is not capacity building". Often, this was accompanied by a negative connotation of the term 'capacity building', which some respondents perceived as being too static, technocratic and/or too individualistic. Instead, the term 'capacitation' was suggested as an alternative to capture the supportive process that enables an organisation to achieve what it sets out to achieve, without getting trapped in the technocratic baggage of capacity building.

Secondly, the interpretations of what capacity building is and who 'does' capacity building varied quite extensively. Whereas some used a purely descriptive definition (e.g. 'capacity building is the response to an absence of a particular thing needed to achieve an objective'), others used a normative interpretation (e.g. 'capacity building is about making civil society organisations more effective in empowering the poor and contributing to poverty eradication'). Similarly, whereas some respondents felt that 'everything we do in civil society is about capacity building' and that 'all NGOs are involved in it', others interpreted the question as specifically applicable to the OD&T sector.

Most respondents suggested that capacity building includes both an organisational component (strengthening institutional capacities) and an individual component (focus on skills and leadership). In fact, a large number of organisations interviewed provides capacity building support to both individuals and organisations, as becomes evident when one looks at their programmes and services offered. Most respondents also emphasised that capacity building is a multi-dimensional process, not a once-off intervention. Yet, it appeared during the interviews that there is a strong *perception* among some respondents that most capacity building organisations (usually those other than one's own) tend to have a more restricted approach to capacity building. In particular, the provision of generic, usually individualised, training courses and the 'professionalisation trend', related to the trend to increasingly provide certificated courses, was criticised by some.

It clearly surfaced during the course of the interviews that there are areas of tension between the individual and the organisational approach to capacity building and between the technical and process-oriented interpretation of capacity building. Often, these are seen as synonymous, i.e. a focus on individual support is interpreted as 'technical', whereas a process-oriented approach seems to imply a focus on the organisation. As Figure 4 shows, this is not necessarily the case.

In response to the question 'capacity building *for what*?', some respondents from donor agencies indicated that capacity building is usually linked to the requirements of funders, which is often about the need to having certain organisational systems, structures and procedures in place. In most cases, however, respondents seemed to suggest that the issue of organisational positioning in relation to the external environment and other stakeholders is an important one. Many felt that the purpose of capacity building is to bring about 'stronger', 'healthy', 'more effective' organisations, or 'to help organisations understand their purpose and to play their role'. Subsequently, these organisations would be able to 'take control of their destiny', 'be critically present in their environment' and 'define and work towards their social purpose'. For most capacity building and OD organisations, this implied shying away from a explicit role in directing or challenging the respective organisation's understanding of the external environment or their 'social purpose'. Yet, this appears to be an area of tension, especially since most respondents who supported this view saw their role as 'to help organisations to be critically present in their environment, 'to ask questions' and 'to reframe issues'. The question is, can this role of capacity building organisations be restricted to process facilitation? To what extent do capacity building organisations themselves require an explicit analysis of the external environment, which informs the type of questions they ask to allow other organisations to position themselves as critical development actors? During the course of the interviews,

this tension surfaced regularly and led some respondents to admit that their respective organisation does not necessarily have a very clear, explicit or strong analysis of the external environment and that this may be a weakness.

The SCAPE (Strengthening Capacities for Transformation Relationships and Exercising Rights) Programme seems to have the most explicit normative approach to capacity building, as it does not only look at the purpose of capacity building, but also of the organisations that receive capacity building support. In this programme, the purpose of capacity building is to strengthen organisations so that they can engage effectively with government and are able to support communities in exercising their rights and addressing livelihood needs. In other words, capacity building is explicitly linked to enable organisations to contribute to poverty eradication and rights realisation through engagement with the state.[10]

In conclusion, it is clear that the notion of capacity building has different connotations for the respondents and that some of these connotations are negative. Instead of simply discarding capacity building actions aimed at individuals or more technical interventions addressing specific areas of organisational weakness, we propose that the determination of what capacity building is and which capacity building actions are most appropriate cannot be delinked from the question regarding the purpose of capacity building. In other words, we subscribe to the view that capacity building is an approach to development aimed at strengthening the capacity of an organisation to position itself strategically in the external environment and in relation to other stakeholders in order to realise its core purpose. At times, an intervention aimed at enhancing the knowledge and skills of individuals within organisations may be sufficient to achieve this. At other times, more comprehensive processes of organisational change may be required. It is impossible to settle this in an a-contextual manner.

Secondly, whereas there is general agreement that capacity building organisations have a role to play in assisting organisations to strategically position themselves to make a positive and lasting impact on the external environment, how this is done and what this requires of capacity building organisations are areas of dispute. In other words, there is no agreement about the extent to which service providers can or should direct organisations to be consciously transformative. The fact that most respondents indicated that their respective organisation does not have a conscious analysis of the political economy that informs their work suggests that at this stage few would be equipped to be more directive in this regard. As one respondent indicated: 'I personally do not have sufficient understanding of poverty and the complexity of the development context, so how can I direct these organisations?' It is to the issue of poverty that we turn now.

[10] See *Strengthening Capacities for Transforming Relationships and Exercising Rights (SCAPE) Programme: Resource and Information Pack*, CARE South Africa, Eastern Cape NGO Coalition and Tlhavhama Training Initiative, August 2001.

3.2 Towards a multi-faceted understanding of poverty

Poverty is beyond question the most talked about issue on the development agenda at an international, continental and national level. At the end of the 1990s in particular, 'poverty' as a central 'development problematic' made a comeback after being foremost in international development debates in the early 1970s and late 1980s (Wolfe 1996). As a result, all the big United Nations' assemblies during the 1990s seem to converge on the theme of poverty reduction, which culminates in the identification of the 'international development targets' (see Box 3). The one really significant change between current debates and those of the early 1970s is the shift away from an income-based understanding of poverty to a much more multi-dimensional approach. Thus, at the World Summit on Social Development in Copenhagen in 1995, the following understanding of poverty was put forward:

Box 3. International development targets

- ☒ Reduce the proportion of people living in extreme poverty by half in 2015
- ☒ Enrol all children in primary school by 2015
- ☒ Make progress towards gender equality and empowering women by eliminating gender disparities in primary and secondary education by 2005
- ☒ Reduce infant and child mortality rates by tow-thirds between 1990 and 2015
- ☒ Reduce maternal mortality ratios by three-quarters between 1990 and 2015
- ☒ Provide access for all who need reproductive health services by 2015
- ☒ Implement national strategies for sustainable development by 2005 so as to reverse the loss of environmental resources by 2015

> Poverty has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterized by a lack of participation in decision-making and in civil, social and cultural life. It occurs in all countries […]. Women bear a disproportionate burden of poverty, and children growing up in poverty are often permanently disadvantaged. Older people, people with disabilities, indigenous people, refugees and internally displaced persons are also particularly vulnerable to poverty. Furthermore, poverty in its various forms represents a barrier to communication and access to services, as well as a major health risk, and people living in poverty are particularly vulnerable to the consequences of disasters and conflicts. Absolute poverty is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services (UNRISD 1995).

It is beyond the scope of this report to delve into the various dimensions of the debates about poverty, its dimensions, manifestations and causes. We simply want to assert that we endorse a broader definition of poverty than income-based measures and propose the following *working definition*:

> Poverty exists when an individual's or a household's access to income, jobs and/or infrastructure is inadequate or sufficiently unequal to prohibit full access to opportunities in society. The condition of poverty is caused by a combination of social, economic, spatial, environmental and political factors. Due to the multiplicity of causal factors and their spatial dynamics,

> individuals and households may move in and out of poverty depending on stages in life-cycle and shifting political economy patterns. Poverty is therefore much more than a lack of adequate income (Parnell and Pieterse 1999).

