giving & solidarity

resource flows for poverty alleviation and development in South Africa

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Preface

THIS VOLUME PRESENTS an analysis of the results of the first comprehensive investigation into giving by non-state stakeholders in South Africa. The investigation, while undertaken by a research team assembled by the Centre for Civil Society (CCS) at the University of KwaZulu-Natal, was jointly initiated by the leaderships of the CCS, the National Development Agency (NDA), and the Southern African Grantmakers' Association (SAGA). This partnership among the worlds of the academy, governance and the market represents one among many attempts to undertake research that makes a difference, and to transmit this into the arena of policy and practice. Given the experimental nature of this partnership, many lessons were learnt during this period of institutional collaboration, and so we must record our heartfelt thanks to the leaderships of SAGA, in particular Colleen du Toit, and the NDA, in the persons of Tlalane Teffo and Godffrey Mokate. Our gratitude must also be extended to Patrick Bond and Vishnu Padayachee, current director of the CCS and ex-director of the School of Development Studies, respectively, who provided wise counsel at various points in the life of the project.

We wish to place on record our deep gratitude and appreciation to our donors, Atlantic Philanthropies, Charles Stewart Mott Foundation, the Ford

Foundation and the National Development Agency, all of whom generously supported this project. The researchers, who numbered about 30 at the height of the project, and the research team leaders, must be remembered for their great work, camaraderie and ultimately for their patience with institutional bureaucracies. Members of the reference group, Ms Sheila Gastrow, Mr Elliott Osrin, Mr Gil Mahlati, Mr Ashwin Trikamjee, Dr Moshe More, Ms Sibongile Mkhabela and Mr Mathole Motshekga helped facilitate access to organisations.

We must also record our collective thanks to the many government, corporate and societal leaders and our fellow citizens who at one or other time participated in this study. Finally, we must in particular acknowledge the important role of Annsilla Nyar, the programme manager of this project at CCS. Her patience with the egocentric personality of many a researcher was critical in facilitating a resolution to the most intractable of problems, and ultimately enabled the completion of this project.

This study represents an excavation of patterns of giving in South Africa through an interrogation of this phenomenon in the worlds of rich and poor, the mobilisation of resources within religious communities and the distribution thereof, the extent and nature of caring and support within extended family networks, the character of corporate social responsibility initiatives, the scale of official development assistance (ODA) and foreign private foundation support, the changing philosophies and practices of the state in this regard, and the effects of South Africa's democratisation on the processes of giving and, finally, their impact on development, poverty alleviation and democratic consolidation. The research process was structured to address the macro-character of, and the diverse thematic issues to be addressed in, the study.

Five research teams, each managed by a senior research leader, were deployed to cover the range of issues identified above. All of the research leaders came together in regular research management meetings with responsibility for addressing matters pertaining to methodology, focus and overlap. Such meetings also served as a forum, which facilitated debate and critical intellectual reflections of the work undertaken within the different research teams.

The research process was structured into two phases. Phase one, undertaken by the first research team, involved the design, implementation and analysis of a national sample survey on individual-level giving behaviour. The sample, a random stratified one comprising 3 000 respondents, is representative of all South Africans aged 18 and above. It thus speaks to both the urban and rural and the formal and informal dimensions of our social context. A second sample, drawn specifically to boost the weight of minority religious groups – Hindus, Jews and Muslims – was also surveyed, but analysed separately as part of the more qualitative reflections on giving processes in South Africa.

The survey and the analysis thereof, undertaken in the first phase was used to support a second, more qualitative phase of the research process undertaken by four other research teams, each responsible for a specific area. The second team focused on excavating the character of individual-level giving through an analysis of these processes within different religious communities – Christian, Muslim, Hindu, Jewish and indigenous African. Giving was also investigated outside the religious dimension, mainly through a focus on private domestic foundations and trusts. In all these areas the focus is on who is doing the giving, who the beneficiary is, how patterns of giving are organised, and how they differ across various religious communities. Methodological instruments utilised to unravel patterns of giving within communities included documentary analysis, interviews and focus groups.

The third team focused on the corporate sector. It must be stated at the outset that the priority of this team was not to provide a definitive measure of corporate giving. Indeed, this would have been impossible to achieve given the time constraints and the financial and human resources at our disposal. In any case these measures have been provided by the Centre for Development Enterprise in a study undertaken in 1998, and in the more regular estimates provided through the *CSI Handbook* published by Trialogue. The focus of this team, then, was to build on this earlier work and assess, through key informant interviews and analysis, the extent to which current estimates are accurate. More importantly, the team focused on the qualitative dimensions of corporate giving, understanding the motives for it, how preferences are chosen, and how corporates measure success in their social investment initiatives. In addressing these questions, particular attention was focused on understanding how identity (racial and other) and world views coloured the decision-making processes of corporate giving in South Africa. Again, documentary analysis and key informant interviews served as the core methodological elements of this research enterprise.

The fourth team focused on externally funded resources, which included both ODA and resources from private agencies, including foundations, trusts and other non-governmental organisations. Some prior work had already been undertaken in these areas, like the *Development Cooperation Report II for South Africa 1994–1999*. This team updated these research findings and mapped previously unexplored aspects of externally funded resources in South Africa. The research collated information on numerical values, showed trends, conditions and objectives of ODA and foreign private aid flows, and provided analysis of how aid is targeted to a variety of social sectors.

The final research team focused on the resource flows from the state to poverty alleviation and development. Of course, resource flows from the state are of a qualitatively different character from those of other stakeholders, in particular since they constitute part of what we have termed the 'economy of obligation'. Nevertheless, assessments of resource flows by the state were undertaken for a number of reasons. Firstly, because they act as a reference point enabling us to understand the significance of giving by the other stakeholders. Secondly, they are useful in their own right because they enable a comprehensive understanding of resource flows to poverty alleviation and development in South Africa. This study of resource flows from the state was undertaken at two levels: first through analysis of the budget over the last ten years, and then through an investigation of special funds. The former explored the flows of resources into fixed social and economic infrastructure, as well as expenditures on social and economic services. The latter identified the key funds, related the stories of how they were established, and indicated how much of spending had occurred within each fund and to what causes these were directed, and analysed the patterns and significance of giving through these funds.

This research process, then, informs the structure of the manuscript. The chapters that follow focus on the thematic concerns of the various research teams. Chapter 1 provides a synthesis of the findings, draws together the strands of the analysis emanating from the volume, and provides some generic reflections on giving, its processes, and their consequences for poverty alleviation and development in South Africa. Chapter 2 provides a quantitative picture of the state of individual giving in South Africa. The remaining chapters of the book offer more qualitative reflections. Chapter 3 focuses on giving within religious communities, while Chapter 4 focuses on the flow of resources and the survivalist strategies within poor communities. Chapters 5 and 6 focus on the corporate sector, while Chapter 7 explores these issues in relation to ODA and foreign foundations and trusts. Chapter 8 acts as a reference to the others by detailing resource flows from the state towards poverty alleviation and development.

All these chapters and their analyses are, of course, founded on the voluminous information generated by the various research teams. It would be impossible to detail all of this information in the pages that follow. The following chapters must thus be treated as analytical summaries of more micro-directed and detailed studies, published mainly as research reports, on the websites of the CCS and the NDA. These reports are freely available and easily accessible in the interests of transparency, and with the hope that they will not only facilitate further studies, but will also promote debate occasioned by the analysis and conclusions contained in the pages that follow.

Adam Habib and Brij Maharaj
Project leaders and volume editors

Acronyms and abbreviations

AFRODAD – African Forum and Network on Debt and Development
BEE – black economic empowerment
BT – Business Trust
CCS – Centre for Civil Society
CDI – Commitment to Development Index
CGD – Center for Global Development
CSI – corporate social investment
CSO – civil society organisation
DAC – Development Assistance Committee
DFID – Department for International Development
FP – Foreign Policy
GEAR – Growth, Employment and Redistribution
GDP – gross domestic product
IDC – International Development Cooperation
INGO – international non-governmental organisation
ISKCON – International Society for Krishna Consciousness
JET – Joint Education Trust
MDG – Millennium Development Goal
NBI – National Business Initiative

NDA – National Development Agency
NEPAD – New Partnership for Africa's Development
NGO – non-governmental organisation
ODA – official development assistance
SACC – South African Council of Churches
SAGA – Southern African Grantmakers' Association
SME – small and medium enterprises
UNDP – United Nations Development Program

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Giving, development and poverty alleviation

Adam Habib, Brij Maharaj and Annsilla Nyar

Development and poverty alleviation have over the last decade been the almost exclusive preoccupation of some of the best academic and policy minds in South Africa. Indeed, development, economics, geography, politics, and sociology departments and institutes at universities, government research departments and parastatals, and non-governmental research organisations have churned out numerous articles, books, policy papers, and reports on the subject. Many of these studies have been immersed in an analytical contestation about the state's economic and social policies, focusing on whether they enable or undermine development and poverty alleviation. The dividing line in this contestation has been between state and labour-aligned policy researchers, with the former supportive and the latter critical of the state's policy orientation.

In the last few years, government research departments and parastatals, and some academics, have also invested significant effort in exploring the spatial effects of the state's investment patterns. This research, which culminated in the development of the National Spatial Development Perspective, concluded with the controversial policy recommendation that the state's infrastructural investment should be directed to geographic areas distinguished by the coincidence of two features: a high potential for sustainable economic development and significant concentrations of poor communities (PCAS 2003b). This policy recommendation and the studies supporting it are also likely to reinforce the dividing line between state and labour-aligned policy researchers. But what is interesting to note is that despite their differing conclusions, state and labour-aligned researchers share one common methodological feature: their analytical focus remains the state.

Perhaps this is understandable. After all, the state is without doubt the primary agency through which poverty alleviation and development can be enabled. Its exclusive control over the legislative and policy arenas, and its command over significant fiscal resources, ensure that it can either make or break a human-centred developmental agenda. Nowhere has this been more evident than in South Africa in the last 12 years. The Department of Social Development's Committee of Inquiry into a Comprehensive System of Social Security for South Africa found that between 45 and 55 per cent of the population are living below the poverty datum level, and that this percentage increases to almost 75 per cent in the two poorest provinces, Limpopo and the Eastern Cape (DOSD 2002). These findings were corroborated by the report of the United Nations Development Program, which indicated that not only are 48 per cent of the country's citizens afflicted by poverty, but that inequality in South Africa has increased in recent years. The report concluded that the Gini coefficient rose from 0.596 in 1995 to 0.635 in 2001, and that South Africa's ranking in the Human Development Index deteriorated from 0.73 in 1995 to 0.67 in 2003 (UNDP 2003: 5).

It should be noted that this conclusion provoked significant controversy and was hotly contested by the state. Indeed, the state's own research, undertaken by the Presidency as part of a ten-year review, suggested that significant advances had been recorded in the struggle against poverty (PCAS 2003a). This ten-year review study emphasised the delivery record of government by empirically demonstrating the outcomes of housing, water, electricity, land and employment policies. It argued that if these social provisions to citizens are taken into account, then one has to conclude that poverty rates have declined significantly in the first ten years of the democratic transition. The study does recognise that problems do exist, and that much more needs to be done. But it maintains that where problems exist, these are the result of poor implementation emanating from institutional capacity constraints, rather than inappropriate policy. This message has also been consistently advanced by President Mbeki in his annual State of the Nation addresses, which have underscored both the weaknesses of public institutions and the appropriateness of post-apartheid policy (Mbeki 2004).

This issue, then, has become the defining feature of contestation in the discourse on poverty alleviation and development. State officials and researchers aligned with government assume that the problem is one of human capacity and skills deficits (Mbeki 2004; PCAS 2003a). Others, including the Congress of South African Trade Unions and the South African Communist Party – both partners with the African National Congress in the ruling tripartite alliance – and many independent researchers within the universities hold that while human capacity and skills deficits are definitely problems, poverty has also been a product of post-apartheid policy that prioritises the interests of the business community and black entrepreneurs (Bond 2000; COSATU 2006; Desai 2002; SACP 2006a, 2006b; Terreblanche 2002). Other researchers, like Jeremy Seekings and Nicoli Nattrass, arrive at a similar conclusion, while laying the blame for this state of affairs on what they see as the elite alliance between business, government and organised labour. The real victims, they maintain, are the unemployed who constitute the real underclasses of South African society (Seekings & Nattrass 2006). In any case, this policy contestation has been a principal source of conflict between both the ruling party and its political partners, as well as within the political system as a whole.

It may be useful to note here that there are two significant problems with the policy discourse as it is presently organised. First, almost all sides in the ideological divide make the implicit assumption that state policy and strategy has remained consistent throughout the transition. However, as has been noted elsewhere, this is simply not true (Habib 2004; Padayachee & Valodia 2001). Habib, for instance, has argued that not only has social expenditure risen significantly since 1999, but privatisation has also been placed on the back burner and parastatals have in recent years increasingly been used to drive a state-led public investment agenda. He concludes that a new policy agenda is definitely under way, even though it may be unstated and may still contain contradictory elements (Habib 2004).

Second, the policy discourse on poverty alleviation is almost entirely focused on the state without any reflection being undertaken on other stakeholders who could or may be impacting on poverty alleviation and development. Even if one is to accept the centrality of the state in any process of human-oriented development, it has to be recognised that an exclusive focus on the latter comes at the cost of not having a comprehensive picture of the variables that impact on, and the flow of resources directed to, development and poverty alleviation. In a world where the richest people command far greater resources than many of the world's governments, where some multinational corporations have a greater turnover than some nations' GDP, and where the state's control over the policy arena is increasingly challenged by international financial and political agencies, multinational corporations and civil society organisations, an exclusive focus on the state is intellectually unsustainable.

This is clearly the case in South Africa. There is already substantial anecdotal, and some empirical, evidence to suggest that significant resources flow to development and poverty alleviation initiatives from a variety of other stakeholders in South Africa. A study of corporate social investment (CSI) in South Africa in 2000 concluded that the levels of social investment per capita by the country's corporate sector were on a par with, if not higher than, their North American counterparts in the United States and Canada (Rockey 2000). The South African study on the non-profit sector, part of the global study of the sector coordinated by the Centre for Civil Society in

Johns Hopkins University, supported the conclusion that significant social investments are made by South African corporates when it estimated that some R3 billion per annum is made available in this regard (Swilling & Russell 2002: 36). Further, the study demonstrated that of the 98 920 civil society organisations in the country in 1998, some 53 per cent were informal organisations located in and managed by the country's most marginalised and under-resourced communities (Swilling & Russell 2002: 20). This suggests that there is a significant flow of resources within marginalised and poor communities towards poverty alleviation in particular.

A comprehensive understanding of poverty alleviation and development, and assessments of progress towards these goals, must involve investigations of stakeholders beyond the state. As South Africa's most famous philanthropist, Nelson Mandela, has stated, 'Government cannot by itself meet these socio-economic challenges. The private sector, non-governmental organisations and ordinary people have to make their contribution.'[1] And, they might very well be doing so; hence this study into the contribution of corporate actors, foreign governments, multilateral institutions and foreign private foundations, private individuals and poor and marginalised communities. Investigations into the flow of resources for poverty alleviation and development from stakeholders other than the state and multilateral institutions would in the United States and western Europe be captured under the terminological description of philanthropic studies. But philanthropy is not an adequate description of the flow of resources towards poverty alleviation and development in South Africa; after all, the term tends to have the connotation of extra resources being devoted on a voluntary basis by financially well-endowed individuals to strangers in need.

Yet South Africa, like many developing nations, defies this description in two important respects. First, for some stakeholders, like marginalised communities, these are not extra resources. Rather, they represent the sharing of what are already inadequate resources among greater and greater numbers of individuals in order to enable these communities to simply survive the ravages of their economic circumstances. Second, a significant amount of giving in South Africa defies the description of 'voluntary', or for that matter 'stranger' for 'beneficiary'. This is due to the fact that for large sectors of South Africa's population, the extended family serves as the basic unit of the community. For these sectors of the population, giving is not directed to strangers and is not informed by voluntarism, but rather by patterns of obligation that extend beyond the nuclear family as a result of the cultural context within which they are located.

Giving in South Africa can perhaps best be understood by initially resorting to the use of Emile Durkheim's (1972) theories about the modes of social exchange, which he saw as the primary determinant of social relations in a society. In the contemporary era, five modes of exchange tend to predominate: economy of commerce involving market actors; economy of obligation incorporating the state and nuclear family; economy of fear, which is essentially about crime; economy of affection, which focuses on the extended family; and the economy of volition reflecting voluntary giving by all role-players. Giving in South Africa effectively involves the latter two modes of exchange. Retaining the economies of affection and volition as two distinct categories is useful for it enables comparisons with other parts of the world where the former does not play a significant role. On the other hand, the distinction also enables us to remain contextually relevant given the importance of both categories in South Africa, thereby facilitating richer empirical detail and greater nuance.

Any macro-study of giving in current-day South Africa would have to confront the problem of a dearth of academic literature on the subject.[2] This is not to suggest that nothing has been written on the issue. Indeed, there is a sizable literature on giving in South Africa. But, like in many other parts of the world, this literature is largely descriptive, focused on either the philanthropic acts of financially successful individuals and families, or the patterns of support and behaviour within particular religious and/or ethnic communities. In the corporate social responsibility arena, where the literature is less religiously inspired, it tends to take a practitioner-oriented form, providing advice and recommendations on how to professionalise giving and support by corporate business. Both sets of literature are useful, then, for providing empirical insights into processes of giving in particular contexts, but they do not naturally lend themselves to assisting with the development of theoretical levers that would be required for any macro excavation of giving in South Africa. For assistance in this regard, a review of the academic literature on philanthropy developed in other parts of the world is required.

Reflections, assumptions and investigative questions

Much of the literature on philanthropy and giving originates from scholars located in the United States and western Europe. This is not only a result of the skewed character of the global economy, but also a consequence of the fact that a significant part of professionalised giving, in the form of corporates and foundations, has been concentrated on these continents. This near monopoly of philanthropic focus, however, has begun to change in the last two decades. In part, this has got to do with the increasing importance of the Asian economy to global prosperity, and the resultant emergence of a significant number of private trusts and foundations, which are making important contributions to advancing the social development agenda in this part of the world (Estes 1998). But the phenomenon is not limited to Asia – as Salamon points out: 'a global "associational revolution" appears to be underway around the world…a striking upsurge of organised, private, voluntary activity in virtually every corner of the globe' (1999: 5).

Notwithstanding these developments, 'philanthropic study' is an academic term coined only in the 1980s and 'even today it is not a widely accepted or understood term in American academic life' (Katz 1999: 74). As the noted philanthropy scholar Payton contended, 'there are few fields of such vast magnitude that have stimulated so little curiosity among scholars'

(1995: 3). Indeed, it is ironic that despite the high level of professionalisation of the philanthropic sector in many parts of the world, very few people have any idea of what the concept means, its intellectual derivations or, more significantly, how it applies to various cultural, social and political contexts in different parts of the world.

Philanthropy and giving is often seen as the domain of professionals such as fund-raisers, grant makers and executive directors of foundations. It does not form a significant field of enquiry in its own right. Two consequences flow from this. First, the field is seen to have narrow intellectual horizons. Where philanthropy is conceptualised in terms of human services, then it tends to be limited to the field of social work with a focus on helping the disadvantaged. Where it is seen as part of the non-profit world, then it focuses on legal and institutional issues, on distinctions between 'public' and 'private' institutions, on relations between government financing and activities and modern infrastructure. The study of philanthropy comes from other fields such as anthropology, economic history, economics, sociology, political science or public administration, and even business management, all of which come with their own training and concepts. Second, scholarship in this field is inevitably more practical than academic. The limited number of academic studies on the subject are not of a reflective, scholarly character but rather written to stimulate operational practice in the non-profit sector. This also leads it to be defined almost exclusively in Euro-American terms, thereby ignoring the richness of traditions of giving in other cultural contexts in different parts of the world.

The result: the literature either tends to take the form of 'how to' manuals or, where there is the retention of some veneer of the academy, it tends to be narrowly descriptive and/or empiricist. Either way, it does not allow for the comparative reflections that would enable the identification and development of common analytic themes. Despite this negative assessment of the macro-philanthropic literature, a review does permit, in both a positive and negative sense, the conceptualisation of theoretical levers or hypotheses, based on widely-held assumptions, which would serve as investigative tools that enable the beginning of an excavation of processes of giving in South Africa.

Five assumptions implicit in the philanthropy literature will be tested in the investigation of giving in South Africa. First is the assumption that giving is an act undertaken largely by richer, more resourced sections of the community and is directed toward more under-resourced sectors. Donati (2003), for instance, suggests that giving is more likely to come from people who have been financially successful and from those who have retired and accumulated wealth and assets. Olson (1965), Becker (1974) and Wright (2002) argue that giving is primarily driven by psychosocial motives – to gain status, prestige and respect – all of which can be achieved by the wealthy who have extra resources to dispense. Similarly, Brown et al. (2000) associate philanthropy with the benevolence and paternalism of the wealthy elite.

This assumption is also implicit in a set of philanthropy literature concerned with its undemocratic consequences. For instance, Salamon (1995) argues that the philanthropy sector tends to be shaped by the needs of wealthy individuals rather than the community as a whole. Consequently, some services desired by the affluent (such as art and music) may receive priority while others required by the poor are neglected. Since such private donations are tax-deductible, 'they have the effect not only of allocating private expenditures, but also of allocating foregone public revenues as well, though without the benefit of any public decision process' (Salamon 1995: 47). This leads to an undemocratic situation where the rich are able to exercise control over their resources, while the poor become dependent on charity (Salamon 1995). Implicit in all this literature is that giving is an act undertaken by the rich and wealthy. But is this true, especially in more developing world contexts?

Anyone familiar with countries of the south would recognise that there are numerous collective instruments within marginalised communities that are either part of traditional or indigenous life (Moyo 2004), or that have been developed to assist people in the harsh economic circumstances in which they find themselves. Much of this is captured in the sociological and anthropological literature on the southern African region. A great deal, for instance, has been written on the place of stokvels, which are a well-known self-help phenomenon in South Africa that has assisted and allowed poor people to survive their economic circumstances.[3] However, as Wilkinson-Maposa et al. note: 'We haven't been able to tap into this tradition and don't usually think of its various expressions as development tools' (2005: xiv).

Stokvels are community-based financial arrangements which have been used for different purposes. Some are directed to serving individual interests, like buying furniture that would have been otherwise unaffordable or paying *lobola* (bride price),[4] while others have broader developmental purposes oriented to the community. Burial societies are another well-documented expression of the intersection of economic necessity and associational giving traditions. Funeral costs are generally high in black communities because of the belief that burial has to take place in the land of the ancestors, which is the area where the person was born (Dandala & Moroka 1990). Burial societies have also assumed greater importance in the lives of poor people in the context of increasing fluidity and flexibility of borders due to high unemployment and conflict in the region as a whole. For example, there are a number of burial societies formed by Zimbabwean refugees living in South Africa, who pool money and other resources in order to transport the dead back to their home country (Moyo 2004).

This literature, the results from the Johns Hopkins study on the non-profit sector discussed earlier, as well as anecdotal evidence all suggest that giving in South Africa must not be conceived in a unilinear direction from rich to poor communities. Indeed, giving must be assumed to occur in the worlds of both rich and poor. This is borne out by the research reported in this volume. Chapter 2 categorically demonstrates that poverty is not a deterrent to giving. Indeed, as Chapters 2, 3 and 4 indicate, giving within poor communities is crucial to their very survival, for without it, starvation, malnutrition and strife would be more widespread. The crucial point to note, however, is that the form and character of giving in poor communities differ significantly from that generated in more well-off sections of society.

Two significant differences exist. First, given their lack of money, poor people tend to give more time. This is reflected, as Everatt and Solanki demonstrate in Chapter 2, in the fact that poor provinces like the Eastern Cape and Limpopo tend to register the highest amounts of volunteering. Paradoxically, the converse is not true. Wealthy provinces like Gauteng do not necessarily give more money. In fact, as is demonstrated in Chapter 2, Gauteng gives both less money and less time than the Eastern Cape. Second, as Chapter 4 indicates, patterns of giving in poor communities in both urban and rural areas are fundamentally different from those practised in better-resourced sections of society. Whereas patterns of giving are more individually oriented in the latter, they take on a more collective character in marginalised communities. In the poorer communities, they are also more survivalist in orientation – stokvels, burial societies, garden clubs, collective buying clubs, all of which represent the pooling of inadequate resources by poor and marginalised communities to enable them to survive the ravages of their circumstances.

A second assumption in the philanthropy literature is that a great deal of giving is inspired by religious belief. The different religions emphasise that giving is associated with a deep sense of responsibility, duty and commitment in order to realise spiritual salvation. *Zakaat, tzedalah, dana* and tithes regulate compulsory giving for Muslims, Jews, Hindus and Christians, respectively. As a result, then, religious leaders of all faiths cultivate the habit of charity with the consequence that their adherents tend to give more time and money to both faith-based and secular initiatives. Religious congregations in the United States, for instance, collected $81.2 million in 1996 (Independent Sector 2002).

Is a similar pattern of religiously inspired giving evident in South Africa? After all, South Africa is a religiously active country. Almost the whole spectrum of world religions, as well as indigenous alternatives, have adherents in the country. How effective are these religious institutions in mobilising individual and public resources? What are the motivations that underlie this mobilisation of resources and what are its net effects? Chapter 2 addresses these issues directly. It demonstrates that faith-based philanthropy is the single largest component of South African giving. Of the 89 per cent of respondents who profess some sort of religious belief, 96 per cent gave money, time and goods. This figure dropped to 80 per cent for atheists. Eighty per cent of respondents gave to religious institutions, while organisations of the poor followed at a distant second with 29 per cent of respondents privileging them with their resources. Religious organisations were also dominant in receiving goods and food, with 60 per cent of such giving being directed to these institutions. Again, the more secular organisations of the poor came a distant second with 31 per cent of respondents directing their resources to them.

It needs to be noted, however, that despite the fact that South Africans privilege religious institutions in their giving, their primary motivation is to alleviate poverty. As Chapter 2 indicates, respondents in the survey defined children and youth, HIV/AIDS and the poor as the primary stakeholders deserving of support. Respondents thus gave to religious institutions in the belief that it would be directed to worthy individuals who were confronted with hardships. This is disconcerting since, as Chapter 3 intimates, a significant proportion of this giving is actually used for the reproduction of the religious institutions themselves. Although it was not possible to assess what proportion of giving was devoted for these purposes, as most religious institutions were reluctant to open their financial books, there can be no doubt that institutional reproduction absorbs a significant share of the resources.

The most dramatic case of this is the Shembe and Nazareth churches which are mainly located in poverty-stricken and marginalised communities. Sithole's (2006) report on these religious communities, which serves as one of the empirical foundations for Chapter 3, carefully describes in heart-wrenching terms how poor people pool their very few resources at religious ceremonies to enable their religious leadership to travel and live in relatively more comfortable circumstances. This and other reports in this stable of studies suggest that more research is required in determining how much of public resources is devoted to religious institutional reproduction, and what the implications of this are for determining their responsiveness to the South African public's philanthropic intentions.

A third assumption is that the philanthropy literature tends to portray giving as a voluntary act inspired by generosity, religious conviction or other more altruistic motives. Implicit in this depiction is the assumption that the nuclear family is the basic unit of all societies. Yet we know that in large parts of the world, and in the developing world in particular, nuclear families are a component of more extended families. Patterns of obligation therefore occur in ways fundamentally different to those of the industrialised world. Family and informal networks are highly personalised and giving is influenced by specific identity categories such as relatives, friends and neighbours. While there may well be altruistic or selfish motives, such giving is not motivated by profit, is not enforced by law, and is not entirely voluntary. And more often than not this informal system of sharing and caring is taken for granted (Wolfenden Committee 1978).

The report of the Wolfenden Committee (1978) distinguishes among three categories of informal sharing and caring: provision of care for the young and the weak, especially the sick, the handicapped and the elderly; the transfer of material resources, particularly between members of a family, from those with a surplus to those with a deficit; and the provision of advice and psychological support from the experienced to the inexperienced. None of these three categories are regarded as philanthropy or charity by the giver when the recipient is a member of their extended family, group or community. Rather, these actions are conceptualised in terms of mutual obligation – part of the responsibility of belonging to an extended family, group or community. An underlying reciprocity is understood, even as givers do not literally expect gifts to be returned in any direct way.

Hyden (1983) captures this experience by coining the term the 'economy of affection' which refers to 'a network of support, communications and interactions amongst structurally defined groups connected by blood, kin, community and other affinities for example, religion' (1983: 9). These, he informs us, tend to be ad hoc and informal, rather than regular and formalised. The economy of affection thus points us to an enormous amount of what would be considered giving in a western context, but would, in the South African context, simply be seen as patterns of obligation and duty similar to those undertaken within the nuclear family. It is important to be aware of this because it enabled us to encapsulate it within our study, thereby facilitating comparative reflections.

Chapter 2, which reports the results of the survey that specifically addressed the issue, demonstrates that a significant amount of giving occurs within this arena of the economy of affection. Fifty-five per cent of all respondents gave money, goods and food to non-household family members; over a third had children living in the household that were not those of the head of the household; and over 55 per cent of respondents believed that paying for the upkeep of relatives' children was an obligation and could not be described as giving. These indicators of the economy of affection were of course more pronounced in certain geographic areas and among particular social groups. African and Indian South Africans were more inclined to disburse resources to members of their extended family, with 59 and 58 per cent respectively indicating that they did so. The practice was also more common in the Eastern Cape and Limpopo, two of the country's poorest provinces, which again suggests that the practice is more pronounced at lower levels of the class hierarchy.

A fourth assumption in the philanthropy literature is that corporate giving is governed by a strategic drive to assist the financial bottom line. In the corporate world, giving is assumed to seldom take place with altruistic motives. Donati (2003) suggests that giving is always subordinate to the profit motive. Mullen maintains that, 'Corporations increasingly want added value for their charitable giving activities, with the creative strategies that produce tangible benefits' (1997: 42). And, others have suggested that 'philanthropic capitalism' is nothing 'more than a new construction of the labour/capital compromise, which also serves an effective public relations exercise of corporations' (Brown et al. 2000: 83).

Giving in the marketplace is thus seen to have ulterior motives: to sell more products, increase profits, obtain community support, improve relations with labour and capital, and enhance the image of a firm (Burt 1983; Donati 2003; Nevarez, 2000; Silver 2001). Corporate giving is therefore understood as 'a form of strategic philanthropy', 'giving of corporate resources to address non-business community issues that also benefit the firm's strategic position and ultimately, its bottom line' (Saiia et al 2003: 170). Some also maintain that this is not only necessary but also appropriate. Hoggett, for instance, has emphasised that if a company 'subordinates this priority to an outside interest it fails to discharge its trust. Ultimately, it fails to attract and generate the resources for survival' (2003: 29).

Is such a cynical and pessimistic portrayal of corporate giving warranted? Of course giving in the corporate world would be influenced by a desire to enhance the business enterprise. But is this the whole story? Are there not other factors that influence corporates to give? For instance, how are we to understand the rise of corporate social responsibility, a phenomenon that includes strategies to protect the environment, to support community development, charity and workplace equity, and to provide improved consumer services (Mullen 1997)? These initiatives, which are the result of greater community and environmental awareness – itself a product of the willingness of civic groups to protest and make their voices heard – suggest that corporate behaviour can be influenced by variables other than profit.

This is even more so in a society undergoing a dramatic political transition. Corporate giving in South Africa has been on the rise in recent years. Statistics indicate that R2.2 billion is spent annually by companies on CSI (Rockey 2000). The non-profit sector study put the figure even higher, claiming that the private sector contributed about R3 billion in 1998 (Swilling & Russell 2002: 36). Many companies have specifically set up CSI departments in order to coordinate these activities. The Southern African Grantmakers' Association was set up in 1994 in order to professionalise and coordinate corporate giving in South Africa.[5] Even the Johannesburg Stock Exchange has got in on the act and announced a voluntary social responsibility index to which corporates can subscribe.

Two factors underlie South African businesses' shift to corporate social responsibility. First is the issue of apartheid guilt emanating from the corporate sector's recognition that there is a political need for it to be seen to be making amends for its complicity in the establishment and maintenance of apartheid. Second is the desire of South African corporates to be seen as being at the cutting edge of business trends in the United States and Europe. Both factors have prompted corporate South Africa in the direction of what has come to be known as 'social auditing', that is, assessments of companies conducted on the basis of their socio-economic impact on staff, clients, consumers (the general public) and communities. This 'corporate citizenship' model has increasingly been adopted by businesses and companies looking to contribute to the processes of social change under way in South Africa.[6]

It needs to be noted that corporate giving need not necessarily be directed only to poor or needy communities and broader developmental causes. It can also be directed to organisations that provide services to middle and upper middle-class groups like private schools, universities and hospitals. Wealthy philanthropist Donald Gordon, for example, has recently made a grant to the University of the Witwatersrand to establish a private hospital. Private schools are generously funded by large corporations, a custom very common in the United States where private universities and hospitals have long been the recipients of philanthropic grants. This phenomenon may be described as a collective social wage for the privileged sectors of society, ensuring that resources are concentrated within elite circles for their privileged consumption alone (Steidlmeier 1992).

An excavation of giving in South Africa must thus unearth the character of corporate social responsibility initiatives. Who in the corporate sector is giving, to what causes, what motivates them, and what do they hope to achieve as a result? Moreover, how significant a contribution are such initiatives when compared with giving by other stakeholders and, ultimately, what impact do they have on South African society?

Some of these questions are addressed in Chapters 5 and 6, which deal with corporate philanthropy. Although neither chapter engages in a quantitative exercise to assess the magnitude of corporate giving, both reflect on who gives to whom, and how this giving is organised. Friedman, Hudson and Mackay argue in Chapter 5, for instance, that professionalisation need not necessarily lead to more responsible giving with greater impact. Instead, they argue that the need to be innovative in the giving process may be more important. Moreover, they insist on the legitimacy of corporate funding for ostensibly middle- and upper-class pursuits like the 'arts'. In an environment where government is forced to cut back funding for the high arts like orchestras and playhouses so that it can pour more resources into poverty alleviation initiatives, these authors recommend that corporates should make up the resource slack by taking responsibility for sponsoring these cultural pursuits.

Finally, and related to the above, is the issue of the political context within which giving occurs. Of course, it has long been recognised in the philanthropy literature that both the proportions of giving and their character are crucially influenced by the political systems of various societies. The philanthropy literature on tax regimes, for instance, maintains that tax concessions afforded by states have the effect of facilitating a philanthropic culture in society. Others like Donati (2003) suggest that some tax regimes facilitate the social altruism of a society towards the needy by enabling government to tax the wealthy and thereby redistribute resources to those who are poor and weak. This issue has taken on a particular relevance currently because global restructuring has put pressure on the ability of industrialised states to meet the social and welfare needs of their citizens. Giving, philanthropy and voluntarism are thus being 'increasingly presented in political and academic discourses as a "panacea" to social and political problems facing liberal democracies' (Fyfe & Milligan 2003: 397). However, philanthropy does not have the capacity to ensure that all those in need receive equitable redress, or that there is no discrimination in terms of ethnicity, race or religion. In contrast, governments have the potential to generate a more dependable and consistent flow of resources; to prioritise and respond to the needs of the poor on the basis of a democratic process rather than reacting to the desires and idiosyncrasies of the wealthy (Hall 2000; Salamon 1995).

Chapter 8 provides significant empirical evidence for this in South Africa. This chapter demonstrates that, contrary to popular belief, social expenditure has risen dramatically throughout the transition period, from R70.2 billion in 1995/96 to R196.6 billion in 2004/05. Moreover, it explains the philosophy and rationale behind the rise and fall of special funds, which is essentially a story of the post-apartheid regime's institutional attempts to target resources toward poverty alleviation, development and transformation. Yet the chapter recognises that, despite this increase in state expenditure on economic and social services, poverty appears to have increased in the transformation period. It explains this anomaly through a focus on macro-economic policy, especially the liberalisation of capital flows, and the lack of human capacities – both of which counteracted the poverty alleviation effects of the increased flow of resources to poor and marginalised communities.

But the state is not the only actor to have been impacted upon by the political context. Indeed, other stakeholders were as significantly influenced by the transition from apartheid to democracy, which transformed the character of giving in two fundamental ways. First, whereas early giving activities were defined along the lines of race, more contemporary processes have tended to evolve in non-racial directions. For example, given the absence of state resources for the development of black communities under apartheid, Indian entrepreneurs gave to causes that supported this community, like the establishments of the ML Sultan Technikon and the University of Durban Westville. Similarly, entrepreneurs of other racial groups tended to confine their philanthropic activities within their communities, with the result that racial labels have tended to attach themselves to different caregiving institutions. As a result, the Avril Elizabeth home is even today seen as a 'white' cause for disabled children while the Aryan Benevolent Home is conceived as an 'Indian' charity.

But racial labelling and associated patterns of giving are increasingly eroding in the post-apartheid phase. Inspired by the broader goal of nation building and the drive to establish a national identity, entrepreneurs of all racial groups have begun to see giving as an important mechanism by which to incorporate the African community, the most marginalised and disadvantaged group in society, into the formal economic system. This began soon after the 1976 revolt when Anton Rupert of the Rembrandt Group and Harry Oppenheimer of the Anglo American Corporation established the Urban Foundation as a private sector initiative to address urban development issues in townships, part of which involved encouraging the development of a middle class within the African population (Fig 2002).

Since then there have been numerous initiatives directed at bringing the African population into the socio-economic mainstream. Such initiatives include bursaries for needy black university students, seed capital for entrepreneurs to start businesses, and preferential loans for housing. Part of the motive for this was the self-interested desire to avoid a bloody revolution in South Africa which, in many senses, it did. Democracy entered South Africa through a negotiated transition and much of what was attempted before 1994 has been carried through and similar measures are still undertaken in South Africa by both old and new entrepreneurs. Some new entrepeneurs may reject the many vocal demands articulating their obligation to assist the poor, claiming their lack of complicity in apartheid absolves them from having to pay back into the communities from which they came, but many others have succumbed to the pressure. The Ploughback Trust is one such initiative, which harnesses the resources of successful black entrepreneurs and professionals so that they can be 'ploughed back' into needy and under-resourced communities. Most post-1994 black entrepreneurs, including Cyril Ramaphosa, Tokyo Sexwale, and Patrice Motsepe, have established foundations through which they hope to channel their already considerable resources to worthy causes. And as Chapter 6 indicates, there is nothing to suggest that patterns of giving in the corporate sector are likely to change in significant ways as black entrepreneurs conquer the commanding heights of the South African economy.

But the political transition did not only impact on the giving of the business community. Indeed, it has had as important an influence on giving by religious institutions. Chapter 3 demonstrates that whereas religious institutions focused previously on giving primarily within their communities, a discernible change occurred in their patterns of giving in the post-1994 period. Religious institutions in the contemporary era have explicitly begun to disburse resources across racial and even religious boundaries. This is particularly marked in the Jewish and Muslim communities, although it is not confined to them. The political transition has thus shifted patterns of giving of a number of stakeholders in a non-racial and national direction.

Furthermore, giving is seen to have evolved into purely ameliorative kinds of activities, which assist in alleviating but not fundamentally resolving social problems. The significance of this point needs to be understood against the backdrop of the debate on whether giving and philanthropy actually address the issue of structural change in society and make a difference to the lives of people. Philanthropic giving, it is often argued, does not challenge the status quo. Instead, the philanthropic sector is accused of colluding with the forces of inequality that ultimately reinforce a fundamentally unjust system. It is worth recalling the words of Martin Luther King: 'Philanthropy may be commendable, but it must not overlook the circumstances of economic injustice that make philanthropy necessary.'[7]

Giving can, of course, be directed to challenging the structural causes of serious social problems. The American literature often refers to these kinds of activities as 'social justice philanthropy' (Shaw 2002). Social justice philanthropy involves radical challenges to existing wealth and power structures, particularly by advocating the interests of disadvantaged, marginalised or under-represented groups in society. It is founded on the implicit understanding that social and/or developmental services are the job of the government and should not be left to private individuals or institutions. It emphasises a bottom-up approach with the goal of encouraging democracy by involving those most affected by social problems in determining how to address the inequities they labour under (Milner 2003).

Ironically, the transition to democracy in South Africa is seen to have shifted giving from a social justice orientation to one that is largely ameliorative. Whereas in the 1980s philanthropic foundations, organisations and individuals were open to supporting activities that were directed to changing the status quo, they were less willing to do so in the aftermath of the establishment of the democratic state, a consequence largely of the conditioning effects of the ideology of national unity. Moreover, Habib and Taylor (1999) have argued that the very necessary demands of accountability, transparency and financial self-sufficiency imposed by donors on NGOs, have had the unintended effect of distancing these organisations from the very poor and marginalised constituencies they are meant to serve.

None of the chapters in this volume proves otherwise. Indeed, if anything, they indicate that this process is consolidating itself. As Maharaj et al. argue in Chapter 3, even though religious institutions have a development focus, their initiatives to establish orphanages, old age homes and medical and educational facilities, while beneficial, nevertheless have the effect of legitimising the state's withdrawal from the provision of these services. And as is indicated in Chapter 7, most external funding, including official development assistance and private foundation support, does not reach the most marginalised communities and is largely in line with state policy and priorities. The only counter-indication is the fact, pointed out in Chapter 7, that some foundations do tend to support some of the social movements involved in contesting one or other government policy. But even here, support for such initiatives is small when compared to the resources devoted to 'in-system' activities. And as Deborah Ewing and Thulani Guliwe argue in Chapter 7, private foundation support for social movements is limited to ensuring that civil society is activated and citizens' voices are heard in the corridors of political power.

In sum then: the contemporary patterns of giving in South Africa, described by the authors of this volume, tend to reinforce some findings of the international literature, but challenge others. They support the findings that suggest, for example, that religion is a driving force in inspiring and organising giving. But they challenge other findings, for instance that giving occurs in both rich and poor communities; in fact, giving is more common among the poor than the rich, even though the latter (predictably) give greater amounts. The authors also add rich empirical detail by exposing giving processes within extended families and demonstrating how these are conditioned by patterns of obligation rather than pure voluntarism. But the results of this research do not only speak to the interests of and debates in the international academy. They also hold lessons of a policy-oriented and strategic nature for political elites and activists in South Africa, and it is to these lessons that we now turn our attention.

Policy and strategic implications

The chapters in this volume raise three policy and strategic implications relevant for governance in contemporary South Africa. The first relates to the issue of social grants and the perceptions among some, especially in the Treasury, that these create a dependency syndrome that inhibits innovation and entrepreneurship. The analysis in Chapter 4 speaks directly to this issue. Mandla Seleoane demonstrates categorically that social grants are absolutely crucial for the survival of poor and marginalised communities, especially in rural areas. Both Chapters 4 and 8 indicate in different ways that the only resources reaching poor rural communities are from government – through the social support grants which now reach 10 million recipients. These grants are crucial to the survival of not only the individual recipients, but also their entire extended family. Moreover, Chapter 4 indicates that the grants are in many cases being used to lever further resources. Some individuals use the grant to purchase goods that they subsequently sell, either through spaza shops or road stalls, while others use it to purchase basic equipment that enables them to play the role of artisans. Withdrawal of social grants would thus not only create widespread immiseration, but might also stifle the emergence of entrepreneurialism in poor and marginalised communities.

Second, all the chapters in this volume expose the lack of transparency in the giving of a number of stakeholders. The problem is particularly serious in the case of religious institutions since they are meant to be the institutional conduits of the vast majority of individual giving. This lack of transparency aggravates duplication, which is recognised as a serious problem by most observers familiar with the poverty alleviation and development sector. The massive waste of resources is indeed a tragedy, especially if one remembers the scale of the problem and the fact that there are inadequate resources to address it. Coordination would thus be beneficial for it could enable maximum gain and impact from limited investment.

But how to achieve such coordination? No stakeholder, other than government, has either the authority or the ability to organise this coordination. But if government were to do so, it would create enormous unhappiness among significant sections of civil society. Moreover, there is a danger that if government were to do this, it might be tempted to co-ordinate giving towards poverty alleviation and development in such a manner that non-state resources are channelled in directions that would support the priorities of political elites. Again, this may not be good for poverty alleviation and development, especially if one bears in mind that political elites' track record in this regard has not been very good. Perhaps the answer lies in the need for transparency. It would be entirely legitimate for government to demand, and even legislate, the need for transparency, for it would simply facilitate the accountability of multiple stakeholders to citizens.

Greater transparency, if it were realised, would be enormously beneficial because it would allow stakeholders to know what other actors are doing without demanding conformity. A plurality of giving would be maintained, but greater transparency in the environment would facilitate giving that could result in a greater impact.

Finally, the implicit message of this entire volume, as raised earlier, is that philanthropy on its own cannot address the problem of poverty alleviation and development. Indeed, it is worth noting that poverty, inequality and underdevelopment are problems that have worsened at a time when civil society and philanthropy have greatly expanded in the world. Nowhere is this more evident than in South Africa where we have had poverty and inequality increasing simultaneously with an expansion in philanthropy and in state expenditure on social and economic services. This coincidence of increasing poverty and underdevelopment with expanding philanthropy suggests two strategic implications. First, the state must be seen as the primary actor in poverty alleviation and development. Chapter 8 brings this fact to the fore in a dramatic way merely by demonstrating the sheer scale of resources deployed by the state, relative to other stakeholders, in relation to poverty alleviation and development. Second, a socially responsible state and political regime is an absolute necessity to address poverty and underdevelopment. Chapter 8 is essentially a story of the different struggles within the state to institutionalise development. Its message is that the contemporary political struggle is one to transform the philosophical parameters of governance and development both internationally and locally. Failure in this struggle, the chapter concludes, would lead to a society spiralling towards human disaster.

The fundamental lesson of this volume is that while philanthropy and giving by non-state stakeholders may have a role to play in poverty alleviation and development, they, on their own, cannot be seen as a solution to these challenges. Indeed, philanthropy and non-state giving will only have a positive effect on poverty, inequality and underdevelopment if they are integrated within a national political and economic system that is people-oriented. This suggests the need for a political system in which marginalised citizens have voice and leverage so that political elites are conditioned to become responsive to their interests (Ballard et al. 2006). It requires a political regime that prioritises the interests of the nation's most dispossessed and marginalised. Without such a moral centre underpinning South African society, poverty, inequality and underdevelopment, and their consequences, are likely to be with its citizens for the foreseeable future.

Notes

1 See http://www.mandelachildren.com.
2 A notable contemporary exception is Wilkinson-Maposa et al. (2005).
3 It should be noted that Mandla Seleoane argues that the phenomenon of stokvels is overemphasised in the South African literature on poor communities. Indeed, his study of poor communities, reported in Chapter 4, found that stokvels appeared in only one case. For an explanation of this, see Chapter 4.
4 Lobola is a payment in cash or kind by a prospective husband to the bride's family, and is a practice observed by some cultures in southern Africa.
5 Unfortunately this organisation closed down at the end of 2005.
6 See http://www.corporatecitizenship-africa.com.
7 See www.brainyquote.com/quotes/quotes/m/martinluth132468.html.

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2

A nation of givers? Results from a national survey of social giving

David Everatt and Geetesh Solanki

THIS CHAPTER PROVIDES a summary of the results of a national sample survey that focused on giving behaviour among South Africans to provide a macro-picture of the state of giving in South Africa. The survey measured both giving behaviour and attitudes to giving. Its focus was on individual-level giving behaviour. Giving is fairly easily defined as transferring ownership gratuitously; *social* giving is less easily defined, since one person's just cause is another's *bête noire*. Assessing the state of social giving is therefore complicated by the fact that giving is, to coin a phrase, often 'in the hand of the giver'. The survey had to measure what is generally understood by social giving, such as donating money or goods or time to people living in poverty and/or organisations working with them. But it also measured behaviours that respondents thought of as 'giving' but which involved economic exchange in return for a service, such as paying money to 'car guards' regardless of their capacity to actually guard a car, but because 'they're trying' (a widely held sentiment among focus group participants).

The bulk of this chapter analyses the survey findings, which seem to offer a very positive picture of social giving and the strength of the social fabric in South Africa. Towards the end of the chapter, we stand back from the survey results to ask broader questions about what the data are really telling us. Is it good news? Or is giving an unavoidable product of the particular economic growth path chosen by the ruling party after 1994, which has seen levels of poverty (at best) remain static, and has thus forced people into reciprocal giving as a survival strategy? Or does giving reflect deeper, more positive bonds and ties that bind the population together in the face of poverty now, as it did before in the face of colonialism and apartheid?

Methodology and limitations

The survey began with a set of focus groups across the country in order to inform questionnaire design, and to reveal different understandings of what people give, why they do so, and to whom (as well as the reverse – what, and to whom, people do not give and why). Groups were recruited using a range of demographic and other criteria, such as religion, in order to ensure a wide range of views were canvassed. The focus groups highlighted the importance of religion as a particularly salient factor, given that many religions practise giving in an ongoing way and/or during religious festivals or holy days. Although we include some comments about the impact of religion on giving, this is more thoroughly covered in Chapter 3 of this volume.

A draft questionnaire was piloted in two provinces, involving urban and rural respondents and covering all races. The pilot tested specific questions and the broader methodological attempt to quantify giving. A revised questionnaire went into the field towards the end of 2003. Wherever possible, local residents with matric or higher education levels were trained to act as fieldworkers, thus transferring both skills and finances into the communities being studied. This also limited the 'outsider' effect evident when fieldworkers from other areas attempt to access communities and ask personal questions. This was important given the number of election-related surveys being conducted at the same time. In our view, training local residents to act as fieldworkers also enhanced the quality of the data.

A random survey sample was drawn, stratified by race and province at the first level, and by area (rural/urban, etc.) at the second. The sample frame used was the total population of South Africa according to Census 2001 (we were unable to extract data related to only those individuals aged 18 and older because the data were not available at the time). The realised sample comprised 3 000 respondents, yielding an error bar of 1.8 per cent. The results are, however, representative of all South Africans aged 18 and above, in all parts of the country, including formal and informal dwellings. Unlike many surveys, the project partners ensured that the rural component of the sample (commonly the most expensive for logistical reasons) was large and did not require heavy weighting (where a small number of respondents have to represent the views of a far larger community).

Randomness was built into the selection of starting points (from which fieldworkers began their work) – every fifth dwelling was selected after a randomly selected starting point had been identified. Randomness was also built into the selection of respondents, where the birthday rule was applied; that is, a household roster was completed, all those aged 18 and above were listed, and the householder whose birthday came next was identified as the respondent. Three callbacks were undertaken to interview the selected respondent; if s/he was unavailable, the household was substituted. Some problems of access were encountered in predominantly white suburbs, where fieldworkers battled to get past high gates and intercoms as well as suspicion that the survey was 'yet another political poll'. The data were coded and captured, and analysed using SAS software.

The data presented here have the strengths and weaknesses common to surveys. The data provide a robust snapshot, strong on the 'what' but less so on the 'why' of giving. An obvious danger with this survey is that of over-claim, where respondents may have felt some pressure to provide 'socially acceptable' answers that they give, or give more, than may be the case. Because we measured all forms of giving – including giving a cooldrink to a person begging on the street – we may have missed some giving behaviours because respondents may not have remembered.

A possibly more serious design flaw was our failure to include expenditure on lottery ('Lotto') tickets as a category of giving.[1] We did include a Likert item dealing with the Lotto, however, which found that 68 per cent of respondents agreed or strongly agreed that 'buying a Lotto ticket is a way of helping the poor'.[2] We can assume from this that a number of respondents may have included buying a Lotto ticket when asked about giving money to the poor, but we were unable to analyse it as a discrete category.

This chapter mimics the structure of the survey instrument, constructed around a set of five questions, namely: who gives (and who doesn't); how much do they give; what do they give (money, goods, time); who do they give to; and why do they give?

The chapter analyses the level and type of resources mobilised by citizens for poverty and development, detailing who contributes to which cause/s and why, and thereby fills a large gap in our knowledge about individual giving in contemporary South Africa.[3]

Who gives?

One of the basic questions the survey was designed to answer is 'who gives?'[4] An understanding of this will enable us to assess what ordinary South Africans are doing to help the poor,[5] and thereby allow the design of policy, programmatic, organisational and other initiatives to support this. All respondents were asked about their giving behaviour in the month preceding the interview (October/November 2003). We have noted the possibility of over-claim; we did not attempt to verify or 'test' respondents' answers, since we were asking about a wide range of behaviours from paying tithes to giving someone a sandwich or cooldrink when stopped at a traffic light. We asked about five main categories of 'giving', set out below.

Table 2.1 gave us the title of this chapter: South Africa appears to be a nation of givers, where over half of respondents (54%) gave money and a third (31%) gave goods to charities or other causes, while slightly less than one-fifth (17%) volunteered time.[6] In addition to giving to formalised

TABLE 2.1 *Reported giving behaviour (all respondents)*

Thinking about the last month, have you personally	% yes
Given money to a charity or other cause?	54
Given goods, food or clothes to a charity or other cause?	31
Given time (i.e. volunteered) to a charity or other cause?	17
Given money to a beggar/street child/someone asking for help?	45
Given food, goods, time to a beggar/street child/someone asking for help?	45

institutions or causes, slightly less than half of respondents told us they gave money and/or goods (45% respectively) directly to the poor – street children, people begging on the street and so on.

If we combine these different forms and methods of giving, we find that a massive 93 per cent of respondents gave – time, money or goods, to a cause or an individual – in the month before being interviewed. This is calculated by counting all respondents who gave money to a charity *or* gave goods to a charity *or* volunteered or gave money to the poor *or* gave goods to the poor. In measuring giving we deliberately cast the net as wide as possible: these figures include respondents who made monthly financial contributions to a charity, regular payments to a religious institution, as well as those who gave a sandwich or cooldrink to a street child begging at a traffic light. It is notable that respondents appear to be more comfortable giving to formal structures than to the poor directly, if we measure this by the amounts given to formal structures rather than directly to the poor. That said, there are still very high levels of direct transactional giving to people in need in the form of cash and/or goods, with nearly half the sample giving in this way.

Given such high levels of giving, differences across demographic categories are slender. Analysed by race, Indian respondents emerge as the most active givers, with 96 per cent having given in the month prior to the interview, dropping to 94 per cent of African respondents, 90 per cent of coloured and 89 per cent of white respondents. Although the differences are slight, this pattern is repeated throughout the survey. Gender differences were also small: 92 per cent of male respondents told us they gave in one form or another in the month before being interviewed, rising to 95 per cent among female respondents. Very slight variations emerged when giving behaviour was analysed across age cohorts, being slightly lower among the youngest cohort (including scholars and students) at 91 per cent, rising to 96 per cent among those aged 60 and above. Measured across educational categories, 92 per cent of respondents with no formal education gave in the month before being interviewed, as did 94 per cent of those with tertiary level education.

Importantly, poor and non-poor respondents were equally likely to have given in the month prior to being interviewed.[7] Giving seems to be ingrained in respondents. Moreover, 'giving' is not the domain of the wealthy; it is part of everyday life for all South Africans, rich and poor alike.

How much do people give?

A key objective of the survey was to measure the level of resource mobilisation occurring among South Africans, bearing in mind the limitations of survey research mentioned earlier. To do so, we first asked if people had given money, time or goods to either a charity or an organisation or directly to a poor person in need, in the month prior to being interviewed for the survey. For respondents who told us they had given in any of these categories, we asked them to tell us how much money or time they had given, or what type of goods. When calculating total monies given, we used the midpoint in each of the categories offered to respondents (R1 to R20, R21 to R50 and so on). We did not attempt to quantify goods and services in the same way.

Three items were quantified: money given to a charity, cause or organisation; money given directly to the poor; and the amount of time given (volunteering). Table 2.2 provides the mean or average (in the middle column) across all respondents in the sample – not merely the mean of those who gave – while the right-hand column extrapolates this to the population as a whole.

TABLE 2.2 *Total money and time given (all respondents)*

Item	Sample mean	National extrapolation
Money given to a charity/cause/organisation	R27.00	R740 797 000
Money given directly to the poor	R6.60	R181 084 000
Time given to a charity/cause/organisation	1.9 hours	52 000 000 (hours/month)
Total money given (formal and informal)	R33.60	R921 881 000

TABLE 2.3 *Total giving by race and sex (all respondents)*

	Average money to organisation (R per month)	Average money to individual (R per month)	Total average money giving (R per month)	Average time volunteered (hrs per month)
All	27	7	34	1.9
Sex				
Male	29	7	36	1.7
Female	26	6	32	2.2
Race				
African	16	5	21	2.2
Indian	58	22	80	2.1
Coloured	62	5	67	1.1
White	80	17	97	0.6

Table 2.2 suggests that each month South Africans give an average of R27 to organisations, R6.60 directly to poor people, or R33.60 in all. (Among people who give money the mean is of course higher, at R44/month.) If we extrapolate this to all South Africans aged 18 and above (reflecting our sample), R921 million is given by South Africans per month to social causes. The data in table 2.2 also show that South Africans, on average, volunteer 1.9 hours per month for charities and organisations. This amounts to a total of 52 million hours per month.

Analysing these across demographic categories (see table 2.3), we find on average that men gave more money than women, both to organisations and directly to the poor. Women, on the other hand, gave more time than men.

Looking at race we find that white respondents gave more money on average to organisations than other races did, reflecting the economic status given to them under apartheid; where white respondents gave an average of R80 to organisations, this dropped to R17 given directly to poor people begging on the street. But where whites tend to give money, they give less time – white respondents on average volunteered for just 0.6 hours in the month before being interviewed. The close correlation between education and economic status is reflected in the finding that those with no or low formal education gave lower amounts of money than those with higher levels of education.

In all, 17 per cent of respondents volunteered time in the month before being interviewed; during that month, they gave an average of 11 hours

TABLE 2.4 *Total giving by province and socio-economic status (all respondents)*

	Average money to organisation (R per month)	Average money to individual (R per month)	Total average money giving (R per month)	Average time volunteered (hrs per month)
All	27	7	34	1.9
Province				
Eastern Cape	34	8	41	5.2
Free State	26	11	37	0.6
Gauteng	21	6	28	1.5
KwaZulu-Natal	19	6	25	1.1
Mpumalanga	25	7	32	0.2
Northern Cape	23	3	26	1.0
Limpopo	17	6	23	3.6
North West	18	5	23	0.7
Western Cape	67	7	74	1.3
Socio-economic status				
High	29	7	37	1.8
Low	17	3	20	2.8

each. (The average across the entire sample – including those who did not volunteer – is 1.9 hours.) This extrapolates to some 4.6 million people volunteering their time.[8]

Looking first at the bottom two rows of TABLE 2.4, we find again that those with low socio-economic status gave less money and more time, reversed among those with high socio-economic status. Analysed by province, we find that the poorer provinces tend to have the highest levels of volunteering (Eastern Cape followed by Limpopo); but the wealthier provinces are not necessarily those giving most money (Gauteng respondents, for example, gave less money and less time than respondents from the Eastern Cape). Broadly speaking, there is an inverse relationship between giving money or time – those in privileged economic positions tend to give money, while those lacking money give more time. African respondents on average gave the lowest amounts of money to organisations (R16) or individuals (R5), but the largest amount of time (2.2 hours). Indian respondents were the exception, giving both money and time.

In all, 77 per cent of respondents told us they gave money (any amount) directly to charities, causes or organisations or to poor people directly. Measured across the entire sample, the average respondent gave R33.60. As a nationally representative sample, we can extrapolate these findings to the population as a whole. According to Census 2001, there are 27 436 917 South Africans aged 18 and above. If each of those people gave R44 (the mean per month among those who give money) to a charity or directly to the poor, then South African citizens mobilised slightly less than R930 million in an average month for development and anti-poverty work. From one perspective, this is a massive amount of money. However, it should be seen in context: Census 2001 found that the total monthly income for the working-age population (that is, excluding those aged 65+ who we have included in our sample) was R42 billion. The survey results suggest that 2.2 per cent of this is given away to organisations or to the poor.

What do people give and to whom?

As noted, 93 per cent of respondents were involved in some form of social giving in the month prior to being interviewed. For the majority, this took the form of contributing to organised charities or similar causes. But just less than half of respondents (45%) told us they had given money or goods to street children or poor people asking for help. This reflects the contribution of citizens to the social fabric in South Africa, and shows social capital transformed into economic capital.

Giving money to causes, charities and organisations

Just over half (54%) of respondents told us they had had given money to a cause, charity or organisation in the month prior to being interviewed (see TABLE 2.1). If we focus on incidence of giving – not the amounts given – we find that women (56%) were slightly more likely to have done so than men (53%), although men gave more money than women (see TABLE 2.3). Measured by race, we find that African respondents were least likely to have given money (52%), while Indian respondents were most likely to have done so (70%); coloured (66%) and white (62%) respondents were situated between the two. This presumably reflects the fact that Africans comprise 95 per cent of South Africa's poor, estimated between 45 and 55 per cent of the total population (Everatt 2003). Lack of financial resources may explain why giving money is lowest among younger age cohorts, but rises with education levels (from 49 per cent among those with no formal education to 64 per cent among respondents with tertiary education).

But 'poverty' is inadequate as a single explanatory variable: those classified as poor (using the adapted Statistics South Africa matrix) were more likely (60%) to have given money in the month prior to being interviewed than the non-poor (54% of whom gave money). The poor seem more likely to help others financially than the non-poor, albeit with smaller sums of money. We asked respondents who had given money to a charity,

TABLE 2.5 *Amount given to organisation (among those who gave: 54 per cent of sample)*

How much did you give?	%
Less than R1	5
R1 to R20	50
R21 to R50	22
R51 to R100	14
R101 to R500	6
R501 to R1 000	1
R1 001 to R 2000	0
More than R2 000	0

TABLE 2.6 *Causes supported (by respondents who gave money)*

Cause/organisation supported	%
Church/mosque/synagogue/temple	80
The disabled (e.g. dogs for the blind)	14
HIV/AIDS	14
The poor	29
The environment	3
Children	18
The aged	11
The homeless	14
Animals	4
Victims of violence	3
Victims of emergencies (e.g. floods)	3
The unemployed	10
International issue (e.g. Iraq war)	1
Sport	4
People selling things on the street	14
Car guards	11
Other	4

cause or organisation in the month prior to being interviewed how much they had given (see TABLE 2.5).

Over half of respondents (55%) had given up to R20 in the month before being interviewed. Over a third (36%) had given between R21 and R100; the remainder had given more. Respondents who gave money to charities, causes or organisations gave an average of R44 each in the month prior to being interviewed. This is a substantial mobilisation of resources by organisations. We asked respondents who had given money which charity, cause or organisation they had given it to. Respondents could give more than one answer, so figures do not add up to 100 per cent (see TABLE 2.6).

Four out of five respondents (80%) who had given money had given it to a religious body of some sort, while a third (29%) had given it to organisations working for the poor. Organisations working for children were also well supported (18%), followed by a clutch of issues including HIV/AIDS, people with disabilities and homeless people (14% respectively).

If we look at the two rows before 'other' – namely paying money to people selling on the street or car guards – we could argue that this is less an act of giving than are of purchasing a service. These categories have been included because focus group respondents insisted that they regard such behaviour as giving. It could be argued that these categories should be removed; for this chapter they have been retained.

Giving goods, food or clothes to causes, charities and organisations

A third (31%) of respondents gave goods, food or clothes to a charity, cause or organisation in the month before being interviewed (see TABLE 2.1). More women (34%) gave than men (28%). Analysed by race, Indian respondents (55%) were most likely to have given food, clothes or goods to a charity or cause; they were followed by white (40%), African (30%) and coloured (27%) respondents. Giving rose with age and with education, as it did where giving money was concerned.

Analysed across the nine provinces, a rather different picture emerges from what we saw regarding those who gave money (see TABLE 2.4).

Respondents from the Western Cape were most likely to give money, but least likely to give goods, food or clothes. Eastern Cape respondents continued to give in far higher proportions than respondents from other provinces. Respondents from North West were least likely to give clothes, goods or food to a charity or cause.

People living in rural areas were the most generous with goods, food and clothes: 36 per cent gave in the month prior to being interviewed, as did 35 per cent of people in formal dwellings and 19 per cent in informal dwellings in metropolitan areas; and 30 per cent in formal and 23 per cent in informal dwellings in urban areas.

Religion remained important, but with people from faiths other than Christianity (40%) more likely to have given food, clothes or goods in the month prior to interview than Christians (33%); respondents without a religion or faith trailed some way behind both (17%).

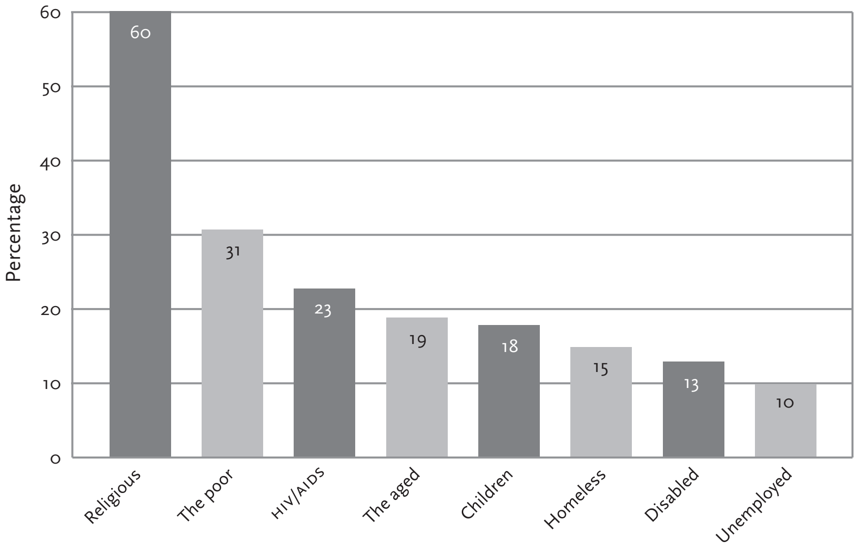
Over three-quarters (78%) had given food or drink in the month before being interviewed, while two-thirds (68%) had given clothes. One in seven (15%) had given blankets in the month prior to being interviewed, with the remainder giving items such as books (6%), toys (6%), medicinal supplies (6%) and so on.

As we can see from FIGURE 2.1, religious institutions were most likely to have received donations of goods, food or clothes, followed by respondents giving to 'the poor' and HIV/AIDS-related causes. Religious institutions may of course in turn distribute goods to causes such as the poor, HIV/AIDS and so on. Religious bodies are the most likely recipients of both money and goods.

Volunteering

Just less than a fifth (17%) of respondents gave time to a charity, cause or organisation in the month before being interviewed (see TABLE 2.1). The gender gap narrows slightly here, with 19 per cent of female and 17 per cent of male respondents having volunteered, although women tend to give more

FIGURE 2.1 *Causes supported by giving goods, food or clothes (among those who gave: 31% of sample)*



time than men. Indian respondents were the most likely to volunteer (23% had done so), followed by Africans (19%), whites (12%) and coloureds (11%).

The pattern established earlier remained constant: incidence of volunteering increased with age and education. Importantly, poor respondents (23%) were more likely to have volunteered than non-poor (17%). Volunteering in South Africa is not the preserve of the middle class with time and resources at its disposal, which was also true of other types of giving.

Rural dwellers were most likely to volunteer (23%), followed by people living in formal dwellings in small towns (16%). In metropolitan areas, formal and informal dwellers were equally likely to have volunteered (15% respectively). This was reflected when results were analysed across the provinces, where two predominantly rural provinces had the largest proportions of volunteers.

Substantial potential exists for deepening voluntarism, and the non-profit sector has to become better at tapping this. In the Eastern Cape – which exhibits consistently high levels of giving in various forms – one-third of respondents volunteered, compared with one in 20 in Mpumalanga. Poverty seems not to determine giving behaviour, including voluntarism.

We asked the 17 per cent of respondents who had volunteered to tell us how much time they had given to their chosen cause in the month prior to being interviewed. Four in ten respondents (39%) volunteered between one and two hours, while a third (35%) volunteered from two hours to a day of their time and a fifth (21%) volunteered in excess of three days in the month before being interviewed.

We asked respondents who had volunteered to tell us the cause for which they had given their time. Religious bodies again topped the list (60%), followed by 'the poor' and HIV/AIDS. Significant proportions had volunteered in support of the aged (19%), children (18%) and the homeless (15%).

Giving money directly to poor people

Moving from giving to organisations to direct transactions with the poor, the questionnaire asked about giving money to 'a beggar/street child/someone asking for help', In the next section we analyse those who gave food, clothes or goods directly to the poor. In both instances, 45 per cent of respondents said they had given to the poor (see TABLE 2.1). We asked respondents who had given money how much they had given in the month prior to being interviewed (see TABLE 2.7). The figures in the third column show, for comparative purposes, the percentage of respondents who gave money to an organisation (although the amounts donated differ).

Over half of respondents (54%) had given up to R5 in the month before being interviewed. Another third (31%) had given between R6 and R20, while the remainder had given larger amounts. Overall, more respondents had given to a cause or charity (54%) than to poor people (45%). The total amount given differs because more respondents give, and give more, to formal structures.

TABLE 2.7 *Amount of money given to beggar/street child/person asking for help (among those who gave: 45 per cent of sample)*

How much did you give?	% to poor	% to organisations
Less than R1	11	5
R1 to R5	43	50
R6 to R10	18	22
R11 to R20	13	14
R21 to R50	8	6
R51 to R100	5	1
R101 to R200	1	0
More than R200	0	0

For the first time (although the difference is very slight), men (47%) were more likely than women (45%) to have given. Measured by race, Indian respondents (78%) remained significantly active givers, followed by whites (47%), Africans (46%) and coloureds (34%). The impact of religion is less visible than elsewhere. While 46 per cent of Christian respondents and the same proportion of respondents belonging to other faiths gave money, this dropped only very slightly to 44 per cent of atheists.

In this category, giving did not increase with age as we saw in other categories; rather, it tailed off as age increased, although not in a simple linear fashion. Almost half (47%) of young people aged between 18 and 29 gave money to a poor person, dropping slightly to 45% of those aged 30 to 39, rising again to 48% of those aged between 40 and 49, then steadily dropping through 44% (50 to 59 year olds) and 43% (60+). There remains, however, a very clear link between education and giving money directly to the poor (see FIGURE 2.2).

Giving goods directly to the poor

Finally, 45 per cent of respondents told us they had given food, goods or clothes to a poor person in the month prior to being interviewed. This was most likely to have been done by people living in formal dwellings in metropolitan (57%) or urban (53%) areas, followed by those living in informal dwellings in metropolitan (45%) or urban (47%) areas, while rural dwellers were least likely to have done so (36%). Women (49%) were again more likely than men (43%) to have given. The racial profile is slightly different from what we have seen: Indian respondents (79%) remained the most likely to give, followed in this instance by coloured (67%), white (47%) and African (42%) respondents.

In TABLE 2.8 we have again inserted a column allowing comparison between goods given directly to the poor (the middle column) and to charities and organisations (the right-hand column). Food and/or drink were the most likely items to have been given in both instances, followed by clothing. It should be recalled, however, that where 31 per cent of respondents gave goods to a charity, cause or organisation, 45 per cent gave directly to poor people. More people are motivated to give goods (rather than money) directly to the poor than to charities or organisations.

FIGURE 2.2 *Giving money directly to the poor (all respondents by education)*

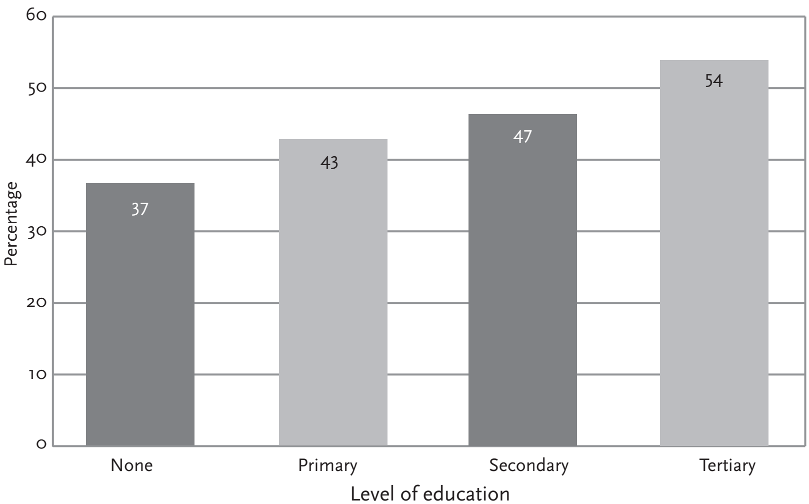


TABLE 2.8 *Items given to poor people (among those who gave: 45 per cent of sample)*

What did you give to the poor?	% to poor	(% to organisation)
Food/drink	89	78
Clothes	52	68
Blankets	9	15
Goods for recycling	8	4
Piece work	7	7
Stationery	4	4
Books/educational materials	4	6
Toys	4	6
Medicine/medical supplies	4	6
Other	3	4
Tools	2	2
Building materials	1	1

Other forms of 'giving'

Focus group participants mentioned other forms of giving that the survey then tracked. Key among these was giving to family members who do not live in the respondent's household (see TABLE 2.9). Just over half of respondents (55%) said they had given money, goods, food or other items to members of their family not living in their household in the month preceding being interviewed. Money was most commonly mentioned, followed by food and drink, and clothing.

Women (58%) were more likely than men (53%) to give money, goods or other items to non-household family members, although when men did so they were more likely to give money (75%) than women (66%). Helping non-household family members differs considerably by race. African (59%) and Indian (58%) respondents were considerably more likely to do so than coloured (42%) and white (39%) respondents. This kind of giving was also influenced by religion, with two-thirds (64%) of non-Christians helping non-family members, the figure dipping slightly among Christians.

Taking the point further, a third of respondents with children aged below 18 told us their household included children who were not the children

TABLE 2.9 *Giving to non-household family members by province, sex, race and socio-economic status (all respondents)*

Giving to non-household family members	% giving
All	55
Province	
Eastern Cape	75
Free State	57
Gauteng	63
KwaZulu-Natal	44
Mpumalanga	38
Northern Cape	52
Limpopo	73
North West	47
Western Cape	34
Sex	
Male	53
Female	58
Race	
African	59
Indian	58
Coloured	42
White	39
Socio-economic status	
High	55
Low	58

of the head of the household. We tested all respondents' attitudes to this, and found that a third (34%) felt that paying for their own children was their duty, but paying for the children of relatives was giving. Over half (55%) felt that duty extended to paying for both their own and relatives' children; giving began where they paid for children outside the family (see FIGURE 2.3). These answers reflect a very different set of perspectives on the notion of giving, where it begins and ends, and what it covers.

A pattern emerges from the survey – also reflected here – with giving higher among respondents from the poorest provinces, notably the Eastern Cape and Limpopo, among women, among African and Indian respondents, and among those in the low socio-economic status category. Giving, it seems, is a considerable distance from traditional notions of philanthropy.

What causes do people give to?

We asked what respondents thought was 'the most deserving cause that you would support if you could?' (see FIGURE 2.4). This was an open-ended question where respondents could give any answer they wished; answers were later categorised and given numeric codes. It was phrased so as to allow all respondents to tell us what they would support regardless of whether or not they currently either do so or are in a position to do so.

Responses were dominated by three categories: children or youth (22%), HIV/AIDS (21%) and 'the poor' (20%). These were followed by a set of smaller categories, including people with disabilities (8%) and the elderly (5%). It is notable that 2 per cent of respondents believed that their preferred political party was the most deserving cause, perhaps reflecting how recently South Africa began normalising and the ongoing importance of politics in many people's lives. One per cent of respondents were sufficiently cynical to say 'nothing' was a sufficiently deserving cause. The 'other' category included a wide-ranging set of answers including animal welfare, environmental concerns and others.

The high scores for children and youth, HIV/AIDS and poverty suggest that respondents have a progressive and pro-poor understanding of South Africa and societal priorities. Men were likely to cite children/youth (21%), HIV/AIDS (20%) and 'the poor' (21%) as the most deserving causes, followed by the disabled (10%) and the aged (5%). Similarly, women were most likely to cite children/youth (24%), followed by HIV/AIDS (22%) and 'the poor' (20%), followed by the disabled (7%) and the aged (6%) as most deserving. Analysed across race groups, a somewhat more complex pattern emerges. For example, children/youth were cited as most deserving by 33 per cent of coloured

FIGURE 2.3 *Attitudes to paying for relatives (all respondents)*

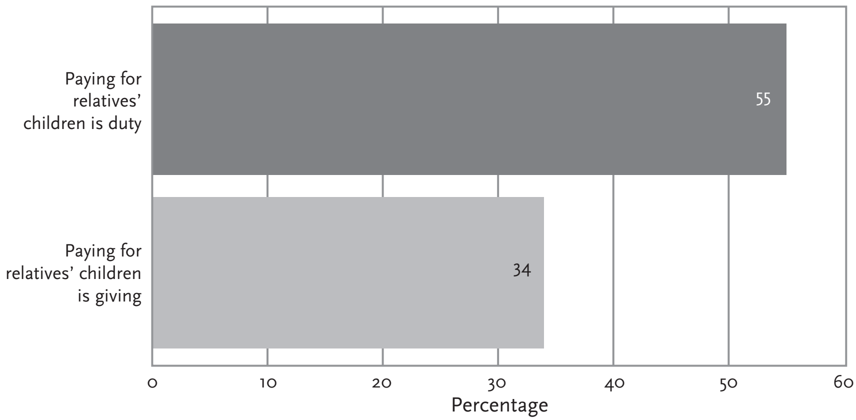
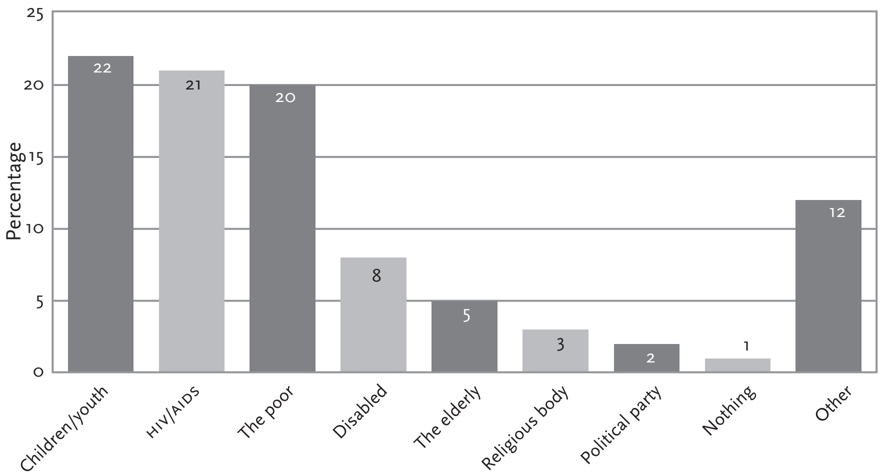


FIGURE 2.4 *What do you think is the most deserving cause that you would support if you could? (all respondents)*



respondents, 30 per cent of Indian, 22 per cent of African and 19 per cent of white respondents. HIV/AIDS, on the other hand, was mentioned by just 11 per cent of Indian and 14 per cent of white respondents, rising to 18 per cent of coloured and 23 per cent of African respondents. 'The poor' was mentioned by 25 per cent of Indian respondents, 22 per cent of African, 17 per cent of white and 13 per cent of coloured respondents.

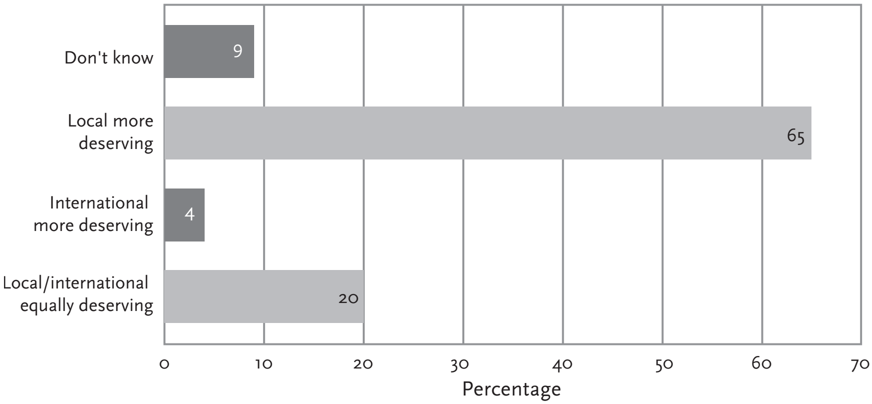
When we turn to less frequently mentioned issues, things are slightly clearer. For example, animal welfare was cited by 8 per cent of white and 2 per cent of coloured respondents, but not by Indian or African respondents. Religious institutions were mentioned as most deserving by 8 per cent of Indian respondents, 4 per cent of white, 3 per cent of African and 2 per cent of coloured respondents. Political parties were cited by 3 per cent of African respondents and 1 per cent of coloured respondents, but not by white or Indian respondents.

Concern with 'the poor' declined as education levels rose: it was mentioned by 24 per cent of respondents without formal education, 22 per cent with primary education, 20 per cent with secondary and just 14 per cent of those with tertiary level education. HIV/AIDS showed the reverse pattern, rising from 16 per cent among those without education, through 20 per cent with primary, 22 per cent with secondary and 25 per cent of those with tertiary education.

Giving to international causes

South Africans are highly motivated to give to local causes, but significantly less so to international causes. (The survey went into field prior to the 2004 tsunami, which may have affected the perceptions reported here.) Less than one in ten respondents (8%) told us they had ever given money specifically to international causes. This is a not insignificant proportion of respondents. However, internationalism does not seem to have permeated equally in South African society. For example, while 7 per cent of African and 6 per cent of coloured respondents told us they had given money to an international cause, this was true of 14 per cent of white and 22 per cent of Indian respondents.

FIGURE 2.5 *Attitudes to local and international causes (all respondents)*



We also tested respondents' attitudes to giving to local and international causes. As FIGURE 2.5 makes clear, the majority (65%) of respondents regard domestic causes as more deserving than international causes, while a fifth (20%) regard local and international as equally deserving. A further one in ten (9%) had no response, while a tiny 4 per cent told us international causes were more deserving than local causes.

Why do people give?

We tested respondents' attitudes to giving via a series of Likert items (see FIGURE 2.6). Many of the statements were taken from focus group participants. Helping the poor is widely regarded as an important part of building the new South Africa – 93 per cent agreed or strongly agreed with the statement – indicating broad popular support for pro-poor policies and programmes. This view was widely shared among African respondents (95 per cent agreed or strongly agreed), dropping to 90 per cent of Indian and coloured respondents and then to three-quarters (77%) of whites.

A positive attitude to helping the poor is not mere altruism: there is an apocalyptic edge to the issue, indicated by the 57 per cent of respondents who agreed or strongly agreed that 'if we do not help the poor now we might lose everything later'; just a quarter (26%) rejected the notion. Helping the poor is both a moral act and (for some) linked to self-preservation. This was strongest among African respondents (62 per cent agreed or strongly agreed – Indian respondents were next highest at 44 per cent), and among respondents living in the Free State (80%), where a year later violence broke out in a number of areas over dissatisfaction with service delivery.

Helping the poor is widely regarded as the responsibility of citizens, not (just) government. Almost two-thirds of respondents (61%) disagreed or strongly disagreed with the statement, 'It is government's responsibility to help the poor, not mine.' A quarter (24%) of respondents agreed or strongly agreed with the notion that helping the poor was the sole responsibility of government. Intriguingly, agreement was highest among Indian respondents (38%), who also show the highest levels of giving. Among other race groups, agreement with the statement ranged from 29 per cent of whites and coloureds to 23 per cent of Africans.

We asked respondents to complete the following sentence: 'Help the poor because...' This was an open-ended question; answers are shown in FIGURE 2.7. For two-thirds (68%) of respondents, giving to the poor is motivated by feelings of human solidarity – we should give because the poor have nothing, or are suffering, or are in need, or deserve something from us. For others it seems to be more of a rational decision to try and help tackle poverty (10%). Almost one in ten respondents answered the question in religious terms, with 3 per cent telling us they gave because their God required it of them and 6 per cent because by giving they will be blessed.

Social capital and giving

In much of the literature on 'philanthropy', the existence of social capital is seen as a key requirement for giving to occur. To analyse the issue more closely, we created a fairly simple social capital index. The variables used included: access to media, attitudes to reciprocal giving (with neighbours), trust, attitudes towards the motives of other community members,

FIGURE 2.6 *Attitudes to giving (all respondents, 'neutral' not shown)*

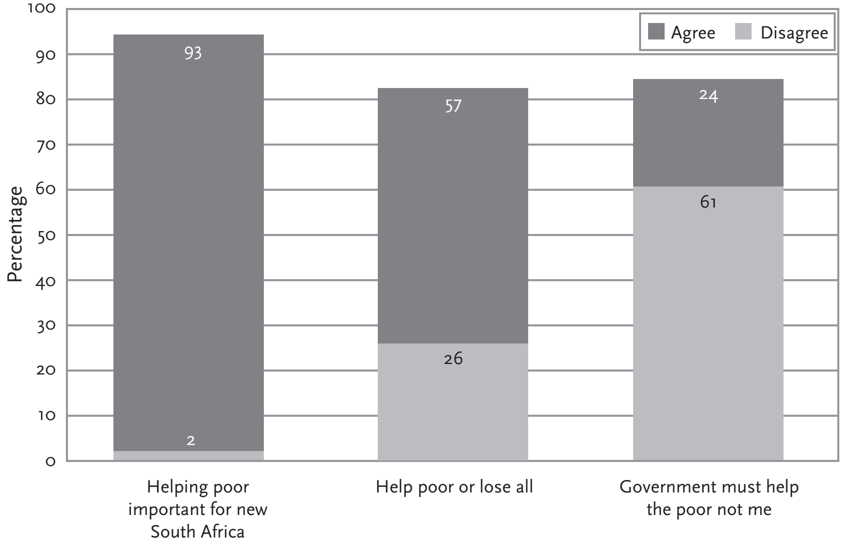
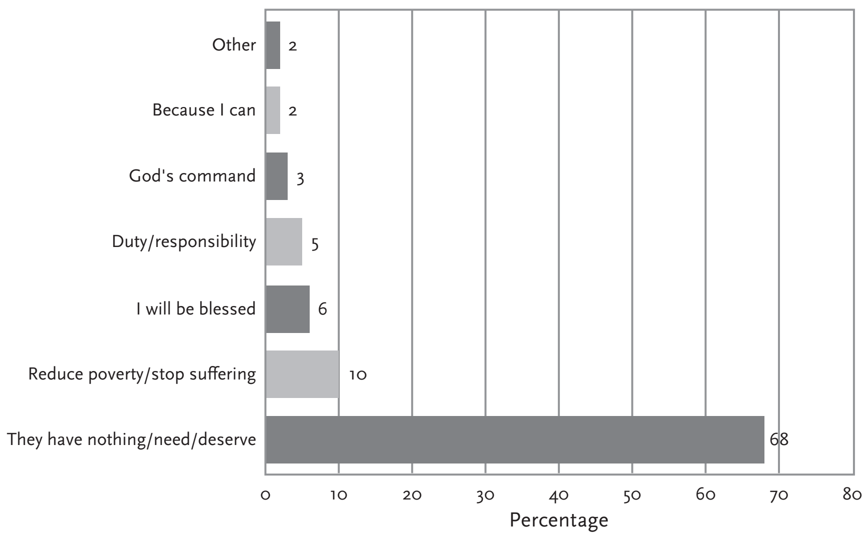


FIGURE 2.7 *'Help the poor because...' (all respondents)*



membership of civil society organisations (CSOs) and/or community-based organisations, as well as Likert items dealing with alienation and anomie. For ease of analysis we dichotomised the results into a 'high'/'low' index.

It should be noted that the social capital index covers a wide range of variables, from simple engagement via membership of CSOs (which is very high) through to trust, alienation and the local social fabric (which vary widely). When dichotomised, we found that 46 per cent of respondents fell into the 'high' category and 54 per cent into the 'low' category. This reflects the impact of including attitudinal questions alongside simple membership questions.

Although there are slight differences in giving behaviour, overall it appears from the survey that in South Africa social capital is not a precondition for giving. Combining all the forms of giving analysed earlier, we found that 95 per cent of those with 'high' social capital gave in the month prior to being interviewed, dropping to 93 per cent among those with 'low' social capital. Analysing the open-ended question – 'What do you think is the most deserving cause that you support or would support if you could?' – we found slender differences between those with 'high' and 'low' social capital (see FIGURE 2.8). These are some predictable nuances – more of those with low social capital supporting 'the poor' and more of them saying there was no cause they would support. Analysing giving behaviour across the social capital index provides some interesting insights.

Social capital does affect giving at a general level, with giving behaviour more common among those with high than those with low social capital (see TABLE 2.10). But the differences are slight – for example, 18 per cent of those with high social capital volunteered for a cause or charity in the month prior to being interviewed, dropping slightly to 17 per cent among those with low social capital. The two categories where differences are more significant are giving money to a charity/cause and giving money to a beggar/person asking for help. Those low in social capital are less likely to have given money in the month prior to being interviewed than those with high social capital. But this pattern is less evident when analysed by voluntarism or giving goods, either to a charity/cause or directly to the poor.

FIGURE 2.8 *Most deserving cause (by social capital index)*

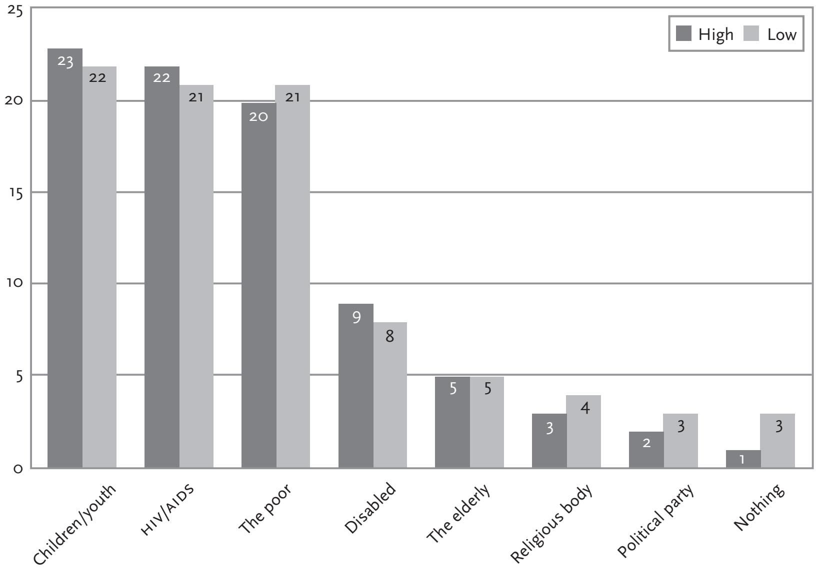


TABLE 2.10 *Giving behaviour (respondents who gave by social capital index)*

	% High social capital giving	% Low social capital giving
Gave money to cause	58	52
Gave goods to cause	33	30
Volunteered	18	17
Gave money to beggar	51	42
Gave goods to beggar	48	44

I give because...

Giving – transferring ownership gratuitously – should be good for both giver and recipient. It has its own power dynamics, particularly in a society as unequal as South Africa, but those should not detract from the fact that giving is an inherently positive act. As FIGURE 2.9 makes clear, four out of five respondents (82%) agreed with the statement 'I give because it makes me feel better' – just 8 per cent disagreed. Among those who disagreed with the statement were 7 per cent of African respondents, 10 per cent of Indian, 15 per cent of coloured and 18 per cent of white respondents. No significant gender differences emerged.

Slightly fewer respondents (78%) agreed with the statement: 'I give to make the country a better place.' Racial differences were clear: while 83 per cent of African and 72 per cent of coloured respondents agreed or strongly agreed, just 59 per cent of white and Indian respondents respectively did so. It would be interesting to pursue further why these respondents are giving, although the survey did not do so.

The third Likert item – 'I give because I have more than I need' – generated high levels of disagreement (72% disagreed or strongly disagreed). We saw earlier that poor respondents are more likely to give than their wealthier counterparts – but while 77 per cent of respondents classified as poor rejected the statement, so did 72 per cent of the non-poor respondents. Indian respondents were most likely to agree or strongly agree (31% did so), followed by white (22%), coloured (15%) and African respondents (14%), reflecting the racial profile of wealth and poverty in the country.

'Charity' or 'change'?

One issue that may determine giving behaviour is the distinction between immediate need and longer-term solutions, an issue which permeates the development literature. We posed this as a set of statements made by two people which were read out to respondents: 'I give to needy causes or campaigns that help people who are in trouble right now' was the first, and 'I prefer to give to causes or campaigns that will change the way things are

FIGURE 2.9 *Attitudes to giving (all respondents) I give because...*

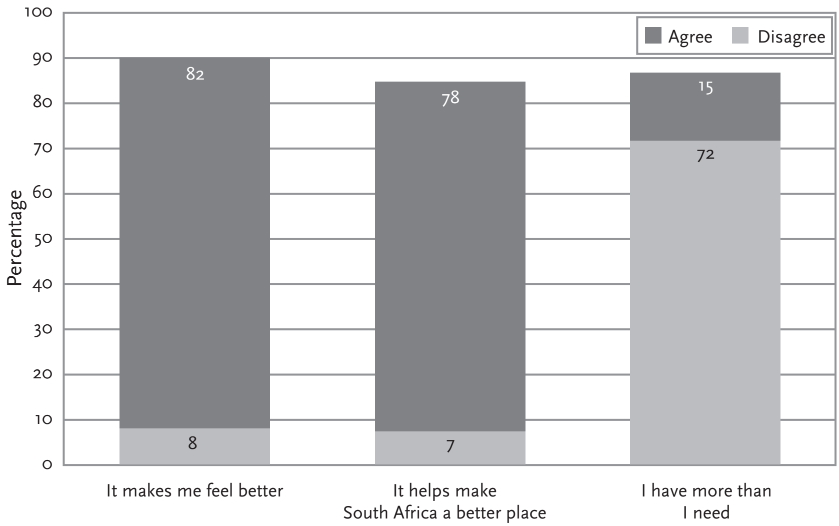
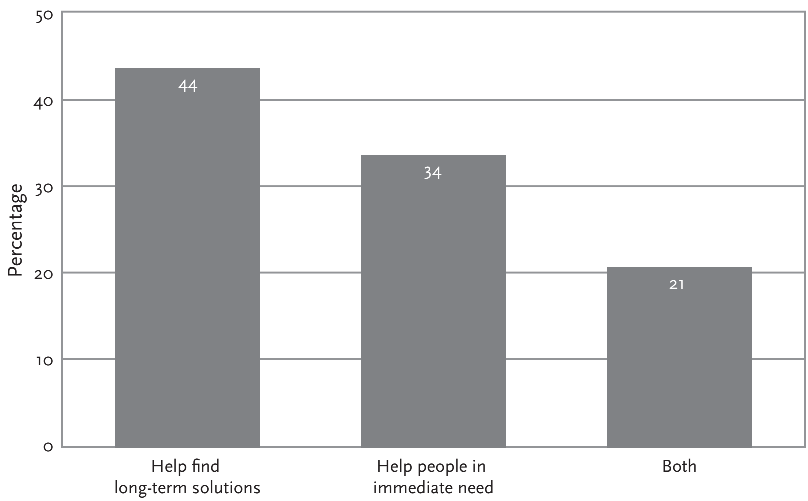


FIGURE 2.10 *Short-term need vs. long-term solutions? (all respondents)*



done in the long term' was the second. Respondents could choose either, or both if they wished (see FIGURE 2.10).

The question was difficult to phrase, since it seemed to suggest that longer-term solutions were the more appropriate destination for giving. This may have occurred – but even so, a third (34%) of respondents told us they give to people in immediate need, and a fifth (21%) responded that both short-term need and long-term solutions deserve their support. The data suggest that both charity and development have a support base to draw on.

Analysed across the nine provinces, some interesting patterns emerge. 'Change' was generally the dominant view when analysed across provinces; in the Free State (the only province where respondents were likely to say they give to make South Africa a better place), it was far and away the dominant view. Given the pervasive nature of poverty in South Africa, it is perhaps surprising that 'both' was less commonly stated – millions of South Africans do rely on 'charity' for survival, while presumably desirous of change in their personal situation. Respondents from informal settlements in metropolitan (48%) and peri-urban areas (55%) were more likely to support 'change' than their counterparts living in formal areas, dropping slightly to 45 per cent among rural respondents. No significant gender differences emerged. Analysed across race groups, we found that 'charity' was the dominant view among Indian (64%) and coloured (53%) respondents; 'change' was dominant among African respondents (50%); while 42% of whites opted for 'both'.

Responses were also analysed across the socio-economic categories. However, differences were less marked than expected, with results in the three categories (short-term need, long-term change or both) varying only by a matter of 1 to 2 per cent. If we were to try and extract a pattern from these slight differences, it would be that the poorer the respondent, the more likely they were to support causes that seek to change rather than provide amelioration.

Overall, the dominant view was that people prefer giving to causes that seek longer-term solutions to our problems than to short-term charitable interventions, although a significant proportion sees the value of the latter. There seems to be a solid support base for a wide range of organisations and campaigns, from social movements through to more traditional charities. This is a positive finding for the non-profit sector as a whole, particularly organisations that use advocacy, lobbying and local organisational work alongside developmental work.

Conclusion

The survey data suggest that an overwhelming proportion of South Africans give in some form or another. The data also suggest that measuring giving has to be sensitive to the cultural norms of a society. Giving, as measured in this survey, is far more widespread among South Africans than a study of 'philanthropy' would suggest, for example, by accounting for reciprocal exchange, giving to non-household family members and so on, as well as measuring the giving of small items such as food and clothing and not just cash donations. Measured in ways that reflect the lived experiences of respondents may reveal a very different world map of giving and, in particular, may show how much money, time and goods the poor give to others, rather than merely trumpeting the giving of a tiny wealthy elite.

It is not surprising that non-poor, highly educated respondents gave more money than poor and less educated respondents. But what is important is the level of giving among the poor and less educated. Even if they (fairly obviously) give smaller amounts of money, more poor people give than non-poor people; and those who cannot afford to give money, tend to give of their time. The poor continue to bear a large part of the burden of maintaining the social fabric after apartheid, as they had to during apartheid.

The reported levels of giving in South Africa seem to be very high, although finding similarly designed comparative studies in developing countries proved very difficult. But it is important to ask why levels of giving are so high. One answer may be our research methodology, which may have suffered from over-claim by respondents who felt it more socially appropriate to say they do give rather than that they do not give. However, it may simply be that giving is common to South Africans, driven by various factors including religious, ethical and moral issues and/or by political and socio-economic motivations.

For example, we saw that 82 per cent of respondents give because it makes them feel better, while 68 per cent said giving to the poor is motivated by feelings of human solidarity. Over half (57%) felt that if we do not help the poor we might lose everything in the future, 93 per cent felt helping the poor is an important part of building the new South Africa, and 78 per cent give to make the country a better place. In other words, there is a complex mixture of motivations lying behind the facts of giving, which reflect the current state of the post-apartheid project.

'Giving' is by definition voluntary. But it may be fair to qualify this in a number of ways in the South African context. At a broad, structural level, socio-economic conditions may make giving a survival strategy rather than an altruistic impulse. When 45 to 55 per cent of the population live in poverty, and unemployment accounts for three or four in ten adults (depending on whose figures are used), giving may be a critical mechanism for household reproduction. This may range from sharing with other poor households in the neighbourhood, to giving to non-household family members and caring for AIDS orphans. It is notable that giving was highest in provinces that are economically poor but which are rich in social capital, such as the Eastern Cape and Limpopo. When the axe of unemployment hangs over so many heads, and the prospect of paid employment dims on the horizon, giving may be a requirement of the economic condition of the country.

This has a further edge to it when we recall the widespread sense of urgency attached to giving, namely that if redistribution and equity are not dramatically speeded up, 'we may lose everything in the future'. This sentiment was most widespread among African respondents (rather than economically privileged whites, who perhaps might be thought to be feeling this most keenly). Tellingly, it was also most common in the Free State province where, a year after the survey, violence broke out over non-delivery of services to the poor by local authorities. It may be argued that people feel obliged to give because government is moving very slowly (via its *laissez-faire* economic approach) on redistribution; ordinary citizens are sharing what they have with those who have less, and doing what government should be doing.

Finally, however, it is important to note the progressive, social-democratic biases of respondents. Giving is not restricted to survivalist reciprocal or intra-household transactions, but focuses on key areas – children and youth, HIV/AIDS and helping the poor. These are the priorities of the populace, and thus of the electorate, who are digging into their own pockets to help. The onus is on government to respond appropriately.

Notes

1 This was partly deliberate: the Centre for Civil Society had published a detailed report on the national lottery immediately prior to the survey, and we wished to avoid duplicating existing research.

2 A Likert scale is a measurement technique based on standard categories, here using a 5-point scale running from 'strongly agree' and 'agree' through a neutral midpoint to 'disagree' and 'strongly disagree'. Likert items can be appropriately used for scales or indexes. For more, see Babbie (1995)

3 But we also wanted the survey results to have utilitarian value to the non-profit sector by allowing organisations to develop domestic fund-raising strategies based on a targeting strategy informed by the survey data. A series of tables were developed that covered all forms of giving, broken down by giving money, goods or time. The tables identified who is already giving to causes, analysed by province, race, area/type of dwelling, sex, age, education level, religion, and socio-economic status; and those giving on a regular and/or irregular basis, who we assume have the potential to be firmed up into a broader support base. Then, using a fairly simple algorithm: if (a) the level of giving across the different groups for a particular measure is statistically significant ($p<0.05$) and (b) respondents in any given group are more likely to give than the average, then we assume this group

to be a target group for organisations working in different sectors. These data are voluminous, and are available from the Centre for Civil Society, and the National Development Agency. The data can be used by non-profits to tailor fund-raising strategies or the identification of volunteers and so on.

4 If we know who gives, and can begin to understand why they do so, it should allow the non-profit sector to develop and consolidate a domestic resource base (be it volunteers, cash, goods, donations and so on). The sector should also be better able to understand how to segment the population and target fund-raising activities.

5 Use of the term 'the poor' – as opposed to the less static 'people living in poverty' – is unavoidable, reflecting language used in the focus groups and the survey instrument; it should be understood in that context.

6 'Volunteer' appears throughout this chapter, reflecting the language of focus group participants, which was translated into survey design. In South Africa, many unemployed people describe themselves as volunteers because they are not remunerated for work they do.

7 We adapted Statistics South Africa's socio-economic status measure (to apply to individuals rather than households) in order to segment the sample. Indicators included: sanitation, water access, refuse removal, energy source for lighting and employment status.

8 This figure is considerably higher than that given in the non-profit survey, although it is derived in a very different manner (see Swilling & Russell 2002).

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Religion and development

Brij Maharaj, Adam Habib, Irwin Chetty, Merle Favis, Sultan Khan, Pearl Sithole and Reshma Sookrajh

ISSUES RELATING TO RELIGION and associated matters have been largely ignored in much of the international literature on development (Marshall 2001; Selinger 2004; Sweetman 1999; Ver Beek 2002). Ver Beek, for example, observed that faith and spirituality are 'conspicuously under-represented in development literature and in the policies and programmes of development organizations' (2002: 68). This is, in part, because liberal and radical thought had for long ignored religion and its institutions as actors in modernity. The former, grounded in the principle of secularity and in the separation of state and religion, tended to either prioritise the market as an agency in development, or the state in the case of its social democratic variant. Radical thought not only focused on the state as the agent of progressive development, but also seemed to be blinded to the developmental virtues of religion, either by the violent history of religious persecution in Europe and the Middle East, or by the complicity of its institutions in colonialism. The architect of the Russian revolution, Vladimir Lenin, who maintained that religion is merely the opium of the masses, perhaps best summed up the scepticism of radical intellectuals towards religion.