The PIR and the recent Draft Report of the Taylor Committee endorse and deploy a multi-dimensional understanding of the causes and condition of poverty. It is also clear that new government programmes that live in the Poverty Alleviation Fund, and especially the ISRDP and URP, attempt to operationalise the institutional implications of a multi-dimensional understanding of poverty. Before we get to the more practical aspects of this discussion, a few more conceptual points of clarification are in order.

Firstly, poverty programmes tend to distinguish between individual, household and community poverty. The first two categories are most frequently used in defining who is/is not poor through various absolute and relative poverty lines. However, since poor households tend to be concentrated in particular localities, communities are often also referred to as being poor. This informs policy ideas about 'zones of poverty' or 'poverty nodes' and often leads to area-based anti-poverty interventions. Generally, this is useful and important, but it can distract from the great variety and diversity that coexist in poor neighbourhoods or communities. To fully understand this, one can only look at how unique each individual's psychosocial make-up is and how we as individuals respond uniquely in similar circumstances. However, the policy literature is particularly insightful with regard to the complexity of poor households. For example, a poor household will at any given moment in time be comprised of both genders and various generations, and these identity markets would coincide with particular divisions of labour. Also, poor households will respond uniquely in times of stress and adversity, manipulating a variety of 'options' as summarised in Box 4. Any poverty intervention that does not work from an informed and nuanced understanding of the unique characteristics and power relations in a given community is likely to fail.

Box 4. Survival strategies deployed by poor households

Strategies aimed at generating resources:

- Increasing the supply of labour to the economy;
- Increasing self-production;
- Changing asset-liability position;
- Increasing the flow of income transfers.

Strategies for improving the efficiency of existing resources:

- Changes in purchasing habits;
- Changes in food preparation habits;
- Changes in overall consumption patterns;
- Changes in dietary patterns;
- Changes in intra-household food distribution.

Extended family and migration strategies:

- Changes in household composition and organisation;
- Migration.

Source: UNDP (2001)

Secondly, especially in South Africa, poverty tends to coincide with race and income inequality. This is powerfully captured in the contextual section. This aspect points to the centrality of redistribution and employment creation in unlocking various anti-poverty strategies.

Thirdly, due to apartheid spatial planning and social engineering, the reproduction of poverty has profound spatial consequences and logics. For example, poverty is usually concentrated on *peripheries* of cities and towns and between urban and rural areas, with the latter experiencing the highest incidence of poverty. This raises profound implications for how anti-poverty investments are clustered and sequenced, both within designated spatial areas and between them.

Lastly, poverty and inequality can only be eradicated in a systematic fashion if macro and micro strategies are simultaneously deployed in a mutually reinforcing manner (see Figure 5). This is absolutely crucial for the later strategic discussion about the capacity building implications of poverty eradication policies and actions.

Anti-poverty interventions

Definitions and conceptual bases of poverty are critical, because these provide the starting point for identifying and exploring appropriate responses. Our working definition and earlier work to synthesise the vast literature on poverty eradication leads us to suggest an operational framework that distinguishes between seven platforms or clusters of anti-poverty action: i) Facilitating access to good quality employment and economic opportunities; ii) Increasing the physical asset-base of the poor, i.e. land, housing, equipment for

economic enterprise;

iii) Facilitating access to basic services for the poor, including water and sanitation, solid waste management, affordable and safe energy, transport, education, health and shelter;

iv) Strengthening community management of own initiatives and external programmes and ability to self-organise. (The most important plank of anti-poverty interventions for CSOs is to facilitate the autonomy and empowerment of poor households and organisations of the poor—community management);

v) Enhancing democratic participation by the poor in public decision making to ensure effective monitoring and influence over public resource allocations and service delivery;

vi) Ensuring access of the poor to legal entitlements and security; vii) Ensuring access to safety nets to strengthen ability to manage shocks and stresses.

There is a coherence between these seven platforms: activities in i)-ii) relate to economic dimensions of poverty, whereas activities in iii) and vii) relate to material dimensions and iv)-vi) relate to political-social dimensions of poverty: The value of this framework becomes clearer if one explores the possible actions that must be undertaken to address each of the seven platforms of poverty reduction. In Table 6 below we identify a typology of actions in terms of each of the seven platforms of action.

Table 6: Typology of poverty reduction domains

Poverty reduction policy domains	Examples of appropriate poverty reduction interventions
1. Facilitating access to good quality employment and economic opportunities (income poverty)	☒ Ensuring macro economic policies—monetary, fiscal and exchange rate policies— prioritise the needs of the poor; ☒ Ensure the following economic policies prioritise and promote the interest of the poor and the informal sector: private investment policies; micro-finance policies; competition policies; labour market policies; trade policy, especially in pro-poor sector, financial sector development programmes; pricing policies; ☒ Expansion of quality education, especially skills development initiatives; ☒ Labour-based approaches to public works and/or community contracting for infrastructure and service provision/maintenance and management (e.g. municipalcommunity-partnerships); ☒ Enabling policy framework to support and promote the informal sector (e.g. appropriate regulatory framework, land, infrastructure, access to finance and markets).

2. Increasing the physical asset-base of the poor: land, housing, equipment for economic enterprise (asset poverty)	☐ Ensure that sectoral and cross-sectoral/integrated development frameworks and plans facilitate an increase in the asset-base of the poor. Sectoral policies would include those of Land Affairs, Housing and SMME and examples of inter-sectoral policies would include the Rural Development Framework, Integrated Sustainable Rural Development Programme, Urban Development Framework, Urban Renewal Programme, and Infrastructure Investment Policy; ☐ Investment in public spaces of collective consumption to ensure the presence of beauty and greenery in poor communities that can encourage new forms of sociality and trade and induce collective pride.
3. Facilitating access to basic services for the poor: including water and sanitation, solid waste management, affordable and safe energy, transport, education, health and shelter (capability poverty)	**Education:** ☐ Eradicate literacy through outreach activities and a national campaign; ☐ Ensure full access to primary schooling through adequate budgetary allocations, quality monitoring of schools, targeted subsidies to ensure full enrolment, devising practical initiatives to reduce gender discrimination; ☐ Enhancing parental involvement and management of schools and sufficient accountability. **Health:** ☐ Full access to primary health care system and facilities for the poor; ☐ Ensure parental education; ☐ Provide access to safe water and sanitation; ☐ Promote breastfeeding and access to health services including immunisation; ☐ HIV/AIDS programmes; ☐ Communication strategies to ensure awareness amongst the poor about health and safety rights and facilities; ☐ Nutrition programs (feeding and parental education). **Water & Sanitation:** ☐ National policy to ensure access of the poor to a minimum lifeline service to ensure basic daily domestic levels are addressed; ☐ Community-based infrastructure and maintenance initiatives to keep cost for minimal for the poor but ensure full access; ☐ Basic lifeline for survivalist economic initiatives of home-based enterprises.
4. Strengthening 'community management' or organisation of own initiatives and external programmes and ability to self-organise (☞ Vibrant community organisations provide an indispensable platform for collective actions to exercise rights, manage conflict in democratic ways and provide a learning laboratory on democratic citizenship; all of which can increase stocks of social capital.)	Community Management is facilitated through initiatives that: ☐ strengthen community management capability; ☐ support democratic processes internally and externally; ☐ focus on organisational development, training and capacity building of organisations; ☐ focus on leadership development, especially amongst women and the youth; ☐ provide access to relevant information in appropriate formats; ☐ support collective action aimed at a) increasing access to opportunities and entitlements; and b) transforming policy framework that shape the opportunity structures of the poor.
5. Enhancing democratic participation by the poor in public decision making to ensure effective monitoring and influence over public resource allocations and service delivery	☐ Pro-active support measures to enable poor households and representative organisations to participate in formal participatory mechanisms (e.g. IDPs), especially at local government level; ☐ Ensure good governance practices—transparency and accountability—meet needs of the poor; ☐ A strong and effective local government system that can ensure the provision of an integrated package of basic services to the poor, tailored to neighbourhood dynamics; ☐ Improved budget management and transparency, with disaggregated information about expenditure targeting the poor; ☐ Information and public dialogue tailored to the needs of the poor; ☐ Targeted anti-corruption and anti-abuse efforts in the public service that interface with the poor; ☐ Actions to expose and address gender discrimination.