In the decades that followed, religion was unable to rehabilitate its image in the eyes of Europe's liberal and radical intellectuals even though it spawned quite an impressive set of progressive credentials in the developing world. Liberation theology's emergence in Latin America was accompanied by at least some religious institutions and leaders challenging military rule and bureaucratic authoritarianism, even though some of their predecessors in the 1960s supported the rise of these very institutions and processes (Brown 1993). The churches, mosques, synagogues and temples were at the forefront of the struggle against apartheid, and could with good cause claim some of the credit for South Africa's peaceful transition to democracy (Kuperus 1999). Similar things can be said of religious institutions and leaders in the struggles from tyranny in both Eastern Europe and Asia. Yet, despite all of these progressive accomplishments, religion did not emerge on the developmental landscape as a serious agent of change (Ver Beek 2002).

Only today is this being given consideration. Two reasons underlie this. First is the rising prominence of civic action and the increasing recognition that civil society is a necessary actor in successful development. This view is advanced by both state elites of a neo-liberal bent and progressive activists and intellectuals. For the former it is hoped that non-profit activity in the developmental arena may reduce the social burden on the state and thereby enable its partial withdrawal from economic life (Van Rooy 2002). The latter envisage that civil society's involvement in development would not only lend it a participatory character, but also facilitate it in the direction of the particular country's most dispossessed and marginalised citizens (Clark 1992). Either way, significant support exists for civil society's involvement in developmental activities, and since religious institutions comprise a significant component of the civic universe, it is natural that greater attention is paid to these institutions and their developmental mandate.

Second, empirical research on the non-profit sector and philanthropy over the last decade or two has categorically demonstrated that religious institutions are the dominant players in the sector. Philanthropic studies in the United States suggest that religious institutions are the largest beneficiaries of citizens' philanthropic gestures (Independent Sector 2002). Similarly in South Africa, the first survey of individual giving indicated that a massive 80 per cent of financial giving from citizens is directed through religious institutions. It does seem as if citizens across the globe tend to feel more comfortable with directing their philanthropic impulses through the medium of religious institutions. These institutions are, then, the recipients of significant resources, a fact that necessitates their consideration as players in the developmental equation.

This is of course increasingly being recognised. 'Words such as "spirituality", "spiritual vision", and "spiritual development" are to be found ever more frequently in official documents addressing the issue of sustainability' and development (Girard 2004: 29). A number of private foundations and official development agencies have targeted for research and study the relationship between faith-based communities/institutions and development. South Africa's political elites have similarly been moved to consider these issues. President Mbeki, for instance, has established a multi-faith leadership forum to advise him on developmental activities. These initiatives suggest that there is an increasing need to understand the engagement of these institutions in the developmental enterprise. Not only is this necessary to gain a better understanding of what is going on in the arena of development, it may also enable researchers and development practitioners to professionalise the engagements of religious institutions in the sector with the hopeful result that it would lead to a better impact and improve the lives of poor and marginalised citizens.

This chapter focuses on the engagement of religion in development in South Africa. The next section explores the philosophical underpinnings of giving and development in a variety of religious traditions. Thereafter, it investigates the giving and developmental initiatives of religious institutions in South Africa. There is also some reflection on the gender dimensions of resource mobilisation and management. The chapter concludes with some critical reflections on the limits and weaknesses of religious institutions' developmental engagements, and advances some recommendations on how these could be strengthened with a view to enhancing their impact for the poor and marginalised in South Africa.

Obligatory giving within the different faiths

'Religion is the mother of philanthropy' (Moe 1961: 141). This maxim, articulated by Moe some 45 years ago, is as relevant today as it was when it was first written. All religions emphasise the need to support charity, welfare and the disadvantaged. Obligatory giving is thus a manifestation of a deep sense of religious responsibility, duty and commitment in order to realise salvation. This is why religious communities are capable, like no other sector of society, of mobilising enormous resources for poverty alleviation and development initiatives. In the United States, for instance, revenue collected by religious congregations amounted to US$81.2 billion in 1996, the bulk of which comprised private contributions by individuals (Independent Sector 2002: 7). In South Africa, on the other side of the world, the first national survey of private giving in the country revealed that 96 per cent of those who adhere to a faith regularly give money, goods or services (Everatt & Solanki 2005). Moreover, it needs to be noted that those who give financial and other resources for religious purposes are likely to support other social and civic causes as well. It is, then, difficult not to concur with Independent Sector's concluding evaluation that:

> The power of faith-based giving and volunteering is clear, compelling and measurable. The belief, values, attitudes, and commitments of those who contribute to religion translate into high levels of generosity to other causes as well. Undoubtedly, there are a number of other factors that influence levels of giving, including income and home ownership, but religious belief is without question one of the most important factors independent of economic status. (2002: 8)

So where does this impetus to give within faith-based communities actually come from? Different religions have, of course, very distinct philanthropic traditions which determine how much is given and why. Within the Christian faith, charity or 'love in action' is seen as one of three fundamental virtues, the other two being faith and hope. The spirit of giving infuses Christian scriptures and is succinctly reflected in the New Testament adage that it is 'better to give than to receive' (Chetty 2005). All Christians are expected to contribute 10 per cent of their monthly earnings (which is called a tithe) towards their local church. This tithe is a compulsory requirement commanded by both the Old and New Testaments of the Bible. Christians are also expected to make additional voluntary contributions, which over the centuries has spawned many social and humanitarian endeavours across the globe.

Jewish philanthropy is influenced by three basic factors – *tzedakah*; reinforcing cultural, religious and ethnic identity; and protection from external threats (Tobin 2000). *Tzedakah* means righteousness and refers to the ancient religious obligation to provide for the indigent, both Jews and non-Jews. The Torah – the first written law – provided the written instructions on how to carry this out. Philanthropy serves to entrench the ethnic and cultural identity of Jews by, for example, supporting religious education. It also plays a role in providing for the protection of Jews from external threats. This is important, given the persistence of anti-Semitism (Tobin 2000).

Jewish giving is thus significantly influenced by the historical experiences across the world, and especially the discrimination and anti-Semitism to which the community has been subjected. Throughout the last two centuries, waves of Jewish immigrants have been supported by their established diasporic brethren with a range of welfare, self-help and social programmes in their new countries. As a result of rival schools of religious thought, and the associated difference in the interpretation of Jewish scriptures, two separate philanthropic traditions have emerged. There is a division between institutions that only support Jews, and others that also give to the non-Jewish poor in the host country. Political factors, historical experiences and the nature of endowments determine which philanthropic tradition dominates in different countries (Favis 2005).

Compulsory contribution to charity is a basic tenet of Islam. All Muslims are obliged to contribute 2.5 per cent of their yearly income towards charity, which is called *Zakaat*. *Zakaat* funds are used to support the indigent and address socio-economic problems in the Muslim community. Muslims are also expected to contribute voluntarily to support the establishment of places of worship, religious education and other community projects.

In Muslim countries such contributions are state regulated, and an institution called the Bait ul Mal is responsible for collecting and allocating *Zakaat* funds. In countries with Muslim minorities, voluntary non-profit organisations located within the civil society sector are responsible for these tasks. Muslims also give voluntarily to support causes outside the community (Khan 2005). The relationship between Muslim giving and spirituality is aptly summarised by Khan:

> It is a basic belief amongst Muslims that life on earth is a temporary one and another exists after death. Unselfish conformity and belief in the fundamental principles of prescribed charitable acts, decreed religiously, constitutes the central article of faith amongst Muslims which promises a better life on earth and thereafter. Hence, the act of giving in material and cash forms irrespective of the financial value attached to it is not the only criterion for the derivation of spiritual satisfaction and benefit by the giver. It is the religious intention followed by a sense of emotional loss, humility and satisfaction that one experiences by parting with charitable goods most treasured by individuals purely for the pleasure of Almighty God that counts in the final analysis for the attainment of spiritual satisfaction. (2005: 12)

Finally, identifying an established pattern of giving within the Hindu faith is difficult for there is no explicit level of philanthropy mandated by religious doctrine. Rather, the requirement of giving is integrated in an implicit code of behaviour expected of all Hindus, defined by values such as compassion and hospitality. The Hindu term for philanthropic giving is *dana,* which is viewed as an essential part of *seva* (selfless service to those in need) and *dharma* (religious duty) (Anand 2004). Four key motives drive giving or *dana* amongst Hindus:

- *Punya* – the performance of good deeds which helps to attain *moksha* or liberation from the cycle of birth and death.
- *Prayaschitta* – this is an act of repentance by someone who has sinned, and penance would take the form of giving material resources or money to those in need.
- *Aparigraha* – the focus here is on living with bare essentials and renunciation of wealth, and is only observed by those who lead a very spiritual life.
- *Karuna* – demonstrating concern for the poor and underprivileged. (Anand 2004: 10)

The principles of generosity, hospitality, philanthropy and charity are major hallmarks of Hindu culture. Voluntarism in India played an important role in the social and economic development of the society. It operated in the fields of education, medicine and cultural promotion and, in particular, in crises such as droughts, floods, epidemics and foreign invasions. The disadvantaged and the poor were taken care of by social mechanisms outside the state – through the extended family, solidarity of colleagues, guilds, and individual religious philanthropy. In this sense, giving, altruism and hospitality are the distinctive hallmarks of Vedic culture. Philanthropy is thus seen in this religious tradition to facilitate the development of selfless qualities like altruism and humanitarianism, and is therefore defined as a means through which one can serve God (Sookraj 2005).

This cursory review of giving traditions within faith-based communities indicates that it is not only mandated by the scriptures of these faiths, but is seen as necessary if one seeks spiritual cleansing and salvation. The fact that it is a duty to God for which you get rewarded in the afterlife is a powerful incentive encouraging giving among those of religious inclination. This then enables faith-based communities and their institutions to be perhaps the single most powerful agency outside the state for mobilising financial and in-kind resources from the citizenry. Not only do these resources permit faith-based communities and their institutions to reproduce themselves, but they also allow them to establish support for poverty alleviation and development causes in their respective communities, further cementing these very communities to their faith-based institutions. Moreover, sometimes these resources are used for the provision of social welfare in other, often more deprived, communities, as a means of spreading the faith and facilitating religious recruitment.

But what are the specific patterns of, and mechanisms for, this giving? An answer to this requires a more contextual analysis that investigates existing patterns of giving within specific communities, and for this we turn to a case study of South Africa.

Religious giving: a national perspective

South Africa is a multi-religious society, where freedom of worship and religion are constitutionally protected. Although Christianity is dominant, Islam, Judaism and Hinduism are also active religions in South Africa. About 84 per cent of South Africans belong to the Christian faith, 0.2 per cent adhere to Judaism, and 1.5 per cent are Hindus and Muslims respectively.[1] According to the 2001 Census, about 40 per cent of the population belong to a charismatic church and, more specifically, 10 million belong to African independent churches such as the Zion Christian Church.[2]

As a religiously active country, it should not come as a surprise that religion is the dominant factor in informing giving in South Africa. The national survey conducted in 2003 (Everatt & Solanki 2005), found that 89 per cent of a random sample of 3 000 adhered to one or other religion. Furthermore, on average, 96 per cent of this group had given either cash, goods or volunteered their time in the month prior to the survey. Respondents believed that those who belonged to a religion were more likely to give. More specifically, '86% agreed or strongly agreed that "[m]y faith *requires* me to give to the poor", while 73 per cent agreed or strongly agreed that "[g]iving to people in need brings me closer to God"' (Everatt & Solanki 2005: 18).

But whatever the motivations of ordinary citizens when they give, how is religious giving organised and effected? How do religious institutions mobilise resources from their adherents? How do they redistribute these resources? What causes are supported? Who are the beneficiaries of these resource flows? And, finally, what are the gender dimensions of these processes? Answers to these questions can only be derived from more microscopic analyses of religious communities, their institutions and their philanthropic engagements.

Structure and organisation of giving

There are different ways of organising giving and raising funds among the faith groups. In the Jewish community there are two approaches to fund-raising. Firstly, there is a single campaign targeting businesses and professionals that focuses on supporting the majority of Jewish voluntary organisations and institutions. Secondly, there is a communal list whereby every Jewish household is a target for fund-raising. In Cape Town the Jewish Board of Deputies has a full-time employee to maintain and update the communal list. This list has a record of all Jews in the city, their place of residence and employment, and is drawn from the membership rolls of synagogues, schools and sports clubs (Favis 2005).

The main source of income of most churches is tithes. Churches often engage in fund-raising projects, and also approach major business organisations for financial support. Many churches have been registered as non-profit organisations, which means that donors receive tax exemptions. In addition to tithes and fund-raising, the Christian sector receives a considerable amount of international funding. This is especially so in the case of the South African Council of Churches (SACC), a facilitating body for a wide fellowship of churches. The SACC is made up of 26 member denominations, together with a number of associated church-based organisations.[3] The SACC is the national ecumenical enabler and co-ordinator of inter-church debate and action, and represents the majority of Christians in South Africa (Chetty 2005).

The SACC has a number of global partners who sponsor some of their projects.[4] This represents a continuation of funding that started in the apartheid era, and which was used in the struggle for democracy, human rights, dignity and Christian values. The continuation of this funding in the post-apartheid era enables the SACC to assist in the rebuilding of the nation, spiritually as well as materially, and to give disadvantaged groups in the society new opportunities and hope (Chetty 2005).

The Pentecostal movement is another Christian sector that receives significant external funding, particularly from the United States and the influence of the United States is clearly evident in this sector. According to a newspaper report, the 'American version of evangelical ministry has spread like wild fire in South Africa, with these modern churches promising their converts both spiritual and economic fulfilment as they compete for the prize target market, the black middle class' (*Business Report* 19 March 2006). In South Africa, the 'Evangelical Alliance has 3 million members in 29 denominations nationally'.[5] Apart from the obligatory tithe, adherents are encouraged to 'when in need sow a seed'. This is called 'seed faith' and is largely practised by Pentecostals, with both 'insiders' and 'outsiders' being the beneficiaries. It has been estimated that more than 50 per cent of the congregations of the charismatic churches were 'tithing a full 10 per cent of their often sizable professional incomes'.[6] However, a concern expressed by Moss Ntlha, the general secretary of the Evangelical Alliance, was that it was 'very unfortunate that the balance sheet of the church has overtaken the spiritual well-being of members particularly in the charismatic churches' (*Business Report* 19 March 2006).

A different picture emerges from the traditional African religious sector, for example the Shembe and Zionist followers, where no accumulation of church resources is evident. This is because these churches draw their membership from poor communities with a survivalist or subsistence background. In this context the social activities of the church, such as religious sacrifices, stokvels and burial schemes, have a higher level of significance for people as they provide social security networks through which poor people support each other in times of need (Sithole 2005).

In the Hindu community there is no robust effort that organises giving in any particular way. With the exception of a few individuals, no systematic payroll giving is evident. Hindu priests and community leaders argue that because giving takes several forms, organised monetary fund-raising does not feature strongly. Payroll givers were also reluctant to disclose amounts. However, when fund-raising does occur, it is often related to specific projects such as flood relief. There was a view that Hindus generally respond more spontaneously and generously to crisis situations. Socially responsive giving often occurred when there were emergencies, for example bursaries for needy university students, especially in their first year of study, and deaths – in this case Hindus work together to facilitate funerals and ceremonies for the deceased (Sookraj 2005).

Since Hindu giving is generally not systematically planned, religious organisations have to employ unique models of collection. Professionals as well as business people are solicited by Hindu organisations each year, especially during the festive periods, to garner financial support. In the case of the Divine Life Society of South Africa, mandatory monthly donations of stipulated amounts are collected through personalised visits by dedicated members. This entails door-to-door physical collections. In this strategy, the amounts to be given are negotiated between the organisational collector agents and the giver. Similarly, the Ramakrishna Mission of South Africa, with a monthly operational budget of R50 000, depends on financial support from its congregation and from business people (Sookraj 2005).

In contrast, giving in the Muslim community is highly organised and structured. Since the act of charity is mandatory on all Muslims of financial means, a self-regulating mechanism comprising rigid norms and values governs the manner in which alms are given, received and administered. As mentioned earlier, all Muslims are compelled to contribute 2.5 per cent of their annual earnings towards the upliftment of their community, in the form of *Zakaat*. Apart from *Zakaat,* there are other optional charities (for example *Lillah, Fitra and Sadaqah)* that become due for specific religious purposes. However, *Zakaat* constitutes the primary act of charity (Khan 2005). Sophisticated networks (both formal and informal) have developed over the years for facilitating the collection and distribution of these resources. Various community and religious organisations collect and distribute *Zakaat* funds in keeping with their particular aims and objectives. Volunteer participation within organisations is heightened during the implementation of special projects such as disaster relief and feeding schemes. In order to prevent abuse of such charity and to ensure that beneficiaries receive their rightful dues in keeping with the teachings of Islam, formal organisations have been set up. However, despite this, not all organisations adhere or conform to a united, coherent and systematic method in the collection and distribution of charities. Hence, the collection, distribution and regulation of Muslim charity is fragmented, duplicated and insufficiently coordinated, resulting in strong competition amongst charitable organisations. Currently, there are approximately 1 328 Muslim organisations[7] that collect, distribute and provide a diverse number of services essential to those in need. These constitute social welfare and relief-giving agencies, community-based organisations, and theological and humanitarian aid organisations, focusing on local and international needs (Khan 2005).

In the organisational composition of Muslim charitable institutions, class, ethnic, ideological and theological differentiation is noticeable. Very often successful business entrepreneurs, professionals and politically influential persons occupy important positions within these organisations. Ethnic and racial exclusivity in organisational membership often exists, although newer and progressive structures are moving away from this tradition and embracing the spirit of the country's new democracy. Organisations that have a history of supporting a particular theological or ideological thought are less open to membership from an opposing group.[8] It needs to be noted, however, that Muslims of African ancestry feature less prominently in most of these organisations (Khan 2005).

Forms of giving

Poverty alleviation strategies

But how do these religious communities deploy the considerable resources they mobilise? Broadly speaking, their giving activities can be described as taking two distinct forms: poverty alleviation and development. The former focuses on alleviating the consequences of poverty and marginalisation through the disbursement of cash, goods and services. The latter is directed towards institution-building and the establishment of an infrastructure that enables the development of a more human-oriented society. A poverty alleviation programme can of course involve very different types of activities. As there are interesting similarities and differences among the various religious groups, it is necessary to focus separately on the giving activities oriented towards poverty alleviation within each of these communities.

Jewish institutions primarily support causes associated with HIV/AIDS, poverty, crime and violence, the environment, and animal rights. The focus is on the provision of welfare and support for the less privileged sectors within the Jewish community. Priority areas for assistance include: family counselling; caring for the elderly and the young; medical assistance to those in need, including the mentally handicapped; bursaries for students; seeking employment opportunities for the unemployed; and burial and grief counselling services. Such welfare-oriented initiatives are organised and administered through a range of institutions that were established over many decades, and include children's and old age homes, schools, mental health facilities, community medical centres, employment agencies, and a 24-hour crisis hotline. The infrastructure for these projects was established by the Chevrah Kadisha[9] ('Holy Society') during the early part of the twentieth century. Chevrah Kadisha was originally established in 1888 as a burial society and was primarily concerned with completing the last rights for the deceased and providing comfort and support for the bereaved family. The Chevrah subsequently merged with another existing body, Bikkur Cholim, which was primarily intended to support the sick and frail. After the merger, the Chevrah gradually expanded the range and capacity of its welfare and poverty alleviation strategies in the Jewish community (Favis 2005).

Many Hindus give because they believe it represents responsiveness to the needs of the community. Charitable giving amongst Hindus is considered to be a social contract in which no household should have more than what is deemed necessary in comparison to another. This is related to a sense of social solidarity referred to as *samajic sangathan*. Several Hindu leaders referred to the concept of *Ramrajya*,[10] which was associated with notions of an ideal community in which the ruler and the ruled were seen as one, and a community in which poverty and suffering were non-existent.

Hindus believe that serving food to the poor and the needy contributes to good *karma*.[11] Food is also distributed to people at the end of many religious ceremonies. Many Hindu temples distribute food freely daily to the visiting devotees.[12] The International Society for Krishna Consciousness (ISKCON) Food for Life programme (*anna dhan*) is one such example. Since 1974, Food for Life has served more than 200 million free hot meals in over 70 countries. In South Africa alone, a staggering 1 million plates of food were served in 2002. Food for Life is currently one of the largest vegetarian free-meal programmes in South Africa.[13] More than 150 000 hot meals are served every month to those in need, regardless of race, creed or culture. An important goal of the Food for Life programme is the development of 'hunger-free zones' within underprivileged communities.

This strategy operates on the principle that no one should go hungry within a 20 kilometre radius of the food distribution points. The ultimate aim of this initiative is to have an entire network of hunger-free zones regionally and nationally (Sookraj 2005).

According to President Thabo Mbeki, the philosophy underlying the food-giving initiative run by ISKCON should be extended to the entire country:

> This understanding that, if I have a plate of food, let me share it with my neighbour, let those who are hungry come and eat, let those who are feeling sad come together with us and together we can share this burden, this understanding should be taken from Food for Life and transmitted to the entire country.[14]

Other Hindu organisations are also involved in giving food, although on a smaller scale. The South African Tamil Federation, for example, distributes about 1 800 food hampers during the *Deepavali* (Festival of Lights) period. Whatever their size, all the organisations operate with what one interviewee described as their collective motto: 'Great, indeed, is the power to endure hunger. Greater still is the power to relieve others' hunger.'[15] The Sarva Dharma Ashram provides sandwiches for schools, and also distributes second-hand clothing in the low-income area of Welbedacht, located on the outskirts of Chatsworth (Sookraj 2005).

There are many charitable and social welfare organisations in the Muslim community in South Africa. However, a large proportion of Muslims tend to first give to causes within their immediate family, followed by needy persons in the community. As recipients, Muslim charitable and social welfare organisations are ranked third on the priority list of giving by Muslims. It is a commonly held belief amongst Muslims that when giving religiously mandatory charity, one needs to personally identify a person in need. In addition, meeting the financial needs of immediate family members within the norms of religious prescriptions enjoys preference. Furthermore, giving to secular organisations with broader humanitarian goals is of lesser importance.[16] The Holy Quran stipulates the different categories of destitute persons and causes worthy of support. These injunctions are stringent and are accepted by adherents to Islam, for whom charity is compulsory (Khan 2005).

The most common tradition is to give financial and material resources to organisations that support specific projects according to religious scripture. Such causes include supporting destitute children, the homeless, widows, elderly, disabled and those who are poverty stricken. Moreover, support for building and maintaining places of worship, religious propagation and causes that contribute to social progress in the community receive priority. Muslims fulfil their prescribed charitable duty in this material form as well, and this includes donating clothing, food, building materials, medicines, land, vehicles, crockery and any other tangible goods to those in need. In 2003, the South African National Zakaat Fund (SANZAF) spent R19 million supporting 60 000 Muslim families. In Durban, SANZAF feeds 25 000 people in different parts of the city on a monthly basis, and about 400 outpatients are fed daily by SANZAF at the King Edward and Addington hospitals (Khan 2005).

The Mustadafin Foundation demonstrates the nature, scope and scale of the different forms of material and financial charity contributed by South African Muslims. Historically, the Foundation was a Muslim scheme to assuage the atrocious social and economic circumstances of informal-settlement dwellers. It was established in the mid-1980s in the Western Cape in the context of the non-racial political struggle against apartheid. It was significant that its membership was comprised largely of women. The primary aim of the Foundation was to alleviate the problems of poverty by providing financial and material resources to the communities living in informal settlements; offering skills-training programmes for the unemployed; providing educational facilities for pre-school children; and networking with the different faith-based groups and non-governmental organisations serving these settlements in order to reduce fragmentation, duplication and the inefficient use of scarce resources. The Foundation has been active for about 18 years and the value of the material resources it has mobilised has exceeded R6 million annually. The Foundation has an established track record in terms of organisational efficiency and delivery, and it no longer has to solicit public donations as members of the Muslim community spontaneously and regularly support its different humanitarian programmes with material and financial contributions (Khan 2005).

In the past decade another Muslim relief-giving organisation called Gift of the Givers, with its headquarters in Pietermaritzburg in KwaZulu-Natal, contributed R60 million to different humanitarian causes nationally and internationally. The beneficiaries included:

- Mozambique floods in 2000 – food, clothing, medicine and shelter to the value of R1.5 million was airlifted to the victims.
- India earthquake in 2001 – R1.1 million was spent on the reconstruction of schools, houses, clinics and hospitals and R100 000 in cash was made available.
- Goma volcanic eruptions in 2002 – R1 million of aid comprising food, medicine, blankets and water purification tablets was mobilised in just three days for this disaster.
- Somalia 2004 – R3 million of aid supplies containing food, medicine, water purification tablets and tents was provided.
- Tsunami disaster 2004 – R12 million of aid was provided to the different areas afflicted by this disaster. In Sri Lanka, a Gift of the Givers housing village was established, comprising 500 homes at a cost of R6 000 per unit. (Khan 2005)

The different Christian church denominations, as well as para-Christian organisations, are also heavily involved in numerous poverty relief activities. The Development and Welfare Agency of the Catholic Church supports poverty alleviation programmes and projects for the indigent and most disadvantaged groups. The aim is to create a facilitating environment for community participation in development projects, taking maximum advantage of the Catholic networks and their potential to play a critical role in poverty alleviation in South Africa, and to respond to the call for social reconstruction through strengthening partnerships among community, government, private and public sectors (Chetty 2005).

Food security is an important goal of the Adventist Development and Relief Agency. The Rhema Ministries, a Pentecostal church, included in its mission:

> a responsibility to the poor, the broken-hearted, the downtrodden, the oppressed, the captives and the prisoners. We minister to and aid the poor, sick, elderly, widows, orphans, abused women, traumatized people, dysfunctional families, street children, prisoners, prostitutes, drug abusers, the illiterate and any other individual or group that have need.[17]

The Salvation Army, an evangelical branch of the Christian church, has cared for South Africans since 1883, and operates 375 centres across the country. It provides nearly 4 million meals and 600 000 beds a year for the poor, the neglected and the marginalised. The Salvation Army also set up goodwill centres and family missions, which care for people experiencing unemployment, illness, and drug and alcohol problems. These centres provide counselling and practical assistance to help people get their lives back on track. The Salvation Army is committed to social justice, political neutrality and equal opportunities for both men and women.

Economic woes, unemployment and a dramatic influx of illegal immigrants have compounded the homelessness problem in South Africa (Maharaj 2002). The Salvation Army has provided accommodation to many needy people in the form of hostels for homeless men and overnight emergency accommodation for transients. The SACC has similar initiatives to support such uprooted individuals and families, including victims of disaster, more rapidly than the government. One full-time staff member at the SACC national office works directly with volunteers across South Africa. This ministry helps people to deal with trauma, find temporary accommodation, and treat injuries, and also attends to the emotional needs of disaster victims.

Many churches are engaged in similar poverty alleviation strategies at the local level. The following poverty alleviation strategies were evident:

- Financial giving in terms of household utilities (such as paying for water and lights) is offered to members of congregations who are in dire straits through the welfare department of the local church.
- Monthly food hampers are given to members in need. Non-members are only considered if they are perceived to be destitute by the welfare department of the local church.
- Christmas hampers are especially distributed to non-members via the welfare department of the local church.
- Voluntarism, which includes cleaning, gardening, repairs and maintenance of church property, prison ministry, hospice duty, and counselling.

Attempts to support victims of HIV/AIDS (both infected and affected) are a priority across all Christian sectors. The Adventist Church has managed to secure European Union funding for its HIV/AIDS projects. All the SACC's affiliates are expected to incorporate HIV/AIDS education in their activities, as well as develop a culture of acceptance and caring for people living with the virus. Many of the church-based women's organisations have increased their involvement in caring for those dying of AIDS through hospices and home-based care. Doctors for Life International and Crossroads International are also involved in supporting similar projects. The Salvation Army is a pioneer in caring for those affected and infected by HIV/AIDS, providing counselling and support for those afflicted, as well as establishing homes for abandoned babies and mothers living with HIV. The first of these, Bethesda House, opened in Soweto in 1993 (Chetty 2005).

To conclude at the micro level, a vignette of the Christian Centurion Church is presented. This Pentecostal church is five years old and its congregation comprises 3 000 members, of which 50 per cent are poor. It is affiliated to the Five Fold Ministries of Harold Weitzs, and part of its mission includes reaching out to the poor. A regular feature of their social giving programme includes the provision of clothing, blankets and hampers. Although members receive priority, anyone in need is assisted. The Centurion Church does not receive any external funding from either government or foreign sources. Approximately 25–30 per cent of the total budget is used for a feeding scheme, which feeds about 7 000 children at seven schools. In order to receive food, the children have to attend school. Centurion Church has a social worker on its full-time staff, the majority of whom come from the townships surrounding Centurion (Chetty 2005).

In some low-income areas, cooperative church organisations assist the poor by providing loans for basic needs. According to the general manager of the Ecumenical Development Co-operative Society, women play a critical role in such projects:

> Our recovery rate on loans, lending to the poorest of the poor is 90%, the highest of any financial institution in the world. We emphasise women participation. Women never let their children down; if school fees, shoes and food for their children depend on the success of the business, women will fight for it; their commitment is existential, as compared with men, whose commitment is more entrepreneurial.[18]

Among the poor the church is a vital support structure in times of need as it provides a social network of people taking care of each other in difficult times. Amongst the Shembes and Zionists, devotion to church means generosity and sacrifice of time, attention and resources towards spiritual fulfilment and the well-being of others. Members regard the church as an extended family, constituting brothers and sisters who stand together, especially in difficult circumstances. These churches draw their membership from people of poor economic or survivalist working-class backgrounds. Under such circumstances, the sustenance of the church is thus a day-to-day or activity-by-activity issue. No accumulation of church resources is evident (Sithole 2005).

Apart from regular tithes, there is often donation in response to a need. While the need is often to support a church member who might require a visit from other church members, sometimes it is a donation in response to illness or bereavement. In the Shembe and Zionist churches there is also charity-oriented giving whereby people donate money and organise prayer visits in order to express condolences to the family of the departed during their bereavement. Sometimes women spend time with the bereaved family at their home and help with funeral preparations (Sithole 2005).

Development initiatives

All the religious groups were also involved in philanthropic activities that were more developmentally orientated, with a focus on training, empowerment and sustainability, where the beneficiaries were not necessarily from their faith. There is an increasing tendency for such giving activities to transcend religious boundaries, especially in the post-apartheid era.

In addition to the very sophisticated and well-established institutional infrastructure already discussed in this chapter, the Jewish community established the MaAfrika Tikkun initiative in the post-apartheid era. Tikkun was formed as a fully independent entity with initial support from a few wealthy Jewish manufacturers. Tikkun's roots – a Hebrew word meaning 'repair' or 'helping to put things right' – were related to South Africa's transition to democracy, a process that generated some anxiety among some members of the Jewish community. Initially, Tikkun received a 'luke-warm' reaction from the South African Jewish Board of Deputies (SAJBD). It was rejected by many Jewish welfare agencies for ideological reasons, as well as for the perceived competition for donors and funds that the new organisation was likely to generate. However, within a relatively short period, these negative perceptions were surmounted and the SAJBD subsequently accepted Tikkun as 'the official outreach programme of the Jewish community', dedicated to 'making a meaningful difference to the upliftment of disadvantaged people in South Africa'.[19]

Tikkun manages various projects from two centres based in Johannesburg and Cape Town respectively. These include a farmers' project and school in Rietfontein; an HIV/AIDS project in Orange Farm; a project for the elderly in Alexandra township; and community centre initiatives and crèches in both Hillbrow and Diepsloot informal settlement (Favis 2005). In Johannesburg, Tikkun initially adopted a 'handout approach' in its projects. More recently, there has been some realisation of the limitations of this approach:

> The reality is that the bridge between the relief of abject poverty, for which Tikkun originally earned its reputation, and the goal of establishing vibrant, self-assertive development projects, is a difficult one to cross successfully. Tikkun has learned from experience that progress is only made through consultation, negotiation and careful planning...As Tikkun has progressed from 'handouts' to project management, it has learned valuable lessons.[20]

There have also been some concerns that Tikkun's projects in Johannesburg focused almost exclusively on disadvantaged communities, with very few attempts to create connections between members of the Jewish community and the poor. This was very evident in the case of the Hillbrow Tikkun project. Even though many of the local Temple Israel synagogue congregants in Hillbrow were disadvantaged, there was no structured interaction with recipients of Tikkun's creche, income generation, skills building and feeding scheme projects.[21] This is in contrast with the approach which characterises the Cape Town Tikkun operation, where the focus is on 'fostering better understanding between the Jewish and black communities', whilst simultaneously 'bringing the Jewish face into (disadvantaged) communities'.[22]

Apart from promoting social welfare projects within its own community, South African Muslims are historically known for making generous philanthropic contributions to special humanitarian causes that transcend religious boundaries, both nationally and internationally. In the apartheid era, Muslim organisations like the Lockhats Charities, ML Sultan Charitable Trust, MH Joosubs Trust and the AI Kajee Trust, for example, made generous contributions to support the educational and social welfare advancement of all communities. The benefits from such social investments continue to be reaped today. Furthermore, Muslim anti-apartheid movements such as the Call of Islam, Qibla, and the Muslim Youth Movement generated considerable resources from local communities to pursue the fight against racism and oppression. In the 1980s Muslim businesses supported the United Democratic Front (UDF). The political conflict and violence in the UDF era resulted in hundreds of thousands of Africans in the KwaZulu-Natal province being displaced from the rural hinterlands to informal settlements in the city of Durban. Muslim welfare and charitable organisations provided generous compassionate assistance for these traumatised communities (Khan 2005).

Another interesting organisation, the Islamic Relief Agency (ISRA), was established in response to the disastrous September 1987 floods in KwaZulu-Natal, and against a background of political turmoil in the province. A founding member of ISRA recalled some of the challenges faced by the organisation in providing humanitarian assistance to the ravaged areas:

> The greatest challenge was to convince Muslim donors to channel their charitable resources to these afflicted areas without any political, religious and ideological interest...This human tragedy was a turning point in the history of the Muslim community – especially in KwaZulu-Natal torn by different religious, ideological and political interests – to formulate a strongly co-ordinated Muslim response to human disasters such as this with speed, efficiency, and above

> all, compassion. The organisation over the years has established meaningful and lasting working relationships with both Muslim and non-Muslim philanthropic organisations in championing the cause of human misery of all sorts. (Khan 2005: 24)

The Islamic Medical Association (IMA) is another important humanitarian organisation. It is a nationally-based organisation, with more than 2 000 members from different sectors of the medical and healthcare professions. The IMA volunteers its members' professional expertise to remote and rural parts of the country, where there are only rudimentary healthcare facilities. It has established several mobile clinics, which visit these rural areas on a regular basis, with an emphasis on primary and preventative healthcare programmes. In the late 1990s, the IMA played an important role in curbing the outbreak of cholera in KwaZulu-Natal by providing doctors and medicine. At an international level, the IMA adopted an innovative and creative approach – equipping shipping containers with sophisticated medical equipment and facilities, which were sent to Chechnya, Herzegovina and Bosnia, regions plagued by violent political conflict. Many medical professionals also volunteered their services, and risked their personal safety and security in order to fulfil their personal philanthropic commitment (Khan 2005).

Some Muslim organisations have served poor communities with a twofold purpose – to fulfil humanitarian goals, and to recruit adherents to join the faith. In the sprawling township of Umlazi, south of Durban, the World Assembly of Muslim Youth initiated an impressive mosque-cum-community centre development project valued at more than R1 million. This organisation worked actively in Umlazi for a long time, and maintained close community links amongst the new adherents. In Kwa-Mashu, north of Durban, a similar project was completed in partnership with local converts, at which regular worship takes place, and welfare and social support is offered to new converts, as well as to prospective adherents to the faith (Khan 2005).

Amongst Hindus, socially responsive giving occurs when there are natural disasters such as droughts and floods. However, organisations like

ISKCON and the Divine Life Society are engaged in many sustainable projects which extend beyond the Hindu community. ISKCON liaises with community-based organisations like orphanages, HIV/AIDS support programmes, old age homes and crisis relief centres in KwaZulu-Natal. Networks have been forged with the South African Police Services and Metro Police Community Service and several youth character-building initiatives have been conducted in various communities. ISKCON volunteers also provide psychological support for prisoners. In South Africa, ISKCON volunteer teams are a welcome sight in townships and informal settlements, hospitals, crèches, schools, universities and homes for the elderly and handicapped. Voluntary work is done in a selfless way – the Sanskrit term for such action without reward is *nishkaam karma*. This concept implies that people who serve are entitled to action but not to the fruits of these actions (Sookraj 2005).

An intensive Outreach Health Programme was undertaken in the 1980s by the Divine Life Society, influenced by the view of their spiritual master, Swami Sivananda: 'Watch, watch, and watch for every opportunity of rendering service to humanity. Service alone can purify the heart' (cited in Divine Life 2004: 2). The Ramakrishna Mission has medical volunteers who provide free medical screening in mobile clinics for the poor and indigent living in informal settlements, where access to such facilities is inadequate or inaccessible. All workers in the mobile clinics, including doctors, serve in a voluntary capacity. The dispensary is stocked with medicines donated from pharmacies and from doctors in private practice, who obtain free samples from pharmaceutical representatives (Cunnan & Maharaj 2000). The Chidananda Medical and Resource Centre, established by the Sarva Dharma Ashram, provides basic healthcare support for 20 000 poor residents occupying 6 000 one-room units in Welbedacht, a low-income settlement adjacent to Chatsworth in Durban (Sookraj 2005).

The Divine Life Society has also established several centres to promote self-help initiatives and skills acquisition for the poor and indigent. In the greater Durban metropolitan area, sewing centres were established in Tongaat, Chatsworth and Merebank. In 2004, 46 sewing machines were in operation with 70 African women trained as machinists. The Divine Life Society has been involved in the following projects in KwaZulu-Natal over the past 25 years:

- 179 schools have been built or renovated;
- Financial aid has been provided to 39 Hindu spiritual organisations;
- 255 homes have been constructed for displaced Africans and Indians in Waterloo, Verulam (north of Durban);
- Baptismal centres have been constructed at Port Dumford and Inanda;
- Disposal of cremated ashes – the *ghat* project – has been set up in Clare Estate, Durban; and
- Sandwiches are provided for school children at five different centres in KwaZulu-Natal.[23]

The premier of KwaZulu-Natal, Sbu Ndebele, noted that there was a partnership between the Divine Life Society and the province in which the Society had contributed in excess of R70 million towards community projects. The Society was very active in building schools, as was acknowledged by the MEC for Education in KwaZulu-Natal, Ina Cronje:

> Since January 2004, the Society has completed over 50 schools, with 300 classrooms in total. The Society is also engaged in sanitation and water programmes in schools around the province. Currently, Divine Life Society of South Africa is building schools in the Okahlamba, Ethekwini, Zululand and South Coast regions. We commend the Society for its support in trying to relieve the backlog of classrooms in rural areas. We also want to compliment Divine Life Society for its speedy delivery, quality and cost effectiveness.[24]

Another project worthy of mention was the construction of the Ganga Baptismal Centre for the Nazareth Baptist Church at Ebuhleni in KwaZulu-Natal. This is an example of how the development projects of the Divine Life Society extend beyond religious, ethnic, cultural and racial divides. The contribution by Divine Life Society was received with great appreciation by the Shembe community, and the growing multicultural networking and cooperation it fostered went beyond merely the building of the physical structure.[25] The centre was designed in such a way that it can also be used for cultural and educational purposes (Sookraj 2005).

Many Christian organisations and churches have a particular interest in issues relating to development. Churches are involved in a variety of development projects in urban and rural communities, which focus on job creation for the unemployed, capacity building for women, counselling families in crisis, building crèches and pre-schools, and providing life skills training for teenagers. The SACC is perhaps unique in that it explicitly incorporates poverty reduction and empowerment in its mission statement:

> As a National Council of Churches and Institutions, the SACC, acting on behalf of its member churches, is called by the Triune God to work for moral reconstruction in South Africa, focusing on issues of justice, reconciliation, integrity of creation and the eradication of poverty and contributing towards the empowerment of all who are spiritually, socially and economically marginalised.[26]

Many of the Christian programmes have a development orientation, with a strong focus on empowerment. Illiteracy, unemployment and hunger are the outward manifestations of widespread poverty in many parts of South Africa. The Adventist Church has focused on the training and empowerment of unemployed youth, and networks with organisations that can invest in their skills acquisition. Para-Christian organisations, such as Dream for Africa, Doctors for Life International, and Crossroads International, are involved in similar projects. The SACC promotes community independence by developing programmes that meet the daily needs of low-income families and stress leadership development. The capacity-building programme of the Catholic Church aims at increasing the ability of people to determine their own solutions to development challenges, and providing support for them to engage in sustainable livelihoods. The objectives of the programme include:

- Supporting income-generating activities using traditional crafts and accessing markets;
- Transforming and reviving land, water and other agricultural resources;
- Providing care and support to the aged;
- Providing assistance to the unemployed in order to empower them to find or create employment;
- Providing sporting and other recreational activities to rural youth, as a means of facilitating their personal growth and their assimilation into society; and
- Combating the incidence and effects of domestic violence.
(Chetty 2005)

Churches can have a greater development impact when they work with other concerned groups on social and civic issues such as human rights and hunger. The SACC facilitates this cooperation, and helps to educate local congregations about issues relating to peace, justice, democracy, human rights and development policy. The Public Policy Liaison Office of the SACC, located close to the national Parliament in Cape Town, demonstrates its dedication to ensuring that the voices of poor and marginalised groups are heard in the government policy arena. The Policy Liaison Office monitors legislation and government policy, supports advocacy around issues of concern to the church, informs church bodies about current policy debates, conducts advocacy training workshops, and offers pastoral support to Members of Parliament.

Another important area of Christian intervention is providing support for abused women. South African statistics on the abuse of women are alarming. Experts report that as many as one in four women are emotionally or physically abused by their partners. The existing facilities to provide support and protection for the abused are extremely inadequate. Many churches are attempting to fill this vacuum. For example, in 1990 the Salvation Army opened Carehaven in Cape Town, which provides shelter, counselling, reassurance, guidance, support and love to many abused women and children. Shortly thereafter, similar projects were started in Johannesburg and Pretoria (Chetty 2005).

In the traditional African churches, burial clubs and stokvels are important projects. This can be ascribed to the direct returns and benefits that these projects yield, and to the associated social capital or 'socially rooted insurance' they generate. Many of these projects occur through or are organised by the churches. Members that have more limited financial resources can also volunteer time and labour to church activities. Such church-oriented financial and labour investments seem to provide the investors with emotional and social support, which they regard as necessary to address the vagaries and vulnerabilities of life that tend to buffet the poor (Sithole 2005).

In summary, it is evident that giving in the religious sector has focused on poverty alleviation strategies as well as development initiatives. Poverty alleviation initiatives include feeding schemes (food hampers, and meals in schools), blankets in winter, response to disasters, and providing welfare support like counselling (including for HIV/AIDS), addressing alcohol and drug abuse, medical attention, and assisting with emergency accommodation. Such services were initially offered to members of congregations, but are increasingly being extended to anyone in need. Development initiatives include the building of schools, skills training and empowerment. There is an increasing focus on rural areas, and especially on initiatives to empower youth and women.

Gender dimensions of resource mobilisation and management

Women have always played an active role in mobilising resources for giving, but because of the prevailing patriarchal systems in all the faiths, were not allowed to actively participate in decision-making which determined allocation priorities. However, women are beginning to play a more important role in such procedures.

The history of Jewish giving in South Africa demonstrates a clear gender division of labour. Visible public fund-raising and organisation of the key campaigns, and management of the main giving institutions in the Jewish community, have been almost exclusively the domain of men. Even in the few instances where women held leadership positions, they constituted an absolute minority within such structures. The tendency for Jewish women has been to set up separate structures and initiatives to respond to the urgent basic needs of the community (Favis 2005).

The Union of Jewish Women (UJW) is one such example. Operating in the national and regional arenas, the UJW has a branch structure to mobilise women at the local level, where they can identify areas of need and respond accordingly. Most of these projects are related to issues that women identify with closely: childcare, abuse, nutrition and education. However, in the past men made the final decisions about how a significant proportion of funds raised by the UJW would be allocated. In 2004, the UJW resolved to retain control over the funds it raised, and decide how funds would be administered and allocated. Although this decision was accepted without any controversy, there is no indication that it reflected a more general tendency for women to assert themselves in a conservative, patriarchal community (Favis 2005).

Hindu women similarly function in a highly patriarchal, male-dominated social structure. They are actively involved in the different facets of giving, but have very little decision-making power or influence. Very few women hold executive positions in the different Hindu organisations in South Africa. Hindu women's roles go beyond the issues of voluntary work to include a broader conceptualisation of care giving. Women see themselves as responsible for the protection, preservation and continuity of the community, galvanising support for special functions, crises and events. The idea of the woman as 'community-maker' assumes a central role in the identity of Hindu women givers. In general, Hindu women understand giving in a more organic way, as *pranidaya,* which suggests compassion for all forms of life – 'not even a dog must go hungry' (Sookraj 2005).

Traditionally, the patriarchal structure of Islamic society placed great emphasis and responsibility on the male head of the household to fulfil his charitable obligations according to scriptural tenets. In South Africa the Muslim population comprises an extremely small minority, and many Muslim women are highly educated and skilled in an environment where patriarchal influence is less dominating. Since many are economically active, Muslim women also contribute to philanthropic causes. Muslim women who are not economically active volunteer their time and labour, for example cooking for feeding schemes and organising fund-raising events (Khan 2005). Notwithstanding this, Muslim men control most charitable organisations. However, some progressive organisations are taking tentative transformative measures to become more gender representative in their composition. At its biennial conference in 2004, the South African National *Zakaat* Fund made special provision for the nomination of three female trustees from a total of 20 elected males (Khan 2005).

Women have always played an important role in the fund-raising activities of the Christian church. However, they have been unable to influence decision-making processes, especially around how resources are utilised, which has been the preserve of the male-dominated church councils. Women have, for example, been alienated from the treasury and financial boards of many church councils. A notable exception is the case of the Anglican Church, where from the office of the Archbishop downwards, the policy is to be gender inclusive. Women are therefore also very active in leading and managing giving in the Anglican Church as opposed to being only recipients. The Full Gospel Church is actively involved in building leadership capacity among women, who are viewed as the foundations of families and society (Chetty 2005). In 2003 the Reformed Church, which has 414 congregations and 250 000 members nationally, first allowed women to hold the position of church deacon. However, in a retrogressive move, in January 2006 the Reformed Church resolved that women would not be allowed to become ministers or elders in their congregations.[27]

Although the traditional African religious sector is patriarchal, women do play an active role in giving. In this sector giving sometimes occurs in a form of exchange and is viewed as a matter of love and support, especially amongst women in the same church. This occurs, for example, by giving a member of the church gifts like food, blankets and grass mats, particularly during ceremonies or special occasions observed at their homes. A good example of such an occasion would be *umemulo* (a young woman's ceremony that declares her to be of marriageable status). At an *umemulo* the young women receives an amazing accumulation of gifts (especially money and blankets) from her church and community members. These forms of exchange are often reciprocal, and women in church take turns to give and receive (Sithole 2005).

In sum, it is evident that the reasons why people give are complex, and are linked to the socio-economic conditions and material circumstances of both givers and recipients. It is clear that in South Africa a great deal of giving is inspired by religious belief. In South Africa, Christian (the majority faith) giving dominates, and there has been a phenomenal increase in the neo-Pentecostal charismatic churches. In addition to tithes and fund-raising projects, many churches under the banner of the SACC receive grants from international Christian organisations for welfare and development activities. This is a continuation of funding from the 1980s which provided support for those who were involved in the anti-apartheid struggle. In the case of Shembe and Zionist groups, the church served as a catalyst for social networks, where there was sharing and caring amidst poverty.

However, the other religious communities (Jewish, Muslim and Hindu), which comprise under 2 per cent of the population collectively, are very active in the giving arena, and also reach out to other communities that do not necessarily belong to their faith. The smaller wealthy Jewish community is able to mobilise financial resources quickly, and more recently has been giving in an attempt to address the socio-economic contradictions of the country. The Tikkun brings into focus larger political issues concerning the Jewish community's relationship with the ruling elite of the day. Hindu giving is seen as more than mere charity, but as an act with a deep sense of sharing. Smaller, less noticeable and quantifiable giving happens at the Hindu family and community level. Amongst Muslims, the most prominent causes supported within the community are social welfare, establishment and maintenance of places of worship, and religious education. Causes that receive generous support outside of the community are child and social welfare societies, natural disasters and humanitarian crises.

However, natural disasters and humanitarian crises tend to draw out the best among all the faith-based communities. There is no better example of this than in the recent tsunami disaster in South-East Asia. The outpouring of concern and financial and material support from citizens across the world can only be described as astounding. Religion in this case was not a source of division and friction. Instead, it collectively became the cement of humanity where all supported those in need.

Religion and development

It is evident that religiously-inspired giving is extensive in South Africa, and it is the essential fiscal foundation on which the activities of faith-based communities and institutions are founded. Religious institutions not only ensure their own reproduction through this giving, but they are also enabled as a result to undertake socio-economic support for marginalised and disadvantaged members of the community. The Fourth World Conference on Women in Beijing acknowledged that: 'Religion, spirituality and belief play a central role in the lives of millions of women and men, in the way they live and in the aspirations they have for the future' (Girard 2004: 30). It has been suggested that the 'culture of giving is an essential component for the humanisation of...development...It provides the spiritual energy necessary to sustain a true project for human development' (Girard 2004: 29).

It needs to be borne in mind that these support activities are not simply of a charitable orientation, as is commonly believed. Rather, as the analysis of the initiatives of faith-based institutions in the preceding pages demonstrates, religious institutions are as much involved in developmental initiatives – the building of schools, the teaching of skills, the establishment of old age homes – as they are in poverty alleviation ones – the feeding schemes and the provision of social welfare. There clearly can be no false divide between poverty alleviation and development – both are obviously required in South Africa, and for that matter in much of the world. Moreover, poverty alleviation and developmental initiatives are mutually supportive of each other. It is as essential to provide children with food, as it is to build them a school so they can develop the required skills to change the circumstances of their lives. Without the former the latter is unlikely to have the desired effect. Religious institutions in the main tend to recognise this. Of course the balance between poverty alleviation and development differs among these communities and between their institutions and, as has been argued, this balance is determined by a variety of variables including religious traditions, spatial location, political pressures and wealth endowments. But overall there are indications that many of these religious institutions are beginning to professionalise, and as a result understand the mutually reinforcing effects of poverty alleviation and development initiatives.

Despite this positive analysis of religious institutions and their philanthropic interventions, we would be remiss if we did not at least recognise the limits of these institutions and their potential negative consequences. Two such consequences come to mind. First is the traditional concern of liberal and radical intellectuals that religious institutions' engagements in public life tend to result in societal fissures, producing tensions which have the effect of polarising citizens. There is of course much historical evidence to support their concern. Recently this concern was raised by no less a notable literary (and religiously persecuted) figure than Salman Rushdie, who expressed concern about the increasing involvement of religion in the public life of the United States and Britain, and warned that political elites in both societies would rue the divisive consequences of their appeasement of these religious institutions and communities (*Sunday Times* 27 March 2005).

Could the philanthropic intervention of religious institutions not have the same effect? After all, these interventions are often targeted at addressing public concerns like poverty and underdevelopment. There is of course a real danger that Rushdie's fears could materialise. But averting this outcome would require a much more engaged response than Rushdie seems to realise. The problem lies in his historically decontextualised analysis of political elites and their behaviour in the United States and Britain, which are a reflection of the distribution of power among social actors in these societies. It is no use bemoaning the presence and strength of religion in public life; rather, the task is to recognise this reality, and manage it, so that the societal fissures and political polarisation produced by more extremist religious interventions can be avoided. This is even more necessary in a context like South Africa. The underdevelopment heritage bequeathed by apartheid is enormous and the post-apartheid regime cannot address the racially constructed historical backlogs on its own. If religious institutions are generating the scale of resources suggested in the analysis of the preceding pages, then is it not legitimate that they be engaged to assist in addressing the developmental challenges of post-apartheid South Africa?

This, then, raises the second potentially negative consequence of religiously inspired philanthropic engagements, emanating mainly from the character and intentions of these interventions. Much religious giving is directed within communities rather than across them. Moreover, even when it is directed across religious boundaries, the intention is often the recruitment of new people to the faith. Both the parochial intra-community focus of religious institutions and their intentions when this is transcended could skew the developmental agenda in dramatically negative ways. This of course would provoke the kind of societal fissures and political tensions that Rushdie warns of. But again, the answer to this dilemma is the public management of, and engagement with, religious institutions and communities.

At one level this seems to have been recognised by some political elites. As was indicated earlier, President Thabo Mbeki has already established a multi-faith forum of national religious leaders with whom to engage on poverty alleviation and development. Initial indications suggest that Mbeki's immediate interest in engaging these religious leaders is not on coordinating their own resources, but rather on using their grassroots institutional expressions – local parishes, mosques, synagogues and temples – as mechanisms for the dissemination of public social welfare grants and other funds. This is because the apartheid legacy has ensured that state institutions are often not present in areas where the most marginalised and dispossessed citizens reside. Using the religious institutions thus enables the state to distribute resources to where they are most needed without waiting for the establishment of the necessary public institutional infrastructure.

There is much that is positive in this proposal for it creates the possibility of a more equal partnership between the state and one significant expression of civil society. But care must be taken to ensure that this initiative does not run aground on religious turf wars. The forum must continue to have a multi-faith character, and institutions must be monitored to ensure that these state resources are not disbursed in a religiously parochial way. Moreover, the forum must transform from being a dissemination agent to an institutional expression, which informs the character of the national development agenda, and enables coordination between religious institutions and the state on the disbursement of their respective developmental resources. This will not only allow for the necessary coordination that is required in a successful development enterprise, but will enable the disbursement of resources by religious institutions in a socially responsive way. The net effect would hopefully be a more efficient and effective development undertaking that reinforces the common bonds of kinship among South African citizens, rather than the divisions bequeathed to them by their apartheid past.

Acknowledgements

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Notes

1 C Bower, Spread the truth, not the word, *Mail & Guardian* 24 December 2004.

2 R Philip, F Ntshingila, P Sukhraj, N Gules & J van der Merwe, Glory hallelujah! *Sunday Times* 27 March 2004.

3 The SACC comprises the following Christian organisations: African Catholic Church, African Methodist Episcopal Church, Apostolic Faith Mission of South Africa, Baptist Convention, Church of the Province of Southern Africa, Coptic Orthodox Church, Council of African Instituted Churches, Dutch Reformed Church (Nederduitse Gereformeerde Kerk), Ethiopian Episcopal Church, Evangelical Church in South Africa, Evangelical Lutheran Church in Southern Africa, Evangelical Lutheran Church in South Africa (Natal/Transvaal), Evangelical Presbyterian Church in South Africa, Greek Orthodox Archbishopric of Johannesburg and Pretoria, Hervormde Kerk in Suidelike Afrika, International Federation of Christian Churches, Methodist Church of Southern Africa, Moravian Church in Southern Africa, Presbyterian Church in Africa, Religious Society of Friends (Quakers), Salvation Army, Southern African Catholic Bishops' Conference, United Congregational Church of Southern Africa, United Presbyterian Church in Southern Africa, Uniting Reformed Church of Southern Africa, Volkskerk van Afrika.

4 International funding is received from the following global partners: Action by Churches Together; Africa Action, United States; All Africa Conference of Churches; Anglican Church of Canada; Berliner Missionswerk Germany; Bread For The World, Germany; Christian Aid, United Kingdom; Christian World Service, New Zealand; Church of Norway; Church of Scotland; Church of Sweden; Churches in Action, Netherlands; Danchurchaid, Denmark; Diakonia, Sweden; Evangelical Church in Germany (EKD); Evangelische Zentralstelle fur Entwicklungshilfe (EZE); Evangelisches Missionswerk in Deutchland (EMW);

Global Ministries, Christian Church/United Church of Christ, United States; HEKS, Switzerland; ICCO, Netherlands; Kirchenkreis Hildesheim-Sarstedt, Germany; Kirchenkreis Storman, Germany; Lutheran World Relief, United States; Mennonite Central Committee, United States; Morehouse College, United States; National Council of Churches of Christ, United States; Norwegian Church Aid; Presbyterian Church (United States); Refugiado Foundation, Netherlands; The Riverside Church, United States; United Church of Canada; United Methodist Church, General Board of Global Ministries, United States; Uniting Protestant Churches, Netherlands; World Council of Churches, Switzerland.

5 T Mokopanele, New churches eye bottom line of black middle class, *Business Report* 19 March 2006.

6 R Philip, F Ntshingila, P Sukhraj, N Gules & J van der Merwe, Glory hallelujah! *Sunday Times* 27 March 2004.

7 This is estimated from the directory of Muslim organisations compiled by Murshid Davids in 1996. It must be noted that some organisations may no longer exist whilst new ones may have formed since this period. Currently, this is the only available directory of Muslim organisations that informs the study.

8 Muslims in South Africa are theologically, spiritually and ideologically divided, comprising different groupings such as Sunnis, Soofies, Tabligh, Shafi, Hanafi, Shite, etc. In addition, within these groupings one finds those that rigidly adhere to the traditional teachings of Islam, the modernists and postmodernists.

9 Also known as the Johannesburg Jewish Helping Hand and Burial Society.

10 Voluntarism in India received the maximum impetus and incentive from Gandhi, who believed that voluntary action was the only path to India's development. Gandhi's concept of development included all aspects of life: social, political, economic, cultural and spiritual. His notion of rural development was constructing self-supporting, self-governing and self-reliant village communities where everyone's needs were satisfied and everyone lived in harmony and cooperation. The major shift in the organisation of voluntary work was through Gandhi's voluntarism. It emphasised empowerment and transformation of the society and bestowed a political context on *Ramrajya* (Interview with Dasarath Bundhoo, philanthropist and community welfarist, Pietermaritzburg, 23 July 2004, cited in Sookraj 2005).

11 He is liberal who gives to anyone who asks for alms, to the homeless, distressed man who seeks food; success comes to him in the challenge of battle, and for

future conflicts he makes an easy ally. http://www.beliefnet.com/features/charity_chaart2.html (cited in Sookraj 2005).

12 http://.suntimes.co.za/articles//article.aspx?ID=ST6A95523 (cited in Sookraj 2005).

13 Food for Life fund-raising brochure (2002) (cited in Sookraj 2005).

14 Smita Krsna Dasa (n.d.): Food for Life Fundraising Brochure, ISKCON (cited in Sookraj 2005).

15 Interview with representatives from five Hindu organisations in the KwaZulu-Natal region, 5 November 2004 (cited in Sookraj 2005).

16 This trend is not surprising as most religiously mandatory charity is prescribed for Muslims only.

17 http://www.rhema.co.za (cited in Chetty 2005).

18 Submission to the Truth and Reconciliation Commission Faith Communities Hearings, http://web.uct.ac.za/depts/ricsa/trc/wom_sub.htm, accessed 30 March 2005.

19 Interview with Herby Rosenberg, CEO, Tikkun (cited in Favis 2005).

20 Anne Harris, Chairperson, Tikkun Projects, South African Jewish Report, 14–21 May 2004 (cited in Favis 2005).

21 Interview with Reeva Forman, Chairperson, Temple Israel and Tikkun, Hillbrow (cited in Favis 2005).

22 Interview with Barbara Miller,Director, Tikkun Intra-Communal Development, Cape Town (cited in Favis 2005).

23 See www.sivananda.dls.org.za for further information on services rendered by the Society.

24 See http://www.sivanda.dls.org.za

25 Guru Bhakti Yoga – 36, September–October 2003 (cited in Sookraj 2005).

26 http://www.sacc.org.za (cited in Chetty 2005).

27 H Geldenhuys, Church slams door on women leaders, *Sunday Times* 15 January 2006.

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4

Resource flows in poor communities: a reflection on four case studies

Mandla Seleoane

THE INTERNATIONAL LITERATURE on philanthropy assumes that giving is an act undertaken largely by richer, more resourced sections of the community and is directed towards more under-resourced sectors (see Chapter 1 of this volume). The South African case, however, contests this assumption. The results of the national survey reported on in this volume demonstrate that giving is an act as common in poor and marginalised communities as it is in the better-endowed sectors of society. Indeed, the results even suggest that giving in poorer provinces is more widespread than that exhibited in the richer, more industrialised provinces of South Africa (see Chapter 2).

This chapter builds on the data generated by the national survey and investigates patterns of giving and resource flows in poor and marginalised communities of South Africa. It is based on four sectoral reports focusing on Mdantsane, Mandela Village, Graskop, and Mokasa 2. The first two areas are located on the periphery of an economically growing urban metropole, whereas the other two are situated in more rural areas of the most underdeveloped provinces. These four case studies were selected to enable a comparative analysis between places that fall within government's planned development node(s) and those that do not. Not only does this allow for comparisons to be made on how flows of governmental development resources impact on communities' patterns of giving, but it also demonstrates that patterns of giving are very similar in poor and marginalised communities across the urban–rural divide.

The chapter also reflects on the issue of whether social security grants promote a dependency syndrome. This is important because, as is demonstrated in Chapter 8 of this book, up to 55 per cent of South Africans live in conditions of poverty. In this context, the suggestion that the state may have to reconsider the notion of social grants on the basis that they lead to dependency is of concern. Even more disturbing, as demonstrated in Chapter 8, is that the correlation between poverty and race and poverty and gender is still strong in post-apartheid South Africa.

The chapter is structured as follows: the first section focuses on the methodology used in the research and provides brief background information on the spatial contexts of the case studies. Then, I reflect on definitions of poverty and review the literature on how poor people cope. Thereafter, I describe and analyse the findings of the four case studies with a particular emphasis on the roles of the state, business, churches, NGOs, and individuals. The chapter concludes with a reflection on the value of stokvels[1] in poor communities and the potentially entrepreneurial effects of social support grants.

Methodology and context

The four case studies were conducted in 2004. All used focus groups – some were single-sex and others included men and women. Some focus groups comprised unemployed members of the community and others included both employed and unemployed people. In-depth interviews were also conducted with some leading members of the communities from which the focus group members were drawn.[2]

The case studies were a part of the wider study conducted by the University of KwaZulu-Natal on 'giving' in South Africa. The four areas chosen were located in four different provinces, namely: Mdantsane (Eastern Cape); Mokasa 2 (North West); Mandela Village (Gauteng); and Graskop (Mpumalanga). Mdantsane is an urban township located some 30 kilometres outside East London. It falls within the jurisdiction of the Buffalo City Municipality. It is arguably the second biggest township in South Africa after Soweto. Mokasa 2 is a rural village in Taung,[3] some 600 kilometres north-west of Pretoria, and falls under traditional leadership. Mandela Village lies some 30 kilometres to the east of Pretoria. It is mostly an informal settlement area, but falls within the jurisdiction of the City of Tshwane Metropolitan Municipality. Although this chapter refers to Graskop, the area that was case studied was Glory Hill, a small township some 5 kilometres outside of the town of Graskop. The case studies therefore comprise two areas located in an urban setting, one in a rural area and one in a semi-urban area.

While the case studies were selected to cover urban, rural, formal and informal settings, it must be emphasised that a case study, by definition, is only ever a study of a *particular* case. As McNeil writes:

> A case study involves the detailed study of a single example of whatever it is that the sociologist wishes to investigate. It may prompt further, more wide-ranging research, providing ideas to be followed up later, or it may be that some broad generalization is brought to life by a case study. There is no claim to representativeness, and the essence of the technique is that each subject studied, whether it be an individual, a group, an event, or an institution, is treated as a unit on its own. (1985: 87)[4]

However, this does not mean that case studies can therefore not yield information that is socially useful. Case studies, as indicated, may provide ideas to be followed up later or throw up concrete issues to be investigated through other research techniques. In themselves these are already socially significant. But, as the citation above suggests, it is possible to arrive at broad generalisations from results yielded by case studies (clearly within the limitations imposed by the research technique itself). But more significantly a case study:

> ...provides a unique example of real people in real situations, enabling readers to understand ideas more clearly than simply by presenting them with abstract theories or principles. Indeed a case study can enable readers to understand how ideas and abstract principles can fit together. Case studies can penetrate situations in ways that are not always susceptible to numerical analysis. (Cohen et al. 2000: 181)

In this chapter I shall therefore proceed on the basis that it is not possible to generalise the results yielded by the four case studies to the country as a whole. Nor is it possible to generalise the results even to the community constituting the universe from which the interviewees were extracted in the statistical sense. Nevertheless, some important hypotheses can be postulated in respect of the entire country, based on the findings yielded by the four cases.

Definition of poverty

In a study of this nature it is necessary to try and define poverty in order to limit the scope of one's enquiry, even if one fails to produce a definition of the subject that has general acceptance. There are various factors that militate against the production of a generally accepted definition of poverty.

One such factor is ideology. Poverty throws up ideological questions in such a manner that it is often hard to canvass the issues involved in the debate without the risk of being accused of making an ideological argument (Crow 1992; Seitz 1988). If this is accepted, and if it is also agreed that it is difficult to concur on issues that involve ideology, it stands to reason that there be will vehement disagreements every time we try to define poverty. However, there is hardly a sphere of human knowledge that is immune to ideological intrusion. Therefore, the question is not so much whether what we say is mediated by ideology, but rather how we can approach the subject of poverty in a manner that enables us to communicate meaningfully, notwithstanding the ideological baggage we all bring into the debate.

Another factor militating against the possibility of a generally accepted definition of poverty is that the concept is relative (De Beer & Swanepoel 2000). If we accept that poverty can only be understood in relative terms, that people can only be poor in relational terms, then the concept 'poverty' can only be defined relationally. In other words, there are no objective external criteria against which we can judge whether this or that person is poor. Hence, it can be argued that people cannot be poor *as such* – but only *in relation* to others.

If this were the case, then one might very quickly and easily conclude that anybody can be defined as poor relative to another, and then one might just as well give up the enquiry. However, irrespective of what theories on poverty tell us, every day we see people who appear to us to be *obviously* poor and others who appear to us to be *obviously* well off. Further, in the normal course of events, we are quite able to say of a person that he/she is poor or rich without, in our minds, undertaking any comparative analysis. It is only when we switch into a different mode that we think of people as poor or rich in relational terms, whereas when I meet a beggar at a traffic light I do not bother at all with comparing him/her with the drivers waiting at the intersection.

It could be argued that, in learning the language in which we express ourselves, we also learn the comparisons embedded in the language in such a manner that we make those comparisons automatically. In this context, it would hardly be surprising that we use terms that are inherently comparative without fully realising that we are comparing entities.

Yet, the realm of the academic calls upon us to embark quite *deliberately* on analyses of words like 'poor'. If such deliberate analysis is required, it remains necessary, while admitting the relativity of poverty, to nevertheless find a language that allows us to articulate phenomena that we witness, such as seeing people who are *obviously* poor, and that we feel are far too significant to go unaccounted for because of our theories on the subject.

To this end I have found useful May's definition of poverty in *Poverty and Inequality in South Africa*: poverty is 'the inability of individuals, households, or entire communities, to command sufficient resources to satisfy a socially acceptable minimum standard of living' (1998: 3). Using this definition, there is a socially accepted standard of living – if anyone lives below that standard, then they are poor. All those who live below that minimum standard will be considered poor even if one admits that they are not poor to the same degree – different people will sink lower than others below that standard, and therefore some will be poorer than others.

Furthermore, according to this definition, access to resources as such does not necessarily mean the absence of poverty. Absence of poverty only occurs when the resources are available in the correct quantity and quality. The question then must arise as to what constitutes the correct quantity and quality of resources as to denote the absence of poverty. Differently put, when do we say an individual has sunk below the minimum standard of living in such a manner as to entitle us to call them poor?

Food that has a dietary energy supply which is 'less than the nutritional requirements of a human being' is generally considered inadequate. Similarly, the World Bank *Hunger and Poverty Report* considers the 'energy potential of food' to be an essential element in judging the adequacy of the diet (cited in Crow 1992: 18). From this perspective, we must therefore say that a person is poor in the first instance if they have no access to food – the condition, in other words, which De Beer and Swanepoel call 'absolute poverty', where a person's 'next meal may mean the difference between life and death' (2000: 2). But we must also judge a person as poor even when they have access to food, but such food is inadequate to meet bodily nutritional requirements or when, in the words of the World Bank Report, such food is of a lower energy potential than that required for the normal functioning of the body.

It seems to me that the term 'access' is very important to the operationalisation of this definition of poverty. What it conveys is that if people choose to live on food that is sub-standard in terms of the definition, while nutritionally adequate food is available (accessible) to them, such people must not be pronounced poor. Caution is, however, required when using this definition, because a socially accepted standard is a relative matter too. For a very poor society, a socially acceptable standard would be low relative to other societies. A poor society or community comes to a point where it accepts its poverty as normal so that it is trapped in what Robert Chambers called 'the poverty cycle' (De Beer & Swanepoel 2000).

Wilson and Ramphele (1989) argue that it is difficult to have a homogeneous definition of poverty because poverty manifests itself in various forms. Thus they write about the many faces of poverty and argue that 'poverty is like an illness; it shows itself in different ways in different historical situations and it has diverse causes' (1989: 14). This implies that various indicators should be used to define poverty.

One could say, therefore, that it is not only access to food (of correct nutritional quantity and quality) that one must consider in evaluating whether any given person is poor or not. Shelter and clothing are just as important. Indeed, as Rotberg has noted, 'The story of human history, reduced to essentials, revolves around the basic requirements for life' (cited in Crow 1992: 18). Seitz sees these 'essentials for life' as inclusive of 'air, energy, food, space, non-renewable resources, heat, and water' (1988: 39).

For the purposes of this chapter, we can summarise the definition of poverty as:

- Lack of access to the necessities of life in the form of food, clothing and shelter in such a manner that one's life becomes precarious;
- Limited access to the necessities of life in the form of food, clothes, and shelter in such a manner that, whilst one's life is not necessarily precarious, it is nevertheless not possible to maintain a healthy body.

A view on how poor people cope

There is a substantial literature dealing with the coping mechanisms of poor people and/or communities. Stokvels are arguably the most important manifestation of such mechanisms.

It is not clear when stokvels originated in South Africa. Irving suggests that the word 'stokvel' has its origins hundreds of years back (cited in Scott 2005: 1). She traces it back to 'stock fairs' where poor farmers pooled their savings to buy livestock. An article in *The Daily News* (22 December 2005), on the other hand, suggests that stokvels surfaced in South Africa some 50 years ago. Be that as it may, in their origins stokvels were quite informal and members relied on goodwill. There were certainly no founding documents. This was possible largely because members knew one another – as friends, neighbours or colleagues.

In some areas, stokvels were a product of South Africa's migrant labour system, which removed people from their home towns and/or villages and drew them to mines and similar workplaces. In these new settings, people who came from the same area saw the need to organise themselves in order to provide for costs like transport to and from their home town or village and the workplace. In the case of death, funeral expenses (including transportation of the corpse back to their home town or village) were paid for from such pooled funds (*Economist* 13 January 1996).

Stokvels evolved over time into fairly formal arrangements with constitutions and banking accounts. The development was arguably positive and some even saw it as inevitable, signalling the modernisation of stokvels – there had been a view that stokvels showed the general ignorance of black South Africans about the existence of 'white insurance companies'. Much has also been made of the fact that stokvels keep their money 'buried under mattresses or in vases' (*Economist* 13 January 1996).

The formalisation of stokvels, however, also meant that they were becoming less and less personal, a factor that opened them up to abuse. For example, pyramid schemes, unable to find comfort in the law,[5] sought refuge under the umbrella of stokvels. Sun Multiserve is a case in point (see the *Economist* 13 January 1996). When pyramid schemes, masquerading as stokvels, eventually go bust, many people who invested in them lose their money. It would be understandable if people who lose their life's savings like this failed to distinguish between stokvels, as they have always known them, and pyramid schemes presented to them as stokvels. It would also be understandable if the denial of legal status to pyramid schemes, presenting themselves as stokvels, bred confusion that reached far beyond the mischief that the law seeks to suppress.

In this light it is debatable whether recent developments in terms of commercialising stokvels have been entirely positive. Be that as it may, stokvels remain an important savings scheme for people who are not always able to access funds through banks. It is estimated that approximately 25 per cent of black South Africans are members of one or another variant of stokvels (*Economist* 13 January 1996). In an address to a conference in Johannesburg in March 2006, Leila Moonda, Transformation Manager of the South African Insurance Association, estimated that stokvels command a combined cash flow of R12 billion per annum (*The Star* 10 March 2006).

Findings of the case studies

Turning now to our findings from the four case studies, resources flowed principally from five sources: the state, business, churches, non-governmental organisations (NGOs); and individual members of the community.

The state

All four case studies indicated that social grants from the state are a significant source of livelihood amongst the poor. Interviewees identified the following types of state grants provided on a monthly basis to the poor:[6]

- Old age pension (R700);
- Disability grant (R700);

- Child support grant (R160);
- Foster child grant (R500);
- Care dependency grant (R700);
- Grant in aid (R150);
- Social relief of distress (R120);[7]
- War veterans' grant (R718).

Should the state play a role in the provision of grants? Seitz (1988) outlines three approaches to the role of the state, namely, the orthodox approach, the radical approach, and the growth-with-equity approach. According to the orthodox approach, the state's involvement in matters to do with the economy must be seriously limited. The radical approach contends that the state must be involved in matters relating to the economy in order to ensure that proceeds obtained from production are ploughed back to benefit the entire community rather than only the propertied elite. The growth-with-equity approach attempts to bridge the orthodox and radical approaches, and appropriates what it considers to be positive proposals from them.[8]

De Beer and Swanepoel, apparently following the orthodox approach, write that:

> In most Third World countries the state is regarded as benefactor. If infrastructure is lacking, the state must provide it. If the health situation is worrisome, the state must rectify it. If development costs money, the state must finance it. This is a very narrow and self-defeating way of looking at the role of the state...It is quite understandable that these demands should be made on the state. The poverty situation is so grave that people have lost all hope of redeeming the situation. The state is therefore looked upon as the only saviour. The state reacts by formulating development policies that are broad, ambitious and often unrealistic. Policies are often not statements of intent, but...of belief. These are statements of belief

of how things should be, and therefore they are often utopian and impossible to implement. (2000: 92)

A healthy debate is possible on whether or not South Africa is part of the 'Third World'. There can, however, be no denying that South Africa is part of the developing world, nor of the fact that the 'poverty situation', described by De Beer and Swanepoel (2000) in the quote, is very characteristic of the majority of the population. In this context, De Beer and Swanepoel's critique of the 'benefactor' role of the state is also a critique of the role the South African state is trying to play in alleviating poverty. It seems to me that it is necessary to separate two lines of inquiry that are implicit in this critique. The first is whether the state *should* play the role under consideration. The second is whether, if the first question is answered in the affirmative, the state's benefactor role is *sustainable*. The first question is normative and the second one relates to the means available to the state.

It could be argued that 'the normative question' can only be answered meaningfully in the context of 'the means question'. I am, however, of the view that, conceptually, these are two questions. If we conflate them, we allow resource constraints to dictate what is possible and what is not, thereby limiting our ability to think about the problems we face in creative ways – that is, the availability of resources, rather than social actors, would determine responses. Moreover, we free the state from normative thinking, and thereby undermine our ability to evaluate how the state prioritises the application of its resources. Indeed, the fact that states that can ill afford the obligations imposed by the benefactor role that they try to take on, but nevertheless do so is, in my view, an indication that it is desirable to treat these as two separate questions.

Regarding the first question, De Beer and Swanepoel (2000)[9] effectively dismiss it as ideological – it leads the state into seeing policy as an expression of belief systems and to utopianism. First, it must be pointed out that the opposite view – that the state should not play a benefactor role – is also informed by particular belief systems. As I argued earlier, all views on how society 'should be' carry ideological baggage. The question is rather how, given all of our ideological baggage, we can address poverty in such a way that it does not threaten the very society that affords us the space to disagree about its ordering.

Second, at least in the South African context, any view that the state must not take steps to deal with poverty – which is 'so grave that people have lost all hope of redeeming the situation' – must contend with the Bill of Rights. The Bill of Rights requires the state to take positive steps to relieve the plight of people who lack the means to deal with their own desperate situation, however weakly the obligation is formulated in some instances (see sections 26, 27, 28 and 29 of the Constitution, Act 108 of 1996).

Third, the view that human beings cannot be left exposed to the unbridled forces of the market, and therefore that the state must intervene where people cannot help themselves, is deeply ingrained in South Africa's history. To some extent, the World Bank recognises this point:

> Thus, a major challenge for government and formal institutions is to be more welcoming and supportive of private actors with appropriate safeguards to ensure the public interest is not compromised. (World Bank 2003: 39)

In the 1930s and beyond, after the first Carnegie Inquiry into Poverty in South Africa, the government of the day adopted measures to address poverty among whites. However, it left out of consideration the continuing poverty of far larger sections of the population whose members were born a shade too dark. The state's failure to address this larger-scale poverty did not go unchallenged. It helped to shape the agenda of the liberation movement, as can be gleaned from the basic documents of many organisations involved in the liberation struggle.

Some religious groupings also took issue with the dispensation. Significant among these was the SPRO-CAS[10] economic commission report of 1972. In outlining what it saw as South Africa's long-term goals, the report sought to define 'the responsible society'. The report cited Dr WA Visser Hooft with approval where the latter opined, inter alia, that:

> The second dimension is that, in a responsible society, members accept an individual and a collective responsibility for the well-being of their fellow citizens...the tremendous gulf between the rich and the poor in so many countries shows that we have not really understood what social solidarity means and what its implications are. (Randall 1972: 9)

The SPRO-CAS commission had the following to say about development and poverty:

> In a society where there is great poverty an enormous gap between rich and poor is obscene. One mark of the responsible society is surely that it will be structured to eliminate as far as possible poverty, hunger, and damp, overcrowded housing. The provision of a social security net, below which the helpless and the weak may not be allowed to fall, should be top priority for any true development. (Randall 1972: 13)

Thus, the notion that it would be intolerable to leave vulnerable people without any form of social security has a long history in South Africa. The discussion on social grants under consideration by various stakeholders over the past few years must be seen against this backdrop. The question of whether the state *should* play the benefactor role was already foregrounded before the current state came into existence.

Turning now to the question of whether such a benefactor role is sustainable, I must point out that this is a factual inquiry. It must therefore be answered concretely. In other words, this is not a question that admits an *a priori* answer. Therefore, there can be no general answer that is valid for all situations and for all times. It cannot be argued that *in principle* state intervention in the alleviation of poverty is unsustainable.

If that is granted, I suggest that the answer to the question depends on various factors that cannot all be apprehended at any single moment. Some are already clear while others will still make themselves evident. The interplay between these factors cannot be predicted with certainty (World Bank 2003). Consequently, the proposition put forward by De Beer and Swanepoel (2000) and others about the notion of a benefactor state being unsustainable must, to some extent at least, be speculative.

I take the view that the question must be posed for each situation and answered for that situation. If in any given context the notion of a benefactor state proves to be unsustainable, then a case must be made for the state in that context not to fulfil this role for the limited time that such a position would be untenable. Here we must acknowledge that social security is only *one* among many demands that are made on the state. If the question of sustainability must be raised, there needs to be some justification for limiting it to social security, and for allowing all the other demands on the state which have monetary implications to go unchallenged.

More importantly, the question of whether or not state intervention in trying to mediate poverty is sustainable must not be posed as if social grants are the only strategy available to the state (Narayan 2002). The question must also not be posed as if we are resigned to the reality that an ever-increasing number of people must remain trapped in the poverty cycle. Reference has already been made to different approaches to the problem of dealing with poverty (see Seitz 1988). The growth-with-equity approach advocates job creation as a possible way of combating poverty (Narayan 2002; Seitz 1988). If this is accepted – whether the responsibility to create jobs falls on the state, the market or private individuals – the envisaged effect is that people *are* able to step out of poverty or at least levels of it. I contend that this must be taken into account when considering whether state intervention in mediating poverty is sustainable.

The case studies provided interesting examples of grant recipients who use their grants in innovative – if somewhat unintended by the state – ways that provide some potential for breaking out of the poverty cycle. Instead of purchasing only what is required immediately, some recipients buy extra things to sell and thus generate more income. (In other words, they use their grants as seed money to generate more money.)

The Department of Social Development (DOSD 2003) stipulates that its social grants are subject to review and may be suspended if the recipient's circumstances change after the date of application. In principle there can be no objection to recipients also being required to declare their income on the date of this review. In the absence of such declaration, the review would in any event be pointless and hardly likely to indicate the changed circumstances that might lead to the suspension of the grant. It is thus possible to take some recipients off the social security net on the basis of their changed circumstances. Whether or not this works well will of course depend on whether grant recipients report truthfully to the review. There were some encouraging reports in the case studies, which indicated that many interviewees were not happy with grant recipients who abuse and spend their money on liquor or even gambling.

Some social workers interviewed acknowledged that they were aware of how grants were abused and of how people were manipulating the system for their benefit. One social worker, for instance, said that the provision of social grants had produced, among others, the following effects:

- An increase in the number of grants – an ever-increasing number of people are applying for and receiving grants;
- Many people have begun testing for HIV with the view that, if they test positive, they could access social grants;
- People have begun to organise themselves into groups in order to explore how they could become eligible for one or another social grant;
- There is evidence of children who had left home trickling back to their families once their families began receiving social grants;

- Some people had adopted street-children and were applying for foster child grants;
- Volunteers had started forming groups to access funding;
- Some women who receive child support grants leave the child or children in respect of whom they receive the grant with their grand-parents in the rural areas and spend the money on themselves.

Not all of these examples constitute abuse of the grant system, even if this was the opinion of some interviewees. For example, why should it be considered 'abuse' of grants if people test for HIV in order to ensure that they can benefit from public funds available for HIV-positive people if they are eligible to do so? In my view, the fact that they would probably not take the test if their HIV-positive status did not attract a grant is inconsequential to the correctness of their action. However, some of the conduct cited does amount to abuse, and this may influence the state to review the grant system.

Social security grants were not the only form of resource flows from the state. In the Mandela Village case study, for instance, it was found that the state supports crèches established by local community members, providing food parcels to these institutions and paying for the training of childminders to staff them.

It is evident, then, that grants emanating from the state fulfil an important function and that entire families may depend on them for their survival. Hopefully it is also clear that they do not necessarily lead to the dependency syndrome that many fear: the evidence on the ground suggests that at least some of the recipients try not to depend only on grants, but use these funds to generate more income. As noted earlier, it is true that there was no evidence that such 'innovative' use of social grants influenced people to wean themselves off the grants. I would, however, argue that this scenario is possible with a proper rethinking of the grant system.

Business

The findings insofar as business is concerned were very different across the four case studies. The Mokasa 2 case study did not reveal any resources flowing from business outside of the area in order to address poverty. In the case of Mandela Village, there was one joint initiative involving First National Bank (FNB), Momentum Insurance and the Umsobomvu Youth Fund, aimed at promoting entrepreneurship among black youth.

In Mdantsane, business has partnered with the state (in a public–private partnership) to help fund community projects to alleviate poverty. Businesses that featured prominently were South African Breweries, Old Mutual, Daimler Chrysler South Africa, Johnson & Johnson, Spar and Score supermarkets. South African Breweries supported community-based initiatives largely through the purchase of furniture and equipment. Old Mutual supported initiatives with IT equipment. Daimler Chrysler South Africa builds houses for its employees. The Spar and Score supermarkets donate food to community-based organisations (CBOs) trying to alleviate poverty in the area. Johnson & Johnson provided hygiene and sanitation equipment at a home for people living with HIV/AIDS. The East London Rotary Club has also partnered with business in community initiatives to alleviate poverty.

In Graskop some businesses make donations directly to members of the public and to CBOs, mostly the Home-Based Care Centre. These businesses did not seek out state interventions and try to supplement them, but acted on their own initiative. Mostly they donate food to the poor. The businesses that featured prominently were Shaya Maize, Spar Supermarket, Summit Lodge and Loco Inn.

Most of the interventions by business reviewed in the case studies were intended as palliative measures, rather than as initiatives to eradicate poverty. Indeed, when some business people were asked why they do what they do, it was clear that the eradication of poverty was the farthest thing from their minds. Many said that they help poor people because they owe it to God to do so. In certain cases it appeared that some business people might be helping the poor as some kind of 'insurance' against criminal elements:

if people in the township know that a particular business supports poor people in the community, they are unlikely to break into that business or to stand by and watch when others do so. There can, of course, be no doubt that businesses also give to the poor to gain some tax relief.

It is not my intention to argue that giving to the poor is acceptable only if it helps eradicate poverty. As Middleton and O'Keefe argue: 'To palliate is not always and everywhere a bad thing, but it should not be confused with enabling a larger justice to prevail' (2001: 14). Nor is it my intention to argue that giving to the poor should never be accompanied by self-interest. If my very survival depended on handouts, I would not be overly interested in critiquing the long-term effects of the handouts that might put bread on my table.

The critique of the benefactor state, however, makes it necessary to make this point so that we are able to examine the assumptions underlying the critique: the fundamental assumption of the critique is that poverty eradication is the province of the private sector, and to some extent it is. The reality, however, is that the market also creates unemployment, and therefore poverty. Some will argue, of course, that state interference must partly be blamed for this – when it legislates minimum wages, thus making 'the cost of labour higher to local industry than it should be...[and] discouraging the use of labour' (Seitz 1988: 10).

In response to this argument, it seems to me that we must raise the stakes and indicate that the market does not only create poverty through creating unemployment. The market creates poverty *even* for people who are employed. As Middleton and O'Keefe appropriately remark: 'The greatest economic myth of all is that the market has as its principal purpose the service of human needs rather than the aggrandisement of capitalists and their corporations' (2001: 15). The case studies showed that there are many people who *are* employed, but who still live in abject poverty.

Furthermore, it is necessary to bear in mind that the state does not generally legislate minimum wages out of its own benevolence towards working people. Legislated minimum wages are usually the product of struggles by working people, thrown up precisely by the realisation that they could not survive on hitherto existing wages. Hence, when the suggestion is made that the state must steer clear of social initiatives aimed at assisting poor people, and that this space belongs to the private sector, we must look at the suggestion from the perspective that business itself seems to seek out state interventions of this nature and collaborate with the state. The one exception was the joint initiative mentioned earlier between the FNB, Momentum and Umsobomvu Youth Fund in Mandela Village, which seeks to promote entrepreneurship among the youth. If this works successfully, it would be safe to hypothesise that it will go some way towards addressing poverty.

The data across the four case studies suggest that business involvement with the community around poverty alleviation was very uneven. As indicated, the Mokasa 2 case study revealed no evidence of business involvement and the other three case studies revealed various degrees of business involvement. Whereas Mdantsane showed the highest amounts donated by business, these were once-off. Graskop showed smaller amounts of money and other types of donation by business, but these were being made on an ongoing basis.

Churches

The Mandela Village and the Mdantsane case studies omitted to inquire into the resources flowing from the church. In the case of Mdantsane, however, the involvement of the church was evident in some of the community initiatives that were reported. For instance, the Good Samaritan Children's Home, ministering to the needs of 'street children', is a church-based initiative. The Masiphatisane Home-Based Caregivers, dedicated to assisting people living with HIV/AIDS, also depends partly on sponsorships from contact with church people.

While these examples indicate some church involvement with poor people in Mdantsane, canvassing the question of the church's involvement explicitly might yield a better and more complete picture. Similarly, I am only able to report, in respect of Mdantsane, that there are some church-based initiatives assisting poor or vulnerable people, but iti s not clear which specific churches do what.

The Mokasa 2 case study revealed that there are some 17 Apostolic churches in the village, all of which raise money from congregants during church services. Within each church, much of this money is used to support orphans who belong to the church. Money thus collected is also occasionally used to assist church members when their homes are ravaged by the elements. The Apostolic churches acknowledged the assistance of the Roman Catholic Church in town, which occasionally donates clothes and blankets on request, and which are then distributed to needy members.

A similar picture emerged from the Graskop case study. Churches in Glory Hill mobilise resources from sister churches in town. They also raise donations from their own members, and from sister churches in other parts of the country and abroad. These resources may take the form of food parcels or clothes, which are initially distributed among members of the church. Once the needs of their own members are provided for, these churches will consider poor people of other denominations or those who are not church-goers.

When one pastor was asked if poor people in other churches or even outside of the church should not also be their concern as 'God's children too', he agreed but asserted that 'their own' poor are constantly before them and they see them, whereas 'the other poor people are not immediately on the radar screen of the church dispensing the goodies'. When the question was put to him whether the manner in which the churches distribute 'the goodies' is not perhaps aimed at recruiting people to specific denominations, he denied this and presented a strong moral-cum-religious case for 'minding the poor'. However, he did acknowledge that: 'It has made a great difference. Because if that wasn't done, I know some families were encouraged to join our church.'

The case studies confirmed that the churches do a fair amount of work to cushion the impact of poverty. Since church members are also members of the community, it seems fair to include the contributions they make to the church for the purposes of alleviating poverty in an assessment of the role played by individuals. The fact that individuals choose to make their contributions through the church should not detract from the role they play as members of the community in alleviating poverty. Since they are aware of the manner in which the church distributes the resources that it collects from different quarters, including their own contributions, it must be assumed that they intend, at least in part, that their contributions should be used to grow their churches.

Whereas it is perfectly understandable that churches would compete with one another for membership, and therefore use their resources to advance themselves, it is possible that they might be narrowing the base of people who wish to contribute but prefer to be non-sectarian. This could explain why the churches rely mainly on the (limited) donations of their own members or on sister churches in town, and do not make a broad-based appeal for assistance.

The fact that the Roman Catholic Church (Mokasa 2 case study) assists the Apostolic churches indicates that interdenominational cooperation *is* possible. Similarly, the involvement of churches in Mdantsane with the Masiphatisane Home-Based Caregivers and the Good Samaritan Children's Home, both of which are community-based and not denomination-specific, shows that it *is* possible for churches to tackle community problems on a non-sectarian basis.

Non-governmental organisations

In all four case studies we found NGOs and/or community organisations that try to soften the effects of poverty. The Mdantsane case study revealed a far larger number of such organisations than any of the other case studies. The NGOs in Mdantsane also enjoyed much better support from business and, given the size of the township, this is perhaps not surprising.[11]

An interesting feature of all four case studies was the extent to which HIV/AIDS drives initiatives that aim to soften the impact of poverty. Many of these initiatives involved caring for people living with HIV/AIDS or children who had been orphaned by the pandemic. Care and concern for people affected by HIV and AIDS is a noble cause. However, the epistemological challenge it throws up for a study like this is how to figure out the boundary between concern with poverty and concern with the plight created by the pandemic. Mercifully it is not really necessary to agonise about that here, for the distinction would have academic value only, since the people in the study were poor whether or not they were also HIV-positive or orphaned by AIDS.

The concept of 'home-based care' is another interesting feature common to all four case studies. The strain placed on the formal health system in the country by the incidence of AIDS-related diseases has led to a dramatic increase in patient numbers in clinics and hospitals. Through home-based care, sick and dying patients are able to receive some medical attention at home.

In Graskop, the Home-Based Care Centre was established initially in order to educate young people about HIV/AIDS and help prevent the spread of the epidemic. As one of the co-founders stated: 'We realised however that it was late already, and so we changed from peer-group education to home-based care although in some areas we continue with peer-group education.'

NGOs mobilise resources from a variety of sources, and apply these to help needy people in their communities. Some NGOs have become adept at what they do, and show interesting innovation in how they mobilise resources.

In the Graskop case study, for instance, we came across a regional NGO called Project Support Association of Southern Africa (PSASA) operating in South Africa, Zambia, Zimbabwe and Mozambique. Through one of its schemes, it distributes maize meal. Instead of raising donations in maize meal from single sources, it raises donations of maize from different farms. After the maize is collected it is taken to a different set of farmers who are asked for equivalent maize meal in exchange for the maize. The logic behind the scheme is fascinating:

- If PSASA asked for maize meal from both sets of farmers, they would all compute their 'losses' – both in terms of producing the maize and then of producing the maize meal. The farmers would want to mitigate their losses which, so viewed, would be significantly higher. The result: they would give much less.

- As things stand, the first set of farmers only loses in relation to maize production and is willing to give more than it would if it were asked to donate maize meal.
- The second set of farmers, on the other hand, has its losses mitigated by the fact that it will recover something through the maize it gets in exchange for the maize meal. Therefore it is willing to give a little more than it would were it asked to make a straight donation of maize meal – in other words, there is a transaction as well as a donation here.
- Both sets of farmers quantify what they give in bags. A bag of maize after milling, however, produces less than an equivalent bag of maize meal. If PSASA took the maize to the miller, it would get much less out of the transaction than it gets for exchanging its bags of maize for bags of maize meal.

Most of the activities NGOs embark on are geared at poverty amelioration, rather than at eradication. Mandela Village is, as pointed out previously, an exception in that there is a project that explicitly promotes entrepreneurship among the youth which, if successful, has the potential to combat poverty. Mdantsane offers another interesting exception in this regard – the National Youth Development Forum trains young people in poor communities and equips them with various skills and expertise so that they can either create jobs for themselves or seek employment.

Individual community members

The case studies investigated what members of the community themselves do in order to respond to the poverty around them. Outside of the work of NGOs and/or community organisations, there were examples both of collective action (where individuals act together) and of individual action.

(The Mdantsane case study tended to focus on the role played by NGOs and CBOs and paid little attention to actions taken by community members outside these organisations to address poverty in their community.)

Collective action Examples of collective action appeared at times to be the result of a conscious decision by individuals to act together in particular ways, and at other times to be spontaneous and organic. The Mokasa 2 case study revealed the following examples of collective action:

- A young person buys a newspaper and shares it with friends for the purposes of job hunting. These youngsters do not decide whose turn it is to buy a newspaper at any given moment – whoever has money to buy a newspaper does so and then they sit together and check what job opportunities and tenders are advertised.
- Women buy items like vegetables and washing materials and share these as neighbours. Again, this is not something that is consciously coordinated. These women need all the things they share, but they are unable to each buy all of them. So they buy what they can afford and then share these so that they all have the basics they need.

Although no evidence of the existence of stokvels was found in Mokasa 2, the activities of these women could be seen as a manifestation of the philosophy that underlies stokvels. As pointed out earlier, stokvels were informal in their origins. These women pool their resources informally in order to secure items for all that they would be unable to acquire simultaneously if each relied only on their own resources.

In Mandela Village, people assist one another, especially new arrivals, to construct shacks for no charge. This is not discussed or planned; people just do it. Similarly, people who have recently arrived in the settlement often do not have access to water. Those who are already established allow newcomers to draw water from their taps without question.

In Graskop, as in the other case studies, there were many people who gave their time to tend the sick and other vulnerable groups like orphaned children and the aged. Graskop differed from the other case studies, however, in that members of the community who are gainfully employed give money to volunteers from time to time to minister to others less fortunate. This practice was not discussed among those involved – the actors just do it.

Across all four case studies there was evidence that in the case of bereavement members of the community rally around the affected family and render assistance such as:

- Making donations to help the affected family towards funeral expenses;
- Lending the affected family pots, dishes and utensils for use on the day of the funeral;
- Slaughtering, if there is a beast, and cooking the food that is served on the day of the funeral;
- Spending considerable time comforting and praying with the affected family;
- Pitching and dismantling the tent that is used for holding the vigil as well as the service on the day of the funeral.

There were also examples of people who 'lend' their neighbours electricity in these sorts of circumstances. None of these things are discussed. The affected family does not ask. People just know what to do and how to act in the face of a bereavement.

On the other hand, there were also examples of collective action that is consciously decided upon, where people form distinct groups in order to do specific things. In this respect the Mandela Village case study was the most instructive. We found women who formed vegetable clubs and produced for their own consumption as well as for sale. These women also provide some of their needy neighbours with free vegetables. These women do not have their own land or access to the sort of water needed for irrigation on the scale required for their produce. Instead, they have negotiated the use of municipal land and water to cultivate their vegetables. The land is securely fenced off so that they are protected against petty thieving. In exchange, they clean the community hall situated in the same premises once a week.

In Graskop and Mokasa 2, some people run small vegetable gardens to provide for domestic consumption. The difference in Mandela Village is that these women have decided to work together. They are able to satisfy their own needs and more; for them this is a job under circumstances where people cannot find formal employment. The Mandela Village case study further differed from the other case studies where there was no evidence of stokvels. Interviewees in these areas mentioned stokvels but were unable to identify any operating in the area, or any stokvel members. Where community members referred to burial societies, it turned out that they had commercial insurance companies in mind. But in Mandela Village there were clear indications of stokvels, including burial societies which are a variant of stokvels.

The Mandela Village case study provided an interesting case of a stokvel run by owners of tuckshops. Later in the chapter, I describe how some of the tuckshops in Mandela Village were established. But after they had been set up, sustaining them proved a major challenge. One of the major concerns raised in this case study was that, whilst people are aware of banks and other formal finance institutions, including Khula,[12] the interest rates as well as the collateral required in order to raise a loan are beyond the means of poor people starting from scratch. Conscious of this problem, the tuck-shop owners teamed up and established a revolving credit scheme dedicated to the development and growth of their businesses. Ten tuck-shop owners subscribe to this scheme. They meet weekly, taking turns to host the meeting. Each time they meet, every tuck-shop owner pays R250 to the host. But the money is paid to a supplier, who then furnishes the host's tuck-shop with stock. This helps ensure that the money is used only for the business, and that stocks are constantly replenished. Over and above this, the members give a minimum of R100 to the host member. The expectation is that the host will use this money for structural improvements to the tuck shop or to acquire other things, not necessarily stock, that the business needs. A strict record is kept of how much each member contributes and the host is expected to return at least the same amount when that member has a turn to be the host.

Evidence from the case studies revealed that individual members of the communities act together in various instances and forms in order to address problems that arise because of their poverty. Some of the examples cited from the case studies could, of course, also be seen as individual instances of 'giving'. However, I have cited them as instances of collective action because, whilst it is ultimately individuals who act, they nevertheless act in concert. Sometimes, as pointed out, a conscious decision is taken to work together but at other times the joint action is spontaneous. It would therefore appear that there must be a sense of community that makes these types of spontaneous action possible.

Community members acting individually There are a number of ways in which poor people attempt to deal with their poverty, dictated by the conditions under which they live, for example, while old people have some guaranteed income from their old age pensions, their age and frailty often prevent them from doing certain things for themselves. Interesting relations of exchange have been established between old and younger people:

- The lack of health facilities in Mokasa 2 led to the state providing a mobile clinic. As the clinic is not available every day, there are long queues of patients on the day that it arrives. Old people need the services provided at the mobile clinic just as much as, and perhaps more than, other people in the village and so must either stand in the long queues or ensure that they are at the rendezvous very early before others arrive. Both options are difficult given their age so instead they ask young people to queue up on their behalf. This enables them to come to the clinic in a leisurely way and without having to wait for too long once they are there. In exchange the elderly provide food for the youngsters.

- Access to water in Mokasa 2 is a serious problem. There are very few people who have taps on their premises and the rest have to fetch water from communal taps. Not all communal taps are functional, resulting in people having to fetch water some 500 metres away. Old people who live alone face a serious challenge in this regard so youngsters help them out in exchange for a meal.

The actors involved in these scenarios would in all likelihood not think of them as 'relations of exchange' – especially in a rural setting such as Mokasa 2. It is more likely that children do what they have to do out of respect and deference to the senior citizens who, for their part, give food to the children as a way of thanking them, without ever thinking of the interaction as a transaction.

One should guard against romanticising social relations in the areas studied however. Pensioners no doubt manifested amazing generosity – some of them take care of their grandchildren with their meagre allowances whilst the parents of these children squander not only their own earnings, but also the child grants from the state that are intended to provide for these children. There was sad evidence of pensioners being exploited quite mercilessly and even physically abused by their own children and grandchildren for their puny pension allowances.

The support by family members of those who do not have any income was a common feature across case studies. Inhabitants of Mandela Village have a sense, rightly or wrongly, of being excluded from jobs that are available around Pretoria. This has given rise to a sense of solidarity, so that the people support one another in interesting ways. Family members give loans to other members to start up tuck shops. The loan is not seen as a normal loan, which is extinguished just as soon as you have paid back the debt fully. The idea is that if the tuck shop is successful, it will become a source of income for the family. The tuck shops that are successful deliberately employ inhabitants of Mandela Village.

Individuals also give generously outside their family circles. Notwithstanding their own poverty, people still found it possible to donate clothes and food to members of the community who were even less fortunate. Even schoolchildren shared their luch with poorer pupils and occasionally gave away some of their clothes. People generally volunteered their time to care for the infirm and assist with community causes.

The strong spirit of voluntarism sometimes gets rewarded. At other times it is driven by the hope that when a job presents itself, the actor will have gained useful experience. There can be no doubt that voluntarism in these circumstances adds meaning to life – not only for the beneficiary but also for the benefactor, providing something to live for and look forward to.

It was evident from the various case studies that poor people do not necessarily sit by and wait for handouts, whether from the state or any other source. They are quite capable of acting in order to address the poverty that defines their lives. They are able to organise themselves, as opposed to being organised by others, in grappling with the day-to-day problems that confront them. This must be recognised and assigned due weight when devising strategies to deal with poverty, rather than seeing poor people as passive recipients of aid.

Conclusion

The purpose of this chapter was not to give a detailed account of the individual case studies but to reflect on them. It is not necessary, in summing up, to reiterate points already made. There are, however, two points that I would like to address in concluding: stokvels, and the notion of social grants possibly leading to a dependency syndrome.

Stokvels

As indicated in this chapter, there was no evidence of the existence of stokvels except in the case of Mandela Village. In the light of the received opinion about the numbers of black South Africans who are members of stokvels, it was expected that these associations would be widespread even in the areas selected for this study. This finding remains curious, but not incomprehensible.

I outlined the notion of stokvels earlier on in some detail to provide some understanding of how they work. They presuppose not only that members have some income, but that they have enough to save as well – because the purpose of stokvels generally is to save money without necessarily going to formal banking institutions. However, when one deals with people who live from hand to mouth, there is nothing to save. There is nothing to take to the common pool in the way that stokvels normally function. So perhaps it is not really surprising that, bar in the Mandela Village case study, we did not find evidence of stokvels in the other case studies.

I want to return to address the statistics on stokvels cited earlier. People who write about stokvels, I suggest, are guilty of some misrepresentation, not because they say 25 per cent of all black South Africans are members of stokvels when in fact the percentage is probably lower, but rather because they present stokvels as an increasing, even booming phenomenon. The 25 per cent is stated in terms that are not calculated to reveal that a minority of black South Africans are involved.

It is not my intention to convey that a phenomenon that enjoys the support of 25 per cent of all black people is insignificant or, to put it slightly differently, that the support of 25 per cent of any unit of analysis in respect of any phenomenon is insignificant. I argue merely that the expectation that stokvels would be quite a widespread phenomenon in our case studies would have been misguided. I argue merely that it is understandable that the phenomena was largely absent.

It needs to be pointed out that the literature says 25 per cent of all black South Africans are members of one or another stokvel. It does not refer to 25 per cent of all *poor* black South Africans. In fact, there are a good number of people who are members of stokvels that one could call poor only with great reservation. Some of them are situated in the professions, in business and in senior government positions. They could easily use banks, and arguably with better returns, instead of receiving back the money they put into circulation among members of the stokvel at the end of the cycle. Many do not necessarily buy anything when the money is returned that they could not have bought before.