6. Ensuring the access of the poor to legal entitlements and security	☒ Fair judicial system that meet the needs of the poor; ☒ Providing squatters/landless communities with tenure to reduce risk of eviction and increase value of the assets, and so raise prospect of accessing credit; ☒ Ensure access to relevant information about human rights, socio-economic rights and right to information and quality service from public sector officials; ☒ Access to information about legal instruments to ensure employment protection and workplace safety and security, especially for domestic workers and other vulnerable categories; ☒ Protection against violence and insecurity at household and community levels; ☒ Opportunity and facilities to exercise political democratic rights and responsibilities via adequate arrangements for elections, political representation and accountability.
7. Ensuring access to safety nets to strengthen ability to manage shocks and stresses Source: Pieterse (2001)	☒ Access to risk management mechanisms, e.g. micro-credit and safety net programs (e.g. public works); ☒ Access to emergency curative care; ☒ Actions to reduce domestic, gender and community violence (e.g. community policing); ☒ Measures to mitigate environment disaster risks (e.g. better designed infrastructure); ☒ Spending on and targeting of safety net programs, including nutrition, disability, old-age pensions and child support grants and ensuring access to private maintenance grants; ☒ Emergency credit facilities for the poor in times in disaster or rapid economic decline.

Before an organisation can work out where it fits in this matrix of actions, it needs to be clear about its interest in addressing poverty: is it to facilitate poverty alleviation, reduction or eradication? The differences between these concepts can be defined as follows:

⌦ **POVERTY ALLEVIATION** refers to public and private actions to address destitution in terms of a lack of food, access to safe portable water, safety from abuse and shelter. By definition, these interventions are fundamentally ameliorative and tend to be carried out with a 'welfarist' mentality, although not necessarily. Nonetheless, ameliorative measures are obviously necessary to prevent starvation, ill-health and exposure to the elements.

⌦ **POVERTY REDUCTION** refers to deliberate actions that reduce the depth of poverty that individuals and households experience. Deliberate actions could include income and physical asset transfers and/or the supply of education, employment and trading opportunities. Such measures can lead to a reduction in the absolute number of people that are (income and asset) poor, but do not necessarily alter the structural conditions (at various scales) that reproduce poverty and inequality.

⌦ **POVERTY ERADICATION** refers to institutional reforms that increase the political power of the poor to the extent that—through their social movements and 'encroachment practices'—they determine and/or shape the agenda for how the full gamut of poverty reduction measures are to be structured and sequenced in order to address the structural causes of poverty, whilst simultaneously addressing chronic destitution. As a result, poverty reduction actions (including remedial ones) are organised to ensure the *political empowerment* of poor citizens and their organisations relative to political and economic elites.

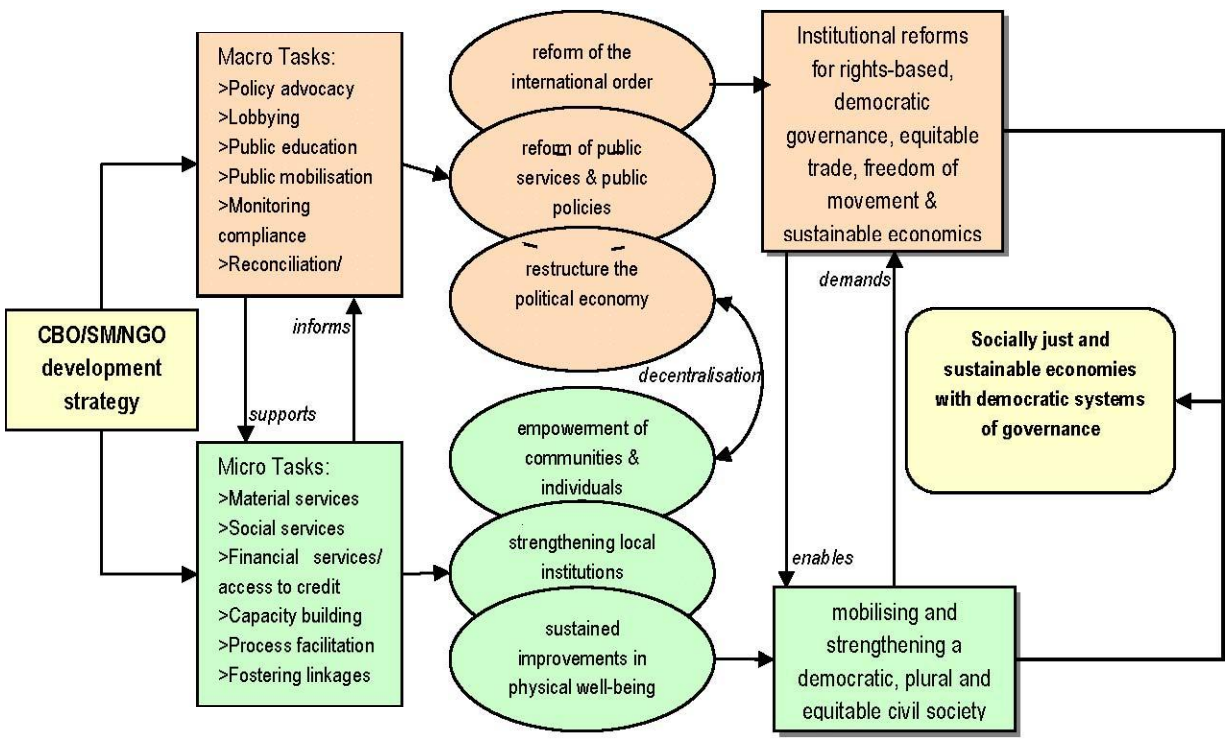
In terms of these definitions, poverty eradication is obviously the most developmental approach. However, this does not mean that alleviation and reduction measures are not legitimate or acceptable as an aspect of the fight against poverty. One of the difficult paradoxes in anti-poverty work is that the organisations of poor people often tend to work on poverty alleviation and reduction programmes and less on campaigns that challenge global and national structures of inequality that operate as underlying causes of poverty. It tends to be advocacy organisations and multi-class alliances that work at national and global scales. However, the success and legitimacy of those organisations that work on national and/or global issues depends fundamentally on their rootedness and accountability to poor people themselves. Furthermore, actions at national and global levels also expand space for local actions that can be remedial and/or transformative.

In other words, the strategic challenge facing CSOs is to use alleviation and reduction measures as a basis for advancing the eradication of poverty. However, to do this effectively, CSOs focused on poverty eradication need to be clear about at least three things:

1. At what scale do they wish to intervene?
2. What specifically will their intervention entail? and,
3. How will it relate to the programmes and actions of other actors?

As we mentioned earlier, micro and macro interventions are dialectically linked and cannot easily be separated. Nonetheless, organisations also need to be effective at what they do, which requires a measure of specialisation and depth. Before we specify the implications of all this for CSOs and capacity building, we will briefly digress and illustrate what micro and macro interventions may entail. Both examples will be related to Table 6 before.

Figure 5: Linking micro and macro interventions



(Source: Fowler 1997)

Micro anti-poverty actions

Anti-poverty action at a micro scale involves a wide-spectrum of development work. Alan Fowler (1997) has usefully summarised both micro and macro interventions that are essential to shift the development landscape to a degree that poverty will be eradicated; an end-state he typifies as 'socially just and sustainable economies with accountable, inclusive systems of government' (see Figure 5). The micro tasks involve a range of services to achieve three broad outcomes:

- empowerment of poor communities and individuals;
- strengthening of local institutions;
- sustained improvements in the physical well-being of especially poor citizens.

This list clearly coincides with the seven anti-poverty planks of action summarised in Table 6 above. The important dynamic to understand is that the first and last outcome depend on the second—strengthening of local institutions. This goes back to what we know from the participatory development literature: unless development processes are owned and driven by the so-called beneficiaries they are unlikely to succeed over the long-term. Put differently, the primary task of local development work is to foster strong, democratic, transparent and responsive organisations that enable poor citizens to pool their energies and mobilise for better access to development opportunities.

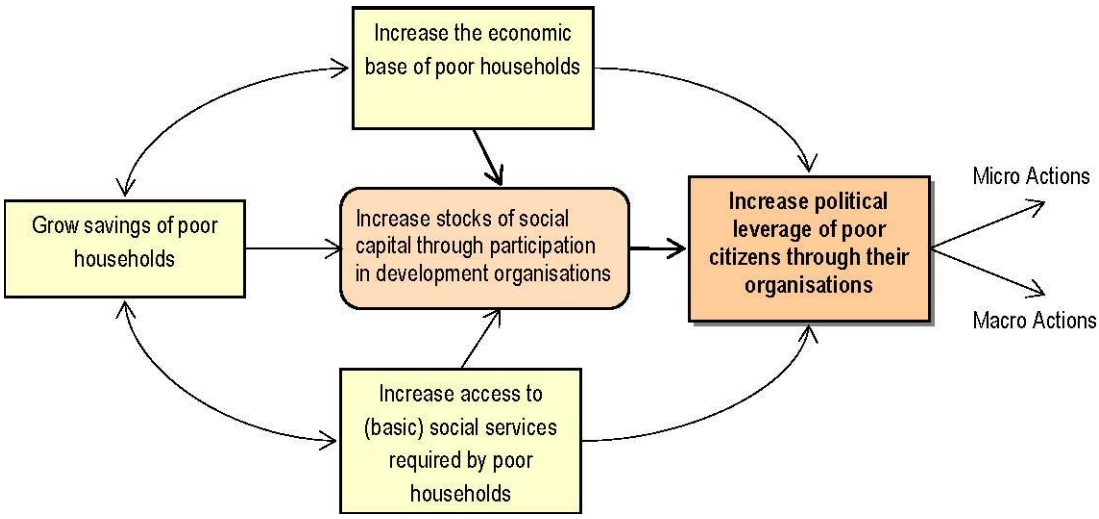
However, decades of experience and learning across the South have taught us that people do not participate in collective organisations unless these organisations speak to immediate needs, fulfil identity-based aspirations and fulfil a political function. Choices to participate or not are heavily influenced by perceptions about the nature of 'political space' to organise and act autonomously from the state and political movements linked to the state. Furthermore, democratic organisations of the poor are very hard to build and sustain, because they are often hijacked by 'local elites' who act as gatekeepers and spokespersons for the local community. For these and many other reasons (that extend beyond the scope of this paper), intermediary service organisations (NGOs) play an important role to encourage and support the formation of democratic movements and mutual-help organisations in poor communities. However, the entry point to foster collective action and solidarity tends to be a specific problem/issue, typically rooted in a sectoral development focus, e.g. health, access to credit, access to land, and so on. Numerous sectorally defined examples are listed in Table 6 above, which should help to visualise this point.

The recent debate on sectoral, or fragmented, versus integrated development has highlighted the problems of sectoral-based approaches to development and poverty reduction.[11] The singular lesson that emerges from these debates is that local level interventions need to address concrete needs or wants, but the processes of addressing needs must also unlock a wider set of developmental dynamics that can visibly contribute to the strengthening of local institutions and empowerment of communities and individuals. Furthermore, in a context such as South Africa, where lack of work or access to productive opportunities is so overwhelming, this is often the lead trigger to unlock developmental processes in poor communities. Experience and research furthermore

[11] For a fuller review of these debates, see Pieterse (2001).

suggests that fostering *savings* that are collectively held is often the most effective way of stimulating access to productive assets and employment opportunities. There is a more expanded argument behind this assertion that we can only touch on superficially here. We therefore draw on Figure 6 to illustrate the key points.

Figure 6: Developmental linkages at the micro scale



From the figure it is clear that the biggest asset a poor community has is its stocks of social capital that allows it to carry out collective actions on the basis of solidarity. Social capital is best enhanced through collective actions that address the physical well-being of the participating people (and households) in one form or another. The experience of achievement that comes from positive collective action provides a useful foundation to promote political agency aimed at powerful local actors and the government, depending on the issues at hand. Two examples may help to clarify these points further. The South African Homeless People's Federation uses savings as a mechanism to build solidarity in order to access a tangible asset, namely a house. However, potential 'beneficiaries' of this organisation's work must commit to the collective process first through their savings that they contribute and their sweat equity to allow fellow community members to get a much better house than what the government subsidy allows for. However, in the process of saving and helping, members are conscientised about how the housing finance market works and how best to leverage government resources in terms of land and services, over and above the subsidy itself. Through this process, members also gain an understanding of how low-income housing markets work in other countries and what organised poor people do there to expand the power of their organisations. This experience builds confidence and insight to allow these people to also organise around other issues in their communities and households, e.g. access to essential health services, medicine, affordable public transport, etc. The Self-Employment Women's Union (SEWU) operates on a similar set of principles and is able to reach very poor and economically insecure women.

The central point to take away from this discussion is that effective anti-poverty action at a local neighbourhood scale must combine a degree of sectoral specialisation with an awareness of fostering integrated development. Institutionally, this implies that service

providers (NGOs) and local associations need to work in a more coordinated manner. Local interventions also require a sharp understanding of how the specific action will link up with contiguous processes at the meso and macro scales. In other words, how do the experiences of local development processes with all its frustrations and achievements directly inform advocacy and lobbying processes at national and international scales? This is the intersection point where the micro *informs* the macro and the macro can, potentially, *enable* local action that can empower poor households, citizens and their organisational formations. We have taken some time to pause around the local level antipoverty arena, because most of the capacity building challenges are at this scale. Now we move on to a few comments on the macro scale challenges.

Macro anti-poverty actions

The general structural causes of poverty at a global scale are clearly and aptly summarised by the organisation Christian Aid: "Poverty is caused by unequal power relations within and amongst countries. Structural causes of poverty ensure an adverse redistribution from the poor to the rich: the debt service burden, unfair terms of trade and trade rules that favour rich companies based in the North, and the lack of resources for investment. Market incentives ensure that the benefits of technology and globalisation accrue to the rich. Present systems of governance are ill-equipped to address these causes; there are no accountability systems to regulate transnational corporations and only imperfect accountability for the IMF, the World Bank and the WTO. Amongst attempted solutions, economic growth has enjoyed the greatest support. But even 'pro-poor' growth has failed to overcome poverty, because it does not challenge the unequal distribution of resources. In fact, macroeconomic reform and fiscal stringency have required governments to withdraw resources from poor people" (quoted in Christie and Warburton 2001:114).