ANC Member of Parliament (MP) Tsietsi Tolo, for instance, belongs to a stokvel called 'Seven Men on a Mission'. The stokvel was not part of the case studies but comprises people who live in different places – some in Middelburg, Witbank (in Mpumalanga), and others in Pretoria and Johannesburg. Tolo is an MP and others in the stokvel are senior government officials. Asked whether he feels there are things he is able to buy as a member of the stokvel that he might otherwise not be able to, he chuckles and states that the stokvel is for them more a social thing where they get together as friends. It is not helping them do anything they might otherwise not be able to do. Asked why they call themselves 'Seven Men on a Mission', he answered that they had once had a mission but no longer. They had dreamt that they might set up businesses but they have long since abandoned that dream (Tolo interview).

Sometimes money is not even regularly exchanged among stokvel members – occasionally money may be deposited into a joint account and divided among the members over an agreed period. Frans Maluka, for instance, belonged to a stokvel called 'Operation Self-Help', comprising 20 businessmen in Mamelodi (also not part of the case studies). The businessmen concerned reasoned that they would get better returns on their money if they invested it in money markets than if they kept it in banks. So they each contributed, initially, R100 per person per week and invested the money with a view to dividing the returns among themselves at some future date. Stokvel members could also take loans from time to time from the account (Maluka interview).

In considering the reported prevalence of stokvels in the black community, one must factor in the reality that it is not necessarily poor people who are involved in the stokvel movement. In my view stokvels in the black community are not necessarily established in order to respond to poverty as envisaged in this study, and this helps to explain why it was not necessarily surprising that we found no evidence of stokvels in our study except in the case of Mandela Village.

Social security grants and dependency

Middleton and O'Keefe do not write specifically about South Africa, but they are very apposite where they comment: 'Democratic rights are not a substitute for social justice and social justice itself cannot be delivered without tackling property relations' (2001: 1). If then, as Swilling et al. indicate in Chapter 8, the dawn of democratic rights has not freed access to resources from race and from gender, I would suggest that we need to think hard and long before we tamper with the only resources to which poor people might still have access. We have to begin to address the 'property relations' that the pursuit of 'social justice' requires, and until we have done so, it would be unwise to revisit social grants without proper and full consideration.

Turning now to the question of whether social security grants promote a dependency syndrome, I have indicated that a number of recipients of these grants apply them in ways that clearly do not support the thesis that they lead to dependency. Quite the opposite: some recipients appear to take the view that the grants are inadequate for their needs. They appear to accept that they will not receive more money by way of security grants and that it is necessary to augment the grants they receive. They appear to accept that if they rely entirely on the grants received, their resources will be depleted before the next grant cycle.

Therefore, before these grant recipients use the money they receive, they often 'invest' it and buy things they can sell so that they have more money at their disposal and for a longer period than would otherwise be possible. It seems to me that this displays a refusal by these recipients to be dependent on the grant system even if they continue to receive the grant and that therefore, with different political and social arrangements, it would be possible to get them off the grant database.

This would require a rethinking of the social security system. Grants as we know them today would not necessarily have to disappear, but they would have to be more narrowly focused in order to address emergencies. Parallel to these, grants may be introduced with a more specifically developmental agenda in mind. The mandate of such grants would be precisely what some recipients are already using these grants for as indicated in this study, but they would have to be more realistic in view of that objective.

In other words, the recipients of the grant would not act surreptitiously in using it to generate income because that would be the explicit objective of the grant. The recipients would not fear that if they appeared to have more income, they would be punished by being removed from the beneficiary list. The requirement for receiving the grant would, from the beginning, have been that they gain income precisely so that they can stand on their feet and then get off the list. The recipient would have to understand that failure, rather than success, would attract some form of 'punishment' by way of withdrawal of the grant. The system would, in this way, remove the inhibition to succeed on the part of those who currently use their grants creatively, if surreptitiously, in order to generate more income.

There is no illusion on my part that, at least initially, this would be a much more expensive exercise for the state to embark on than might be the case with social grants as they are currently configured. To make a success of this, the state would have to provide grants that are equal to the job. It would also be necessary to embark on training programmes that would enable recipients of such development grants to make a success of the system. However, as Dean Scerri[13] has commented, the cost of poverty to the country is in the long term much higher than any amount of money we might be called upon to invest in the meaningful development of our people in order to ensure they can stand on their own feet.

It appears that this kind of grant would be welcomed by the poor people in the areas studied. Many interviewees made the point that they do not want handouts but projects that might give them independence. In Graskop, for instance, many interviewees emphasised the need for training and provision of seed money to start up 'self-sustaining' projects. They also spoke about fertile land that could be released to them for farming purposes with some initial assistance from the state.

As this study has indicated, there are already elaborate forms of cooperation and mutual support among poor people. I suggest that this might form a basis for building cooperative projects with a view to dealing with poverty. If the state provided grants for this purpose, conditions might be stipulated that would ensure that, as far as possible, the money was used in a manner that would lead to the desired outcomes. This could be done in more or less the same way that the state has compelled the corporate world to take action to mediate racism and sexism by withholding contracts from those who do not show evidence of progress on these matters.

I have referred to Dean Scerri's view that the cost of poverty is higher than any amount of money we might be called upon to apply in ensuring meaningful development. I end this chapter with a reminder about the dangers of failing to deal timeously and decisively with poverty, as pointed out by Bryant and Kappaz:

> But what about the less observable relationships between poverty and violence? When and under what circumstances can it be really said that poverty, inequality, and social exclusion create the climate for wars? There is insufficient research to draw a direct [causal] link. And yet, mounting evidence suggests a deep interdependence. Of the eighty-two major armed conflicts that took place between 1989 and 1992, all but three occurred within rather than between states – and most of these states were poor…Paul Collier points out that when

> there are lootable resources that rebels can use to buy arms, wars in poor countries develop a war economy quickly, which makes it much harder to end, as has been the case in Colombia, Congo, and Angola. (2005: 25)

Bryant and Kappaz discuss various political theories about the behaviour of 'chronically' poor people, suggesting that for generations the poor, far from rebelling, have actually tried to find accommodation in a society that consistently and systematically excludes them. They comment:

> But do their aspirations mean they are never available for mobilization into violence? When and under what circumstances do poverty, social exclusion, and inequality create conditions for people to become terrorists, agitators, rioters, and rebels? That does happen. Often rebels or agitators, or revolutionaries, will react to circumstances of poverty and inequality and explain their actions as being on behalf of others...Few of the leaders bringing about the French Revolution grew up in poverty. But there can be no doubt that Danton and others were keenly aware of, and apparently offended by, extremes of inequality. (Bryant & Kappaz 2005: 25–26)

Notes

1 Stokvels take a variety of forms ranging from associations to clubs to burial societies. Usually members make a regular contribution to a common pool and take turns to draw on the pool to buy things they need, pay for funeral arrangements, etc.

2 Unless specifically cited in this chapter, the names of focus group members and individuals interviewed in the case studies are provided in the individual case study reports. These are available from the author.

3 Taung is famous for the human skull found there in 1924 by archaeologists from the University of the Witwatersrand.

4 See also Cohen et al. (2000: 181); Mouton (2001: 149); Terre Blanche & Durrheim (2002: 255).

5 Pyramid schemes in South Africa are outlawed and also hounded by the country's banking laws, whose regulative authority they have always sought to evade.

6 I have verified the existence of all the grants mentioned with the Department of Social Development. It is neither possible nor necessary to discuss them all in detail here. In order to better appreciate the difficulties that have been raised about the various grants, an explanatory note in respect of some of the less obvious ones is offered:

- The war veterans' grant: available to people who served in World War II or the Korean War, either aged over 60 years or disabled.
- The care dependency grant: available for persons between the ages of 1–18 years. The person in respect of whom application is made must produce a valid medical certificate confirming his/her disability. The applicant and the child in respect of whom the grant is sought must be resident in South Africa.
- The foster child grant: available for children resident in South Africa. Applicants must also be resident in South Africa and there must be a court order granting foster care status.
- The child support grant: available for children younger than nine years of age. The applicant must be the primary caregiver of the child or children in respect of whom the grant is sought.
- The social relief of distress grant: available to persons in dire material need who are unable to meet their needs or those of their families. It is a temporary measure (given for three months only) and meant to assist people while they

are waiting for other forms of assistance. A person who is a member of a household already receiving another social grant from the state is disqualified from applying.

- Grant in aid: available to persons who, because of physical or mental disabilities, require another person to look after them full-time. Whereas it is a requirement with reference to most of the other grants that the person in respect of whom the application is made should not be a recipient of another social grant, a grant in aid is specifically meant to be in addition to another grant the beneficiary may already be receiving, such as an old age pension or disability grant (DoSD 2003: 2–5).

7 Whereas the grant amounts are specified in respect of other social grants, the Department of Social Development does not specify the amount in respect of social relief of distress. The amount of R120 should therefore not be taken as the maximum possible but as an indication of what the specific persons who mentioned it were probably receiving.

8 For a critique of the growth-with-equity approach, see Middleton and O'Keefe (2001: 3–4).

9 And they are not alone in this – see the authorities they cite on p. 92.

10 Study Project on Christianity in Apartheid Society.

11 Mdantsane is arguably the second biggest township in South Africa after Soweto.

12 Khula is an initiative created by government under the auspices of the Department of Trade and Industry that aims to assist emergent businesses, particularly those run by members of previously disadvantaged communities.

13 Dean: Faculty of Economic Sciences and Finance, Tshwane University of Technology, Pretoria, in comments on an earlier version of this chapter.

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5

New whims for old? Corporate giving in South Africa

Steven Friedman, Judi Hudson and Shaun Mackay

WHY DO BUSINESSES OPERATING in South Africa invest in social needs? And why do they choose some needs over others? On the first question, it is widely accepted in business – although some major companies do not devote funds to social investment – that it is highly risky to assume that the welfare of a poor majority can be overlooked in a society in which the gap between rich and poor is wide and wealth can be seen as a product of racial privilege. But even this is not straightforward. Is South African corporate social investment (CSI) an attempt to stabilise the business environment or to win the favour of governing politicians? Is South African CSI a marketing exercise or a serious attempt to address social needs?

For some critics, giving can deflect attention from companies' wider social responsibility. Some corporations 'may be using the procrustean formulae of corporate social and environmental responsibility to deflect attention from the fundamentals' (Fig 2003: 4). CSI can, therefore, hide a multitude of socially irresponsible sins. Hamann and Bezuidenhout (2003) argue that companies which devote substantial resources to CSI are externalising social and environmental costs through outsourcing – paying others to repair the damage they created. 'CSI needs to be placed in the framework of general corporate social responsibility to detect contradictions which undermine the credibility of CSI – such as polluting rivers and producing bird booklets' (Rumney interview). The contrary view argues that business, by its nature, plays an underestimated part in development and can also have beneficial political effects: 'unintentionally, the mining sector pushed back influx control' (Slabbert interview). Godsell et al. argue that, 'by dint of its existence outside state-created organizations, [business] can contribute to greater pluralism and diversity in a society, thereby strengthening the pressures for democratisation' (1998: 3). It can also promote modernisation as well as a 'thickening' of civil society. In this view, CSI is not a fig leaf to hide exploitation; it is a further dimension to an already socially useful role.

The extent to which giving is a priority for South African corporates is also controversial: for some, the amount given is trivial, for others it is high by world standards. Whether business has a conscience – and should have one – are subjects of fierce disagreement. Why particular priorities are chosen over others remains more complicated; motives, individual or corporate, are difficult to understand. How and why companies choose what to support and what to ignore, therefore, eludes straightforward explanations. But South African businesses command enough resources to make a pronounced impact if their CSI funds are deployed in appropriate amounts in ways which promote development. So CSI is an important public policy issue – yet almost the only analysis of corporate giving is produced by consultants offering a resource to CSI practitioners. Understanding the decision-making processes which shape giving is vital if we are to develop viable proposals on how this crucial source of human and physical resources can best be used to tackle the society's development needs.

This chapter tries to tackle that task. Using qualitative interviews with key informants, it seeks to understand the decision-making processes, values and assumptions which shape CSI and to propose ways in which social actors – the government, civil society organisations and businesses – can foster forms of social investment which enhance development.

From whim to what?

For many analysts and practitioners, the common understanding of current CSI trends can be summed up as 'beyond the chairperson's whim'. Corporate giving, the story has it, was once the product of whim, not careful assessment of need. The company chair or chief executive, moved by personal preferences or by whoever they had been buttonholed by at a social event, would set the giving agenda. The only assessment of need which contributed to decisions was the impulse of the person permitted to indulge their whim. This approach, it is argued, is now being 'professionalised' (du Toit 2001; Trialogue 2003). CSI, it is argued, is part of a company's core business and so ought to be approached as seriously as any other activity.[1] Decisions should be guided by development criteria, not fancy. This approach seeks to move beyond a time when companies saw CSI as low-level public relations – and assigned it to junior managers or employees for whom they had no other use. Social investment has been, in this view, 'the item which is discussed late at Board meetings when everyone is tired'.[2] Alternatively, it is an attempt to move beyond trying to please politically influential persons. Particularly since majority rule came to be seen as inevitable in the 1990s, projects are selected, it is argued, on their ability to satisfy politicians in the hope of winning favours, not to aid development.

Now, we are told, 'professionalisation', ensuring that decisions are based on serious consideration of development impact and company strategy, is increasingly influential (Trialogue 2003): 'When companies are exposed to a development agenda, they can shift a lot' (Favis interview). In the words of Reg Rumney of BusinessMap Foundation: 'There has been a clear move to a more developmental thrust. Companies have sometimes used technology to solve development problems in innovative ways and have been more inclined to involve communities. There is a trend to longer projects' (Rumney interview). While progress remains partial – tensions between CSI practitioners and the chair or CEO may be resolved by agreements that the latter will be able to call on a discretionary fund to indulge their whims – the scope for whim is being progressively reduced (Favis interview). Some practitioners and analysts dismiss this understanding of past giving motives as a caricature: 'There has been careful CSI over at least two decades...Key business leaders had long-term development visions.'[3] And, as we shall show below, some are dubious about the virtues of professionalisation. But the dichotomy of a whimsical past and a professional future is widely held within the CSI 'community'.

But what does professionalising CSI mean? Could the past have been more like the present than this account would have us believe? And, if there has been a change, is it one towards more appropriate giving? Or could professionalisation have elevated the fads of a small group of specialists, squeezing out important areas of giving because they are not fashionable? Before tackling these questions it is necessary to examine competing meanings of professionalisation.

Substance or process?

Despite the influence of professionalisation, there is no unanimity on what professionalising CSI means. This does not invalidate the concept, but it does mean that it requires clarification. For some in the CSI debate, professionalisation is substantive – it means producing better development outcomes by doing the job better (Logan & Tuffrey 2000). In this view, CSI decisions are more 'professional' when they are taken by people who are more technically proficient at investing in society.

For those who hold this view, CSI is becoming more professionalised either because those who make giving decisions have become better at determining what society needs or because companies have become more inclined to use the services of people who understand these needs – or both. Perhaps the most extreme form is that of the Liberty Life Foundation which has professionalised by reducing its activities to one – the use of media to deliver learning and teaching materials. Having funded a variety of projects in consultation with 'communities', it decided to concentrate on one activity within its capacity which could make a measurable difference. Today, it devotes itself entirely to producing educational material designed to improve the education and health system (Appelbaum interview).

An intermediate, and more frequently cited, example is Tshikululu Social Investments (TSI), a CSI management company headed by Margie Keeton, formerly of the Anglo American and De Beer's Chairman's Fund. TSI was established to provide professional CSI management to companies in the Anglo American family and now serves some other corporates, such as FirstRand. It is said to provide clients with a high quality of decision-making (Friedman et al. 2005).

But some interviewees insist that there is no science of giving – determining whether a project will produce lasting development is a matter of judgement or 'feel'. Some worry that professionalisation is a cloak for a new set of arbitrary decisions. Thus a corporate executive warns of the damage caused by 'missionaries' in development agencies who impose their fads on beneficiaries. While ostensibly highly professional, this form of giving is a 'profound form of selection because it is based on criteria which no one understands' (Godsell interview). 'Professional' giving may simply replace the prejudices of chief executives with the fashions of development technicians, with no evidence of improved impact. Sceptics argue that CSI practitioners who insist that giving is a matter of technique 'are dangerous since they believe that they are applying a science when they are not'. An interviewee argues that professional CSI approaches have proved to be fads which failed to produce results. 'We professionalise in a different way – by trial and error. We need diversity – you learn from hare-brained schemes' (Appelbaum interview). Indeed, Keeton herself warns that professionalisation could create a new 'insider–outside' divide in which causes and beneficiaries favoured by the professionals are supported while those with equally valid claims are ignored: 'The key danger is moving from one form of patronage to another' (M Keeton interview). 'Professionalisation runs the risk that you won't make an impact on very vulnerable people – it would be more quantifiable and concrete but have less social impact. There is no scientific way of choosing priorities' (Abedian interview).

Discretionary funds, dismissed by some as vehicles of whim, may be necessary for flexibility: 'If you are too rigid, efficacy suffers. So some money must be set aside for worthy causes. The one project with a national impact might come out of this' (Abedian interview). A practitioner complains of the 'tick boxes' approach in which apostles of technique impose their preferences by devising checklists with which companies seeking to be seen as serious givers must comply, even though the rationale remains obscure (CSI practitioner interview). Professionalisation of this sort can also deter innovation: 'The chairman's folly is sometimes good because it is visionary – the arts, for example, may lose out because decisions are very often devolved to functionaries who are scared of not being promoted' (Danby interview).

Some interviewees, however, insist that professionalisation is not a matter of applying an unassailable technique. It does not, they insist, claim that there is a recipe for 'better' development outcomes. Rather, it is a matter of attitude and process. Margie Keeton describes it as 'a considered process of decision-making in which experience, learning, wisdom and judgement are applied'.

Far from being based on technique, it is based on an important insight which she attributes to Michael O'Dowd who arguably pioneered professional giving at the Chairman's Fund and who she sees as an important influence. The crucial lesson he taught was:

> the importance of the people behind the project you are considering for possible support. It is not whether the project is a good idea or not, but whether the people behind it will be able to make it work. Successful CSI is all about ordinary citizens rising above themselves to make a difference. This is what the CSI technocrats miss – for them, one project is the same as another. But if you lose sight of the

> people – and especially those who are supposed to be the beneficiaries – then you lose everything.[4]

No special training is required to 'graduate' as a CSI professional because there is no single technique which ensures 'professional' giving. But professionalism in this view requires seriousness of purpose: money must be disbursed according to clear and consistent criteria; giving must be the outcome of careful consideration and not be designed to win favour from influential persons nor blur the divide between personal and company interests (on the latter point, an interviewee decried donating to the school attended by the children of the relevant corporate executive[5]) (Godsell interview). It need not mean 'scientific' or 'always accurate' giving. It means, rather, that CSI needs to stem from seriousness of purpose. In the words of one interviewee:

> The structure of CSI has changed: it has evolved from being part of the chairman's discretionary fund, and many companies have renegotiated their CSI so that it is rule-based and run by professional staff. Boards now have a greater say. There is a danger that the chairman's whim will be replaced by the whim of professionals running CSI but the way to minimise this is by developing a clear set of rules to which professionals can be held accountable. Policies and guidelines will stipulate preference, what areas CSI should be channelled into, and under what conditions, making it less vulnerable to whim. In today's CSI environment, things are driven by multiple voices and not a single person. (Mahuma interview)

In this view, the fact that some companies have established trusts or foundations is itself an indication of greater professionalisation because it indicates a willingness to bind CSI to a set of rules rather than to rely purely on whim.

Professionalisation is about 'being bound by a set of principles'. A policy must be developed and steps must be taken which ensure that nothing is supported outside the policy framework. But good grantmaking is still dependent on good judgement (Favis interview). It must also, an interviewee suggests, be part of a wider commitment to social responsibility. Where companies are under pressure for what are seen as socially irresponsible practices, CSI is unlikely to improve their image – indeed, it may be counter-productive, giving activists a lever (Rumney interview). 'We are looking for an alignment with company goals, not just an attempt to keep blacks happy or giving charity to raise the profile of the company – can they tread a line between good CSI and brand marketing?' asks an analyst evaluating CSI for the Johannesburg Securities Exchange (Reichardt interview, April 2004). Some companies, it seems, 'professionalised' without knowing it:

> We moved our CSI away from the chairman's hobby horse by insisting on proper governance. There must be auditing and the CEO must be involved, must have answers if asked why we do things. We have annual reviews and quarterly assessments of spending. Evaluation is very subjective but we have a network of people to consult. We didn't see this as professionalisation, just seeking greater effectiveness. (Abedian interview)

Advocates of professionalisation plan a course in giving to be offered by the University of the Witwatersrand's Faculty of Public and Development Management. They stress that it will concentrate on professional grant-making procedure, not a 'magic bullet' to superior development decisions (Favis interview). A brief course (not for degree or diploma purposes) is currently offered by the University of South Africa's Centre for Corporate Citizenship (UNISA 2005).

Another view sees professionalism as ensuring that decisions are taken by more than one person: 'The appropriate trend may be toward democratisation, not professionalisation' (Fine interview, 21 October 2003).

This entails accountability – decisions must be defensible in public: 'It is necessary to define our prejudices in an open fashion' (Godsell interview). Indeed, for some proponents of this view, accountability lies at the core of professional CSI – the problem with the 'chairman's whim' is not that decisions are idiosyncratic or iconoclastic, but that it is unaccountable: no rationale is given for decisions which are enforced simply because the chair or some other powerful company actor says they must be taken.[6] 'In Britain, shareholders and churches have created an environment in which CSI must be defended: we are nowhere near that' (Favis interview). 'Shareholder activists do not look at CSI. It is not inevitable that shareholders would impose inappropriate standards – it could be another area of greater accountability' (Reichardt interview, April 2004).

We tried to gain a clearer sense of opinion by asking how companies would respond to a university course in CSI. Some were sceptical in principle, suggesting that 'three days with practitioners would probably be better' (Maphai interview). Others enthused, provided that it is for 'people who already have experience so that they have an idea of the world of work' (Landman interview), and is aimed at 'enabling people to align what we do with the company's interests and objectives' (Mollo interview). Some suggested it would need to concentrate 'on accounts rather than social sciences' and on specific techniques, such as how to leverage money (Landman interview). Still others simply enthused: 'There is a desperate need for professionalisation of the sector. We will support some sort of professional training' (Naidoo interview). One interviewee wanted it to help professionals to deal with non-governmental organisations (NGOs) or 'deal with the bigger picture such as political issues' (Appelbaum interview). Teaching international trends was also suggested – an interviewee added that there should be two types of courses, one for practitioners and the other for corporate executives who need to be exposed to CSI principles (Abedian interview). A course is offered at the University of South Africa in non-financial reporting and it was argued that CSI training could be a course module (Reichardt interview, October 2004). Few interviewees rejected the idea out of hand, suggesting that enthusiasm for professionalisation is strong. In the words of one interviewee:

> The terrain has changed and most corporates now make decisions on who to fund based on written policies and guidelines. There are clearer criteria and a more scientific way of selecting projects. On major projects, interviews are carried out with people in the funded organisations and members of communities that are benefiting: perceptions are also sought from opinion-makers. (Naidoo interview)

Some interviewees suggested that a key component of professionalisation was that corporates not use CSI to market themselves; they ought to be motivated by development impact, not image. It was argued also that marketing means that: 'Failures are never reported – companies are reluctant to evaluate themselves publicly. They don't understand that it can build credibility. There is a struggle to create a due diligence for CSI. Companies are not set up to ensure continuing learning. There is no self-correcting faculty' (Reichardt interview, April 2004). Interestingly, using CSI as a marketing tool seems also to have been opposed by O'Dowd: 'He believed in doing good by stealth – don't stand up and talk about your good deeds' (G Keeton interview). Companies' propensity to contribute to development rather than to seek marketing advantage is one criteria used in the *Mail & Guardian* annual CSI awards. The trend towards creating CSI foundations in corporations is seen as a way of preventing CSI from becoming a marketing tool because they separate off this function (Rumney interview). An analyst complained, however, that companies are not transparent about the way in which they use foundations. 'There are still cases where a chairman tells the fund what to do' (Reichardt interview, April 2004).

A contrary view argued that giving will be taken more seriously only if companies see it as a means of raising their profile and thereby enhancing the business. 'There is an almost direct match between the degree of CSI spending and how loved companies are' (Danby interview). CSI, another view suggested, is 'corporate image management'. It is not marketing – selling a brand – but is about 'defining the character of the organisation' to the wider public (Abedian interview). Indeed, it could be argued that companies have an obligation to publicise their CSI programmes so that they are accountable. One feature of the responses to the JSE's initiative to produce a sustainability index is that some companies do not bother to report fairly substantial CSI programmes.[7] A key effect of the index will be to publicise companies' CSI – obvious fuel for marketing departments.

Corporate giving: what and how much?

Quantifying what companies give is more difficult than many in the field tend to assume. Estimates of how much is given abound. But they seem to be guesses more than calculations. CSI budgets or foundations only account for part of giving in many corporates. Budgets under the control of the chief executive or other company officials are also used to meet requests for funding. Nor are the boundaries of giving always clear. Educational or other support for employees, including HIV/AIDS interventions, is usually considered employee benefits. But support for schools or clinics in an area is seen as CSI by mining companies. Is supporting political parties CSI? Sponsoring sport or the arts? There is some uncertainty on these questions even among practitioners. Corporate giving does not always mean the same to every company – some still include sponsorship of the local golf day. And, while it might be logical to expect exaggeration, it was argued by CSI analysts that understating can be as much of a distortion (Reichardt interview, April 2004; Rockey interview).

This makes it impossible to clarify an important question: the degree to which companies might exaggerate their impact on the poor by including support for middle-class facilities such as private schools or cultural activities which serve affluent people as CSI. While some studies offer substantial detail on spending targets (South Africa Foundation 2004; Trialogue 2001), these do not tell us precisely to which facilities and activities CSI funds are devoted. Thus a study of major corporates by the South Africa Foundation (2004) lists substantial amounts spent on, for example, primary schools. It is unclear how much, if any, went to those in affluent areas. A Trialogue study (2001) found that about 1 per cent of CSI in its sample of companies was spent on dance, theatre and drama, but this does not tell us who participated in these activities. And, while Trialogue (2003: 108) finds that 15 per cent is spent on employees or their families and the remainder on 'communities', this tells us little about who is getting what within those categories. Clearly, some companies include as CSI activities which may not be intended to address poverty – the South Africa Foundation's sample spends on average R11.1 million of an average CSI spend of R35.8 million (31%) on 'sport and competitions' – an amount so significant that the study offers a separate calculation of CSI without sport (see below). While some corporates are careful to separate sponsorship from CSI (Hollesen interview), not all do. Signs of a bias towards the less poor may also be refelected in Trialogue's finding that poorer provinces are 'neglected' – it found that 48 per cent of CSI was spent in Gauteng and Western Cape (2001: 98). This trend is attributed to 'the complexities associated with rural development, the fact that company workforces and markets are mostly urban, and the large metropolitan development demands' (Trialogue 2003: 107). But it obviously tells us little about the social and economic profile of recipients.

Another grey area is non-monetary giving. CSI practitioners insist that businesses contribute more than funding to social needs: time and effort, expertise, knowledge, relationships and ability to innovate or 'get things done' are important: 'In a sense money is the easiest thing to give. Imparting skills by giving time is more critical' (Shongwe interview). As one interviewee said of non-monetary giving: 'It is a major, often unrecognised, part of giving' (Landman interview). But measuring it is fraught with difficulty. Some companies also encourage employees to devote part of their leisure time to society (Naidoo interview); some use a model devised by the Charities Aid Foundation in which firms match employee contributions in some way.[8] This creates even greater problems of definition and measurement. Does an animal lover's time at the SPCA qualify? Or a parent's election to the school PTA committee? Or the election of a mine employee to the local council? And what of cases where company personnel participate in public processes such as integrated development planning, which determines local government's development priorities, or community–police forums? 'Are you looking out for the company or addressing the needs of the community?' (Fine interview, 14 October 2003). Any attempt to quantify non-monetary giving is likely to be open to substantial objection. An interviewee suggested that businesses' non-monetary giving amounted to some 40 per cent of corporate giving, but was unable to substantiate this.

CSI estimates are also biased towards listed companies because little hard information is available on giving by small and medium firms – which are important contributors according to several interviewees. Inevitably, claims about how much business gives are vague: interviewees reported an impression that 'South African corporates are definitely giving more than they used to, but how much more in relation to increased turnover is not clear' (Schlemmer interview), or that 'our percentage of giving is up in the right category internationally' (van Heerden interview). 'South African corporates are slightly below the United States average and maintaining that position. South Africa is way above Europe relative to turnover. South African corporates are giving despite an enormous amount of government intervention' (Schlemmer interview). One reason is that 'there is always pressure by government on business to spend' (Rumney interview).

Attempts have been made to quantify CSI. In 1999, the business-friendly Centre for Development and Enterprise (CDE) conducted two surveys to quantify businesses' contribution to South Africa – in their core activities as well as voluntary social expenditure. One was conducted among 75 of the largest corporations, the second among a random sample of 545 of all sizes. On CSI, it found that corporates spent R725 million in 1997/98, with education as the major beneficiary. SMEs with fewer than 100 employees made more modest contributions but the sample spent up to R230 million on welfare, education and sport in 1997/98. By comparison, government spent R88.6 billion on education, housing, health and social services in that period (Bezuidenhout et al. 2003: 31). The study concluded that business probably spent R4–R5 billion on CSI, including sport, in 1997/98 – about the size of the budget of a medium-sized national government department such as prisons or agriculture. On average, the major corporations were spending 1.3 per cent of after-tax profits on CSI in 1997, higher than the United States (0.9% in 1996) and Canada (0.8% in 1994).

The CDE stressed that CSI is a relatively minor resource flow to society compared to routine business operations. Curiously using the metaphor of a 'hamburger', it claimed that CSI and in-kind contribution to social development are the 'salad and sauce', taxes and levies the 'bite which the state takes'; but the generation of export earnings, new investment, wages, and the satisfaction of market need for products are the 'real beef'. CSI amounts to only R1.30 for every R100 in profits, training to R13 and outsourcing to and partnerships with emerging business to some R9 (Schlemmer 1999).

In 2004, this quantification exercise was repeated by the South Africa Foundation. It used a sample of 25 companies, all but one among the top 50 companies listed on the JSE or major multinationals. It found that they each spend on average R28 million on CSI per year, excluding sport. CSI amounted to 0.13 per cent of gross income and just under 0.87 per cent of net profits (South Africa Foundation 2004: 4). Other calculations include that of Colleen du Toit of the, now defunct, Southern African Grantmakers' Association (SAGA) who reportedly put CSI at about R4 billion including non-cash contributions,[9] and Trialogue, producers of *The CSI Handbook*, which estimates total CSI for 2004 at R2.4 billion, a nominal 2 per cent increase over the previous year (but a real decline) (Trialogue 2004: 74).

While these studies devote considerable effort to generating accurate accounts of spending in the companies they sample, calculations of CSI throughout the economy can only be a guess since there is no way of knowing whether the data gathered from a sample of companies can be reliably said to provide information for all. Also, Trialogue 'leaves it to the corporate to decide what is CSI' (Rockey interview), ensuring that no consistent criteria are used. The judgement of one interviewee that, on CSI, 'quants are not doable' (CSI practitioner interview) is hard to fault. Nor does quantification necessarily tell us anything about contribution to development: 'Small grants may not change the world but are important to those who receive them – even the acknowledgement of their existence is important to them' (M Keeton interview).

Small is beautiful?

How significant is giving by SMEs? Common sense might suggest that many are so absorbed in survival that they have neither the resources nor the inclination to give. But one interviewee suggested that 'what SMEs give is not peanuts' (Schlemmer interview). Interviewees suggested that, 'Small business giving is often directed at the very micro level – money for book prizes or trophies at schools. There is involvement in the goodwill of the local community. In this way, small-business giving builds the fabric of society.

When it comes to SMEs, there is often a very thin line between individual and corporate giving' (Coovadia interview). 'Soup kitchens, orphanages, church schools get lots from SMEs. But the targets are not sexy. There is no heroism here, but sheer charity. By contrast, many big corporates see CSI as an opportunity to get a spanking annual report, a photo opportunity' (Schlemmer interview). An interviewee suggested that large companies are better able to 'gear up and do novel things' at a bigger scale. SMEs tend to get involved with the local hospice, for example – 'important but different' (G Keeton interview). Two interviewees argued that SMEs needed CSI tools and that an institution such as the National Business Initiative (NBI) should provide them. But it is not clear how this would improve giving by SMEs.

It is difficult to assess these claims. But a survey conducted for this study suggests that reliance on local businesses for social investment is relatively low – particularly among Africans (Everatt & Solanki 2005).

This could mean that the role of SMEs is less significant than these responses suggest.

The drivers of giving

What motivates businesses to give? Explanations in interviews include the role of champions, the threat of penalties, anticipated legislation, local context, and reputational jockeying. Also important is greater exposure to international pressures, and issues of competitiveness, particularly in an international context. Civil society may also be effective in raising the profile of issues such as the environment (UNDP 2004).

Many are influenced by the notion, first raised in 1972 by Meyer Feldberg in his inaugural lecture as professor of business administration at the University of Cape Town, that while business was not responsible for creating apartheid, *self-interest* dictated that it take social responsibility seriously (Bezuidehout et al. 2003). This is perhaps the most frequently mentioned motive. Several interviewees noted that emphasis on education and skills development is a product of 'enlightened self-interest', as is mines' commitment to developing the areas where they mine. Indeed, some CSI practitioners see appeals to self-interest as the only way of gaining 'buy-in' from company decision-makers: 'Giving without self-interest is charity, which fails because people do not take it seriously' (Maphai interview). Similarly, CSI is 'most sustainable where there is a coincidence between it and the interests of the company' (Fine interview, 21 October). In this view, aligning CSI priorities with those of the company is vital if CSI is to receive the attention it merits. Development may thus be seen as a means of securing growth and legitimacy. Godsell et al. note: 'The legitimacy of business will be strongly affected by the way in which (it) is perceived as caring about and helping to bring about development' (1998: 31). It is also trite but true that steady economic policies will only be maintained in a transition to democracy if they are accompanied by adequate development.

This requires business to play a developmental role. Csi initiatives have immediate business benefits: Standard Bank funds homes for children living with aids whose parents died leaving an unpaid bond. This enables it to get back the property – a hard-nosed business decision but with an important social impact. More specific drivers also shape csi behaviour.

One driver, discussed in Chapter 6, is *guilt* – or, more generally, a desire by executives to feel good (Rumney interview). These decisions are likely to be heavily influenced by who has access to, and who is respected by, the decision-maker. Others saw giving as a consequence of the *culture* of particular companies or industries, inculcated by prominent people in the company over a long period. Corporate giving, an interviewee notes, is 'cultural within companies, not universal' (G Keeton interview). 'There are perceptions that it companies could have had a higher csi profile when they were deep in cash in boom times' (van Heerden interview). There is thus a need 'to inculcate the value that csi is important for your business and the environment within which you operate' as a corrective to 'some of the enrichment and consumerism that is about now' (Coovadia interview).

Csi can also be seen as a way of 'building a good brand'. The desire of individuals seeking to be Mr aids orphans or Ms Fynbos may also play a role. Brands signal 'something wholesome about the company' (*The Economist* 6 September 2001) and csi may be seen as a contributor: 'Larger-scale firms have brand reputation concerns and have more incentive [and resources] to devote to improving their corporate citizenship profiles' (Fig 2003: 8). In mass consumer companies, there is a tendency to keep corporate giving close to the core business (Friedman et al. 2005). Key gains are extending brand recognition and reputation enhancement. There is a joke which goes that for every R50 000 spent on saving the dolphins, R5 million goes on advertising that they're saved. Brand reputation is a powerful incentive for companies to contribute. If they have to compete with rivals for customers and workers, they will worry about their reputation for caring and this encourages a degree of reputational jockeying or competition. But if csi is meant to enhance business's reputation for philanthropy, it seems not to have succeeded.

A survey conducted for the study, and discussed in Chapter 2 of this volume, asked respondents to comment on the statement: 'Big companies only give as a way of advertising themselves' – two-thirds agreed or strongly agreed, with just 16 per cent rejecting it and the rest choosing a neutral option. Indian respondents were most likely to agree or strongly agree (73%), followed by Africans and coloureds, both at 68 per cent, and dropping to just over four in ten whites or 46 per cent (Everatt & Solanki 2005: 31).

A further motive cited by interviewees, and noted earlier, is *a desire to head off regulation*. Litigation in United States courts against companies accused of benefiting from apartheid was also mentioned by two interviewees as a driver for looking beyond the factory gate. The Truth and Reconciliation Commission prompted business to recognise the need to 'head reparations off at the pass' (Spicer interview). In mining, the stakes are high as licences depend on satisfying the Mining Charter scorecard and so pressure to choose projects on whether they will impress political office-holders rather than their impact on development is great (Fine interview, 14 October 2003). Some interviewees suggested that regulation might stifle CSI by imposing costs on companies: 'The second Business Trust (BT) is unlikely to be of the same magnitude as the first. Companies have other obligations now, many of them statutory' (van Heerden interview). 'Corporate giving has reached its peak in South Africa – charters and government intervention will lead to a decline' (Schlemmer interview). This suggests that the threat of regulation acts as a spur to giving, but that introducing regulations stifles it, which holds out intriguing challenges to government strategists. But one attempt to use regulation to guide CSI priorities thus far is of unclear effect – the use of tax incentives. Opinion is divided on whether concessions granted under section 18A of the Income Tax Act (No. 58 of 1962) affect CSI behaviour. Keeton insists they do – particularly as, in recent years, the giving covered by concessions has expanded 'massively' (M Keeton interview). An analyst believes changes in the tax regime have prompted more innovation and lateral thinking (Rumney interview). 'Tax does make a difference, particularly among American firms which are used to rebates – I know of organisations whose funds have dried up because their donors did not get rebates' (Danby interview). But others insisted that it made no difference and that more generous concessions were needed if giving behaviour was to be altered (Landman interview).[10] What is clear is that the culture of structuring giving around tax concessions for donations, found in some countries, is not yet entrenched.

More specifically, the charters may, several interviewees suggested, negatively affect the quality and quantity of CSI. Giving is said not to be a priority in charters: the financial services charter gives CSI a 3 per cent weighting with companies required to spend 0.5 per cent of post-tax profits – less than what companies are said to be spending now. The mining charter gives no weighting to CSI – an interviewee said this was partly out of fear that it would enable companies to get away with reducing their black economic empowerment (BEE) responsibilities. But others noted that the charter does not rely on weighting generally and does award points for giving to communities around mines' operations. 'Will this mean that Wits [university] does not get its bridging programme funded?' (G Keeton interview). On quality, an interviewee argues that the charters invite companies to engage in 'box-ticking' – 'corporate involvement becomes part of a patronage system tied to politicians and their desires. Corporates want to know: do we get the credits? It should be about getting the balance right.' In addition, 'Charters and scorecards can be imprecise' (Spicer interview). More important, perhaps, the Ministry of Mineral and Energy Affairs is reportedly insisting that mining CSI in towns where mines are situated conform with the Integrated Development Plans (IDPs) of the area, a stipulation which, some specialists feel, imposes an inappropriate straitjacket. There is also a widespread feeling that in response to charters, CSI should simply 'work with local structures' (M Keeton interview). Some argue that BEE has replaced CSI as a priority, for the government and, as a result, for corporates – BEE is seen by some white-owned companies as a contribution to CSI, enhancing the possibility that they will devote less attention to giving. Whether or not this is accurate, the South Africa Foundation study found that spending to facilitate BEE 'now absorbs around ten times what corporations spend on CSI' (2004: 8). It concluded that corporates 'would do well to reflect on the possibility that they might be drawn into a broader process that offers more benefits to the emerging middle class and elites than the poor'.

In principle, giving to comply with regulation is not unethical since it does not imply an attempt to secure special treatment. Where the criteria that CSI must meet are predictable and clearly defined, the requirement, it was argued, is ethical (Godsell interview). And charter pressure is, it was noted, having an impact (Reichardt interview, April 2004). 'The social plan in the charter made people more willing to publicise what we are doing. There is also more planning now. People do talk about the charter openly – ask where we are on the scorecard. It is forcing senior executives to think more seriously about social issues' (Mollo interview).

Many corporates also use CSI as *a lever to maintain influence* in a democratic South Africa. As Godsell et al. point out, 'in most ethnically divided societies...corporations and retail businesses are owned and managed by individuals belonging to an ethnic minority' (1998: 3). South Africa is no exception and this obviously affected responses to the transition. 'Companies' worlds were shaken up by 1994, all the stakeholders changed, government had very different people in it. The relationships between stakeholders changed too and business did not understand this. Giving became a mechanism to help companies negotiate this change' (Kapelus interview).

Inevitably, perhaps, giving motivated by this consideration will be particularly sensitive to government concerns. 'Many give to ensure that they get into the good books of government rather than for developmental reasons' (Mahuma interview). By implication, this giving is, in reality, buying – giving with the expectation of something in return. In some cases, there may be an explicit hope of, for example, winning a tender. In others, there may not be a hope of direct advantage but 'people will give just to be close to power' (Landman interview). Government, it is said, sees business as a 'flexible resource' willing to meet its need for development funds. Much of this operates on unspoken understandings in which 'boundaries are stretched without an awareness that there is a problem' (Favis interview). The relationship may not, however, be quite that simple: 'The government has a love–hate relationship with CSI: it wants business help but does not want to be outshone' (Maphai interview).

Some of this sort of giving, typified by the 'Madiba school' (schools built at the request of former President Mandela), is portrayed as a relatively benign but misguided attempt to show respect to revered political figures. No respondents saw these projects as developmental (although perceived flaws in the Madiba schools are reportedly being addressed by the Nelson Mandela Foundation),[11] but most saw them as almost inevitable since some political figures could not be ignored for fear of appearing to disrespect national icons. Nor, some practitioners insist, is working with government necessarily an attempt to gain influence. Some argued that partnership is essential to development: 'We want partnerships with government because they add to our impact and because this is a people's government. And we don't approve everything – government sometimes thinks we are too hands-on because we do not simply write a cheque. But we want to add capacity' (Vukuza interview). 'We need a partnership with government if our projects are to work. There is no point in building clinics if no doctors are there or placing computers in schools where there is no electricity' (Mollo interview). Repositioning can also respond to social pressures, not those of the government: many interviewees noted a 'general expectation that companies act responsibly to support local development'.

Global pressures were also cited. South African companies that moved their primary listing abroad were said to have been forced to focus more on 'soft' issues. 'We're more exposed to global pressure groups. Greenpeace can cause some embarrassment,' as it did for Shell in 1995 to extraordinary effect.[12] Companies that have become multinationals need to harmonise CSI across countries (Mollo interview). Foreign corporations which are forced to live up to global reporting standards are said to have prompted larger local firms to adapt. The influence and scrutiny of NGOs – often media-savvy, particularly Internet friendly, documenting and publicising abuses, chivvying governments and business and arousing public opinion – is pervasive internationally. 'Companies have learnt the hard way that they live in a CNN world, in which bad behaviour in one country can be seized on by local campaigners and beamed on the evening TV news to customers back home. As [NGOs] vie with each other for publicity and membership, big companies are especially vulnerable to hostile campaigns.' (*The Economist* 20 April 2000)

Closer to home, 'the growth in the voice of civil society is more evident. No company is remote enough to be off the radar screen of international NGOs and the media' (Kapelus interview).

Interviewees suggest that in South Africa, NGOs have been fairly flat-footed. 'NGOs could get their act together more, in the same way as international NGOs have done. They've had to reinvent themselves and grapple with a new set of issues now that the struggle is over' (G Keeton interview). But the success of the anti-apartheid campaign in the 1980s illustrates how vulnerable firms can be to public pressure on human rights issues. This 'forced SA corporates to think about apartheid as an issue'. Evidence suggests that the impact left by the anti-apartheid campaign still influences business responses.

Following the herd? The soft role of champions and peer pressure

Business decision-making is not purely about responding to an external environment. Like other human beings, business people are influenced by their peers, by those they consider leaders – and by fashion. Contrary to the claims of Marxist analysts, some neoclassical economists and sections of the financial press, business people are not endowed with a strategic omniscience which enables them to understand perfectly their social and political environment and then act on it entirely in accordance with their interests – most are not trained social analysts and there is no reason why they should have a superior analysis of society compared to, say, a bus driver.

Is business thinking on social and political interests therefore particularly driven by champions and peer pressure?

Some interviewees stress the diversity of CSI – 'there has never been such a thing as "conventional CSI" – everyone follows their own path' (M Keeton interview). But there do seem to be fashions, set not only by the external environment but by the influence of important figures in business. Within companies, while many interviewees suggested that 'the chairman's whim' was declining, it has not disappeared as a motive for CSI (Friedman et al. 2005). And one aspect which does make a difference is the influence of individuals championing CSI, whatever their title. Interviewees consistently identified this as a key driver: 'Without champions to drive corporate giving, nothing would happen' (Spicer interview). 'A champion is always needed in an organisation because it usually takes someone in a powerful position to pull the strings before a CSI programme can be initiated' (Mahuma interview). 'The Sasol Outlook Programme which gives to mentally challenged kids was championed by one middle-manager who was passionate about this and convinced the firm' (Landman interview). Many spoke of special individuals who were uniquely able to recognise good ideas. They also stressed the importance of 'gut feel' here. Research for the JSE Sustainability Index found that CSI is more likely to add value and involve stakeholders if prompted by a 'senior champion' (Reichardt interview, April 2004). This is cited as one argument in favour of the 'whim' of a CEO: 'It means that CSI is pursued by a person with vision – however misguided – as well as power within a company to make things happen' (Spicer interview).

Less clear is the power of 'horizontal' peer influence and championing – ideas or approaches which travel from one company to another. Some CSI practitioners do report comparing notes with colleagues in other companies but this is far less widespread than we might expect. One or two networks enable CSI practitioners to talk to each other, but participation in them – and their influence – seems limited (Hollesen interview). SAGA, now defunct, was an attempt to institutionalise horizontal influence for greater professionalisation, but interviewees reported that it failed to attract key CSI decision-makers. Among many of our interviewees, SAGA, it seems, failed to develop a reputation as a credible source of support to corporate grantmakers: 'SAGA no longer knew whether it represented the interests of NGOs or those of corporates' (Mahuma interview).

That fashions in giving are not spreading from one company to another is, according to one interviewee, confirmed by the JSE study, which found that 'there are no clear trends' (Reichardt interview, April 2004). 'There is too much duplication. There needs to be a forum that gets CSI executives together to align synergies and cut duplication to ensure maximum impact' (Naidoo interview). But peer discussion is constrained by the fact that people are busy and there is a disincentive to sharing experiences: 'it can backfire because people can be fired' (Hollesen interview). An interviewee suggested that the absence of role models was not restricted to CSI. In contrast to the past, South African business lacked opinion-leaders: 'There is now no one of similar stature to Harry Oppenheimer' (G Keeton interview). There are cross-company champions, 'but they are not as pervasive as one might assume' (Reichardt interview, April 2004). While another insisted that business thinking was now shaped by 'a more diverse group which includes people like Tokyo Sexwale and Patrice Motsepe', we found no evidence that they are shaping opinion on CSI. Saki Macozoma sought to shape CSI patterns through his involvement in the BT but his influence on black-owned companies' approach to CSI seems limited. Cyril Ramaphosa's Shanduka initiative seems potentially to place him as a leader in black business CSI but it is too early to evaluate this.

There are periodic attempts to provide institutionalised influences on CSI. An obvious one is the BT, a business–government partnership which has tackled education, tourism and criminal justice and is to be renewed once its current mandate ends, with a probable focus on public works. But, while an interviewee noted 'lots of peer pressure' in the Trust's approach, another observed: 'there are some very high-profile names that are not part of the Trust' (G Keeton interview). The BT was formed primarily to build bridges to government. CEO Brian Whittaker says it was formed partly because 'the political question at the time was not "what is your company doing?" but "what is business doing?"'(Whittaker interview). But the BT can also be seen as an attempt to place giving in the hands of a vehicle staffed by professionals. Whittaker believes an advantage of this collective approach is that 'an individual company doing this would be suspected of just pushing its brand' (Whittaker interview).

Professionalisation was not, however, an explicit reason for forming the BT. Whittaker insists that it grew out of a particular understanding of the business–government relationship. This was based on the understanding that business in this country faces 'extraordinary challenges' because 'it is under the control of an ethnic minority in a newly democratised state and…is seen to be in control of a substantial resource and appears to many to constitute an island of plenty in a sea of poverty.' The government faces 'extraordinary challenges' and 'one of the greatest factors affecting business's ability to face the challenges that confront it is determined by the way in which the government behaves' while 'one of the greatest influences on the government's abilities to face its challenges is the way in which business behaves'. These interdependent needs make 'a case for cooperation' which does not deny the 'sometimes opposing interests' of the parties but does 'rest on the belief that properly managed cooperation…can be good for business, good for government and good for the society…' Whittaker believes that the BT's record in areas such as tourism promotion, integrating the justice system and creating a new technical college sector demonstrates that 'co-operation adds value to the society which outweighs the costs to individual businesses of a loss of profile.'[13] It is, therefore, a desire to strengthen business–government partnership, not to professionalise giving, which underpins the BT.

Supporters of the BT say it also enables small and medium businesses that do not have CSI departments to contribute to society by donating to a trust staffed by professionals. But the collective 'advantage' is, in a context in which firms compete for favourable public images, a drawback to some.

Thus an interviewee in the financial services sector says that a challenge for the BT is that companies want CSI to promote their brands and give them a competitive edge. Initiatives such as the BT and the Joint Education Trust (JET), are not, it is said, seen by companies as alternative CSI vehicles since they 'don't want to outsource their identity or priorities' (M Keeton interview).

In one view, the BT was not a new model but a 'one off, designed to take advantage of political opportunity'. JET (an education project supported by business and political organisations) also arose because business realised it had to build a relationship with government. But these initiatives may have unintended consequences: 'partnerships lead to professionalisation' (Taylor interview). JET's Nick Taylor insists that this model is also a genuine partnership between business and professionals. 'Business people do not simply rubber-stamp what we do: they force us to account for our performance and results. And they ask intelligent questions' (Taylor interview). But whether this also improves effectiveness is hotly debated: 'The Trust [BT] centralises giving and reduces it to the lowest common denominator. For the corporate sector, risk is a four-letter word' (Appelbaum interview). And 'What [BT] is doing is no different to what is being done in companies' (Mahuma interview). BT, the NBI and JET may indicate a potential shift towards relying on professionals in much the same way as American foundations do, but they have not replaced traditional company CSI. Nor do they seem to have reshaped giving agendas significantly.

Initiatives such as the *Mail & Guardian* award and Trialogue, which has a peer to peer rating involving 100 NGOs and 100 corporates, are other examples of attempts to influence CSI decisions. But perhaps potentially the most significant is the JSE Sustainability Index, based on the FTSE4Good in London and thus a response to an international trend towards greater social accountability by business (Fine interview, 21 October 2003). The JSE index seeks to measure corporate social responsibility generally, but CSI is one aspect. Participation is voluntary; the 'carrot' is the prospect that inclusion has the 'potential to provide firms with a competitive edge' (Fig 2003: 9). This initiative must be seen in the context of King II, the 2002 *King Report on Corporate Governance for South Africa*, which urges companies to '[recognise] that stakeholders such as the community in which the company operates, its customers, its employees and its suppliers amongst others, need to be considered when developing the strategy of a company'. (Institute of Directors 2002: 6). It requires that all JSE-listed companies report at least annually on the nature and extent of...social, transformation, ethical, safety, health, and environmental management policies and practices (Institute of Directors 2002). King II has been accepted by many listed companies and the resultant 'sustainability reports' offer useful information on CSI. How will the JSE index seek to influence CSI? 'We look for capacity and consistency. Why were some people refused? Was the money used to good effect? As a shareholder, how do I know this?'(Reichardt interview, April 2004). There are doubts about whether the JSE measure is speaking to the need for more professional CSI – an interviewee complains that 'it misses much of the detail and nuance'. But it may reshape agendas (M Keeton interview).

The JSE index reflects a wider interest among business strategists in 'corporate citizenship', which sees the relationship between company and society as a core element of operating a business. It too has an institutional champion in the African Institute of Corporate Citizenship. The idea of a 'triple bottom line' in which economic and social sustainability occupy as important a place in corporate priorities as their financial equivalent has permeated the language of many business people: 'the triple bottom line philosophy has made a big impact on CSI' (Landman interview). Whether this has led to substantial shifts in behaviour is less clear but one view argues that the consequence is to relegate CSI in importance because it must fight for its place with broader sustainability concerns. The idea that CSI must be seen as only a facet of a broader social responsibility is strongly advocated by some (Rumney interview). However, advocates of broader social responsibility insist that CSI should not be jettisoned when companies take their social obligations more seriously, but should be integrated into a responsibility approach: 'Where the safety or health implications of company products have been challenged, firms ought to fund research which seeks to discover and assess the dangers' (Fig interview). In the business mainstream, mining companies might see CSI in mining communities as an attempt to integrate it into a wider social responsibility approach.

The JSE index and the initiatives discussed here may provide new influences on CSI and ensure greater spread of ideas across firms. But for now, while CSI within companies is apparently often shaped by champions, cross-company championing and peer pressure seem relatively insignificant – although this does not necessarily mean there are no CSI fashions.

Wellsprings of CSI

What are current trends in CSI practices and priorities? And what influences them? Several interviewees felt it would be easier to understand motives for and trends in CSI by periodising changes in corporate giving in South Africa as the agenda was modified by pressure and new needs. Prior to 1976, they argued, funding was reactive and relatively small, despite exceptions which saw giving as important to defuse radicalism and show opposition to apartheid. Between 1976 and 1990, corporates increasingly funded initiatives to change public policy or remedy apartheid's effects. Using NGOs as intermediaries became more common. Between 1990 and 1994, the NBI became the vehicle to show business commitment to South Africa. Giving was 'outsourced' and the 'cheque book mode' became most common. Money used for development was highlighted in annual reports and CSI took on a heavy marketing flavour. Between 1994 and 1998, companies began to form CSI trusts and to link CSI slowly to business strategy. CSI became a mechanism to help negotiate change and the 'triple bottom line' gained importance. In this view, between 1998 and 2002, CSI became more coherent and a professionalised approach emerged. The BT suggested a turn to funding *within* government policy which could fit comfortably in the minds of business decision-makers with notions of 'corporate citizenship', although a 'good corporate citizen' is not necessarily one who works within government policy but one who may also respond to wider social pressures (BCCCC 2003; Ward et al. 2002). The sustainability issue rapidly moved up the agenda with social responsibility maturing to become an integral part of business strategy. This was accompanied by changes in the way in which projects were managed. From 2002, this process continued with boards and executive management seeking ways to align CSI more closely with corporate goals and strategy. Corporate citizenship became 'the new buzzword' and CSI became linked to corporate strategy. Scorecards and charters potentially transform the way we see CSI. One interviewee summed it up thus: 'In apartheid days, corporates [gave] because of guilt, enlightened self-interest, and to show liberal opposition to apartheid. Now it is much more about the business imperative. We're more exposed to global pressure groups' (G Keeton interview).

If this periodisation is accepted, CSI patterns have evolved out of an interplay between external pressures and internal influences. The former have arguably been dominant. Companies have been motivated first by external realities, and the way in which these are filtered through changes in thinking and fashion within business shapes the quantity and nature of CSI.

Increasingly formalised procedures for managing giving have developed. Vision and mission statements, summing up the company's strategy, typically stress the triple bottom line. Giving tends to be managed in public or corporate or external affairs divisions, or through foundations. Budgets for sponsorships are usually seen as marketing department activities. Trusts for CSI have been set up with their own sources of revenue, independent of marketing budgets, and trustees are apparently 'jealous of their power' (Tucker interview), although this does not prevent turf wars between marketing and corporate affairs departments. CSI managers are said to be turning into sustainability managers with key performance areas. 'We're moving away to a more strategic calculation around CSI and its integration into the business model of companies. It is no longer relegated to the 13th drawer' (Coovadia interview). This is seen as a result of attempts to give coherence to company strategy, the professionalising of management and staffing, tax advantages, the size of the funds managed and a desire to keep the pressure of requests away from senior executives.

The raised level of awareness and strategic importance of CSI means that quality of staff becomes an issue. A constraint to professionalism is that practitioners are often 'transient people on a job ladder, setting their sights on higher jobs'; people who will not develop expertise but rely on instructions from the chair. CSI is a vocation to only a small group of people (Favis interview). But the creation of company CSI foundations is said also to coincide with a trend to buy in expertise (Rumney interview). In some cases, there is a trend towards hiring more staff with social research backgrounds. And an interviewee suggests that specialists may be in increasing demand: 'There is certainly a marketplace for professional CSI people and entities' (Shongwe interview). The move to more strategic projects has also created a need for impact assessments: 'When corporate giving wasn't such a strategic issue, it was difficult to demonstrate impact. There were also moral reasons for getting involved. Nowadays companies only carry on if they can recognise the benefits' (Kapelus interview).

But professionalisation can make companies less pioneering and flexible. The arts are, as noted earlier, said to have suffered as a result of the desire to become more developmental. Development is seen in narrow terms: 'Many businesses do not understand the potential for the arts...to generate employment,'[14] despite the launch by the government of a non-profit company, Business and Arts South Africa, with President Mbeki as patron, to encourage partnership on arts promotion. Organisations which offer alternative ideas have also been neglected, an interviewee believes: 'CSI should reinforce civil society organisations, especially those which deal with ideas – society needs think tanks. But they are poorly supported by local CSI' (Landman interview).

Nor may the theory of professionalisation reflect practice: 'There is a lot of professionalised giving with rigorous criteria. But watch out for a set of self-validating interests. Professionalisation can lead to bureaucracy, to form without substance' (Spicer interview). Another interviewee observed that 'corporates are aware of professional criteria, but often not able to apply them' (Schlemmer interview). There is now a veritable giving industry, complete with consultancies, conferences, and e-news journals. An unkind observer might argue that it has been a bonanza for those who design company strategy and are paid to monitor it but that enhanced performance is not a necessary outcome. The claim that companies are now less concerned with simply writing a cheque and hoping the money will be well used is also disputed: 'Research suggests that the cheque-writing mentality is very much alive – few companies are willing and able yet to put in place a CSI framework which can deliver a coherent approach.' Thus, in a sample of major corporates, 'just under half' seemed engaged not in development but in cheque writing: 'The biggest continued CSI trend is one-way hand-outs' (Reichardt interview, April 2004). This seems confirmed by a recent claim that major companies do not build lasting relationships through CSI efforts and are still guilty of 'cheque-book' development (NBI 2004). And measuring impact will always be problematic, 'largely because everybody is grateful for getting some form of handout' (Schlemmer interview). One measurement method is the 'sustainable livelihoods' approach for the assessment of corporate impacts on local communities. Hamann and Bezuidenhout (2003) argue that this entails a stakeholder analysis which considers how local groups affected by corporate activity stand to benefit or suffer from particular interventions. But at present, impact assessment seems relatively ad hoc. It suggests that, while talk of more 'professional' CSI may have permeated business thinking, translation into action is far slower.

And, as suggested above, some suggest that professionalisation has merely replaced one orthodoxy with another. They argue for a 'chaos theory of giving': 'You listen to people, go with your sense of what seems like a good project and, if you are right more than half the time you are doing well.' This assumes many grants rather than few, and few principles to guide giving rather than many. It inevitably produces significant errors, but can be justified if the lessons they teach are learnt. It is also an important rationale for humility (Godsell interview). Most important, it also allows for innovation and comparison between projects.

The limits of professionalisation were confirmed by two case studies we researched: AngloGold and Pick 'n Pay (see Friedman et al. 2005). AngloGold is a long-standing exemplar of 'professional' CSI. By contrast, Pick 'n Pay's social investment is widely seen as the product of decisions by its founder, Raymond Ackerman, who has no background in social analysis and whose strong personality and preference for 'hands-on' decision-making make him the archetypical whimsical chairman. The two examples seem tailor-made to test the contrast between expertise and impulse. To a degree, the case studies confirm the conventional wisdom. But a closer look suggests that the difference between the two is not nearly as great as it seems. The research presents further evidence of the dangers of formulating a stark contrast between 'whim' and professionalism.

AngloGold is hardly the only company which seems to find it difficult to make decisions based on considered policy alone – the problem is almost universal. This is illustrated by the 'Madiba schools' mentioned earlier. Not a single interviewee suggested that they were an appropriate contribution to development. All who considered their CSI more professional acknowledged that their policy did not provide for giving in response to requests by saintly individuals, and yet just about all acknowledged having funded one of these schools. The example might be considered as evidence that not even the most elaborate CSI policy can withstand an appeal from an icon. But interviews suggest that the Madiba schools are not the only case in which policy can be overturned by a strategic appeal to the company or by the enthusiasm of a senior official.

The case studies suggest that 'the chairman's whim' may be a far more inexorable feature of CSI decision-making than current orthodoxy suggests. Corporations are not parliamentary democracies: their chief executives are, despite accountability to shareholders, expected to exercise far wider prerogatives than those meant to be afforded to elected politicians –

they are expected to take charge of decisions and to be judged by their results rather than their responsiveness or accountability. It is therefore perhaps inevitable that, where a csi decision seems essential to company well-being, the chief executive will insist that it is made, whether or not policy allows for it. Also, most companies' relationship with South Africa's society and its governing elite makes them unusually vulnerable to special pleading or personalised appeals. Most are white-owned businesses that are considered to have benefited from apartheid and are therefore under some pressure to show they are committed to a democratic South Africa. This raises the stakes of saying 'no' to politicians and activists. Then, whim may be less whimsical than it seems.

One interviewee suggests that business people (like other humans) are motivated by a desire to impress those whose opinions they value or whose approval is important to them, whether for strategic or psychological reasons – csi decisions are prompted by an assessment of what that target audience values (Favis interview). In this view, the decisions of a whimsical chair are not simply impulses but assessments of what the audience important to the chair values. Given Pick 'n Pay's assiduous attempts to demonstrate its friendliness to consumers, its chairman's 'whim' may be an attempt to appeal to the average shopper rather than the political scientist or development professional. Other decision-makers may be motivated by a desire to win approval from people of a similar background and social status or of politicians whose goodwill is assumed to be necessary. There is nothing arbitrary about this – decisions are a product of social networks, cultural backgrounds and strategic calculations. Finally, since there is little consensus in South Africa on which interventions work and which do not, we have no way of demonstrating that a csi decision taken as a result of a chance conversation at a cocktail reception is any less able to produce development than one taken by a sociologist turned business executive. This analysis illustrates the importance of diversity in approaches rather than an attempt to shoehorn csi into a single, 'professional' paradigm.

Listening to beneficiaries?

Implicit in the notion of more professional CSI is often the idea that companies should work with those to whom they give, rather than taking decisions unilaterally. Whether firms are writing out cheques or engaging in longer-term projects, they need to ensure, it is argued, that those to whom they are giving want that which is given. But some interviewees pointed to limits to consultation: 'How do you prevent misidentification of community needs? If you rely on people rooted in the community, they could become a powerful clique and block you' (Maphai interview); 'We also don't just accept what communities want – we open them to new possibilities' (Vukuza interview). But consultation has become orthodoxy among practitioners and analysts: 'By not simply writing cheques, but becoming involved in projects, companies avoid just giving to a shacklord – some form of community involvement is necessary' (Rumney interview). There is, therefore, much talk of working 'with communities'. Mining companies who give priority to the areas in which they operate tend to stress this particularly. But they are not alone in talking of 'communities' as identifiable stakeholders in development. This raises two problems. One is how serious corporates are about consultation; the other is whether it is possible to achieve effective consultation.

On the first score, there are, as noted, doubts about the degree to which companies really do work with beneficiary partners. Some clearly do but, it is argued, they remain a small minority. It may be significant that CSI foundations rarely, if ever, include as trustees people who are not employees of the company. Nor, it seems, do most have institutionalised mechanisms for consultation. In many cases, the fact that someone has asked for money is presumably deemed sufficient to demonstrate a perceived need among beneficiaries.

Where companies do seem to consult 'communities' or 'stakeholders', the problem is how to determine whether those with whom they engage do speak for beneficiaries. This is difficult enough for development professionals (Friedman 1993), let alone for CSI officials inexperienced in social dynamics. Where interviewees acknowledged the problem, two responses were offered. One is to commission the expertise of social researchers. As a result, 'we have never had a problem with people getting something they don't want' (Maphai interview). The other, specific to mining companies, is to take seriously the perspectives of local mine personnel: 'Business people are also part of the community in which they operate' (Godsell interview). A variant – in companies not similarly rooted in a small geographic area – is a move to greater staff choice in CSI. The Charities Aid Foundation runs a 'give as you earn' project in which staff give to an organisation of their choice, often actively participating in where the money goes, via field trips. Priorities which emerged during surveys among corporates are: HIV/AIDS, particularly AIDS orphans; the elderly; children; disability; and animal welfare. This can be seen as an attempt to identify need by relying on employees' understanding of the society in which they live. A practitioner warns, however: 'Giving which involves staff as champions is often not so popular at a time when the company is doing badly and retrenchments are occurring; staff begin to question the validity of giving to a community when their jobs are being threatened' (Mahuma interview). Also, devolving to staff the power to set CSI agendas (albeit to a limited extent) by identifying priorities would seem to erode the trend towards professionalisation since staff members are, of course, not CSI professionals.

Relying on staff to identify priorities is open to two other objections. Firstly, South Africa is a divided society and identification of needs may differ depending on the identifier's race – deciding whose needs take precedence would require a difficult balancing act. Secondly, the poor do not work for corporates – indeed, most are unemployed. There is therefore no guarantee that company employees know anything more about their preferences than CSI officers do. The only empirical guide we have suggests that companies that do seek partnerships may be less connected than they think. The survey commissioned for this study found little recognition at the grass roots of business as a contributor to development (Everatt & Solanki 2005). Whether partnerships between business and the beneficiaries of development are possible is open to debate; but it is clear that, if partnerships are possible, they do not yet exist.

A subset of the business–stakeholder arrangement is the relationship between businesses and NGOs. While businesses do work with NGOs, particularly those that deliver services as opposed to advocacy groups, a degree of resentment is evident. Some interviewees suggested that NGOs were unaccountable and ought to subject themselves to the accountability they expected from business (Godsell interview). This perception that NGOs hold business to standards to which they do not have to adhere is hard to understand: many NGOs which solicit business funding are subject to legal accountability since they are often non-profit companies or trusts which must account for the funds. What is clear is that the relationship between CSI practitioners and NGOs is complicated, involving conflict and cooperation. 'Business and NGO have very different world views' (Hollesen interview).

What's hot, what's not: giving priorities

Despite the lack of CSI trends in the responses to the JSE questions, there seems to be a convergence on 'fashionable projects'. Education has tended to take the biggest slice and not only because of tax concessions, since much funding goes to projects for which concessions are not available. According to the South Africa Foundation (2004) study, education and training do continue to dominate (see TABLE 5.1). One interviewee complained of 'too narrow a focus on education' (Saldanha interview). Spending on HIV/AIDS is growing, partly the result of a perceived inadequacy of government action and its impact on productivity and the survival of companies. Environmental concerns are also moving up the agenda – witness the amalgamation of the Business Council for Sustainable Development into the NBI. In the context of high unemployment, job creation and entrepreneurial development are seen

TABLE 5.1 *Average CSI budgets of 25 companies*

Area of investment	R (million)
Education and training	6.95
Small business development	5.00
Welfare and benevolent agencies	3.20
Health	2.20
Arts, music and drama	1.90
NGOs (research, policy or publishing)	1.60
Environment or conservation	0.80
Other	2.30
Total social investment (excluding sport)	23.95

Source: South Africa Foundation 2004:5

as vital. Business linkages between large corporates and SMEs are seen as an important route to tackling this challenge (SBP 2003)

Trialogue also finds that education dominated priorities in 2004 although, because it separates education and training, it finds that only 36 per cent of CSI budgets went to education (and another 10 per cent to training). This is still way ahead of health (12%), social development (12%) and 'job creation and small business development' (10%) (Trialogue 2004: 85). Trialogue also finds that, over the longer term, the emphasis on education is declining sharply – it comprised 66 per cent in 1991. Health is the rising funding target, an obvious response to the HIV/AIDS epidemic; it accounted for 13 per cent in 2002 compared to 9 per cent in 2001. An estimated 60 per cent of health spending is allocated to HIV/AIDS, or nearly 8 per cent of all CSI spending. But Trialogue's most recent calculations suggest a more uneven pattern for education which increased as a priority in 2003 compared to 2002, and then declined in 2004. Health, it finds, rose in priority in 2003 and 2004 (Trialogue 2004: 85). These broad trends are supported by an examination of the sustainability reports of the top 100 companies, which finds that education continues to occupy first place while HIV/AIDS is a growing focus.

Emphasis falls heavily on development projects rather than attempts to influence public policy. While in the late 1970s, 1980s and early 1990s corporates funded the Consultative Business Movement and the Urban Foundation, which sought to promote policy change, this waned with the end of apartheid. AngloGold's decision to fund political parties, which was followed by some other corporates, indicates a revived interest in the political environment but, while it received much publicity, only a few corporates followed suit. Others concluded that the intervention was too risky and too likely to offend parties which are not funded (Maphai interview). In general, business has shifted in the post-apartheid period from a concern to be seen to be pursuing change to a desire to show that it is fitting into the new political reality. Potentially offending government by supporting political activism is not consistent with this. And, as noted, the arts and intellectual activity are low priorities: 'Once a middle class has been built through education and employment, one can begin to think about funding art. There needs to be a hierarchy of needs in social giving' (Shongwe interview).

There is no evidence, however, that the shifts in funding patterns are a result of professionalisation. They seem more to reflect changes in the climate of opinion and business's response to them. This, an interviewee worries, has costs: 'The problem is that corporates keep on changing the focus of their giving and projects and programmes are suddenly left destitute' (Shongwe interview).

Conclusion

The most important finding of this study is that the current stress on CSI professionalisation is, in an important sense, inappropriate. Certainly, professionalisation has brought significant advances in CSI thinking. The insistence that decisions ought to be seriously considered and accountable;

that CSI ought to be governed by principles such as the need for clear and coherent procedures and criteria; that there should be broader participation in decisions; and that it should not be used to gain personal advantage (by using shareholder funds to support something in which the relevant executive has a personal stake) or to curry favour with politicians in the hope of special treatment, establish important principles to which any CSI vehicle ought to account. It may also have ensured more rigorous scrutiny of recipients and their books, ensuring that money is spent on the intended purpose. But it is open to question whether 'professionalisation' is the appropriate term for these changes. The idea that CSI should be more accountable and that people who are responsible for it ought to consider carefully their reasons for giving is a plea for higher ethical standards, including the duty to take seriously the disbursement of other people's money. It could be argued that calling this 'professionalisation' does no great harm if it serves to make CSI more considered and accountable. However, nomenclature does matter and the term 'professionalisation' can all too easily be understood as the insistence that there is a superior technique available and that all can agree on what it is. It is this which is inappropriate.

The reason for this judgement is not simply that there is no clear way of distinguishing between 'worse' or 'better' giving. It is also that the pressure for professionalisation may be foreclosing important options and preventing companies from spending their money on some important priorities. Of course, 'whim' also does this, particularly when, as it often does, it consists of acting on conventional wisdoms among senior business people. But the fact that 'professionalism' presents itself as a higher order of decision-making may make its conformities more difficult to dislodge. It was noted earlier that current trends seem to be affording priority to material development rather than intangibles such as the arts, advocacy or policy formulation. But it may be precisely to these latter activities that CSI resources are best directed. Firstly, material development is arguably best undertaken by governments which are meant to command the capacities to deliver on a far greater scale than anyone funded by CSI. If governments do not have that capacity, it seems more appropriate to encourage its development than to substitute for it. Secondly, to concede the funding of creative and intellectual activity and of political advocacy to governments (by excluding it from CSI budgets) is to stultify it or risk eliminating it altogether given that the government is unlikely to support alternatives to its perspective. If a workable democracy must consist both of freedom and effective material provision, then it is precisely in the first category that a multiple of private choices is needed. The second can, in principle, be assigned to a democratic government acting on expressed public preferences.

Professionalisation can also encourage the adoption of uniform approaches on the grounds that they are 'professional.' As some interviewees suggested, fad could become even further elevated by demands for 'state of the art' approaches. At present, this seems to be accompanied by an attempt by the government to ensure that CSI is aligned with its policy. It could be argued that aligning CSI with priorities identified by government – including the local variety through IDPS – means that giving priorities are determined by elected representatives rather than by unaccountable businesses (Vukuza interview). But CSI is private giving and it should arguably be no more bound by government priorities than NGOs should be forced to do what the government tells them to do. While government spending should seek to be consistent with goals endorsed by political majorities, corporate giving should be governed by principles such as innovation and diversity if it is to play its appropriate role, which is to focus on some of the priorities which government cannot and will not fund. This is not a libertarian argument which implies that business knows better than government. If governments wish to set development priorities and raise corporate funds to support them, they may do this by raising taxes. It is contradictory to give companies discretion to spend CSI and then demand to determine how that discretion should be exercised as, for example, in the requirement that CSI be consistent with local IDPS. If there is an argument for CSI – and not everyone agrees that there is (Rumney interview) – it lies precisely in the notion that private discretion is needed so that important social activities which would otherwise be ignored receive funding. Directing CSI into channels identified by government defeats that purpose and narrows the range of CSI. Conformity with government wishes is not a necessary consequence of professionalisation. Competent professionals may lead it in precisely the opposite direction. But the risk that many companies will interpret professionalisation as a rationale for uniform approaches which fit neatly into government intentions is real.

Even if government was not seeking to direct CSI, the trend towards uniformity would impair effectiveness. As we argue elsewhere (Friedman et al. 2005), innovation, not 'professionalism', seems to be the most desirable goal for a CSI programme for two broad reasons. First, as several interviewees suggested, greater development effectiveness is far more likely to emerge by trial and error, by attempting new approaches and learning from the attempt to implement them, than by the adoption of development fashions. Because CSI is well entrenched in some companies, professionalisation can also reinforce bureaucratic stodginess – initiatives will be funded simply because the company has been doing this for years. Second, private companies can afford to experiment in a way in which public institutions cannot and are thus ideally placed to try new approaches which may enrich development practice. The more CSI produces new ideas and projects, and the more it penetrates the nooks and crannies where governments do not go, the more it will serve society and the goals of the businesses who initiate it. The enthusiasm for professionalisation, with the government's increasing interest in directing where CSI should go, risks imposing a uniformity on CSI spending which is likely to impede progress towards a workable democratic future because it may divert resources away from vital activities for which CSI may be the most likely source of support. Diversity in CSI priorities must be maintained if corporate giving is to fill gaps left by other funding sources.

As noted earlier, this does not mean that unbridled whim should dictate CSI priorities. The argument presented here does not disregard the contribution which competent CSI professionals can make to development. Nor does it argue against taking CSI more seriously. It merely insists that we ought to judge CSI by whether it brings something new to the society's development efforts, not by whether it fits into a mould (however sophisticated that mould may be). Just as we rejected total relativism in assessing CSI, so we do not argue that an effective corporate contribution to society's needs requires no scrutiny of CSI decisions or attempts to improve CSI decision-making. Both are important if CSI is to become more effective.

The demand for more accountable CSI (which may well be what many advocates of 'professionalisation' are endorsing) is appropriate because it forces practitioners to defend their decisions. This is an important principle for anyone disbursing money on behalf of others, but is also a likely route to greater effectiveness because decision-makers who are forced to account have much greater incentives for success and disincentives for failure. Greater scrutiny of how and why companies take CSI decisions is vital. Where companies are listed on the JSE, they have no more right to place their CSI beyond scrutiny than any of their other activities. Companies which are non-listed are, like any other institution in society whose activities affect others, also obliged to account for their actions if for no other reason than that their stakeholders are entitled to know whether they are dealing with a firm whose social investment they find appropriate.

It is precisely the assumption that CSI should be scrutinised and evaluated which gave birth to initiatives such as the *Mail & Guardian* CSI awards, and which underlies the inclusion of CSI reporting in King II requirements and those of the JSE Sustainability Index. The challenge, however, is to encourage scrutiny and informed public debate on what companies do with their CSI funds without imposing uniformity. And, since awards and indices can influence corporate behaviour just as government prescription can, uniformity is a real danger.

There is no handy antidote, except to encourage a way of thinking about CSI which recognises that the public has a right to know about and debate CSI, but that diverse approaches are essential. Demands that all companies are transparent about their CSI may be appropriate – demands that they pursue particular approaches are likely to cost the society far more than the presumed benefits.

There is an important policy pointer here for the government as well as for business. While the temptation to inspan CSI behind government development goals must be great, it is counterproductive, not only to society but also to government.

Firstly, as argued above, it will deter the innovation which can ultimately assist government efforts as much as those of private development practitioners. Encouraging diversity in CSI is likely to lead to better development and thus to enhance the progress which the government desires.

Secondly and perhaps less obviously, CSI can fund essential parts of social life which governments cannot or will not fund. Thus, for example, even if the arts are not recognised as a major source of development, a society in which the arts are marginalised is unlikely to be able to meet its development challenges. Since it may be an inappropriate use of resources for a government facing great development challenges to pay for dance workshops for township youth, let alone opera and ballet, CSI can fill the gap, ensuring that a vital social activity continues without straining the fiscus. And, as several interviewees suggested, the funding of new ideas and information has even more obvious development effects and may be an even more appropriate funding target for business, as opposed to government, given the need for intellectual activity not to be beholden to the political authorities. And even advocacy activities, which governments are likely to find most threatening, are likely to contribute to more effective government by identifying problems and pointing to solutions.

CSI is, therefore, most likely to fulfil its social role if it is seen as the vehicle not of a spurious 'professionalism', nor as a ready source of government development funds outside the tax system, but as a source of innovation and as a means of providing for those social needs which are essential to society, but which are inappropriate destinations for government funding. If that view is accepted, the innovation and enterprise which is increasingly denounced as 'whim' may be seen as the key to effective and developmental CSI, provided that it adheres to the concern for accountability which is the most important contribution of current CSI thinking. Companies that do the unusual and the unpopular, but are open about what they are doing and why they are doing it, are the key to responsible and developmentally useful CSI.

Notes

1 Email communication, Margie Keeton, 2 March 2005.
2 Comments by Khehla Shubane at meeting of project reference group, 15 July 2003.
3 Email communication, Michael Spicer, 22 February 2005.
4 Email communication, Margie Keeton, 2 March 2005.
5 The extent to which this actually happens cannot be determined from the available data.
6 Email communication, Margie Keeton, 2 March 2005.
7 A food chainstore gives substantial quantities of food away to the poor but has never thought to publicise this – or even to regard it as a CSI initiative (Reichardt interview) .
8 The model has been adopted, among others, by AngloGold Ashanti and ABSA (Simelane interview).
9 Temkin S, More companies embrace corporate governance, *Business Day* 14 January 2003.
10 But there is also resistance to the idea that philanthropy should attract tax concessions (Appelbaum interview).
11 Among the perceived flaws are a concentration on building school buildings rather than on fully capacitating schools, and not harmonising projects with the programmes of provincial education authorities. Current Foundation approaches are influenced by a study of rural education conducted for it (NMF 2005).
12 Greenpeace prevented Shell from disposing of its Brent Spar oil in the North Sea and caused reputational damage by highlighting the oil company's failure to oppose the Nigerian junta's execution of human rights activist, Ken Saro-Wiwa, in a part of Nigeria where it had extensive operations.

13 Email communication, Brian Whittaker, 17 February 2005.

14 Danby, quoted in E Webster, Firms need to shift thinking to see potential of the arts, *Business Day* 7 May 2002.

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6

The colour of giving: racial identity and corporate social investment

Steven Friedman, Judi Hudson and Shaun Mackay

THE TRUISM THAT BUSINESS DECISION-MAKERS are human beings, with histories, identities and beliefs, would seem to be obvious. And yet, it is often ignored. On both the left and right, analysis often tends to assume that business decision-making is motivated purely by considerations such as 'class interest' or 'maximising marginal utility'. The logic of operating a profit-making business, in this view, inevitably dictates that decision-making will instrumentally weigh costs and benefits in an attempt to produce the best possible outcome for the business – or for business in general. This is dictated, it is assumed, by the logic of the market (for those sympathetic to business) or the imperative of class interest (for those who are not). Whatever identities people bring with them into their business decision-maker role, their decisions must, it is assumed, transcend this background if their business is to succeed or their dominance of economy and society is to endure (Hayek 1952; Marx 1964). In other words, the logic of their position forces them to make instrumental decisions regardless of their race, religion or political preferences. Clearly, if this is true of all business decisions, it must apply to corporate social investment (CSI) as well. From the left perspective, CSI is thus assumed to be an instrumental means of ensuring that those who dominate the economy continue to do so. From a mainstream business perspective, it is understood as an attempt by the company to maximise its effectiveness in its environment.[1]

Of course, as many adherents of this view would no doubt acknowledge, this does not mean that all CSI decisions must be rational and appropriate. After all, human beings make mistakes. And, if these errors occur regularly, it may be because they are incompetent, or that they lack the knowledge to act instrumentally in a way which maximises their advantage. If all business decisions were based on an accurate assessment of a company's strategic needs and appropriate action on them, there would be no presumed need for business schools to teach executives how to make effective decisions, and there would not be the pressure to 'professionalise' CSI, which is discussed in Chapter 5 of this volume.[2] But it does mean that the logic of operating a business is assumed to compel people to place the company's strategic interests ahead of their 'prejudices'.

There are, however, two problems presented by this approach. First, it is not at all automatic that this is the way in which economic decisions are actually taken: pioneering empirical research is, for example, showing the important role of 'non-rational' factors such as intuition and culture in economic decision-making (Henrich et al. n.d.; Kahneman 2002; Tversky & Kahneman 1992). If non-instrumental decision-making is a necessary feature of economic decisions, then the 'norm' of a *homo economicus* able to decide purely on instrumental grounds is a myth and business success must be accompanied by a fair degree of decision-making which stems from intuition or other factors which are not instrumental – such as identity.

Second, even within the conventional view which insists that there is no possibility of 'non-rational' business decisions producing effective outcomes, if we accept the conventional wisdom which underpins the 'professionalisation' approach to South African CSI, then the logic of the market which punishes 'irrational' decision-making does not operate in relation to CSI since it is widely agreed that corporate giving has been based on irrational 'whim' for decades – and yet the companies whose decisions are driven by this 'whimsy' remain going concerns. The reason, of course, is that CSI spending affects a small proportion of company revenues – around 1 per cent of after-tax profit is the sum most frequently mentioned (Naidoo interview; Mollo interview; Landman interview) – and this is not nearly enough to threaten the company's health. Whatever the strategic functions imputed to CSI by analysts on the left, the fact that it is not an operational expense and that companies cap the amount they are willing to invest in social programmes means that there is no necessary relationship between the effectiveness of CSI spending and the performance of a company.[3] The chances that non-instrumental considerations would influence corporate giving are, therefore, enhanced by the reality that market discipline does not, in the main, apply to CSI.

Chapter 5, therefore, discussed the degree to which personal choice or 'whim' may shape CSI decision-making. But if we leave the matter there, we are left only with the 'chaos' theory of CSI (Godsell interview) in which a host of unexplained personal preferences shape the patterns of corporate giving, leaving us entirely unable to explain why some priorities rather than others are chosen. It may, however, be possible to assume that personal preferences play an important role in decisions but to insist also that, to a considerable degree, they can be explained. People do not make choices in a vacuum – our decisions are shaped by those who are able to influence us and, therefore, by our work and social environments. And they are also influenced by our personal histories and identities. If there is a causal relationship between particular types of identities and histories on the one hand, and social giving on the other, we need to unearth it if we are to understand CSI and to recommend ways of improving its contribution to the society.

In South Africa, race is often assumed to be the most important social identity (Friedman 2004). This is obviously a product of a past in which, until 1994, race determined access to status and rights. This means that, to a considerable extent, personal history and identity are inextricably linked – people old enough to have grown up under apartheid will have been shaped by experiences which were determined by their place in the apartheid racial hierarchy. If, therefore, there is one pervasive identity and history which shapes corporate giving in this society, we would expect it to be race. And, if race is indeed important as an influence on CSI behaviour, we should expect the deracialisation of South African business and the consequent rise of black-owned companies to promote significant shifts in corporate giving, making this issue one of great importance to the future of corporate giving in the country. This chapter examines the proposition that racial identity plays an important role in shaping CSI behaviour in an attempt to add to our understanding of possible future CSI trajectories.

The two dimensions of identity giving

There are two ways in which racial identity may shape corporate giving in this society. First, there may be a causal link between racial ownership of businesses and CSI patterns. While the pace of black economic empowerment (BEE) is often criticised, some large companies are now owned by black people. The extent to which we can discern different social investment patterns in black- and white-owned companies is a lively and, inevitably, highly politically charged point of discussion. On one extreme is the frequently heard view that black-owned companies do not invest in social causes. On the other, the claim that black business people, given that they will have personally experienced apartheid (and are in many cases graduates of the anti-apartheid 'struggle'), should be expected to be particularly open to addressing social needs[4] – and particularly equipped to know what these needs are.

Second, the role of black CSI practitioners in white-owned companies may be different to that of their white colleagues. While people who dispense corporate funds do not, of course, have unlimited latitude to decide on priorities, they are presumably appointed to bring their perspective to the task of choosing social priorities. If there is indeed a difference between a 'black' and a 'white' approach to CSI, and white-owned companies are willing to listen to their black CSI specialists, then we would expect the racial identity of the CSI practitioner to influence patterns of giving, even if whites own the company. The extent to which there are racial differences in CSI decision-making and practice and, if there are, the extent to which they influence corporate spending decisions, is an important determinant of South African corporate giving patterns.

The beneficiary as giver: racial ownership and corporate social spending

Do black-owned businesses respond differently to CSI? A common wisdom has it that new black-owned corporates give little or nothing to social causes because they see themselves as disadvantaged recipients of development resources, not as their disbursers. This claim is directed specifically at formal businesses which have become black owned as a result of the BEE project of the past decade. Indeed, one interviewee suggests that BEE seems to offer something of an exemption from CSI responsibilities: in some cases, it was claimed, a joint venture between white and black business served as a shield against corporate social responsibility in all its forms, ranging from fair labour practices to CSI (CSI analyst interview). What evidence we have, however, suggests that smaller, locally-based black businesses may also not be seen as substantial givers. The survey commissioned for the study of social giving suggests that black-owned local businesses are seen as a potential source of development funds, but far less than their equivalents in other racial groups. It asked respondents who they would approach if they wanted funding to start a community project. The three main answers – at 13 per cent each – were local business, local government and a bank or other financial institution, followed by large corporations and religious institutions at 10 per cent. However, only 10 per cent of African respondents said they would approach a local business for funds, compared with 22 per cent of white, 29 per cent of coloured and 30 per cent of Indian respondents. White respondents were most likely to approach a large corporation (18%), twice as many as respondents of other races (Everatt & Solanki 2005: 31). Since, despite change over the past ten years, most South Africans continue to live in areas peopled predominantly by members of their racial group, it seems reasonable to assume that black-owned local businesses are less likely to be seen as a potential source of help in their neighbourhoods.

Some of our interviewees, however, insisted that reality is more complicated than the image of a black business community unwilling or unable to give might suggest. First, it is suggested, there are clear cases in which black corporates do give – Armgold chair Patrice Motsepe's support for football development is cited as one example[5] (Mahuma interview). One key black business figure who does seem set on promoting a socially conscious image and stressing CSI is Shanduka Group chair (and former ANC Secretary General) Cyril Ramaphosa. Last year, he seemed to pioneer a new departure on CSI by black business by launching the Shanduka Foundation, a CSI trust which, he said, aimed to spend R100 million over ten years in CSI programmes such as skills and human resource development. This appears to be the first dedicated CSI trust established by a black-owned business and is consistent with his repeatedly expressed public position that BEE companies ought to accept a social responsibility. Indeed, he seems to see CSI partly as a means of demonstrating that BEE can be socially conscious.[6] While Ramaphosa does not seem to have attracted the same attention among CSI practitioners as some other key black business figures, he does appear to be projecting a far more overtly socially concerned profile than other black business leaders – and devoting resources to social investment.

One interviewee also reported that: 'There does appear to be an upward trend in giving from BEE companies. And the financial charter will ensure that even more begin to give' (Naidoo interview). Second, some insist that 'high-profile black business people give as individuals', reflecting a financial reality in which their companies are still vulnerable but their personal wealth allows them to contribute. 'They know that they will be held to account if only a small group of black people prosper while others remain in poverty. So they do see a need to give as individuals.'[7] And an interviewee questioned the assumption that black businesses should be singled out as non-givers: 'There are many examples of white corporates who don't give either' (Rockey interview).

Nevertheless, there is a widespread view that social giving is not an activity in which new black-owned companies significantly engage: several interviewees insisted that black companies are not giving as much as they might. Certainly, of the 145 companies that support the Business Trust (BT), only a few are black: 'A problem with the Trust is that there are not that many significant black empowerment companies in it, or at least there were not when it started' (Sikhakhane interview, 22 September 2004). Black companies' membership of the National Business Initiative (NBI), a vehicle for business social involvement, is also low – NBI hopes to target black businesses in its membership drive. While this may be explained by the fact that NBI was initially a white business initiative and black business people may therefore not feel comfortable in it, the BT was a joint initiative by white and black business people, whose participation is considered essential to the venture's success: 'Without the involvement of [black businessman] Saki Macozoma the first Business Trust would not have worked. Without the enthusiastic buy-in of people such as Patrice Motsepe and Tokyo Sexwale, the second will hit hard times' (Spicer interview). This insight reflects, of course, a wider reality – if business leadership is likely to become increasingly black, then black business attitudes will increasingly shape future CSI patterns.

But initiatives with a substantial white business presence may be unreliable indicators of black business attitudes – black owners may stay away from them because they are seen as white business projects rather than because they are reluctant to contribute to social causes. While there is wide agreement that black-owned businesses are not giving much, views differ on the reasons. One frequent explanation is that the BEE companies are simply not well-resourced enough yet to give in great quantity – interviewees noted that 'many BEE companies have insufficient resources to give' (Sikhakhane interview, 25 August 2003). Others spoke about the 'huge pressures on BEE companies to succeed': 'they are the new kids on the block and have to demonstrate their financial prowess'; 'they don't have deep pockets' (Kapelus interview); 'are any paying dividends?' (G Keeton interview). In the words of another, 'Companies need to establish themselves first before turning their attention to CSI and related issues. Black companies have not reached this point yet' (Spicer interview). 'Oppenheimer showed that once you have a level of largesse you can afford philanthropy' (Slabbert interview).

A black CSI practitioner notes that many people believe that all BEE companies are making an enormous amount of money, but many were leveraged by borrowing large amounts of capital from banks or foreign investors. Many have failed to even realise a profit and, even if they do make one, they have to pay their debts to investors and their taxes. So they are often left with little to maintain their own lifestyles, let alone give to others. Most giving by companies is based on a percentage of profits – and many BEE companies are not making any profits yet (Mahuma interview). The notion that levels of giving improve as levels of affluence increase may receive indirect support from the survey noted earlier which finds that those with a high socio-economic status are more likely to approach local businesses (Everatt & Solanki 2005: 30). This is fairly tenuous evidence but does suggest that local business philanthropy is most active in areas where there is least need because the better off the neighbourhood – and, presumably, the businesses in it – the more active the role in giving. Since black-owned businesses are usually in a more parlous state than their white-owned counterparts, this would inhibit CSI by black-owned companies.

Others, however, insisted or implied that BEE corporates could give more than they did: 'It does not matter how little a BEE business is making, part of this profit can be ploughed back into the community through giving. Many BEE people still have "short arms" that cannot seem to reach into their pockets to give. Even many black professionals who can afford to give don't' (Shongwe interview). 'Far too few BEE companies are giving' (Mahuma interview). An interviewee complained that BEE companies 'are too busy pursuing wealth' (Maxwell-Stuart interview). Yet another questioned the claim that black business people are giving as individuals: 'What proof is there?' (Schlemmer interview). And some insist that this is indeed the consequence of an approach which suggests that BEE companies are exempt: many harbour a feeling that 'this is now the time for their place in the sun. They've fought hard and now can just get on with business' (Middleton interview). Others said black businesses have 'no historical memory of giving, which white companies have' (Kapelus interview).

One fragmentary piece of evidence suggests that black-owned businesses' CSI patterns may be influenced by the complex workings of identities rather than their size and profitability. Some have donated to Synergos, a New York-based centre of international corporate social investment which raises money from businesses throughout the world and is similarly engaged in funding globally. The donations were made at a gathering called by the now defunct Southern African Grantmakers' Association (SAGA) and a visiting Synergos delegation to solicit contributions (CSI practitioner interview). The donations to Synergos are social investment. But it is, of course, of interest that local black business people should find an international fund (which does support South African projects but is involved in many other countries too) a more appropriate CSI vehicle than local causes. Since Synergos is supported by many prominent businesses and entrepreneurs around the globe, the logical conclusion is that black businesses who donate to it value the status attached to giving to a fund supported by leading companies in the affluent north more than seeking to raise their credibility at home, suggesting that winning the esteem of the international business 'club' is a greater priority than gaining the respect and affection of local constituencies. While there are no doubt many white business people who feel the same, it is an interesting phenomenon in the light of suggestions that black business people are likely to feel more 'rooted' here than their white counterparts. Since black business leaders may be concerned to dispel prejudices by showing that they are full members of the international business community, supporting an international fund may well be a more 'logical' identity-based response than giving to local causes.

Another partial explanation, and an important factor in explaining motivation to spend on society more generally, is that black business people arguably have less reason to demonstrate their credibility than white-owned companies for the obvious reason that they cannot be accused of benefiting from apartheid. White businesses' CSI is a consequence at least partly of a desire to show that white businesses do care about apartheid's victims. It is partly a response to codes of conduct and calls by black leaders to show concern for the majority, which would be deeply ingrained in the thinking of white business people but not in their black counterparts. Business people who have no need to demonstrate local credibility are obviously less likely to see CSI as a means to do this.

If BEE companies' limited involvement in CSI is a consequence of a world view which insists that black owners should, because of their historical disadvantage, be exempt from CSI, it is likely to face increasing pressure since there was no support among interviewees for the notion that black-owned companies should not give. 'CSI is a mindset thing and people need to be brought on board this mindset of giving. A mindset thus needs to be cultivated which encourages black business to give. Black business people need to endow chairs at the universities, for instance' (Shongwe interview). 'There is definitely a need for BEE firms to plough back into the broad South African community as they begin to make profits. Black empowerment companies need to accept the same obligations to give as their white counterparts' (Naidoo interview). One interviewee cites the history of sections of Afrikaans business which also emerged from relative marginalisation as a beneficiary of deliberate public policies:

> One per cent is not a great deal to give. The principle is that all corporates should be giving – whether BEE or not. Anton Rupert of Rembrandt gave 2 per cent of after-tax profits from day one. The Rembrandt Group has over the years sponsored arts and museums.

Such CSI should be expected of all groups. All of the emerging tycoons can afford to give at least something. (Landman interview)

Indeed, some black business people argued that being fortunate enough to participate in a BEE deal imposed a responsibility to give, not an exemption: 'We need to acknowledge that for a good measure of the time, a BEE deal means that someone has given you a break somehow and so you need to give back. We need to cultivate a culture of giving among this emergent group of business people' (Shongwe interview). Another added: 'Resources have been devoted to BEE policies, therefore they have obligations' (Sikhakhane interview, 25 August 2003). He stressed the point made earlier – that social inequality could come to haunt black business people: 'The black elite run the risk of being targeted ten years down the line by those who have not been as fortunate. Therefore there is a measure of self-interest for them to give' (Sikhakhane interview, 25 August 2003). An explicitly identity-based reason is also offered for enhanced black CSI – the need to foster black self-reliance: 'For black people there is also the challenge of growing our own people and communities without always relying on external [read white or overseas] sources' (Mahuma interview).

Another potential pressure for black-owned companies to enhance their CSI activities is that the mining charter, for example, calls on all companies, regardless of the race of the owners, to give. 'The charters will hopefully push black people (and whites) who hid behind all kinds of reasons for not giving, into giving' (Mahuma interview). This climate of opinion does seem to be influencing black business thinking. Our interviews did uncover evidence of a shift in thinking in black empowerment companies – business leaders who once insisted that black businesses build their capacity before engaging in CSI are now acknowledging that they must contribute to society or risk becoming targets of popular ire later. And, while there is little evidence yet of this translating into increased giving, there are suggestions that this may be in the offing too – Armgold, for example, will now be giving through a structured department (Mahuma interview).

Reading the signs

What are we to make of these often conflicting perspectives? First, it should be stressed that the divide between white givers and black skinflints is, as some interviewees pointed out, a caricature. There are white companies – indeed entire industries – that give little or nothing: 'media companies have particularly poor records' (Reichardt interview). Information technology (IT) companies are seen to have done less than they could (see van Heerden comment in Friedman et al. 2005). The white owners of these companies, says one analyst, 'didn't grow up with the guilt feeling – for want of a better term – that Anglo would have had, nor any socio-political involvement. So they just were not interested. Hence, they have this image of arrogant young white males just out to make money' (Sikhakhane interview, 22 September 2004). This not only sets the record straight, contradicting simplistic views about race and generosity. It also raises the possibility that new white-owned companies may be less inclined to give than the previous generation because they have less perceived reason to feel guilt about apartheid. If so, in future it may be newer white-owned companies that abandon interest in CSI, whatever their black counterparts do. Indeed, an analyst argued that black owners of IT companies may face more pressure to give than whites – particularly where they have a history in politics and government, which several do. Thus former telecommunications director-general Andile Ngcaba has become chair of IT company Dimension Data: 'One can expect him to infuse a different way of thinking into the company. By virtue of where he comes from and his political connections, even if he does not want to, he will come under a lot of pressure' (Sikhakhane interview, 22 September 2004).

One implication of the importance of guilt, however, is that it does seem plausible that the apartheid past has made CSI seem like a far more appropriate activity to white than to black business people. While some see references to guilt as a spur to white corporate giving as 'a one-dimensional and simplistic interpretation of a more complex reality',[8] guilt was cited by several interviewees as a motive. They noted the view that business benefited from apartheid and therefore has an obligation to play a developmental role in post-apartheid South Africa. In the words of one interviewee: 'In some areas issues are so in your face that [white] corporates had to get involved' (Rockey interview). The BT – apparently the largest vehicle of corporate giving in South Africa – was a 'concerted, well-organised effort to rectify the apartheid past' (Sikhakhane interview, 25 August 2003), 'an attempt to show that business is socially aware and a caring partner to government in meeting South Africa's development challenges' (van Heerden interview), by applying private sector principles and approaches to developmental problems. Similar initiatives include the NBI and Joint Education Trust. This is, of course, not a new phenomenon: the Urban Foundation, established in the mid-1970s in response to the Soweto uprisings of 1976, could be seen as the pioneer – if giving as a response to apartheid is at least 30 years old, then it may well have become ingrained. While the motives for the BT's formation cannot be reduced purely to a desire to atone for the past (see Friedman et al. 2005), some white-owned companies are susceptible to being 'scolded' into giving. This kind of CSI is reactive, giving those outside business who shape its agenda – government or civil society organisations – considerable latitude to determine its form and spending priorities.

Guilt may not be the only motivation for CSI which this produces – strategic calculation may, as some of the views mentioned suggest, also play its part in the form of a desire to win some protection from pressure or to cultivate a relationship with government or, more generally, the new South Africa. Whatever the precise motive, South African corporates have, since the early 1970s when exposés of the labour conditions of British-owned firms were followed by the Durban strikes of 1973, faced pressures to distance themselves from statutory race discrimination (Friedman 1985). These solidified into the adoption of codes of conduct designed to stave off disinvestment in the case of foreign-owned firms but which were also adopted by many of their locally-owned counterparts. The effect was to create a pattern in which demonstrating social responsibility to black people in particular has become deeply embedded in corporate culture. And this may explain why, for example, a new industry such as IT, which did not develop in the environment in which CSI became entrenched, seems to feel little need to engage in it and why new entrants may be less inclined to give.

It is perhaps of interest to mention here that, if CSI has become embedded in white corporate culture, this is not necessarily a result of an unusually active social conscience. We are aware of one attempt to research the social attitudes of, among others, white business leaders. It attempted to test the concept of 'social consciousness' proposed by the sociologist Abram de Swaan as a measure of elites' sensitivity to poverty and confidence that it was possible to alleviate it. It found that white business leadership rated rather low (Manor & Kalati 1999). Many might wish to challenge that finding.[9] But it could be seen to indicate that the fact that white companies continue to engage in CSI ten years after apartheid's end has less to do with 'social consciousness' than with ingrained practice or strategic calculation. And that, in turn, would tend to suggest that white-owned businesses are likely to continue to engage in CSI for the foreseeable future since it has become part of their established practice and way of relating to their social and political environment.

The key question is whether we should expect black business people to join them since the dynamic discussed here clearly does not affect BEE companies. As we have seen already, this does not mean that black business is closed to CSI – but it may help to explain why most BEE companies appear not to have adopted CSI programmes yet. Under what circumstances is this likely to change? One explanation offered here, of course, implies that the progression to active CSI programmes is purely a developmental issue – once black-owned businesses are of a particular size, they can be expected to begin contributing. This claim can either rest on the assumption that all businesses begin engaging in CSI once they reach a certain size, or it may start from the premise that the experiences of poverty which many new black business leaders bring with them make them more likely to give once they have the means to do so. Thus one interviewee suggests that IT companies do not give because they experienced a relatively easy route to wealth (Coovadia interview). By implication, those who have experienced personal hardship would be more inclined to give, even if they enjoyed a fairly meteoric rise to business success. It may even be possible to see the eagerness of some black businesses to support an international fund as a sign that they are in an early growth phase – one in which they are eager to announce their presence by joining donor 'clubs' to which major international businesses belong. It could be argued that, once they have established themselves and have less need to seek recognition, they will give priority to local CSI.

There is, of course, no way of testing these speculations. But, if they imply that all companies in the South African environment can be expected to recognise their CSI obligations once they become successful, we have already shown that this is unwarranted, since some well-heeled white-owned industries seem able to avoid pressure for social spending. An interviewee also implied that one determinant of willingness to give CSI was the way in which businesses acquired their wealth: 'old business came up the hard way through difficult times to the realisation that an awareness of social responsibility is vital' (Coovadia interview). While there seems to be no evidence to support this, the fact that new BEE business owners acquired their wealth quickly would, in this analysis, make energetic giving less likely. There is also some evidence that developmental CSI is not an automatic consequence of black business growth. Thus Tokyo Sexwale's Mvelaphanda has graduated to the stage where it can generously sponsor professional football and donate money to the ANC-NNP alliance during the 2004 election campaign, but appears far less enthusiastic about CSI projects as understood here (although it is said to have donated money to some domestic CSI causes). Clearly, it is difficult to see the decision to give or not give CSI as a development issue if by that we mean that businesses which reach a particular size are likely to graduate to investing in society; adopting CSI programmes is a conscious choice, which entails a selection of priorities, regardless of corporate size.