However, changing these dynamics is a complex and profoundly political matter that requires a plurality of strategies across a wide front, based on democratic pluralism and an ethic of solidarity. As illustrated in figure 5 above and implied in the analysis of Christian Aid, the inexorable goals are to:

- fundamentally alter the international political order to make it more democratic, transparent, accountable and responsive to the interests of the global majority who are systematically excluded from living free and meaningful lives;
- transform public policies that shape the mobilisation and deployment of public resources (in the North and the South) earmarked for the advancement of sustainable development;
- achieve a fundamental restructuring of the global political economy of production, trade, distribution, labour and ownership to ensure equity and sustainable

In the last decade in particular, a significant process of global mobilisation has begun to take shape in the form of the anti-globalisation movement pitted against the neo-liberal appropriation of globalisation dynamics. For now, the only point we want to stress is that the legitimacy and effectiveness of civil society activism aimed at exposing and dismantling the structural determinants of poverty and exploitation depends on how embedded these organisations are in local communities and their practical struggles. This raises a host of difficult questions about the institutional architecture that is conducive to ensure downward accountability and upward mandating, without recreating the stifling

problems of democratic centralism. In a sense, the capacity building needs of this sphere of civil society action is ill understood and therefore relevant for how the focus of this study is taken forward.

Practically, it probably makes sense to turn to the advocacy platforms of SANGOCO as formulated at the last NGO Week in 2001. These include: (i) food security; (ii) social security; and (iii) people's budget. In organisational terms, it would mean that a dedicated capacitation strategy would have to be developed and sustained over the long haul to work with national, sectoral, provincial structures and individual affiliates who make up the organisational structure of the campaigns. Given the current way of functioning of SANGOCO, one could question whether this is a viable approach.

Interview findings

During the course of the interviews, a variety of perspectives on poverty emerged. Some respondents interpreted poverty as income poverty, i.e. the lack of an income (either gained through employment or social security grants).

However, most respondents indicated that poverty has various dimensions. The two most commonly identified dimensions of poverty are 'material' or 'tangible' (i.e. money, food, housing and other resources) and 'intangible' or 'political' (related to knowledge, information, skills and power and the ability to influence service delivery and decision-making processes). As one of the respondents said, poverty is a 'lack of equity' in relation to the tangibles (physical assets) and in relation to power, participation and decision-making. A similar view was expressed by another respondent: 'poverty goes beyond material wants and needs; it is also about the sources and causes of these material wants and needs'.

Only one of the organisations interviewed indicated that it has developed a definition of poverty. According to this definition, poverty is 'the inability of individuals, households or communities to command or mobilise sufficient resources to satisfy their basic needs including: food, education and information, health, access to clean water, electricity, and sanitation, housing and shelter and transport or freedom of movement (SCAT 2000).' To illustrate the point, the organisation's view is that 'living in a hut in a rural area does not necessarily mean that you are poor. But if you want to services like water and cannot have them, your rights are unmet and you are poor. This is especially if you can't mobilise around your rights.'

A similar perspective is articulated in the SCAPE Programme, which defines poverty as 'a consequence of a range of inequalities – of resources, power and opportunity' (SCAPE 2001). Addressing poverty is thus about addressing these underlying issues. This rights-based interpretation of poverty is not shared by all respondents. For example, in one interview, the question was raised whether the focus should not be on inequality and wealth reduction, rather than poverty eradication. In this perspective, any intervention aimed at addressing poverty was perceived as welfarist and ameliorative.

In a number of interviews it was suggested that people living in poor communities tend to have a different interpretation of poverty than capacity building organisations. Some suggested that poor people see poverty mainly in relation to the lack of money and other

resources, whereas capacity building organisations tend to emphasise the political dimension of poverty. This different interpretation challenges service providers to better understand the linkage between these different dimensions of poverty and make it obvious to the organisations and structures they work with how their work at the political dimension relates to the economic and material dimensions of poverty. On a more challenging note, one of the respondents suggested that South African NGOs in general, and capacity building organisations in particular, have a long track record of responding to the political dimension of poverty, but have been quite weak in responding adequately to the material and economic dimensions of poverty. In this perspective, the challenge for these organisations is to get much better at engaging with the material basis of poverty.

Yet, one organisation (a funder) believes that it should not make assumptions about poverty and how poor people experience poverty. For this reason, it does a qualitative poverty analysis of each community in which it has a presence. This analysis is compiled by its fieldworkers in collaboration with local partner organisations and focuses on six aspects: i) food; ii) education & information; iii) health; iv) access to clean water, sanitation and electricity; v) housing / shelter; and, vi) transport / freedom of movement. These six aspects also feature in the organisational definition of poverty mentioned above. It is interesting that issues such as unemployment or access to social security, often more readily associated with poverty, are not included in this analysis.

Some respondents made a clear distinction between the *manifestations* of poverty and the *causes* of poverty. It was suggested that these involve different practices, each requiring different capacities. For example, in responding to the manifestations of poverty, the target for capacity building is poor people so that they themselves can change things. However, if the intention is to address the causes of poverty, the focus shifts from the local level to the national and global level and from poor people to a range of organisations involved in global advocacy. Whereas the SCAPE Programme also recognises that one has to distinguish between the manifestations and causes of poverty, and that work at each level involves specific practices, it sees these practices as interlinked. Put differently, antipoverty work at the micro level needs to inform macro level anti-poverty strategies and advocacy. This does not imply that every organisation needs to be involved at both levels. Rather, it points to the importance of networking and cooperation with other organisations.

Although not a universal perspective, some respondents regard working at the level of the manifestations of poverty as inappropriate, because it does not change the status quo, and even ‘pointless’ in the context of a neo-liberal policy environment. In this view, anti-poverty work is interpreted as poverty alleviation and it was assumed that this results in a service-oriented organisational model. Another respondent also discarded the terms poverty alleviation and poverty reduction for embedded in these terms is the suggestion that poverty is acceptable.

From the preceding discussion, we can draw a number of conclusions. Three conclusions are summarised here.

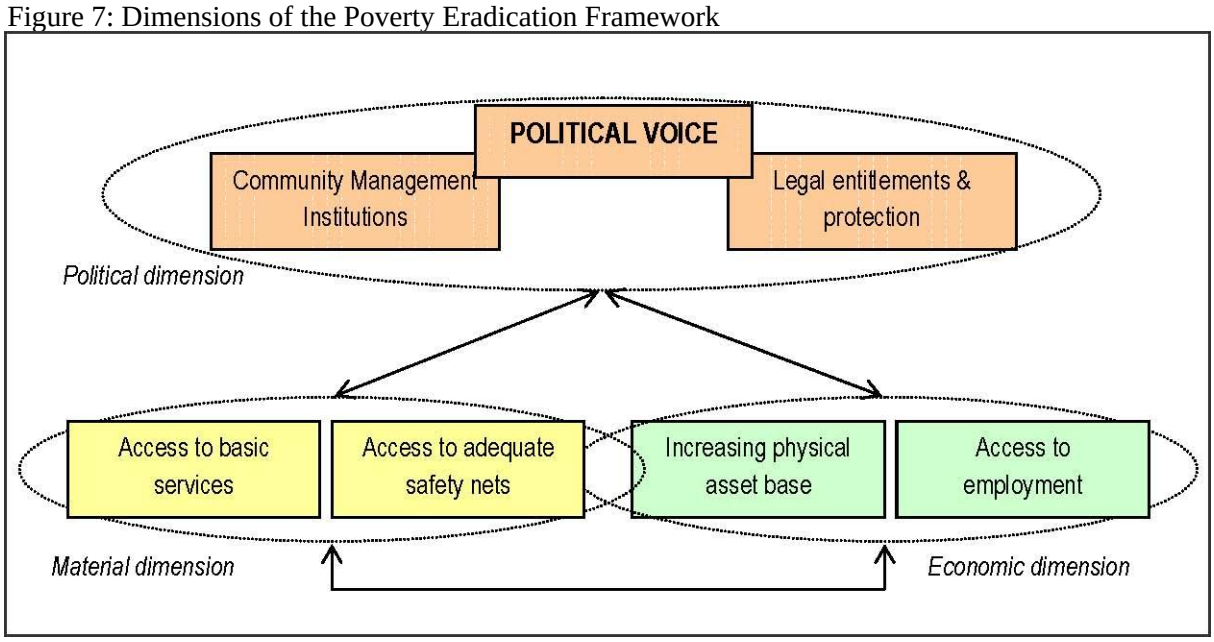
Firstly, few organisations have defined what poverty is. Interpretations varied from an income-based definition of poverty to an understanding of the multi-dimensional nature

of poverty. However, in most instances the seven domains of poverty identified in Table 6 were reduced to two broadly defined dimensions: 'material' (which includes economic) and 'political'. This distinction seems to correlate with Figure 7.

Secondly, the importance of who determines what poverty is surfaced during a number of interviews. An important observation was that community perspectives on poverty may differ from the views of capacity building organisations, which tend to locate their activities in the political domain. This challenges capacity building organisations to have a coherent analytical framework of poverty and of the various poverty reduction domains, and of how these various platforms for intervention interrelate within and between various scales (as illustrated in Table 6 and Figure 7).

Thirdly, whereas a number of respondents made a distinction between the manifestations and the causes of poverty, many saw these as distinct areas of work. Few, with the exception of the SCAPE Programme, were able to articulate a dynamic linkage between these two levels of anti-poverty work. Yet, as the preceding discussion has argued, the inter-linkage between the micro and macro levels is critical for poverty eradication.

Figure 7: Dimensions of the Poverty Eradication Framework



4. CONCEPTUAL FRAMEWORK

This section seeks to explore the linkage between capacity building and poverty eradication. More specifically, the intention is to investigate what capacity building for poverty eradication is and what the implications are for capacity building actions to be geared explicitly towards poverty eradication.

We can summarise the main conclusions of the preceding sections in the following six inter-related propositions:

1. Capacity building cannot be de-linked from the question of 'purpose'; in other words, capacity building is concerned with strengthening of an organisation to effectively

position itself in relation to the external environment, with the intention to influence this environment to the benefit of its constituencies and/or target communities.

2. Because poverty is multi-dimensional, poverty eradication interventions almost by definition involve multi-actor institutional arrangements. In other words, coalitions and partnerships are essential strategies to link resources (human, financial and otherwise) with practical interventions that target structures of poverty or their manifestations.

3. Poverty manifests itself differently at different scales. Therefore, institutional responses will be different depending on the scale and aspect of poverty that is being addressed.

4. Propositions 2 and 3 suggest the need for specialisation and building linkages between different actors and scales of anti-poverty actions.

5. Given these complex imperatives, all development organisations, whether state or civil society organisations, need ongoing capacitation to be, or become, more effective in eradicating poverty.

6. This suggests the need for a comprehensive capacity building response to assist those organisations that define their identity and purpose in relation to poverty eradication to realise their objectives.

Following from this, the link between capacity building for poverty eradication can be defined in two ways: a) Capacity building aimed at strengthening organisations that the poor participate in to
enhance political democratic space to realise their rights; b) Capacity building aimed at strengthening organisations that define their purpose to
address the structures and/or manifestations of poverty.

Although these are presented as conceptually distinct, in practice organisations may straddle both categories. This must be born in mind when considering the following line of argument.

Given the scale of poverty and the size of the non-profit sector in South Africa, both approaches involve very large tasks. It is therefore essential to disaggregate and categorise different capacity building actions aimed at poverty eradication. Before proposing some entry points into this discussion, some general issues are imperative.

Firstly, capacity building service providers need to have a good understanding of the target market. This includes an appreciation of the variety of organisations in civil society, and in particular the extent of informal associational life in poor communities. Due to the lack of empirical data about the size and nature of civil society organisations, the understanding of civil society has been limited at best, particularly in relation to less formalised or informal associations. The Non-Profit Study is an important source of information in helping to understand the potential target market for capacity building actions better.

Secondly, capacity building service providers need to understand the institutional drivers and logics for poverty eradication. In other words, there is a need to better understand the resource flows for anti-poverty actions (where money for poverty interventions is, how it is spent and how to access it) and the institutional frameworks, such as integrated planning frameworks and public-private partnership approaches (and their inherent contractions and weaknesses). Such understanding is critical in identifying the most strategic points to maximise poverty eradication efforts.

Thirdly, capacity building service providers need a better understanding of the nature of political democratic space (Johnson and Start 2001). In other words, what is the scope for collaborative and confrontational strategies; what is the relative political power of subaltern groups; what shifts are occurring in the political economy of ideas, locally and internationally; and so on.

These imperatives inform the choices facing capacity building service providers, namely who to work with, where to target capacity building support and how to strengthen these organisations.

From the interviews it has emerged that there is both a need and an interest for further exploration of the issues presented in this concept paper. Many respondents indicated that they would appreciate a regular platform for debate on these issues. For some, the annual OD Event served as an example, although all were in agreement that such a forum should distinguish itself from the OD Event. Specifically, it was suggested that this forum, or learning network, should meet on a more regular basis and that it should provide a space for critical reflection on the issue of organisational positioning in relation to the external environment (i.e. capacity building *for what*). The forum should be a space for critical and challenging debate and engagement, rather than a seminar or conference predominantly structured around inputs. Other suggestions include that the learning network should be broad-based and involve the various actors involved in capacity building, open to 'field staff' (i.e. not exclusively for Directors and line managers) and that it should specifically be aimed at South African organisations and practitioners. The detail of this discussion is premature. We believe that what is required at this stage is a more fundamental discussion about the linkage between capacity building for poverty eradication and how to formulate a comprehensive response to the full gamut of needs.

The following section will try to present a framework to structure further dialogue in relation to the two approaches to capacity building for poverty eradication, i.e. strengthening organisations of the poor and strengthening organisations aimed to redress poverty. Proposals in relation to each approach are structured around the following issues: i) basic tool for organisational assessment; ii) organisational entry points for capacity building actions; iii) resource points for capacity building; iv) main features of capacity building actions; and, v) sector-wide institutional frameworks.

Strengthening organisations of the poor

In relation to efforts aimed at strengthening the organisations of the poor to enable them to nudge and shift the political agenda towards poverty eradication, a key challenge facing capacity building organisations is the issue of scaling up. In light of the findings of the NPO Study, the need for capacity building in this regard is enormous. Yet, the scale of

need raises issues of impact and effectiveness of capacity building actions as they currently stand. In other words, how can the vast need for capacity building support be met in such a way that ensures maximum impact in a reasonable time frame, for example 5-10 years?

i. organisational assessment tool

Table 7 presents a basic assessment tool that can be used to determine what type of capacity building interventions are required in relation to different types of organisations, depending on their level of formalisation, area of focus and management structures.[12] Diagnosis would obviously draw on participatory assessment tools.