A practitioner notes, perceptively, that 'peer pressure is also a part of the motivation for CSI giving' (Mahuma interview). Like all other people, business people are influenced by those with whom they associate; norms of acceptable or unacceptable behaviour emerge and these play an important role in shaping behaviour. Among business people, this may be particularly true of behaviour related to social responsibility since this has not been seen historically as a core function of businesses and, therefore, is not something in which they will necessarily possess great expertise. Indeed, one prominent white businessman acknowledged cheerfully in 1993 that he and his peers were, on political and social issues, 'open to suggestion in an almost sheep-like fashion',[10] adding that there is, of course, no reason in principle why a person skilled in running a business should also know how to invest in society. Whether CSI becomes an established part of black business behaviour will, presumably, depend on the extent to which peer pressure emerges in support of it.

If the interviews conducted for this project are a guide, then this peer pressure is probable – as noted, there seemed to be a wide consensus that BEE companies ought to give, and some evidence that black-owned corporates which had rejected this notion are beginning to embrace it. Continuing public criticism of the current brand of BEE on the grounds that it 'enriches only a few' does seem to be creating a climate in which black-owned businesses are unlikely to feel that the fact that they are owned by the previously disadvantaged exempts them from social responsibility. Since pressures for social investment are likely to affect black as well as white businesses, it seems reasonable to expect black-owned companies to give as they establish themselves.

Only at that stage will we begin to learn whether the patterns of giving by black-owned corporates will differ from those of their white counterparts. One straw in the wind is that Sexwale was the only business leader to publicly donate money only to the ANC and its ally the NNP in the 2004 election campaign.[11] This suggests that black-owned companies' CSI could be much more closely aligned with governing party objectives than the current version. However, this may be premature: Sexwale, of course, was ANC premier of Gauteng. His support for the ANC is, therefore, hardly surprising and may not be the rule for black business leaders, many of whom have less intimate links with the ANC. And, given the oft-made criticism that many white-owned corporates' CSI is an attempt to win favour with the ruling party, it may well be that the only difference will be that black chairs and CEOs may feel less need to dress up their support for its goals in the guise of an independent development contribution. In any event, CSI projects which seek to strengthen the provision of public services such as education and healthcare must work with government to some degree, whoever is funding them. And so, if black-owned businesses' CSI does prove to be more overtly supportive of the government (although so far there is little evidence of BEE companies funding government programmes – even Mvelephanda supported the ANC, not the government), the change could well rest purely in what businesses say about their CSI programmes, not in what they actually do.

A donor of a different colour: racial identities and giving in established corporates

If we agree that it is too early to judge the difference, if any, between the CSI patterns of black and white business people, we do have a means, in theory, of judging whether there is any difference between black and white CSI priorities. In established companies, black people have been part of CSI departments for decades. So a comparison between the attitudes and preferences of white and black CSI practitioners in these firms might offer us a means of examining whether race does play a role in shaping decision-making.

An important caveat needs mentioning, however. If racial identity does play a role in shaping CSI decisions, it does not necessarily follow that this would manifest itself under current circumstances. Black practitioners are responsible to a predominantly white Board and senior management and it remains possible that their decision-making is being tailored to the preferences of those for whom they work.

It is, of course, difficult to assess the extent to which black CSI practitioners would take different decisions if they were not working for white-owned corporates. One interviewee implied that they would, arguing that black participants in discussions on CSI priorities do not express their opinions:

> People have reservations which they don't express. Black people have never been exposed to a boardroom situation. The meetings go over issues quite quickly, treat them like a fait accompli. It is not easy in this environment to put your hand up and object; there is a fear of sounding foolish. People do sometimes say after a meeting that they had doubts which they did not voice and add that they have only themselves to blame because they should have said something. (Mollo interview)

Black CSI officials' preferences, it was suggested, may have little effect on actual decisions because the culture of company decision-making prompted black CSI officers to endorse the prevailing view, whether they agreed with it or not: 'It is not that they fear reprisals – it is simply that they find the way in which decisions are taken culturally alien and they go along because they feel uncomfortable' (Mollo interview).

Does this mean that it is impossible to establish whether racial identity influences social giving decisions because all information we receive is likely to be distorted by the reality that black CSI practitioners are unlikely to say what they feel? The suggestion that black people could feel uncomfortable about expressing opinions in white-owned companies is hardly fanciful. Indeed, it seems highly likely, given that newcomers might well find the environment intimidating and the way in which decisions are debated unfamiliar. Since, however, no one we interviewed suggested that black CSI practitioners were liable to be disciplined for anything they said, we assume that this reticence, if it does exist, is a product of factors (such as corporate culture) which are unlikely to operate in an interview with independent researchers. Our black interviewees were articulate people with considerable reputations in their field and we had no reason to believe that any of them were hiding their opinions from us. We are, therefore, confident that the answers we were given in our interviews do reflect the attitudes of the interviewees and the analysis which follows is based on this assumption.

At first glance, we might expect black practitioners to make better judgements than their white counterparts purely because they would be expected to have a clearer grasp of needs and dynamics among black beneficiaries. Some of our black interviewees did suggest that they believed there was an element of truth to this expectation. Two rationales were given for this. First, many black CSI people had 'grown up in a township' and therefore knew more about the dynamics in areas in which CSI is invested than their white colleagues. Second, black people were better able to crack black cultural codes and therefore to distinguish between potential beneficiaries who are serious about development and those who are not: 'If you grow up in a township, you do have a feel for who is taking you for a ride and who is not...We may also bring more sensitivity to dealing with the community (Maphai interview). 'On occasions we feel whites are being gullible – they can't distinguish between a con artist and the real thing' (Mollo interview).

But interviewees, black and white, strongly questioned the notion that a black practitioner is necessarily better equipped to discern grass-roots social dynamics and needs. 'People don't know more about needs just because they are black' (Abedian interview). 'I would trust [a competent white social researcher] to go to a squatter camp and come up with a better product than a black person who does not have the required skills and training' (Maphai interview). Indeed, the simplistic view that black people have a superior insight into the needs of the poor could be seen as a hold-over of the apartheid-era corporate practice of latching onto a black company official who was assumed to 'know what black people think' and who was thus given a platform at meetings to discuss 'the black point of view' merely by virtue of the fact that the person was black. The idea that millions of people with a variety of interests and values all think the same because they belong to the same race group was implausible even during the apartheid period, when black people were largely united against the system and were far less socially and economically diverse. It is clearly even less plausible now. Given the substantial diversity in 'black society', the idea that someone will automatically understand the dynamics of a group of people with whom she or he may be entirely unfamiliar simply because they share a racial identity is a symptom of prejudice, not a reading of reality.

The two views are less contradictory than they appear. It is plausible that black practitioners may, in some cases, be better able to distinguish between the genuine local leader and the fraud because, in many cases, people who share similar languages, experiences and identities may well be able to discern meanings and nuances which escape outsiders. On the other hand, as implied above, the notion that black people are automatically better able to understand dynamics among the black poor is based on the questionable assumption that a shared racial identity is enough to equip someone to understand dynamics in a location about which she or he may know nothing and among people who he or she does not know. Social research skills, whatever the race of the researcher, are surely a much surer guide to understanding grass-roots realities than relying on a middle-class black person without the required training in research to somehow gain insight into the minds of shack dwellers. A black CSI practitioner observes, therefore:

> More black people are certainly needed in the profession: they often do understand better some of the issues and sentiments in the communities that CSI is aimed at as well as beneficiaries' approach to solutions. But it is not necessarily so that just because a trust is being run by a black person, she or he will automatically know the needs of black communities. In some cases, [black CSI practitioners] may

> no longer be as connected to these communities as they used to be: they may no longer be living in a predominantly black community, for instance. And research still has to be conducted and background checks done regardless of the race of the people involved in deciding on the CSI. (Mahuma interview)

It was also suggested, indirectly, that there may be a particular constraint to the competence of black CSI practitioners because black people may be appointed to CSI positions by white corporations, not because they are assumed to possess any great expertise but because, in a still racialised corporate environment in which whites still find it hard to accept that blacks have business expertise, CSI is considered a 'safe' activity in which to increase the number of black appointments because it has no great impact on profitability. One interviewee noted that there is a venerable history to the practice of using black people in 'harmless' CSI posts: 'The origin of CSI in this country was the Bantu personnel officer who would take people to soccer and give charity' (Maphai interview). It is worth noting, however, that similar claims are made about many white CSI practitioners – that they are not appointed because of their expertise but because it is convenient for some or other internal reason to appoint them. And, of course, some black CSI practitioners are widely respected for their social science training and their insight into CSI. It is feasible that black people are more likely to be appointed to CSI posts without the requisite enthusiasm and expertise because companies are eager to enhance their racial diversity quotas and are still reluctant to accept that black people can contribute in other areas of the business. But we came across no evidence to suggest that black practitioners were likely to be any less competent than their white colleagues.

Given the society's history, we might expect differing identities to produce different approaches to CSI even if they do not ensure differing competencies. One view suggests that black practitioners are likely to be more sympathetic to the poor because of an identity affinity: 'White business people say what will this do for my business, black people may look at the softer side and say what will this do for our people' (Mollo interview). This view seems to be supported by the account, for example, of the way in which black CSI practitioners at one major corporation, South African Breweries (SAB), placed CSI more firmly on the strategic agenda:

> Our task was to understand development priorities and imperatives, interpret them to the company and align them with company strategy. When we spoke like activists, they turned a deaf ear. Then we started talking the language of cost-benefit analysis. What we were doing evolved in their minds from do-gooding to self-serving activity which resonates with national objectives. (Vukuza interview)

But there is nothing necessarily racial in practitioners seeking to sell a role in social giving to company decision-makers – zealous white CSI officers might have done the same. Nevertheless, one interviewee suggests that there may be issues which have a greater resonance with black people: 'An issue like alcohol abuse does reflect a racial divide' (Maphai interview). In other words, people's CSI priorities will be shaped by their experience of reality and people who grew up in low-income environments scarred by substance abuse are therefore more likely to see it as a problem requiring intervention than CSI decision-makers who did not experience this.

Our research unearthed no strong evidence that concern for the poor was a black monopoly (although, in fairness, it also found that this concern is not the overwhelming reason for CSI by white companies). There also seems to be a strong uniformity in many companies' CSI spending patterns, whether their practitioners are black or white. Certainly, none of the black practitioners who we interviewed suggested that they favoured pursuing a significantly different set of priorities to their white colleagues. There is also some resistance to the notion that there is anything necessarily different in the approaches of black and white CSI decision-makers: 'There may well be black and white CSI priorities, but there need not be' (Maphai interview). This suggests that, where it has not already happened, there may be a need for practitioners on both sides of the divide to transcend their cultural baggage and meet in the middle on some common vision of CSI priorities. But what evidence we have suggests that, to a degree, it may already have happened.

Another litmus test of identity divides should be attitudes to government and the ANC. Not only would common sense suggest that black practitioners would be closer to both – this is also the expectation of white-owned corporates who delegate liaison with the government to a black person on the assumption that this will smooth the relationship: 'I am meant to make our job easier with government. If you talk to government and company faces are all pale, while those on the government side are all black, you have a problem' (Mollo interview). Black interviewees were, on the whole, more likely to express enthusiasm about the government than their white counterparts. And, as we might expect, white executives are more likely to need to establish a special link to government than black colleagues who are well connected. Former SAB Corporate Affairs director (now Billiton South Africa chair) Vincent Maphai's assertion that 'I don't need a government liaison officer – I know who to call and they know me' (Maphai interview), is obviously far less likely to apply to a white business leader. More generally, relations between black business and government are likely to be better than those between government and white business, not only because of a shared identity but also, in many cases, as a result of a common political history and loyalty (Sikhakhane interview, 22 September 2004).

But reality seems rather more complicated. Relations between the government and black business leaders are not always harmonious. President Mbeki (while deputy president) criticised the 'greed' of the new black economic elite (Mbeki 1998). Sexwale, Ramaphosa and Matthews Phosa were, in a notorious incident, accused by former Safety and Security Minister, the late Steve Tshwete, of plotting against Mbeki, (*Dispatch Online*, 4 May 2001), while Macozoma was pilloried by then Public Enterprises Minister Jeff Radebe in a dispute over a severance payment to the former chief executive of South African Airways (Radebe 2001). The bonds between the two may exceed their differences, but that does not alter the reality that there are differences.

Some black interviewees were at pains to stress that an entrée to government was not what they felt they contributed: 'A relationship with the government is not what I brought to the party – in fact, black corporate affairs people would sometimes advise holding horses on government' (Maphai interview). This suggests that the desire to work with government is often strong among white executives eager to form a relationship with a new political elite which they may not understand. CSI, precisely because it is often not seen as a core strategic activity, is seen as an ideal conduit for doing precisely what government wants (Favis interview). So the desire to please government may not be shared by their black counterparts who are more confident of their ability to relate to government. Ensuring that CSI practitioners are black is also not a prerequisite for building partnerships with the government. To name but two examples, the school building programme funded by Tshikululu Social Investments, which manages the CSI funds of several major corporations, has achieved this through technological innovation rather than the racial identity of its executives (M Keeton interview).[12] Liberty Life Foundation's media programme has cemented a partnership by providing a support for key government activities (Appelbaum interview). Again, the fact that the Foundation's head is white has not inhibited the partnership. As a result, it could be argued that it is not particularly difficult for CSI to attract government partnership – and that productive partnerships depend more on the quality of the projects which are supported and the degree to which they help the government solve problems, than on empathy born of a shared identity.

Nor can it be assumed that black CSI practitioners are automatically more likely to fit in with the goals of the ANC. At the time most interviews were conducted, the publicity surrounding AngloGold Ashanti's decision to support political parties, but to weight donations in favour of the opposition, seemed to offer black CSI practitioners an opportunity to declare their support for the governing party by enthusiastically advocating party funding – but in proportion to electoral support. But some black CSI practitioners were among the most reticent to support parties: 'We gave money to four political parties in relation to their support. But I was uneasy about party funding because I was worried about offending some parties. I don't want people to think we buy the government with money' (Maphai interview); 'Our company did not want to be associated with one or other political party. But there was a lot of pressure, especially peer pressure, after Anglo decided to do this' (Mahuma interview). The origin of the peer pressure was unclear and so it is possible that, while the black CSI practitioners we interviewed were much more cautious than their white counterparts about supporting parties, there is a groundswell of support for party funding among practitioners to whom we did not speak. But the notion that being black neatly translates into enthusiasm for funding the ANC was not supported by the interviews. And it may well be significant that Mvelephanda's decision to fund the ANC and NNP was not publicly emulated by other companies. A senior black CSI strategist who insists, 'We would not put money into Luthuli House [ANC headquarters], only into a project which works' (Maphai interview), may not be expressing a majority view. But nor is it a unique one.

It is important to qualify this observation. We have noted that black CSI practitioners are, in the main, more enthusiastic about government and its initiatives than their white counterparts: they are, for example, likely to be more positive about the government-initiated charters which are seeking to shape corporate behaviour.[13] It does seem likely that, if black CSI practitioners are the sole decision-makers, some companies may be less inclined to donate to political beneficiaries which are seen to be hostile to the governing party, such as opposition think tanks or research institutes. White practitioners might be inclined to support these institutions because they are more likely personally to support the opposition, even while their companies seek the approval of the government. A black practitioner insists that this presumed response would not be automatic: 'I would not automatically throw out funding to the Institute of Race Relations [which is seen by many to be sympathetic to the white-led opposition]. But I would want to know what purpose it serves' (Maphai interview). It does seem likely, however, that black decision-makers will be less convinced of the beneficial purpose of an oppositional organisation than their white counterparts – not necessarily because it is run by a white director and most of its leadership is white, but because its political stance seems at variance with that of most black business people. So it is feasible that the ascendancy of black decision-makers would further reduce corporates' willingness to fund those areas of national life which the government will not fund. But like many hypotheses on this issue, this remains inevitably speculative – particularly in the light of our finding that a divide between black CSI practitioners eager to use funds to support the government and white ones enthusiastic about opposition causes oversimplifies reality.

Another hypothetical question is whether established corporates will face greater pressure to contribute as senior executive posts pass from whites to blacks. One practitioner insists that they will. Anticipating Maphai's then imminent move to Billiton as executive chair of its South African operations, he predicted that 'the new chair will receive all kinds of requests' (Mollo interview) which his predecessor did not. However, there seems little evidence that the arrival of, say, Saki Macozoma at Standard Bank has had any significant effect on the CSI requests submitted to the company. There is no hard evidence that black people are likely to make more CSI demands because a company is run by a black person.[14]

Our general finding that racial differences between CSI practitioners are less evident and more complicated than conventional wisdom might suggest does not mean that these differences are absent or insignificant. Racial identities remain highly significant in South Africa and it would be strange if CSI practitioners were immune to them. An interviewee claims, therefore, that the appointment of a white person as the first director of SAGA 'greatly antagonised many members, particularly as they claim they were promised that a black person would be appointed' (CSI practitioner interview). While these disputes may be important, they revolve around who should speak for grantmakers, not necessarily around clashing, identity-based views of what CSI programmes should be doing. As in some other areas of national life, the issue may not be what priorities ought to be, but rather who should occupy decision-making posts – quite possibly without any significant difference to what is done.

Conclusion: mistaken identity?

Will the emergence of a substantial black business class significantly change the extent and nature of corporate giving? While we have stressed that it is too early to answer the question definitively, the information gathered here does enable us to offer some pointers to the future, if current trends continue.

It seems unlikely that an increasing black presence in corporate decision-making will prompt a substantial decline in corporate giving. The very fact that many of our interviewees felt that black-owned businesses were not contributing sufficiently suggests that black businesses are unlikely to be immune from pressure to give. While some companies may, in the view of their critics, be able to escape their social responsibilities because they are empowering black business, the climate of opinion does, our interviews suggest, seem to be moving in a direction in which being a black business will not be seen as a ticket to some sort of CSI exemption. Indeed, some of our sources insisted that it already was not one and that black business people were increasingly realising that they could not evade their CSI responsibilities. 'CSI by black empowerment companies of any significance has only really got going in the last year or so. Mvelaphanda, Patrice Motsepe, Ramaphosa's initiative, have happened in the last year or so' (Sikhakhane interview, 22 September 2004). Black owners are taking over companies in a context in which CSI has become an entrenched part of the corporate landscape and it is highly unlikely that they will be able to jettison it, even if they want to (and there is no particular evidence that they do).

Whether CSI patterns will remain the same as black executives become increasingly prominent is far harder to predict. The very little evidence we have might suggest continuity rather than change: the presence of black executives in the BT has not prompted any dramatically new departures in its agenda. While it could be argued that a vehicle in which black business people participate alongside their white counterparts may not be an accurate guide to the preferences which are likely when black business comes to set the CSI agenda (particularly since, as noted, the number of black business people participating in the BT is small), on the available evidence it does seem unlikely that CSI by black-owned business will be substantially different to the patterns which are evident currently.

There may be differences of degree. Thus black business people, like many black CSI practitioners, may be less inclined to support critical advocacy groups or areas of activity not considered important by the government. But, as the evidence presented here shows, this may well be a generalisation given that black CSI practitioners' attitude to aligning their spending objectives with those of the government are rather more complex than the general trend – of more overt support for the government – might suggest. And even if black business's CSI is aligned with government objectives, this may not mean a startling change, merely a strengthening of an existing trend. Black business may support government goals out of a sense of loyalty while their white counterparts are spurred by a desire to please. The outcome, however, would be much the same.

On actual CSI priorities, there may be some obvious, identity-driven differences such as support for soccer rather than the kinds of sports favoured by Pick 'n Pay (Friedman et al. 2005). There may in some cases be greater sensitivity to the needs of some black beneficiaries (or at least those organised enough to gain access to decision-makers) and, as some interviewees suggested, a greater propensity to know the difference between appropriate and inappropriate beneficiaries. But there is little if any evidence thus far of a distinctively black approach to CSI which is starkly at variance with white spending patterns. Some degree of change is probably inevitable, but it may be a change in detail, not substance.

It does seem possible that an increased black presence in decision-making will change some of the texture and nuance of CSI. In general, the way in which successful requests need to be phrased and the sorts of triggers which determine how particular funding areas become popular, while others decline, may alter. But current evidence suggests that this will occur within a framework not all that different to that which we see now.

A far more difficult question is the sort of influences which will shape black CSI. A study of the societal networks which underpin individual giving by black business leaders may tell us much about possible future CSI patterns. Also, research may throw some light on the extent to which black decisions are likely to be shaped – as white businesses' preferences were for many years and, apparently, are no longer – by a few prominent individuals. While some see figures such as Sexwale, Macozoma and Motsepe as the opinion-shapers of the future, as the Oppenheimers and Ruperts were of an earlier white business generation, this seems based on surmise, not hard evidence. (Oddly, as noted above, Ramaphosa, despite establishing a pioneering black CSI foundation, rarely received a mention in this context from interviewees.) So it is not yet clear whether we are likely to see CSI trends shaped by figures who attract widespread admiration or a more diffuse form of giving guided by the preferences of CSI managers in particular corporations.

In general, despite the analysis offered here, it is important to be alive to the possibility that aspects of CSI will indeed change as black decision-makers play increasingly dominant roles. As noted at the outset, this is an important corrective to the view that CSI decision-making is an instrumental process entirely independent of the values of those who make decisions and of the social networks which produce them. If we do not understand that white and black CSI decision-makers' perspectives are largely shaped by their identity and that this will have some impact on decisions, we will miss important nuances – even as we insist that the broad trends may remain largely unaffected.

But it is equally important not to fall into the sort of crude racial determinism which produced the 'Bantu personnel officer' and the view that 'blacks understand their own people' simply because they are black. Just as white CSI is not uniform, so may we expect its black practitioners to differ among themselves in their attitudes, priorities and preferences. As this chapter shows, black CSI decision-makers often disagree – as white ones do – and that will continue to ensure different patterns of black CSI decision-making. And, because 'black society' is itself diverse, composed of a variety of interests and values, the view that black CSI practitioners will automatically tap into 'black opinion' is misguided. Black practitioners may often have to work as hard as their white colleagues to understand beneficiaries, even if their identity sometimes enables them to unlock codes which remain far more impenetrable to white CSI professionals. And there are constants in CSI decision-making patterns, regardless of the identity of the decision-maker, which will ensure cross-racial continuity.

Finally, CSI priorities are not set in a vacuum. They are, rather, the product of the interaction between CSI decision-makers and their social environment as well as between business people. While new patterns of interaction between business people might produce slightly different fashions in corporate giving, CSI priorities may be as much, if not more, a result of current trends in the environment and a policy agenda set by a host of opinion-formers – government, civil society organisations and the media – as of the preferences of CSI decision-makers. In that case, the increasing changing of the guard may herald a new and interesting phase in corporate social spending, but one which will share most of its broad characteristics with the trends of the present.

The evidence suggests, therefore, that CSI will not change significantly as black people come to play an increasing role in business decision-making. Just as the expectation of supporters of BEE that it will prompt bigger and better giving as black executives 'look after their people' are likely to be disappointed, so too may those opponents who expect black business people to avoid giving on the grounds that they ought to be the beneficiaries of corrective action, not its architects, find their predictions of change contradicted by events.

Notes

1 This chapter must be read in conjunction with the conceptual discussion in Chapter 5.
2 For a discussion of the professionalisation of corporate social investment see Friedman et al. (2005).
3 This does not deny that CSI may, on occasions, contribute to enhanced company performance. In Friedman et al. (2005) we argue that Pick 'n Pay's CSI may have done precisely that. We are simply concerned to point out that companies can do very well even if their CSI is considered by specialists to be incompetent.
4 Jordan P, New role models or new Randlords, *Mail & Guardian* 6 March 1998.
5 Motsepe owns a prominent professional football club but the interviewee was referring to funding earmarked specifically for development rather than the club.
6 Njobeni S, Ramaphosa's millennium changes name, *Business Day* 12 August 2004.
7 Comments by Jabulani Sikhakhane at Project Reference group meeting, 15 July 2003.
8 Email communication, Michael Spicer, 22 May 2005.
9 One interviewee describes the notion that CSI does not stem from social consciousness as 'an easy simplistic view' which he contrasts to 'the nuance and complexity which characterise the real world' (Email communication, Michael Spicer, 22 February 2005).
10 Interview for unpublished research report, Friedman (1993).
11 Ancer J, Now we're throwing funds, not stones, at FW, *The Star* 17 March 2004.
9 See also Friedman et al. (2005) for a discussion of Tshikululu Social Investment's role and activities.
10 See, for example, Yedwa Simelane, Chair, AngloGold Fund, 18 March 2004, quoted in Friedman et al. (2005).
11 The survey evidence quoted here may point tentatively in the opposite direction.

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7

Foreign donor funding since 1994

Deborah Ewing and Thulani Guliwe

THE PROFILE OF FOREIGN MISSIONS and major donors in South Africa might suggest that international aid is a major component of the post-apartheid development project. A review of the role of external resources in the country's efforts to address poverty and inequality, however, points to a different conclusion. It also raises several questions about the nature of relations between government, civil society and funders.

Almost every government and multilateral donor is engaged in 'giving' to South Africa. At any moment, Treasury and service delivery departments are between them dealing with up to 30 official donors and managing more than 1 000 projects. Yet official development assistance (ODA) comprises a minute proportion of the South African national Budget and an even smaller proportion of national wealth as measured by the GNP. This raises the question: is it worth it? Is the value of international aid greater than its volume? At the same time, all the major foreign private foundations, many of the smaller ones, and some official donors are 'giving' both to government and to a wide range of South African civil society organisations (CSOs). Some CSOs (from national grantmakers to community-based organisations [CBOs]) are completely dependent on foreign funding for their survival while many more have no idea how to access donor funding. This raises questions about how private donor funding is targeted and also why civil society does not, or cannot, generate enough local income to do its work.

In this chapter, official aid and private foreign giving are discussed with an overall focus on external resources available for poverty alleviation and development in South Africa. They are linked inasmuch as official and private donors support both government and civil society. However, there are important differences in the motivation for giving and the significance of the funding for government and non-government beneficiaries. Therefore, this chapter explores the two streams of international aid separately, draws some conclusions specific to each and then looks at the confluence of the findings.

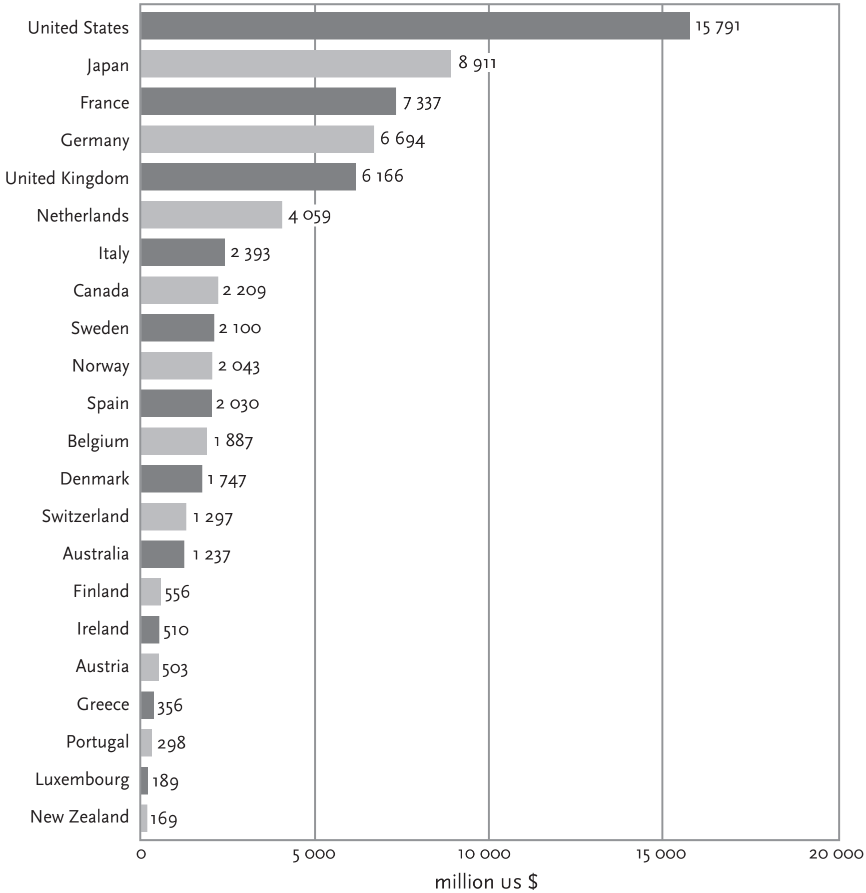
The chapter covers: who is doing the giving – which countries and agencies; the volumes, trends and patterns of giving; the motivation for giving; types and channels of funding; focus areas and target groups; criteria and conditions; management of resources; and mechanisms for impact assessment. It does not evaluate the impact of aid. Given South Africa's history and its political and economic position in relation to the rest of the continent, the discussion is preceded by an overview of the international context for ODA and for giving by foreign private foundations and international NGOs.

Global ODA: the international context

Global ODA rose significantly in 2003, continuing to reverse the downward trend that had prevailed from 1992 until 1997. According to the Development Assistance Committee (DAC) figures released in 2004, ODA from the 22 DAC donors increased from US$58.3 billion in 2002 to US$68.5 billion in 2003 (Randel et al. 2004). However, in real terms, the figures for 2003 represented a rise of 3.9 per cent (to US$60.54 billion at 2002 prices), so that the increase only took global ODA back up to the 1992 level.

Aid levels remain far short of what is needed to achieve the Millennium Development Goals (MDGs).[1] Official donors highlight the

FIGURE 7.1 *Global aid by donor in 2003*



Source: Randel et al. 2004 • Note: total DAC aid reached US $68 483 million.

increases in the volume of aid – it grew by 117 per cent over more than four decades from the 1960s – but they neglect to mention its relative and diminishing value, and their failure to meet even their own commitments. Since the 1960s, wealth in donor countries has increased by 152 per cent, while aid per person has risen by less than 10 per cent. If donors had met the agreed UN target for ODA, of 0.7 per cent of gross national income (GNI), aid would be almost double what it is. Only five DAC donors – Norway, Denmark, the Netherlands, Luxembourg and Sweden – gave 0.7 per cent GNI or more in 2003.

The United States, Japan, France, Germany, the United Kingdom, Netherlands and Italy (in descending order of volume) together provided almost three-quarters of DAC aid in 2003. The United States gave the least as a percentage of GNI – 0.14 per cent in 2003 – even though it gave by far the most in volume.

The Center for Global Development (CGD) and *Foreign Policy* magazine have created the Commitment to Development Index (CDI),[2] a ranking of rich nations determined not just by how much aid they give but by how their policies are judged to help or hinder social and economic development in impoverished countries (Roodman 2004). The CDI, funded by the Rockefeller Foundation, reflects facts such as that most rich nations accepted

TABLE 7.1 *The 2004 CDI ranking*

Rank	Country	Rank	Country
1	Denmark	12	Austria
1	Netherlands	13	Belgium
3	Sweden	14	Italy
4	Australia	14	Portugal
4	United Kingdom	16	New Zealand
6	Canada	17	Greece
7	France	18	Ireland
7	Germany	18	Switzerland
7	Norway	20	Spain
7	United States	21	Japan
11	Finland		

Source: CGD 2004

provisions to allow poorer countries to import generics, thus opening the door to cheaper medicine for Africa. Then it shows how donors give with one hand and take with the other, particularly through restrictive trade practices. *Foreign Policy* magazine's online analysis of donor performance notes: 'rich countries – led by the United States, Japan, and France – remained intransigent on removing their agricultural tariffs and subsidies.'[3] Using seven categories, including aid levels, to rank donor commitment, the CDI for 2004 placed Denmark first and the United States equal seventh alongside France, Germany and Norway (see TABLE 7.1).

While the CDI provides for a more complex analysis than a straightforward comparison of aid volumes, that analysis leads to much the same conclusion as the *Reality of Aid Report* (ROA 2004): 'Ultimately, for all the CDI's focus on winners and losers, no wealthy country lives up to its potential to help poor countries.'[4]

Lower middle-income countries, including South Africa, receive around a third of global aid, or around US$23 billion. That is about the same as the poorest countries, which immediately indicates that poverty is not the only criterion for giving, in case anyone thought this was so. The *Reality of Aid* report (ROA 2004) emphasises how, globally, aid continues to go to projects that have more to do with export promotion and winning geopolitical influence (and, latterly, military-based security) than with poverty alleviation.

USAID is upfront about its motives. Its publication for new staff says: 'USAID plays a vital role in promoting US national security, foreign policy, and the War on Terrorism' (USAID 2006: 4). Its website used to describe its mandate as giving 'foreign assistance and humanitarian aid to advance the political and economic interests of the United States' but this has been subtly changed to read: 'United States' foreign assistance has always had the twofold purpose of furthering America's foreign policy interests in expanding democracy and free markets while improving the lives of the citizens of the developing world.'[5] USAID's strategic plan is developed with the Department of State to support the United States' national security strategy. The mission of the two organisations states they exist to '[c]reate a more secure, democratic, and prosperous world for the benefit of the American people and the international community' (USDS & USAID 2003). The meaning of this depends on the beneficiary's location. In South Africa, it means supporting projects to strengthen the justice, education and health systems, while in countries perceived to present a direct threat to American interests, it can extend to propping up the military and occupation. AusAID, the Australian official aid agency, is similarly transparent about the national security goal of its aid programme. Other donors, including the United Kingdom's Department for International Development (DFID) and Norway's NORAD, stress that they are acting from humanitarian motives to reduce poverty but their aid allocations still reflect strategic foreign policy and (military) security imperatives (see below).

Official aid rarely goes directly to impoverished communities and much of it haemorrhages between donor and beneficiary. As Randel et al. note, '[t]he dangers of aid being spent on projects where the benefits to northern and southern élites are obvious but the benefits to poor people are at best speculative, are shown all too well' (2004: 188). Research by Action Aid (2005) into ODA found that, corruption aside, 61 per cent of official aid was 'phantom' – only around 40 per cent of ODA was reaching the intended beneficiaries while the rest benefited consultants, foreign companies, or was lost on excessive bureaucracy.

Several major donors have also made so-called 'counter-terrorism/security' central to their development cooperation strategy – so-called because these terms are used to describe ideologies and policies that prescribe military might, coercion and attrition to achieve United States-driven foreign policy objectives that undermine the human security of their target countries. The United States is now spending annually more than five times the global aid budget on arms. In 2002, it spent US$349 billion on arms and the United Kingdom, France, Germany and Japan collectively spent another US$149 billion.[6]

'Security' considerations have impacted on ODA in three ways in the last decade or so: they have been used to justify inadequate and reduced responses to humanitarian crises; they have resulted in the diversion of

ODA from poverty-focused spending to allocations in regions and to sectors considered strategically important for the 'war on terror'; and they have led to more conditions linking aid to the economic and foreign policy of recipient governments. The United States has diverted aid from Africa and Latin America to fund its 'war on terror', as well as increased its military budget. Australia, Canada, Denmark, the EU/EC, France, Japan and the United Kingdom have all made security and 'counter-terrorism' considerations central to their aid policy. Other donors have not stressed the role of ODA as a security/foreign policy tool but their aid spending has still been affected by political events such as the invasion of Iraq. A few – Finland, Germany, Ireland and New Zealand – prioritise development and poverty alleviation with a focus on issues such as justice and self-determination.

All donors, including the international finance institutions, have a focus on governance but this is interpreted in different ways depending on the recipient. Donors that see strengthening their national security and political hegemony as a legitimate use of ODA tend to be more prescriptive about what governance entails (for example, acting against the donor's perceived enemies as a condition of aid). Donors that see aid as a development/poverty alleviation tool tend to see governance in terms of human rights and transparency. The irony is that while 'good governance' is a condition of aid, the practice of good governance (in the sense of rooting out corruption and wastage, and putting in place efficient tax systems) could render aid unnecessary.[7]

It was estimated in 2002 that financing development in Africa through NEPAD would require US$64 billion a year. AFRODAD (the African Forum and Network on Debt and Development) cites this amount as the resource gap between what African countries can raise and what they need to spend annually. But AFRODAD's Opa Kapijimpanga says: 'The gap could easily be filled by closing the leakages of financial outflows from Africa. These are estimated at more than US$75 billion, which includes terms of trade losses of over US$60 billion, unpayable illegitimate debt of US$10 billion and barriers to markets of US$5 billion per year.[8] But the "gap" continues to provide the rationale for development aid' (Kapijimpanga 2004).

In 2003, UN Secretary General Kofi Annan told the third Tokyo Conference on African Development, which focused on aligning support for regional priorities with NEPAD and promoting the MDGs, that: 'the principle of African ownership is still too often compromised by tied aid. Moreover, the aid developed countries give is often undercut by their trade policies, particularly by agricultural subsidies. These hinder Africa's ability to export its way out of poverty and dependence, and they must be phased out.'[9] This issue needs to be looked at further in the context of South Africa's relative independence of aid and its role in NEPAD. NEPAD, driven by South Africa, has endorsed the MDGs. As noted, at present rates of giving, there is no hope of them being met. The question arises: what leverage over resources, or political will, does South Africa have via NEPAD to bridge the gap? Further, is this really where the energy should be directed?

The whole question of ownership and conditionality is addressed in the context of South Africa's approach to management of ODA. On one hand, South Africa quickly and publicly promised to forfeit US$7.2 million United States military aid rather than give in to the demand to exempt American military personnel from prosecution in the International Criminal Court. On the other hand, the government accepted a range of conditions attached to ODA that have proved problematic (for example, in respect of channelling of funds, decentralisation and use of foreign consultants).

Official aid to South Africa: looking through the fog

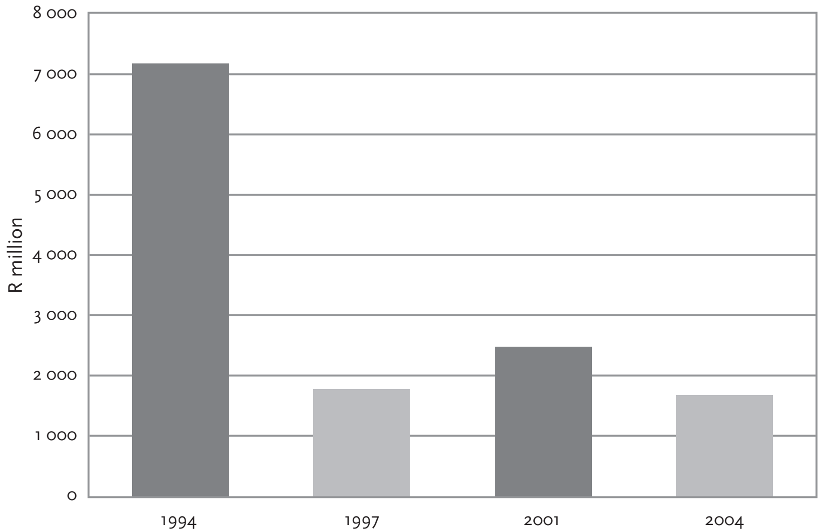
The lack of a comprehensive framework to monitor ODA to South Africa up to 2003 poses problems in terms of quantifying the development assistance received since 1994. The Reconstruction and Development Programme (RDP) Fund is one of the main tools for managing ODA but it is used to channel only the grant portion of total ODA, and does not reflect loans or technical assistance. In addition, much official aid is still channelled directly to government departments and to NGOs. The agreements between individual donors and some recipients (for example direct funding to NGOs, and sometimes to parastatals) do not involve, and are not monitored by, government.

The *Development Cooperation Report for South Africa* (IOD 2000) found numerous problems trying to quantify ODA, including inaccurate data capturing, problems emanating from currency conversion, and poor responses from donor organisations. The report found there was no single organisation with authoritative knowledge of the total volume of ODA to South Africa. Although the International Development Cooperation (IDC) unit within the South African National Treasury has since produced a policy framework for managing ODA (National Treasury 2003a), this is still the case. There are major discrepancies in estimates of ODA. The reasons include different means of calculating based on different categories of aid (grants, in-kind assistance and loans), different reporting requirements, multiple channels of ODA, different reporting periods and project/funding cycles, cumulative rollovers of funding and currency fluctuations. The increasing influx of donor funding for HIV/AIDS has further complicated the picture. The national Department of Health (DOH) has developed a donor matrix[10] to monitor funding for health services, listing donor funds in terms of commitments, disbursements, objectives, activities and implementing bodies. This is, however, based on financial commitments, not allocations or disbursements, and figures cover different periods, so it is difficult to track and compare donor and government spending reliably (Ndlovu 2005).

The total ODA to the South African government, according to Treasury, is currently around R1.7 billion a year, representing around 0.44 per cent of the national Budget.[11] Treasury estimates that ODA has accounted for 0.5 per cent to 1.5 per cent of the national Budget since 1998 (Marais interview), compared to 2.2 to 2.5 per cent between 1994 and 1998.[12] As a proportion of GNP, ODA is even less significant (around 0.4 per cent at 2001). For the five-year period 1994–99, Bratton and Landsberg (1999) reported that South Africa's main bilateral and multilateral donors gave more than US$6 billion (around R36 billion or an average of R7.2 billion a year) in development cooperation. This included grants and loans to the government (loans accounted for about a third of the total) and direct grants to NGOs. The Department of Foreign Affairs estimated that the total ODA (channelled through government) during that period was R20 billion (DFA 2003). During the late transition period (1997–2000), aid flows fell significantly (see FIGURE 7.2). During that period, South Africa received about US$300 million (R1.8 billion) a year. For the financial year 2000/01, ODA to South Africa increased to US$428.5 million (R2.5 billion) and by 2002/03 it was down to about US$200 million (R1.2 billion) per year, although the country was receiving ODA from more than 30 bilateral and multilateral foreign donors.[13]

The grant portion of ODA to government goes through the RDP Fund. The volume of ODA received through the RDP Fund in 2001–02 was R979 million. For the year 2002–03, it rose to R1 143 million and for 2003–04, it fell to R1 088 million. The difference in estimated flows and the financial statements for ODA is partly explained by the fact that technical

FIGURE 7.2 *Fluctuation in aid flows (R millions)*



assistance (such as foreign consultants) is reflected in the totals reported but does not show up in the RDP Fund or programme budgets.

The allocation of ODA to South Africa shows some distinct trends since 1994: high levels and a steady year-on-year increase in the years 1994–97, as South Africa's first democratic government reached bilateral and multilateral agreements with most donors; a downward movement from 1997–99, which IDC attributed to the initial high flows having achieved their objective of concretising support to the new government (IDC 2000) but which also coincided with the Asian crisis; then a recovery in aid flows from 2000 and a falling back after 2001 (partially accounted for by the 9/11 response of donors). Looking at the United States as the major ODA contributor, USAID channelled US$131 million to South Africa in 1994. This fell to US$53.35 million in 1999, decreased further to US$51.3 million in 2001, rose to US$56.3 million in 2002 and then dropped to US$48.03 million in 2003.[14] This broadly reflects the overall trend but for 2004, USAID reported its funding to South Africa had increased to US$83 million (USAID 2005).

Prior to 1994, ODA donors funded South African NGOs directly, or supported exiles and anti-apartheid organisations outside of the country rather than deal with the apartheid government. After 1994, the democratically elected government became the chief recipient of ODA through its RDP Fund. A change of focus in terms of giving is noticeable through the period 1998 to 2004, which marked a shift from transition to economic and political stability. New development cooperation strategies emerged reflecting emerging donor priorities: more funding was earmarked for HIV/AIDS and there was a slight shift from 'aid to trade'. However, many donors remain committed to using ODA to help redress the apartheid legacy of poverty and inequality as well as developing trade links with South Africa. South Africa is also targeted as an ODA recipient because the UNDP considers it a high-priority country in terms of achieving the MDGs (UNDP 2004). The reduction of ODA as a proportion of the South African national Budget reflects both the year-on-year growth in the Budget and the donor view that South Africa is now economically stable and less in need of Budget support.

As noted, the contribution of ODA as a proportion of the national Budget over the past ten years has more than halved, even though volumes have increased in the past three years. At a national level, total ODA is much less than South Africa's recent annual Budget surpluses: the Minister of Finance has given tax cuts costing many times more than the amount of aid received.[15] If all ODA were to cease, therefore, it would not have a critical impact on the government's programme. It can be argued that the significance of ODA goes beyond its Rand value because it supports local and provincial state, parastatal and NGO projects and programmes that would not exist if it were not available. ODA is targeted at particular sectors, regions or programmes and, therefore, generally accounts for a greater proportion of project budget than its national contribution (for example, in the water and health sectors and land affairs). ODA channelled to NGOs often accounts for entire project or programme budgets. These programmes would not exist without aid (this applies particularly to many human rights and legal/justice programmes).

This raises the simple question: why? If the government is committed to reducing or at the very least mitigating the effects of poverty, why does it not give away R1 or R2 billion less in tax cuts and directly finance everything that is currently funded through ODA? The real value seems to lie in the experience and expertise offered to assist in strengthening institutions and policies, and developing skills. Even where programmes are not dependent on aid, donor evaluations of ODA reflect value added in terms of developing capacity and policy, rather than delivery.[16]

South Africa currently receives ODA from all the OECD donors except Austria and Portugal. In addition, it receives aid from China/Taiwan, Flanders, Greece and Kuwait, and from the multilateral donors (the EU being the main one). Bilateral aid accounted for 60 per cent of ODA by volume from 1994–99; the multilateral cluster gave 38 per cent of the total and the UN cluster less than 2 per cent of the total committed funds (Daya & Govender 2000: 21). The largest individual donors in that period were USAID, the European Investment Bank, the EU, Germany and Sweden, which collectively accounted for three-quarters of the total ODA.[17] The largest number of grants among the five largest donors were received from the EU, followed by USAID, which together accounted for 73 per cent of all grants made by the big five donors. The largest volume of loans was made by the European Bank, followed by GTZ, with the remaining three donors not providing loans (Daya & Govender 2000: 20).

TABLE 7.2 *Main donors to RDP Fund by volume, 2001–2003*

	Received for the year			
	2002/03		2001/02	
Donor	R(m)	%	R(m)	%
European Union	770	67	624	63
Netherlands	178	16	79	8
Norway	69	6	59	6
United Kingdom	27	3	–	–
Sweden	19	2	11	1
USAID	16	1	18	2
Flemish	14	1	–	–
Ireland	11	1	21	2

Source: RDP Fund's financial statement (National Treasury 2003b)

TABLE 7.3 *Sectoral focus of donors*

Donor	Sectors	Period
European Union	Water, local economic development and education	1995–2002
USAID	Education, democracy and governance, health, environment, economic capacity, employment	2000–2005
Norway	Democracy, higher education and research, environment and natural resources and energy	2005–2009
Sweden	Education, private sector, cultural sector, urban sector, research and HIV/AIDS, capacity building	2004–2008
Netherlands	Justice, youth, education and local government	2000–2004
Denmark	Private sector development, HIV/AIDS, environment	2002–2006

Source: National Treasury 2002: ODA project schedule

Table 7.2 ranks the donors according to their contribution to the RDP Fund for 2001/02 and 2002/03. This does not reflect their ranking in terms of total ODA, where the United States is the leading donor by volume.

Donor support targets government, youth, women and people with disabilities. People in poverty and those infected by HIV and AIDS have become the main target in recent years. NGOs and CBOs, the private sector and gender are also emphasised by donors. Since 1994, USAID has engaged in bilateral support to the Department of Justice (DOJ) in judicial strengthening and its fight against crime and to the Department of Provincial and Local Government as it establishes the new system of democratic local government. Most of the donors support programmes and projects, while a few, like the EU, Sweden and the Netherlands, support budgets. Most donors support government institutions such as tertiary education facilities, development agencies, small businesses, community foundations, black economic empowerment and NGOs/civil society.

The bulk of donor funding for HIV/AIDS still comes from ODA (G7 and Europe) despite the increase in private funding flows, most notably from the Gates Foundation. Seven donors (DANIDA, CIDA, AUSAID, the United States, the Global Fund, DFID and USAID) accounted for almost R2.7 billion of a total of just over R3 billion in funding committed for HIV/AIDS between 1998 and 2008.[18]

During the period 1994–99, the largest direct commitments were made to the Eastern Cape (R627 million), followed by KwaZulu-Natal (R286 million) and then the Northern Province (R270 million). The North West and Western Cape received the lowest commitments. After 1999, more donors directed their assistance to Limpopo, KwaZulu-Natal and the Eastern Cape, since these provinces were identified as 'poverty pocket areas'. The Northern Cape is now also regarded as such an area and has been the focus of donors in recent years. Least attention is given to Gauteng, Mpumalanga, North West and Free State. Most official donors have not targeted the Western Cape since the scale of poverty there is low relative to other regions.

Why do donors give to South Africa?

Although South Africa is a middle-income country, its Human Development Profile qualifies it to be a recipient of aid. It ranks low in terms of social indicators (life expectancy, health, education, safe water, etc.) and among the highest in terms of income inequality and unequal access to services (UNDP 2004). Given its wealth, South Africa could afford to feed, house, educate and provide healthcare for all its citizens if that wealth were more equitably distributed. While poverty and inequality are cited by donors as criteria for accessing aid, these same donors are generally supportive of a macroeconomic policy that focuses on growth-driven job creation rather than redistribution.

As pertinent as the question 'Why do donors give to South Africa?' is the question 'Why does South Africa accept aid?' Given that ODA accounts for such a small proportion of the national Budget, any impact assessment of aid to South Africa would need to weigh its value in terms of indicators such as international relations and diplomacy, policy development, terms of trade and investment, and political sphere of influence. Fundamental to any country's access to aid is its capacity and readiness to meet donor criteria. Human rights, democracy and 'good governance' (including economic and institutional reforms) are key to enticing donor funding to South Africa. Entrenching South Africa as a stabilising and supportive presence in the SADC region is also one of the driving motives of donors (Pather interview).

Beyond financial management and reporting requirements, conditions are largely related to donors' strategic objectives and political/ideological outlook. Good governance is one of the more common requirements, though its meaning differs from donor to donor. Sound financial management, track record, capacity and poverty reduction strategies are usually prerequisites. South Africa's relationship with the United States provides an example of tensions relating to the conditions and criteria for giving. Before and after the transition, USAID consistently emphasised the strengthening of civil society as the centrepiece of open and accountable government. Its aid programme included grants to independent watchdog organisations, such as the IDASA and the South African Institute for Race Relations, which have challenged aspects of the government's record on delivering services, protecting minority rights and combating nepotism and corruption (Bratton & Landsberg 1999).

The EU, DFID and Flanders attach conditions relating to economic policy, good governance, human rights, security, gender equity and environmental protection. Decentralisation of decision-making and involvement of civil society in planning and programming are also common conditions. In providing budget support to the Masibambane programme, the EU set a precondition that 25 per cent of funding should go to NGOs via the programme. The EU saw this as promoting accountability but it also caused tensions between government and NGOs, and between larger NGOs and CBOs (Galvin & Habib 2003).

The widespread use of aid conditionality by donors to determine developing country economic policy (historically through structural adjustment programmes and more recently through nominally locally 'owned' poverty reduction strategies, and the ignominious role of conditionality related to debt) has driven the perception that aid is of net benefit to the donor. Major donors state that it is a precondition of their ODA that it should be aligned with recipient country government priorities and policies. In the case of South Africa, such policies are clearly not determined by donors. One of the sets of conditionalities that has most affected South Africa has been the requirement to use foreign expertise or technical assistance. Tensions have been most explicit with respect to German aid, a large portion of which is made up of technical assistance.

USAID, the EU, and Japan all have 'tied aid' components to their ODA. Both Japan and USAID support South Africa to ensure that it successfully completes its transformation to an open, market-based economy.[19] Japanese aid is driven more overtly by economic considerations, in contrast to the political concerns that motivate American economic assistance.[20] As with the EU, the Japanese government's primary objective is to improve the ability of African nations to buy its exports, while enhancing its prospects for obtaining raw materials and natural resources that African nations possess.[21]

A trade-off between aid and trade relations is evident. Part of the agreement between the EU and South Africa is that the latter has to purchase 40 per cent of its imports from the EU. The EU remains South Africa's most important trading partner, and in 2002 accounted for approximately 40 per cent of imports to and 30 per cent of exports from South Africa (EU 2002: 4). Denmark promised to follow suit but in a different way. The Danish embassy aims at identifying business opportunities or trade ties with South Africa in the next few years rather than granting ODA (Spanner interview).