Table 7. Matrix of CSOs and disaggregated capacity building needs

Content focus Type of CSO[13]	Governance	Leadership	Management	Development practice	Contextual analysis / advocacy	Project management	Monitoring & evaluation
Informal CBO							
Formal membership CBO							
Community development forum							
IDP forum							
Service delivery cooperative							
Training NGO							
Sectoral NGO							
Policy NGO							

Source: Pieterse (2002)

ii) entry points for capacity building actions

A number of organisations can assist in identifying and targeting organisations of the poor seeking to advance their constitutional rights for capacity building support. Firstly, the infrastructure of advice offices and paralegal structures seems appropriate in this regard. Their comparative advantage is that they work closely with organisations on the ground and tend to have a presence in rural areas. Furthermore, these organisations undertake development work from a rights-based platform, which is an advantage from a poverty eradication perspective.

Another potential entry point is the programmes and organisational networks of the large development agencies such as the IDT, NDA and Umsobomvu Youth Fund. Collectively, they represent a large slice of the pool of national resources earmarked for poverty reduction. All these agencies also locate capacity building for poverty eradication as central to their missions and programmes. However, currently their capacity building initiatives are conceptualised and deployed with an inward-looking focus, i.e. in relation to

[12] See, for example, the Education and Training Unit (ETU) website for training materials on various organisational systems and tools aimed at CBOs (www.etu.org.za). [13] Each of these organisational types can further be disaggregated to reflect the various stages in a life-cycle of an organisation, e.g. nascent, emerging, expanding and mature stage (see Booth, W., Ebrahim, R. and Morin R., 1998).

their projects. The interviews revealed an interest and willingness on the part of these organisations to share information and thinking about how best to address their substantial, even if limited, resources for capacity building. There is much room for information exchange, joint strategising and collaboration. Significantly though, from the interviews it is clear that there is a lack of understanding of the role and contributions of both the NDA and the IDT. In the case of the NDA, this is largely caused by negative publicity and possibly disappointment in its functioning to date, whereas only one respondent actually mentioned the IDT.

Area-based coalitions or partnerships for service delivery are likely to be a third potential entry point into communities. Such coalitions could take on the form of community development forums in relation to IDPs. The distinguishing feature of these coalitions is that they cohere around service delivery issues and are therefore principally about poverty alleviation or poverty reduction.

iii) resource points

Whereas donor agencies customarily provide resources in this regard, it also falls within the ambit of the IDT to provide financial support for capacity building for organisations of the poor that are involved in various anti-poverty programmes. In addition, the Umsobomvu Youth Fund can provide financial support, albeit specifically for youth programmes. The relevant SETA (see Box 5 below) is another resource point.

iv) features of capacity building actions

Two distinct sets of capacity building actions are likely to be required to strengthen organisations of the poor engaged in rights-based activities. Firstly, there is a need for standardised skills training and information dissemination in relation to organisational systems, structures and procedures (e.g. project management, leadership and management systems, monitoring and evaluation, etc.).

Secondly, there is a need for tailored capacitation to facilitate and strengthen the area-based coalitions for service delivery. For example, this could involve the need to strengthen the ability of local stakeholders to manage and execute a specific community based programme within a specified timeframe (e.g. a public works programme running over 3 years).

v) institutional frameworks for a sector-wide response

To address the capacity building challenges in this category, service providers are faced with three options, which are not necessarily mutually exclusive. The first option is to hold on to the current approach, which is characterised by dispersed and uncoordinated interventions of capacity building organisations. Secondly, there could be some network, whether formalised or informal, between service providers to ensure capacity building services reach the organisations of the poor. The third option is to make effective use of the SETA (Sector Education and Training Authority) for Education, Training and Development Practices (ETDP) as an institutional framework that ensures equitable access to services and a more consistent approach to capacity building. Because few of the respondents demonstrated an in-depth understanding of the purpose and function of the SETA, Box 5 further expands on this.

Box 5. Role and function of the Education, Training and Development Practices SETA

The Skills Development Act (1998) allows for the establishment SETAs for different sectors. The purpose of a SETA is to ensure that training is available in the relevant sector to strengthen the skills base. In March 2000, the National Skills Authority established 25 SETAs. The ETDP SETA covers capacity building actions in civil society.

Each SETA is made up of representatives from employers, trade unions, government departments and bargaining councils, where relevant. The task of a SETA is to manage the learnership system, which refers to a system of structured learning and practical work experience leading to a qualification that is recognised by the South African Qualifications Authority (SAQA) for particular sectors.

The legislation (Skills Development Levies Act of 1999) makes provision for a skills development levy, which employers are expected to pay to the South African Revenue Service (which acts as the collecting agency for the Department of Labour and SETAs). In the first year of operation of the SETAs, the skills levy amounted to 0.5% of the total remuneration paid to employees. In the second and subsequent years, the levy is set at 1% of the total remuneration paid to employees. Of the money collected, 80% would be allocated to the various SETAs and 20% to the National Skills Fund, which funds skills development projects for the unemployed. Companies can claim back up to 50% of their levy, provided they meet certain criteria. However, organisations can be exempt from paying the skills levy, yet still be a member of the SETA and benefit from the services offered.

Of particular relevance to development organisations is the ETDP SETA.[1] Currently, its scope of capacity building is quite broad, and still being debated. Clearly, this provides a strategic opportunity for capacity building organisations to engage with the SETA and help shape its remit. The SETA defines capacity building as anything that aims to strengthen the human capacity in the sector, from a project management skills programme to an OD intervention. Excluded from potential support are buildings, equipment and infrastructure.

The concept of 'learnership' is particularly useful in the context of capacity building for poverty eradication. Inherent in this concept is the notion that people emerging from the programmes will enter income-generating activities when they qualify. For the SETA, a critical issue is what organisational capacity building is needed to sustain employment in the development sector. This involves looking at how various stakeholders, including government departments, the Umsobomvu Youth Fund and capacity building NGOs, can work together to ensure that capacity building processes lead to employment and the genuine development of communities. Again, there appears to be significant scope for development organisations to participate in this strategic discussion and suggest practical models.

Capacity building organisations interested in becoming an accredited service provider need to register with the Education Training and Development Qualifications Authority (ETDQA). For those organisations that are unable to register, yet have an important OD role, the ETDP SETA is currently exploring the possibility of facilitating the formation of consortia or partnerships to enable non-accredited providers to offer their services through the SETA.

During the course of the interviews, some respondents suggested the need for a national structure with funds for capacity building actions to ensure greater consistency between service providers and more equitable distribution of services. Clearly, this falls within the scope of the SETA. The fact that the ETDP SETA itself is grappling with how to ensure organisations of disadvantaged social groups in resource-poor communities are reached effectively and how to work in partnership with other stakeholders to ensure that capacity building results in poverty reduction suggests that there is significant scope for constructive engagement on these issues. The effectiveness of the ETDP SETA depends, to a large extent, on CSOs and their willingness, on the one hand, to register as service providers and, on the other hand, to use the services offered through the SETA.

Strengthening organisations engaged in anti-poverty work

The core challenge for capacity building actions aimed at strengthening organisations explicitly engaged in anti-poverty work is to provide access to information, skills and learning opportunities which will enable these organisations to effectively carry out their work and contribute to poverty eradication.

i) organisational assessment tool

Whereas the matrix in Table 7 may serve some purpose in helping to identify capacity building needs for organisations consciously geared towards anti-poverty work, the capacity requirements for these organisations are more closely related to conscious organisational positioning in relation to theoretical paradigms on poverty and poverty eradication and to the external environment. Box 6 captures five basic steps for an organisational assessment in this regard.

Box 6. Essential steps for organisational positioning for poverty reduction

1 An understanding of the theoretical debates that underpin the issues that the organisation focuses on, an explicit view on what the organisation's own position is within these debates and agreement on the need to locate the organisation's work within a broader anti-poverty agenda;
2 A view on how the theoretical approach (paradigm) translates into specific types of actions/interventions to systematically address problems and achieve milestones to eventually overcome structural impediments;
3 An analysis of the actual context (local, regional, national, international) within which the organisation operates and the types of interventions (and combinations) appropriate for each circumstance;
4 A view of itself as an organisation, based on an assessment of its actual capabilities to pursue its purpose and realise its objectives, located within explicit time-frames about what it can do in the short-term and what it needs to achieve in the medium- and long-term;
5 An analysis of the skills and capability deficiencies that undermine the organisation's ability to fully express its purpose and realise its objectives, linked to a plan to address this capacity-gap.

In our view, both capacity building and OD interventions will essentially involve taking organisations through a process to resolve these issues. Interestingly, if we reflect on how the respondents dealt with the question of their approach to poverty eradication it seems that there may be a need for capacity building and OD service providers to address these questions for themselves as well. If, as some respondents argued, capacity building and OD organisations need to play a more challenging and politically transformative role in light of endemic poverty and inequality in South Africa, it will be imperative for these organisations to assess whether the theoretical frameworks and methodologies underpinning their practice are sufficient to allow them to play this role.

ii) entry points for capacity building actions

Again, the question arises, how does one identify the most appropriate organisations to work with in this category? The following organisational structures can serve as possible entry points to identify CSOs that define their purpose to address the manifestations and/or causes of poverty:

1 SANGOCO and its provincial structures;
2 Social movements or campaigning organisations, such as the Homeless People's Federation or the Treatment Action Campaign (TAC);
3 Area-based anti-poverty coalitions, such as anti-privatisation forums that target their activism towards municipal anti-poverty programmes or the impact of privatisation initiatives, e.g. disconnection of service, evictions, and so on. The distinguishing feature of these area-based coalitions is that they engage in political activism and advocacy.

iii) resource points

Financial resources for capacity building support in this area are likely to be accessed from donor agencies and the NDA. In addition, the ETDP SETA provides an entry point for resources.

iv) features of capacity building actions

Capacity building in this area is likely to fall into two categories. On the one hand, there will be a need for standardised skills training. This could focus on the same generic topics as in capacity building actions for organisations of the poor, but will be customised to the requirements of more complex organisational systems. It may also include standardised training on topics related to social mobilisation, such as advocacy and lobbying. On the other hand, capacity building support will include tailored capacitation strategies related to specific campaigns.

v) institutional frameworks for a sector-wide response

The three options discussed previously equally apply here, i.e. i) the continuation of a dispersed and uncoordinated response; ii) the establishment of some sort of network between service providers; and, iii) linking up with the ETDP SETA.

In conclusion, Figure 8 captures the preceding discussion in diagrammatic form.

Figure 8: Surfacing the strategic choices

	Organisation of the Poor (A)	**Anti-poverty organisations (B)**
Elementary assessment tool to understand capacity building needs:	matrix of CSOs and disaggregated capacity building needs (table 7)	5 steps model of becoming effective as an anti-poverty organisation (box 6)
Organisational entry points for capacity building actions:	>IDT/NDA/Umsobomvu Youth Fund >paralegal organisational infrastructure >area-based service delivery coalitions (typically in relation to IDPs or ISRDPs)	>SANGOCO >social movements and campaigning coalitions, e.g. TAC >area-based advocacy coalitions, e.g. anti-privatisation forum
Resource flows and points for capacity building:	>IDT/NDA/Umsobomvu Youth Fund >donors focussed on strengthening organisations of the poor >SETA	>NDA >donors >SETA (limited extent)
'Techniques' or features of capacity building actions:	>standardised training and information dissemination inputs >tailor-made support for area-based partnerships for service delivery	>standardised training and information dissemination inputs >tailor-made capacitation strategies to support specific campaigns
Institutional models for a sector-wide approach to capacity building and OD:	>SETA framework to address generic needs on scale within a designated period of time >Formalised network (tight or loose) of service providers who coordinate their capacity building and OD programmes >Dispersed and uncoordinated response to needs (current status quo)	>SETA framework to address generic needs on scale within a designated period of time >Formalised network (tight or loose) of service providers who coordinate their capacity building and OD programmes >Dispersed and uncoordinated response to needs (current status quo)

5. CONCLUDING COMMENTS: IMPLICATIONS FOR TAKING THE DISCUSSION FORWARD

From this review and surfacing of the strategic choices that need to be made, a broad agenda for the forthcoming conference begins to emerge. Broadly it involves the following issues:

1. The starting point is whether organisations in the field find the distinctions between category A and B useful from conceptual and practical points of view. The conceptual framework mapped out in this report can serve as the primary reference point for such a discussion.

2. If there is agreement on this, it becomes possible to explore what the status quo is at the moment. The findings in this report provide some measure of that, but a lot more detail needs to be brought to the discussion table. It will therefore be appropriate for organisations to present information about: (i) who they work with in terms of types of organisations; (ii) where they work and the scale of their reach; (iii) what they impart to partners in terms of skills and knowledge and the underlying methodologies;

(iv) how they hope to improve the quality, reach and impact of their work; and, (v) whether they want to work in a more coordinated and integrated manner with other service providers or interested parties.

3. A shared understanding of the status quo provides a platform to explore what the most strategic actions are to begin a process of collaboration that may produce synergy of efforts over the medium-term.

One of the most strategic issues to collaborate around is to define a shared platform for systematic engagement with the ETDP SETA. It is likely that further empirical research will be required to ensure that specific demands are formulated with clear ideas about how to implement capacity building aimed at achieving impact on scale. Invariably, this route will result in a coalition of sorts comprised of, inter alia, capacity building service providers, NGOs, donors, development agencies, social movements and certain government departments (e.g. Social Development) that will set a target of getting agreement to train x number of development workers within a ten year period.

A separate issue could be to identify joint initiatives that respond to immediate needs of the IDT, NDA, SANGOCO or any other actor with substantial resources and can be addressed before any agreements are reached on the ETDP SETA framework.

Another outcome could be a discussion on adopting shared principles and values in doing capacity building toward poverty eradication without necessarily working collaboratively in any way. This could then lead to decisions about how to network more effectively to ensure systematic learning and exchange of information and resources.

Ideally, from our perspective, the conference will culminate in a decision that combines these three levels of action. The challenge will be to ensure that

firm and realistic decisions are taken, linked to time-frames and a division of responsibility. A follow-up event could then be organised to assess achievement and refine strategies.

Working through this sequence of issues (at the forthcoming conference) will allow relevant stakeholders to address the following questions:

- How can or should the different actors cooperate (i.e. how)?
- Which actors should participate in types of cooperative frameworks (i.e. who)?

The success of the process will depend on focus and the degree of inclusivity. The following categories of capacity building organisations and other stakeholders relevant to the 'sector' should be invited to participate:

☒ NGOs, which could be further disaggregated in terms of dedicated capacity building and OD NGOs and NGOs that have incorporated capacity building actions into their sectoral scope (e.g. National Land Committee has staff dealing with the capacity building and organisation development challenges of the network and its affiliates); ☒ Tertiary institutions; ☒ Individual OD/training consultants and businesses; ☒ Development agencies, e.g. NDA, IDT, Umsobomvu Youth Fund; ☒ Donor agencies; and, ☒ ETDP SETA.

The purpose of this concept paper has been to construct a platform to initiate a dialogue between all the relevant stakeholders in the field. The next steps will require shared commitment and staying power to ensure that the ideas translate into practice so that, hopefully, a much greater number of people can benefit.

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