ODA comes in the form of grants, technical assistance and loans. According to the 2002 ODA project schedule drawn up by Treasury, the largest number of donors (9) prefer to give ODA as combined grants and technical assistance; Canada gives all its aid this way. A significant number (7) give only technical assistance; the largest of these is Australia and four of them are multilateral donors. The United Kingdom divides its ODA fairly evenly between mixed grants/technical assistance and technical assistance only, and seven bilateral donors give all or most of their aid as grants. These include small donors such as Belgium and Greece, as well as bigger donors such as Spain, Ireland and the Netherlands. Flanders splits its aid between mixed grants/technical assistance, technical assistance only and grants only. Only three donors – Kuwait, the European Investment Bank and the World Bank – gave loans in the period covered by the schedule. Japan gives more technical assistance than grants. Between 1999 and 2001, almost half of Japanese ODA was technical assistance compared to 42 per cent for grants (Japan Ministry of Foreign Affairs 2002).

According to the *Reality of Aid 2004* report, most beneficiaries of technical assistance were experts from donor countries rather than the stated ODA recipients, so-called 'boomerang aid' (ROA 2004). It has been estimated that nearly one-third of global ODA goes to consultants (*The Observer* 29 May 2005). The EU has challenged South Africa's preference for local people to provide the technical assistance on donor projects. However, since most donors give both grants and technical assistance and the proportions are not easily established, the question of who 'owns' ODA, both in terms of access to resources and control over how they are spent, is very fraught.

The management of ODA

ODA goes directly to government departments, parastatals and NGOs. To date, only government-to-government ODA, in the form of grants channelled through the RDP Fund, has been systematically monitored. For the first time, in 2002, the IDC drew up a comprehensive project schedule for ODA to South Africa that shows which donors were supporting projects in which sectors. It shows the monetary value of the aid, the type of support (whether a grant, technical assistance or both), the time frame for the projects and their status. It details the implementing agency and the funding channel for each project (for example, it might be that the implementing agency is the DOJ but the work is subcontracted to an NGO and the money is paid directly to that NGO). The schedule also shows whether the project is for a specific province. A total of 1 050 projects were documented in the 2002 schedule – 23 bilateral and seven multilateral donors supported these projects.

While the bulk of ODA funding goes directly to the spending agencies, the IDC uses the RDP account because the programme serves as a vehicle for the government's efforts to fight poverty, create jobs, redress inequalities and so on (Naidoo interview). The schedule provides the most comprehensive data available on aid flows into South Africa. However, there are significant gaps with regard to time frames and actual amounts of funding. Most donor currencies were not converted into Rands and the fall in the Rand from 1997 until 2002 makes it difficult to give actual figures. Since 2003, there has been a policy framework, which provides a mechanism for tracking all ODA flows more accurately. Treasury has started to 'invite' donors to provide information on their support to NGOs and any such information will be documented but there is no requirement to monitor funding to civil society.

The National Treasury is responsible for managing donor funding, while the Department of Foreign Affairs ensures that ODA is aligned with South Africa's foreign policy and manages the overall relationship with the relevant donor. Departments or spending agencies entrusted with managing donor funds have to report their expenditures to the National Treasury. While Treasury states that South Africa takes the lead role in determining the channels of giving, the role of some donors in terms of ODA management is not clear. Some donors, such as Japan and Canada, are directly involved in the management of ODA. Most donors have disbursed less ODA than they committed. Throughout the period from 1994 to 2004, the gap between commitments and disbursements has grown. National Treasury attributes this to donor procedures (Naidoo interview), while Chris Landsberg maintains that the South African government is largely responsible for the delays in the release of aid (Landsberg interview). In either event, clashes between foreign and local procedures have emerged.

The National Treasury determines the procedures for the monitoring of ODA in South Africa (Naidoo interview). It normally invites donors to participate in workshops and meetings to discuss the monitoring and management of ODA. Procedures for managing resources are in line with government policies. Each department or spending agency has its own reporting system and style of management, but they use government policies as a guideline for their activities.

Many donors report that they have experienced corruption or mismanagement of funds but decline to identify the culprits. This reticence might be partly because donors are responsible for monitoring or overseeing expenditure (Marais interview). It is argued that, rather than being deliberate mismanagement, many spending agencies have internal capacity problems that make it difficult to manage funds (Pather interview). However, the lack of coherence and transparency in donors' own disbursement and reporting requirements exacerbates these capacity problems. In the case of misspent or unreported funds, most donors reclaim their money; in terms of unspent funds, some require funding to be sent back and others extend the time frame, for example, the EU and Sweden. Few donors, of whom Japan is a notable example, say they have never experienced mismanagement of funds. Japan's task-team approach to managing projects and programmes seems to be effective – alongside their unexpected visits (Matsui interview).

The RDP Fund acts as a clearing house for money donated to the South African government by foreign governments for its social and economic development programmes. The annual financial statements of the RDP Fund show that despite a 71 per cent increase in disbursements by the Fund, to R1.343 billion, R889 million in accumulated cash remains on its books. The Fund statement also shows refunds to donors of R79 million (8%) in 2002, compared to R40 million (3.6%) in 2003 and R66 million (6%) in 2004. This is due to capacity problems, which affect departmental spending of government funds in general, not just ODA (National Treasury 2003a, 2003b). More than R40 million in aid money has been returned to European governments that donated it.

The specific reason cited for the unspent money was delayed requests for funding by the various spending agencies. Another cause of unspent funds is unrealistic time frames. Financial statements are incomplete and inaccurate in relation to the donations received. Treasury cites donor non-compliance with the ODA guidelines as the reason for this problem. The Departments of Trade and Industry, Housing and Justice were most efficient at drawing on Norwegian funding; the Departments of Water Affairs and Forestry, Environmental Affairs and Education had the biggest accumulated balances at the time of writing, reportedly due to capacity problems. In 2002/03, the Department of Education received R136 million through the RDP Fund, but its accumulated balance increased from R194 million to R213 million. This reflects the keenness of donors to fund large numbers of projects in this sector and the difficulties of the department in implementing them.

Most donors do not have the capacity to measure the impact of their assistance directly. Many rely on meetings, and quarterly, yearly and annual reports, while a few, including the Japanese government, have task teams to conduct follow-up research. Some donors, such as Canada, cited capacity problems and understaffing in this regard, while some contract independent research institutions (such as the HSRC and STATS SA) to conduct monitoring for them. The reliance of donors on a variety of monitoring and reporting mechanisms and time frames, operated through a range of institutions and consultants, means there is not a very coherent approach to measuring impact. The lack of a comprehensive picture of what ODA has achieved or failed to achieve in the past decade is problematic in the light of the impending shift of donors from aid to business relations in the next few years.

USAID South Africa undertakes ongoing performance monitoring and evaluation jointly with partners. The EU conducts full evaluations of its aid to South Africa, which it uses as the basis for shaping future partnerships. Some donors, such as DFID and the Netherlands, finance local evaluations of their development cooperation as part of their bilateral ODA (Adams 2000). Norway conducts joint reviews of its development cooperation with South Africa. The South African government also commissions its own evaluations of donors' evaluations through the IDC.

The use of different monitoring and evaluation system, and reporting formats, and the inflexibility of standard reporting frameworks have long been identified as problematic. Monitoring and evaluation requirements tend to be highly quantitative, focused on completion of projects and proper financial accounting but with less attention paid to qualitative outcomes. This is particularly problematic in terms of assessing impact on poverty or development. While many evaluations highlight lessons learnt from a process perspective, analysis of benefits to target groups in terms of quality of life has a lower profile.

Private foundation giving: the global context

There are tens of thousands of foreign-based private foundations, family trusts, faith-based grantmakers and international NGOs (INGOs), based mainly in the United States, Canada, Europe and Australia – which are making grants and/or running programmes in their home countries and in the 'developing' world. There are increasing numbers of philanthropy institutes originating in developing countries (such as India, Brazil and Mexico), which operate on a regional basis. Their grantmaking covers the whole spectrum of human activity, from promotion of democracy and human rights to social development in health, education and welfare, sport and culture, to environmental protection, business development and information technology.

There are an estimated 62 000 grantmaking foundations in the United States alone (Foundation Center 2003) – just over 1 000 of those account for three-quarters of all international giving by American foundations. In 2002, total American foundation giving for international programmes worldwide was US$3.1 billion. That was almost double what they gave in 1998 (76 per cent adjusted for inflation) but a 5 per cent decrease on 2001, when American foundation giving for international programmes was US$3.3 billion (over the same period, support for American programmes declined by only 0.7 per cent) (Council on Foundations & Foundation Center 2004). The 9/11 attacks were a factor and the 2002 economic downturn especially hit the large endowed foundations that provide most of the international support. The Mott Foundation lost a third of its assets (depleted from US$3 billion to under US$2 billion). However, private foundations have tended to be consistent in their support for particular countries or sectors, changing their patterns of giving for strategic rather than purely economic reasons. The United States International Grantmaking website notes that an increasing number of American foundations are beginning to consider funding activities outside the United States but that such potential grantmakers are inhibited by new American laws governing philanthropy.[22]

The private foreign contribution to all developing countries is a fraction of the philanthropic resources dispersed *within* donor countries. During the 1990s, international giving accounted for only 10–12 per cent of all American foundation giving. There are many huge private foundations and trusts that only make grants within the United States. The Heinz Foundation is one. Another is the Starr Foundation, founded by the head of the insurance giant, American International Group. After the 9/11 attacks, American charities alone raised US$3 billion to help the victims.[23]

Overall, international giving by private foundations increased rapidly in the late 1990s, parallel to an increase in official ODA. The most rapid growth, in terms of programme areas, within an overall 360 per cent rise in international grantmaking by American foundations from 1998 to 2003, was in funding for health and family planning (Buchanan 2004). In fact, that is less a trend than a phenomenon (see discussion of the Gates Foundation below). Following the 9/11 attack on the United States in 2001, international official aid volumes started to decrease and private giving (especially from American-based foundations) also declined (Renz & Atienza 2003). In 2001, of the top 1 000 American funders, 636 gave to international programmes. The larger American foundations allocated, on average, 15 per cent of their overall budgets to international programmes. However, this was skewed by Gates, which allocated *70 per cent* of its giving to international programmes. Only ten other foundations created since 1990 gave in excess of US$5 million internationally in 2001 (Buchanan 2004). One commentator noted that 'If you were to factor the Gates money out, it [the funding trend] would probably look flat as opposed to a modest increase in the last half decade or so' (Gaberman 2004: 25).

The Bill and Melinda Gates Foundation became the largest American foundation in 1999, and has retained that status. In 2000, the Gates Foundation topped the list of American foundations making grants outside of the United States, awarding 34 grants totalling US$317 928 183 (Foundation Center 2000). The much longer-established Ford Foundation was second, awarding 1 312 grants outside of the United States, to a value of US$204 637 148. The Ford Foundation increased its total international programme spending from US$384 million in 1998 to US$616 million in 2001. Meanwhile, the Gates Foundation's total international spending increased a hundredfold – from US$5.5 million in 1998 to US$528 million in 2001.

Private foreign foundation and INGO support to South Africa

More than 70 foreign-based private foundations and almost 60 faith-based organisations and INGOs with a poverty/development focus are currently active in South Africa.[24] These include many foundations/INGOs that receive official and corporate funds, so their grantmaking constitutes 'private' funds but with a government, corporate or individual component. There are also special funds that combine official, corporate and private funds, such as the Global Fund, which is included in the study.

A major distinction between ODA and private external funding is that most official donors did not channel aid to South Africa under apartheid, in order to avoid propping up the racist government. Many private donors, however, assisted NGOs that were resisting and undermining the regime and supporting welfare and developmental services that the state failed to provide to the black population. They operate in various ways. Some are foreign-based bodies with no South African presence (for example, the Gates Foundation). Others have field offices and a few even have headquarters in South Africa. Some are grantmakers, some both make grants and support specific projects while others run their own programmes. Some provide only volunteers; some professional services and material resources; some run exchange programmes. In general the international NGOs are operational, even if they are grantmaking. They may have project partners in the same way as private foundations (such as Oxfam) or they may provide volunteer support or professional expertise and material support (for example, Médecins Sans Frontiers).

Aside from the different areas of geographic and sectoral focus, and the different criteria for funding, all the foundations have their own application procedures. In the past, foundations would publish their criteria and grantseekers could send in individual applications providing the information stipulated. More recently, grantmakers have accepted applications according to deadlines tied to their funding cycles. Increasingly, the trend is to issue calls for proposals according to standardised terms of reference, and not to accept any applications that are not submitted strictly to the required format or outside of the call. Funding to rural and community-based organisations has always been hindered by their lack of information and knowledge about funding opportunities. Many such organisations rely on personal contacts or referrals to identify donors. They still lack the resources – such as computers with internet facilities – and the expertise needed to respond to published calls for proposals.

In general, the most popular sectors for support since 1994 have been education, development, technology/communications, capacity building, environment, AIDS, health, culture, justice, women, children, peace/conflict resolution, poverty, and civil society. Looking at individual donors, the prioritisation of HIV/AIDS becomes apparent from about 1998 and again the picture is skewed by the Gates Foundation's investment in HIV/AIDS programming. From 2001, support for HIV/AIDS initiatives was one of the top priorities but was reported within an overall focus on health (29 per cent of total international giving, up from 15 per cent in 1998), followed by education and international development. Education consistently ranked first by far, even up to 2003/04.

It is not possible to quantify accurately the volume of international private aid flows to South Africa on an annual basis. This is because not all grantmakers publish their giving by country – some report on regions or programmes; many donors fund organisations on a sectoral basis and they in turn support activities in Africa but not always in South Africa; and grants may run over more than one financial year. Also, there is some giving between private donors that makes it difficult to track funding in a linear fashion from a specific donor to a specific beneficiary. For example, among its grants in 2003, the Gates Foundation made a grant of US$9 500 000 over five years to support the Global Health Council's efforts to advocate and network for global health issues. A proportion of that may have ended up in South Africa, or may contribute to advances in health that benefit the local people, but the reporting methods do not make this clear. Gates also gave the Henry J Kaiser Family Foundation US$2 132 425 over two years 'to support a range of efforts to improve quality and quantity of global health reporting in the US and abroad' (Bill and Melinda Gates Foundation 2003b). The combined contribution of the top foundations in South Africa for 2003 gives a relative picture of the amount of international private funding allocated to the country compared to ODA, corporate funding and state spending. This shows that for 2003/04, foreign private foundation funding (that is, excluding INGOs) was at least R615 million (see TABLE 7.4). This amounted to over a half of the total of ODA, at around R1.2 billion for the same year.

TABLE 7.4 *Funding to South Africa by the largest private foreign donors for 2003/04*

Donor	Million Rand
Kaiser Family Foundation	195.00[a]
Atlantic Philanthropies	124.50
Gates Foundation	114.00
Ford Foundation	78.00
Open Society Foundation for South Africa	47.70
Kellogg Foundation	21.40
Mott Foundation	17.97[b]
Bernard van Leer Foundation	7.22
Joseph Rowntree Charitable Trust	3.50
Rockefeller	3.40
Carnegie	2.25
Total	614.94

Notes: a This includes R75 million to loveLife, which has since become Kaiser's main beneficiary in South Africa.
b Note that the Mott Foundation's volume is down from R27.22 million in 2002.
Source: compiled from various sources including the foundations' databases, the Mott Foundation Grant Database South Africa 2003, and an interview with Stephanie Jones, Grants Inquiry Administrator for the Gates Foundation who indicated a disbursement of $19 million.

The relative value of international funding, to CSOs in particular, varies greatly depending on the type of funder and the situation of the beneficiary. Overseas funding accounts for the entire budget of some organisations while it supplements the core costs or supports specific projects of others. The value behind the volume of funding needs to be further explored. Where an organisation is dependent for funding on an international donor, there will be the risk of it being 'donor-driven' and/or not being sustainable. At the same time, where an established international donor is providing project or general budget support to a small organisation, there is potential for that organisation to access extensive knowledge, research and experience that may add value to its longer-term strategic planning and programme design. But, again, this needs to be evaluated. For example, international giving for HIV/AIDS in South Africa has a very high profile but its direct impact at community level seems to be very small. It has been estimated that 96 per cent of assistance to orphaned and vulnerable children comes from kin and community, with only 4 per cent from government and external sources (Richter 2005).

Private donors state many motives for giving to South Africa. Historically, the motivation has been philanthropic in the broadest sense, including both material support to victims of apartheid and financial/political support to the liberation movements to challenge the apartheid regime. Most donor funding during apartheid started out by targeting 'poor and disadvantaged' communities, directly or through local organisations. Post-apartheid support has continued this focus but with a commitment to strengthening institutions of the state and civil society to address poverty alleviation and development. The growing emphasis on HIV/AIDS has been framed in terms of the fact that the epidemic is seriously undermining the developmental gains the country has made.

Although several of the larger donors were active in South Africa before 1994, many private foundations and international NGOs chose to have a presence in other African countries during the apartheid era, even if they supported anti-apartheid campaigns (such as Oxfam, for example). There was an influx of private foundations and INGOs after 1995, peaking in 1998. As Smith and Bornstein (2001) point out, the profile of northern NGOs' funding programmes in South Africa tends to reflect the historic relationships between South Africa and northern countries. The comparatively large number of British and European agencies in South Africa reflects the significance of the United Kingdom (DFID) and the EU as major donors to South Africa. The number of Scandinavian agencies reflects the support of these countries for the anti-apartheid liberation movement.

Patterns of giving to South Africa mirror the international agendas of donors, but also the growing demand from the south for a partnership approach to philanthropy, with priority shifting from welfarist/charity approaches to ostensibly developmental funding. The headline issues over the years have changed from general poverty/emergency relief to human rights, gender equity, environmental protection, HIV/AIDS, citizenship and democratic decentralisation. The bigger foundations tend to have broad mission statements, focusing on global development, poverty relief, human rights and justice, whereas the smaller donors tend to highlight narrower sectors or target groups, where they will be able more clearly to demonstrate that they are making a difference.

International private donors draw on a range of funding sources: primarily trust funds; corporate investment; endowments; ODA; and individual donations (from the general public and from individual philanthropists). Most of the bigger foundations emerged from corporate trusts. There are also foreign-based private foundations that emerged from family trusts, which have been in existence longer than corporate foundations. The Andrew Mellon Foundation was initially a family trust, which was then turned into a foundation. Many smaller foundations have emerged since the early 1990s.

INGOs are considered to be 'independent' and are categorised under 'private' giving. It has been argued that private funding means 'privatised' funding, since INGOs derive increasingly large proportions of their income from governments. A report cited in the *Economist* says that by 1994, the EU was channelling more than two-thirds of its emergency relief funds through NGOs. It estimated that Oxfam received a quarter of its £98 million

(US$162 million) income in 1998 from the British government and the EU. World Vision United States, 'which boasts of being the world's "largest privately funded Christian relief and development organisation", collected $55 million's worth of goods that year from the American government. Medécins Sans Frontières, the winner of last year's Nobel peace prize, gets 46 per cent of its income from government sources' (*Economist* 29 January 2000). Research conducted by the Charities Aid Foundation for an NGO umbrella body, BOND, revealed that 44 per cent of international NGOs claim to be reliant on DFID for funding.[25] Donors cite efficiency, decentralisation and strengthening civil society as the reason for funding NGOs, while southern partners see northern policy influence as the driving force. Donor approaches to environmental protection and gender equality are examples of areas where the motivation for public funding of INGOS (and acceptance of it by these NGOs) is questioned.

The smaller donors tend to channel their resources, whether funds or material aid, straight to the organisations they support in South Africa and maintain direct contact with them. Bigger foundations do channel resources directly but also make grants to other grantmakers. The use of intermediaries is sometimes for logistical reasons, such as streamlining administration and managing reporting more effectively. It also reflects recognition of local knowledge of the sector and efforts to strengthen the capacity of local grantmakers.

Information from interviews and from a literature survey shows a difference in the kinds of giving between the larger foundations and the smaller and more recently established ones. In summary: the largest proportion of resources from the main foundations comes in the form of grants, whereas material aid accounts for the greatest proportion of giving by the smaller donors. The second largest proportion of support from the main private donors is channelled via scholarships and bursaries, while the second largest proportion of support from smaller donors comprises human and technical resources. A significant proportion of giving from the larger foundations is in the form of loans but the smaller foundations rarely provide loans. Some of the larger private donors give grants to government departments as well as to NGOs – for example, the Kaiser Family Foundation has supported the Health Department to develop the public health system, and the South African Parks Board at Skukuza is supported by the Mellon Foundation.

International private foundations give funding to registered organisations that have formalised constitutions and an active board of directors/trustees, and can demonstrate a record of good governance, sound financial management and sustainability – or at least clear potential and a strategy to become sustainable. More recently, donors have looked for evidence of transformation, requiring diversity tables to reflect growing representation of black people and women on the boards and staff of non-profit organisations, as well as a focus on black constituencies. The criteria are, on the one hand, imperative for accountability and effective monitoring of funds where the donor is remote from management and implementation. On the other hand, they risk excluding smaller, newer CBOs that may be doing quality work but do not have constituted boards, a track record or audited statements.

All the main private donors have standardised M&E systems, which typically include a requirement for narrative and financial reports submitted according to set formats and deadlines. Where funding is given in instalments, payment of each tranche is generally contingent upon submission of satisfactory reports. The larger donors require quantitative and qualitative indicators of delivery of service. Few donors report significant resources remaining unspent by recipients. Where this happens, larger donors are more likely to allow project partners to roll over funds, while smaller private foundations tend to require their return.

Beneficiaries are generally expected to monitor themselves. While most donors do make project visits, these tend to be annual or less frequent and serve more to confirm the existence and functioning of projects rather than assess their progress and quality. In an interview, Gerry Salole, Ford Foundation southern Africa representative until mid-2005, said: 'South

Africa is phenomenal in its proportion of people who don't report well; we don't make new grants if they don't report or they are late. Often, people have done the work but seem to lose interest in reporting. The list of "expended but not closed" projects is longer in South Africa than anywhere else in the world' (Salde interview).

Prospects for private giving

The three main themes emerging from the analysis of the international funding climate and the role of foreign private giving in South Africa are:

- A willingness to continue supporting poverty alleviation and development programmes, to strengthen democracy and reduce inequality;
- A concern that South Africa should be able to mobilise local (public, corporate and private) resources for both national and regional/ continental development;
- Recognition of the importance of consolidating and disseminating information to grantseekers and grantmakers about funding flows – both to improve access to funding and to improve coherence.

While aid flows from foreign private agencies are much lower than official flows, one of the major differences is that ODA constitutes a minute proportion of state spending, while private foreign funding is the mainstay of many non-profit organisations. Given that few NGOs have been able to tap into local funds, until and unless there is an effective and efficient mechanism for channelling donor funding to the non-profit sector, this dependency (and unsustainability) is likely to continue. The demise of Interfund is sobering in this regard: if a major grantmaker with a long history and relatively broad funding base was unable to retain external support or generate sufficient local support to replace foreign funding, how will NGOs and CBOs fare?

There is still significant international private funding available to support development and poverty alleviation in South Africa. Most of the major donors expect to continue supporting South Africa in the medium term. The major challenge is to bridge the gap between the tens of thousands of unsupported CBOs delivering services to communities and households and the plethora of foreign agencies wanting to target funds that will make a difference at that level, but in a way that can be properly monitored and contribute to broader development goals. Gerry Salole believes the road to mobilising local resources to address local problems will be a long one, but that the role of external resources needs to be more strategically planned and managed:

> The belief that outside funding is needed in this country is a joke. South African corporate business must begin picking up the slack – there are three Ferrari outlets and a Lamborghini outlet in Gauteng. The dynamic between outside and local funding must change. Power relations must change. Africans must say to other Africans 'get your act together, produce your report on time, and be efficient'. Such a scenario is not tomorrow – its years ahead. (Salole interview)

There is a need to address the lack of coordination of private donor funding to the non-profit sector in a way that does not result in over-regulation by the state. The upside of the current funding environment is that there is space for autonomy and creativity on the part of donors and recipients. The downside is that it is difficult to take full account of the role and potential of the NGO sector, let alone to align NGO programmes with government development priorities. As Christa Kuljian, former Director of the Mott Foundation, says:

> You don't want government to regulate the entire spectrum of civil society; you want space for social movements to develop around needs that aren't being addressed and you want CBOs to exist without having

> to register with government. So departments of government have to be able to find organisations that want to partner and non-profit organisations have to be able to decide whether to accept government funding. (Kuljian interview)

Efforts to improve networking among donors and between donors and grantseekers are critically important in an era of growing, but concentrated, private wealth and extensive poverty at community level. Much of the information being generated remains beyond the reach of smaller grantseekers. On the one hand, there is loveLife,[26] funded to the tune of hundreds of millions of Rands by the South African government, international donors, local corporates and the lottery, to roll out HIV prevention and teen health campaigns. On the other there are innumerable CBOs working directly with people affected by HIV/AIDS, which have no idea these funding agencies exist, let alone the means to approach them. Surely this is an expression of the inequity in South Africa that no amount of foreign-funded 'capacity building' can address. It requires a national strategy to link local projects into information and support networks that will equip them to source available funding.

Government is critical of NGOs that accept foreign funding, assuming that CSOs are choosing foreign rather than available local funding, or that foreign funding is supporting activities that are either unnecessary or subversive. The suspicion of foreign-funded CSOs overlooks several important aspects of the role of such funding. Firstly, within their areas of focus, private foreign donors generally support organisations and projects whose objectives are aligned with national development priorities. Secondly, private foreign donors are often funding activities that the state supports in principle but for which there are inadequate resources (for example, early childhood development service provision). At the same time, foreign donors actively encourage CSOs both to diversify and to localise their funding base. Thirdly, private foreign donors are supporting CSOs that are engaged in legitimate advocacy and protest, for which they would never get state or corporate funding. This is not because the activities are intended to undermine government but because they are upholding the constitutional rights of citizens where these are being violated or neglected.

Conclusion

In 2003, Tanzania declared a four-month 'mission holiday', reportedly telling donors to please stay away so that government officials could get some work done (CGD 2004). This captures something of the external resources dilemma. International aid is analogous to the office volunteer. If an organisation is well resourced, has strong leadership, a clear vision, efficient administrative and financial systems and is able to identify some specific gaps, then an enthusiastic and well-intentioned intern from the other side of the world can really add value. If, however, it is overwhelmed by challenges, the arrival of a fresh-faced overseas volunteer who knows just how to solve all the problems – and who needs a house, a 4x4, a stipend, three full-time assistants and a monthly report for the sponsors – can be more trouble than it's worth. In summary, foreign aid may be 'a good thing' where it enhances or supplements local endeavours but where its accommodation requires the redirection and stretching of scarce resources, it may be help one can do without. Both donors and recipients need to be clear about how an aid relationship helps them reach their respective goals. If it's about the money, what is the real cost and benefit? If it's about knowledge and expertise, what difference does it make and how? It it's about diplomacy and international relations, who is setting the agenda? Impact assessment needs to go beyond checking whether money was spent as intended and whether specific projects delivered the planned outcomes. It needs to demonstrate how external resources contribute to development and poverty reduction in ways that would not otherwise be achievable.

Towards the end of the first term of office of the democratic government, almost all of South Africa's donors proposed exit strategies.

Some saw 1999 as a watershed year, during which power-sharing arrangements would expire, second elections would be held, and Nelson Mandela would step down from the presidency (Bratton & Landsberg 1999). However, all the main donor countries remain involved in South Africa, though some are becoming engaged in business-to-business relations. Whether the move from ODA to foreign direct investment is of net benefit to South Africa requires further investigation. Some of South Africa's bilateral aid relations that are on the brink of expiry may not be renewed. The central argument for a decrease of donor funding is that South Africa's economy and its democracy have now been stabilised. Canada, for example, has stressed its intention to fund other countries as South Africa steadily 'graduates' from being a recipient (Pather interview). Japan also talks of South Africa having graduated from being a donor-funded recipient (Matsui interview).

Given the growing income disparities in South Africa, the millions of people living in absolute and chronic poverty, and the proportion of the population that is excluded from the social and political economy of the country and unable to access their basic rights, the notion that the country 'no longer needs aid' might simply provide a convenient cover for engaging in business relations that benefit the former donor and perpetuate economic relations that impoverish large sections of the population.[27] Some donors expect to continue providing ODA for poverty alleviation, democratisation and human rights, and several have highlighted the need to fund the fight against HIV/AIDS, with more than 6 million people infected in South Africa.

Since ODA assists the South African government in service delivery, through capacity building and support for water, health, education and other programmes, donor exit would affect the poorest sections of society unless the government realigned the Budget accordingly (which it could do, for example, through modest taxation). At present, aid is generally something of a vicious circle, with ODA globally helping to mitigate the impact of macroeconomic policies and onerous trade relations that the major donors have pressed upon aid recipients. South Africa is one country that is in a position to do without aid, making up any shortfall by budgeting for funded projects, or adopting a more redistributive tax system (for example, through a basic income grant). But this is unlikely to happen given government's existing political and socio-economic priorities, and its ideological leanings. A dramatic decline in foreign donor funding, then, would under present circumstances impact adversely on the most marginalised in South African society.

Notes

1 At the Earth Summit in Rio in 1992, donors pledged US$2.5 billion, or an extra 4 per cent in aid. In fact, aid fell by 24 per cent in real terms between 1992 and 1997, reaching a low point of US$44.077 billion (Randel et al. 2004).

2 For an overview, see http://www.foreignpolicy.com/story/cms.php?story_id=2540#1. Note that each country's overall score on the CGD/FP Commitment to Development Index is the average of its scores in seven categories. A comprehensive explanation of the index's methodology is available on the Center for Global Development's website at www.cgdev.org.

3 FP Online Journal May/June 2004: 1.

4 FP Online Journal May/June 2004: 1.

5 See www.usaid.gov/about_usaid/index.html.

6 See http://www.cdi.org/news/mrp/global-graph.pdf.

7 Uganda is cited as a prime example here. The country is lauded for its 'locally owned' Poverty Reduction Strategy Paper, which qualifies it to become more indebted to the World Bank and other donors. However, its record on corruption is putting its relations with donors in jeopardy and, ironically, it is argued that if it dealt with corruption, tax evasion and overspending on defence and public administration, it would not need aid. See Andrew M Mwenda's article, 'Aid Simply Supports Govt Incompetence, Corruption' in *The Monitor*. Uganda. 6 March 2005.

8 Christian Aid (2005) recently estimated that trade liberalisation imposed on Africa in the past 20 years as a condition of aid had cost the continent US$272 billion, which was roughly equivalent to the total aid received during that period.

9 Read on his behalf by his special adviser on Africa, Ibrahim Gambari, on 29 September 2003. Quoted in *The Post* (Lusaka). See http://allafrica.com/stories/200309300640.html.
10 Funded by the United Nations Development Program and the United Nations Theme Group on HIV and AIDS, cited in Ndlovu (2005).
11 The Treasury estimate includes all government-to-government grants, loans and technical assistance but not direct funding to NGOs or parastatals (which it is not able to estimate).
12 1.5 per cent of the national Budget (R386 billion) would be close to R6 billion, which is the estimate for 2003/04 (Marais interview).
13 See http://www.sida.se/.
14 See http://www.sn.apc.org/usaidsa/budget.html.
15 R13.3 billion was given back in personal income tax cuts in the 2003/04 Budget – a benefit that by definition excluded the millions of people living in poverty.
16 See evaluations of ODA to South Africa from the European Union and DFID, for example.
17 However, this is based on an estimate of total ODA that is much lower than the Bratton and Landsberg (1999) and the DFA figures.
18 R2,682 811 290 out of R3,095 870 204 according to the DOH Donor Matrix 2004, cited in Ndlovu (2005).
19 See http//:www.usaid.gov/main.
20 See http//:www.usaid.gov/main.
21 See http//:www.usaid.gov/main.
22 See www.usig.org.
23 *New York Times*, quoted in PND news, 10 September 2004, http://fdncenter.org/pnd/news/story.jhtml?id=79100002.
24 This aspect of the study was based on a database of international private foundations and NGOs compiled using the SAGA list, the last available *Prodder* directory, the USAID list, the membership lists of the Africa Grantmakers' Affinity Group, the BOND (British Overseas NGOs for Development) network, the United States Council on Foundations and cross-checking with a range of databases (for example, Synergos) and NGO networks to pick up the smaller and more recently established private donors. Of an original list of more than 100 private foundations listed as operating in South Africa, some 25 have either closed or were not operating in the country during the period of the study.

25 Report released at the launch of BOND's new Futures Programme on 28 April 2004.

26 The Global Fund approved two projects for loveLife, totalling US$12 million (around R78 million), in its first round of funding. LoveLife receives a third of its current annual budget from the South African government and most of the balance from the Henry J Kaiser Family Foundation. It is also supported by the Anglo American Chairman's Fund, the South African National Lottery, the South African Broadcasting Corporation, the Independent Newspaper Group and the Vodacom Foundation. The Global Fund has since stopped its funding to loveLife.

27 See Christian Aid (2005) report on the impact of trade liberalisation on Africa.

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8

Contextualising social giving: an analysis of state fiscal expenditure and poverty in South Africa, 1994–2004

Mark Swilling, John van Breda and Albert van Zyl

THE PRIMARY AIM OF this chapter is to determine the resource flows into poverty eradication and the development process in general. Although the focus of this book has been on non-state actors (individuals, corporations, communities, non-profit organisations, local and international donors and faith-based institutions), this chapter was commissioned to provide a contextual framework for understanding these non-state resource flows.[1] Therefore, the *primary question* this chapter seeks to answer is: How much has the South African state spent since 1994 to address the challenge of poverty and promote development?

The answer to this question is that during the first decade of democracy, the South African state *increased* expenditure on social and economic services as a percentage of total expenditure. Expenditure on social services increased in real terms by 57.5 per cent, from R70.2 billion in 1995/96 to R196.6 billion in 2004/05. The result of this trend is that the relative share of social services of consolidated expenditure increased from 45.4 per cent in 1995/96 to 50.9 per cent in 2004/05. Expenditure on economic services[2] increased in real terms by 71.5 per cent, from R16.2 billion in 1995/96 to R49.4 billion in 2004/05. As a result, its share of expenditure grew from 10.5 per cent in 1995/96 to a projected 12.8 per cent in 2004/05. Furthermore, this has been achieved by slightly lowering total expenditure as a percentage of GDP from 30.8 per cent in 1995/96 to 28.6 per cent in 2004/05. Nor did state revenues increase – they remained at around 25 per cent of GDP per annum for most of the period. At the same time, in the six years to 2003/04, personal income tax paid to the South African Revenue Services (SARS) decreased in real terms by 0.9 per cent per annum, while company tax increased in real terms by 12.3 per cent per annum (Gelb 2004). This pattern of fiscal expenditure is consistent with government policies that have tended to focus on redistribution via development and poverty eradication programmes of various kinds.

The expenditure figures cited above include both operating and capital expenditure. However, given the focus of the preceding chapters, of particular interest are the so-called 'extra-governmental transfers' to households, non-profits and special funds (explained in detail in a section later in this chapter). During the five-year period 2000/01 – 2004/05, the total value of direct transfers to households alone is estimated to be R6.7 billion. The total value of transfers aimed directly at poverty eradication and development promotion to special agencies/funds (not controlled by government departments), plus the non-profits and households for the five-year period 2000/01–2004/05, was R58.7 billion. On its own, this figure may not have much significance, but it does provide a useful contextual reference point for assessing the contributions by the non-state actors surveyed in the wider study.

A more detailed analysis of the 14 'special funds' that were either transformed or created from scratch over the past decade to institutionalise the delivery of developmental funding found that they had available for spending (via grants, loans and/or investments) a total of nearly R33.8 billion during the period 1994–2003. Although relatively minor spenders in the larger scheme of things, how they were configured and what their challenges were tell a story about the complexities of building developmental state institutions in the context of a small developing economy that is highly dependent on global economic processes.

The story of the 'special funds' begins with the rise and fall of the Reconstruction and Development Programme (RDP) Fund – the archetypal general purpose 'development fund'. This was followed by the emergence of a rash of 'special funds' during the 1998/99 period when the state was running the dualist framework of 'macroeconomic stabilisation' alongside 'ameliorative' interventions, culminating in today's 'developmental state' approach.

The current developmental state approach combines state-led investments with massive interventions in physical infrastructure and human skills via a new generation of mega-funds – the Municipal Infrastructure Fund, the National Skills Fund (plus the Sector Education and Training Authorities), plus various others, some of which span the public–private divide (for example, the Public Investment Commission and the National Empowerment Fund). This is a remarkable, largely untold story of large-scale, vision-led institutional engineering driven by the need to find vehicles for spending money to realise developmental policy objectives without raising the spectre of 'fiscal populism'. In every case there was an underlying theory of development, an institutional methodology, a set of developmental practices and a set of predictions about the relationship between inputs, outputs and impacts. Frequently, however, these grand ambitions foundered on the rocks of institutional incapacity, but not always. This story stills needs to be told in greater detail by researchers.

The single most striking feature of post-1994 South Africa is that despite the general picture described above of rising levels of state expenditure on social and economic services, coupled to ambitious institutional projects to mobilise resources for development, poverty has nevertheless increased. According to the authoritative *UNDP South Africa Human Development Report*: 'Poverty gap, which reflects the depth of poverty...has increased between 1995 and 2002, especially when using lower poverty lines' (UNDP 2000: 42). Furthermore, the Report states:

> Income distribution in South Africa, as measured by the Gini coefficient, is very skewed compared to other countries and has been worsening in recent years. In 1995, the Gini coefficient for South Africa was 0.596; it rose to 0.635 in 2001, suggesting that income inequality is worsening. (UNDP 2000: 43)

How is this possible? Part of the answer is that rising social and economic expenditures have taken place within a context shaped by macroeconomic policies that have favoured excessively rapid liberalisation of capital inflows and outflows that have not been strategically aligned with developmental priorities. This mismatch between social spending and the liberalisation of capital flows goes some way towards explaining the rising levels of poverty and inequality during the first decade of democracy. However, to complete the picture, we must address what most economistic and reductionist analyses fail to address, namely the complex and challenging task of institutionalising developmental state institutions. Measuring inputs (expenditures) and outputs (delivery), bemoaning the impacts (rising poverty) and then blaming the macroeconomy ignores the quintessential message of institutional economics, namely that financial flows are mediated by institutional transactions that are time bound, constrained by human capacity and costly. If these institutional arrangements are inappropriately configured and/or are rendered ineffective by dysfunctional power relations, inadequate capacity and/or corruption, expenditures will have limited impacts. It follows, therefore, that spending more via dysfunctional institutions could result in qualitatively poorer outcomes than spending less via more functional institutions.

The ideal is, of course, spending more via functionally superior institutions that are staffed by people who understand the meaning of 'deep development' and who are allowed to operate according to procedures that are functional and effective, in other words, that development is about more than spending money. The problem is that plans and budgets take up very little time and require very small groups of highly skilled people to assemble, whereas institutionalisation of the capacity for implementation is a long, time-consuming process, involving large numbers of people who have a mix of skills and who are often geographically separated from one another. When there is a mismatch between the lead times for planning and budgeting and the lead times for institutional transformation, strategic managers and politicians look for people to blame for failures or for ways to short-circuit formal structures. Though initially logical, this response can compound the complexity of aligning plans, budgets and institutional capacity as new layers of decision-making slow down, rather than speed up, the process. When all this gets over-determined by impatient and frustrated political leaders, logjams can turn into meltdowns.

The focus of this chapter is limited to a quantitative analysis of state expenditures and the institutions that have been set up by the state to manage expenditures. This chapter will not address the vexed question of the relationship between expenditures and the actual impact of these expenditures on poverty reduction/eradication. Others have attempted to do this (Bhorat & Kanbur 2006; May 2001; Nattrass & Seekings 2001). In other words, this chapter does not tell us what the money was spent on at the programme and project level, how it was spent and whether the intended poverty reduction targets were achieved or not. In order to explain why poverty increases when state expenditures to reduce poverty increase, further research will be required based on a more refined analysis of expenditures at the programme and project level, coupled to qualitative case studies of actual impact within the context of macroeconomic policy.

Defining poverty

According to the Committee of Inquiry into a Comprehensive System of Social Security for South Africa (RSA 2002) (hereafter referred to as the Taylor Committee), between 20–28 million South Africans (45–55 per cent of the population) are living in poverty, depending on which poverty line is used.[3] The incidence of poverty varies substantially between provinces. 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 per cent.

Poverty is concentrated in rural areas. About 70 per cent of people living in rural areas are living in poverty, compared to about 30 per cent of people in urban areas. Although less than 50 per cent of the total population lives in rural areas, 70 per cent 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.

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 page 287). The section of this chapter 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.

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 (Nattrass & Seekings 2001). Unemployment levels have risen consistently during the 1990s. Between 1995 and 1999, there was an absolute increase of 653 000 informal dwellings, mainly in urban areas (SAIRR 2001). In its report, the Taylor Committee notes that the distribution of income seems to have become more unequal between 1991 and 1996. Whereas inter-racial inequalities have declined, intraracial inequalities have become more stark.

The problem with the traditional quantifications of poverty of the sort provided above is that they generate conclusions about the amount of money required to 'meet basic needs'. What flows from this is a complex

Selected socio-economic indicators

Unemployment

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

Food security

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

Housing

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

Basic services

- In 1999, only 39 per cent of the 11 million households in South Africa had running tap water inside their dwellings and almost 40 per cent of non-urban households did not have access to piped water (in dwelling, on site or at a public tap)
- In 1999, 21 million South Africans had inadequate sanitation

Education

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

Health

- There is an estimated shortfall of almost 800 clinics and gross disparities between private–public healthcare facilities are noted policy-making and institutional design process aimed primarily at finding (public, private and donor) funds to spend on well-intentioned and often carefully designed programmes and projects (often articulated using the highly rationalistic logical framework methodology). There is nothing wrong in and of itself with this traditional approach to development intervention, but it does tend to obscure the complex and largely unquantifiable relationship between poverty and the capacity of individuals and communities to actively understand, access and use resources aimed at extracting them from the poverty trap. The validity of this statement is revealed by its converse: there is enough evidence from numerous studies that poverty is not reduced simply by spending money to 'provide' for basic needs. Unless spending is coupled to processes that gradually build the intellectual, psychological, cultural, organisational and technical capacity of the 'beneficiaries', development in general and poverty reduction in particular will be an unlikely outcome. The passage from the 'basic needs' approach to the 'empowerment' approach came about as mainstream thinking started to agree with developmental NGOs who had been arguing for the importance of empowerment for decades. However, it is the 'basic needs' paradigm that remained dominant in determining fiscal expenditure patterns during the first decade of democracy in South Africa. The problem here, though, is that an empowerment approach may impact on poverty, but the lessons from the 'special funds' are that it is extremely difficult to institutionalise an empowerment approach that results in large-scale expenditures.

Fiscal policy and social spending: an empirical analysis

> The implications of the Growth, Employment and Redistribution strategy (GEAR) for policy implementation and service delivery were twofold. First, attempts to reduce the Budget deficit from about 5 per cent to less than 3 per cent within a five-year period entailed *severe restrictions on expenditure*, the impact of which was felt most forcefully in government's capital investment, and thus most noticeably in social and economic infrastructure development. (UNDP 2000: 3)

Although there are many statements in the polemical, academic and policy literature that equate the adoption of neo-liberal economic policies with expenditure cutbacks, the above quote from the respected UNDP report captures a general consensus that spans a range of ideological perspectives, from those who think that cutbacks are evidence of state withdrawal in line with a commitment to 'sensible' market-based economics, right through to those who see withdrawal as evidence of the perpetuation of economic apartheid disguised as 'neo-liberalism'. The evidence presented in this section does not support this consensus.[4]

Macro-level fiscal expenditures

The reduction in the Budget deficit is one of the key features of government finance over the last ten years (see TABLE A1 in the appendix to this chapter).[5] Between 1994/95 and 2004/05 the budget deficit as a percentage of the GDP was reduced from 5.6 per cent in 1994/95 to a low of 1 per cent in 2002/03. After remaining at between 5 per cent and 6 per cent until 1997/98, it declined dramatically after the introduction of GEAR in 1997. After the 2002/03 low, it was allowed to move up in a controlled and purposeful manner in order to fund additional infrastructure investment.

During this same period revenue as a percentage of the GDP reached a high of 26.9 per cent in 1997/98, after which it declined to a low of 24.6 per cent in 2000/01. It was also allowed to drift upwards to reach a projected 25.7 per cent of GDP in 2004/05. Since 1998/99, the reconstituted SARS has consistently over-collected on its targets. This has allowed systematic reductions, especially of personal income tax rates, without affecting the levels of revenue collected. Over this same period expenditure reached a high of 31.7 per cent of GDP in 1996/97, before declining to a low of 26.6 per cent in 2000/01. Expenditure, too, was allowed to drift back up to 28.6 per cent of GDP in 2004/05. As mentioned above, this increase in expenditure was largely applied to increased investment in infrastructure.

In summary, the general picture is of rising revenue, expenditure and deficit levels until roughly 1997/98. With the introduction of GEAR, revenue and deficit levels showed rapid decline and remained at lower levels. Expenditure increased overall as a percentage of GDP from 1998/99 onwards. Over the period 2003–05 expenditure and the deficit showed further increases, while revenue remained steadily below 26 per cent of the GDP. It is therefore possible to conclude that, while the Budget was generally less expansionary between 1994/95 and 2002/03, the deficit was not reduced by cutting expenditure, as is commonly believed.

The 1997/98 moment is significant because it was also during this period that a number of new 'special funds' were initiated. As is well known, the second quarter of 1996 marked a key turning point in macroeconomic policy management when the RDP office was closed and GEAR adopted as South Africa's 'macroeconomic stabilisation' policy. This policy decision triggered the changes reflected in the figures for 1997/98. However, more significantly, it would appear that this decision bifurcated the policy process into 'macroeconomic policy' managed by the Department of Finance, and sectoral initiatives that resulted in the creation of a new set of 'sectoral RDP-type funds' aimed at facilitating expenditures to realise a wide range of policy goals in the enterprise, infrastructure, human skills and social development fields. Unlike other countries where 'macroeconomic stabilisation' resulted in reduced revenues, deficits and expenditures, in the South African case expenditures dropped briefly and then continued to rise. The struggle to find ways of institutionalising the structures and processes to manage these expenditures is a story of the search for appropriate ways of institutionalising developmental state institutions within national policy management that had decided to focus on 'macroeconomic stabilisation', with 'development' left to the sectors, provinces and local governments.

Consolidated national and provincial expenditure

Allocations to social services in particular grew steadily over the period under review (see TABLE A2 in the appendix to this chapter). While growth in this sector relented briefly in 1998/99 and 2000/01, it resumed after that.

Similar patterns can be detected in the economic and protection service sectors, albeit from a lower base.

The decline of money spent on interest repayments is particularly striking. Debt servicing costs declined by a total of 7.4 per cent between 1995/96 and 2004/05 (see TABLE A2). The real reason why expenditure could continue to grow strongly in the face of a declining deficit is this reduction in debt service costs. Payments on interest took up over 20 per cent of expenditure in 1998/99, but dropped to 13.1 per cent of expenditure by 2004/05 (see TABLE A3 in the appendix to this chapter).

Social services expenditure increased by an average of 6.4 per cent over this period. In fact, real growth in this sector outstripped overall expenditure growth by 1.9 percentage points. The result of this trend is that the relative share that social services take of consolidated expenditure increased from 45.4 per cent in 1995/96 to 50.9 per cent in 2004/05 (see TABLE A3). While all four social services functions benefited from these increases, increases to education and welfare account for more than two-thirds (69%) of this growth.

Over the same period, allocations to economic services increased by an annual average of 7.9 per cent in real terms. The main reasons for these increases are increases in the allocations to transport and communication and other economic services. Together these two account for 63 per cent of growth in expenditure on economic services. Expenditure growth on economic services also outstrips total real expenditure growth. As a result, its share of expenditure grows from 10.5 per cent in 1995/96 to a projected 12.8 per cent in 2004/05. It is, however, important to note that its share of expenditure only started increasing in 2001/02 after dropping to a low of 8 per cent in 2000/01.

The only sector growing more slowly than overall expenditure is protection services which declined to a low of 14.5 per cent in 1999/2000 before recovering. Despite the decline in its share of expenditure, this sector still shows real growth.

The trends reflected in TABLES A1, A2 and A3 contradict some of the original projections of neo-liberal economic modelling exercises that took place in government think tanks in the period leading up to the adoption of GEAR in 1996. For example, the highly influential Macro Economic Working Group comprising key experts from the Department of Finance, Reserve Bank, Development Bank of Southern Africa, Central Economic Advisory Services, business and the World Bank, estimated that if the salary bill could be reduced by 10 per cent (by service cutbacks, eliminating inefficiencies and resisting wage/salary increases) in order to finance substantial increases in capital expenditure on infrastructure, the result would be rising levels of growth – the infamous 'increase fixed investment by 1 per cent and you get a 1 per cent increase in the growth rate' formula. Instead, social and economic spending went up (including solid real growth in capital spending), without evidence of a substantial increase in capital spending as a percentage of total spending in these clusters (see section below). Even the phenomenal 95 per cent real change in housing expenditures (most of which consists of capital subsidies for households) was dwarfed by the fact that education (mainly teacher salaries) and welfare (mainly transfers to households) accounted for 69 per cent of all growth in the social services sectors. Overall over the period, social spending increased at a rate faster than the growth in total expenditure, whereas economic spending declined from what was already quite a low base before rising rapidly to reach a point where it also exceeded the overall rate of expenditure growth. Even if capital spending had increased more steeply, persistent underspending raises doubt as to whether the capacity was in place to manage increases in spending.

National expenditure

The previous section described trends in consolidated national and provincial expenditure. Below is a reflection on the two components of this expenditure, namely national and provincial.

National expenditure increased by an annual average of 2.9 per cent between 1996/97 and 2004/05 (see TABLE A4 in the appendix to this chapter). The main driver of these increases was again the social sector that grew by a real annual average of 19 per cent over this period. It is, however, important to note that these figures are slightly inflated by changes in the composition of the national Department of Social Development as a result of the establishment of the National Development Agency (NDA).

The result of these increases was that national social service expenditure grew from 5.84 per cent of all expenditure in 1996/97 to 12.54 per cent in 2004/05 (see TABLE A5 in the appendix to this chapter). The three main drivers of this increase were increased allocations to the Health, Education, Social Development and Local Government departments.

The economic sector increased by an annual average of 1.4 per cent (TABLE A4), although this is reduced by R1.3 billion as water provision was removed from the Water Affairs budget and channelled through the Municipal Infrastructure Grant from 2004/05 onwards.

Any comparison of pre- and post-2000/01 budgetary data organised by economic classification is perilous, given the major reclassification of government expenditure that resulted in the new Standard Chart of Accounts in 2000. Capital expenditure is a case in point. For this reason we present data from 1995/96 to date, but only analyse the data for the period from 2000/01 to 2004/05.

National capital expenditure shows solid growth in both the social and economic sectors over the period from 2000/01 to 2004/05 (see TABLE A6 in the appendix to this chapter). In the social sector capital expenditure grew by an annual average of 16.7 per cent per year over this period, with strong growth in the Department of Arts, Culture, Science and Technology, Labour, Health and Public Works being the main drivers of growth. The result of this steady growth is that capital expenditure remained at around 2 per cent of total social service expenditure over this period (see TABLE A7 in the appendix to this chapter).

Over this period, capital expenditure in economic services grew by an annual average of 6.5 per cent (TABLE A6). The main growth driver in this case is Water Affairs and Forestry, and Environmental Affairs and Tourism. These increases resulted in the share of capital expenditure in economic services also remaining at between 2 per cent and 3 per cent (TABLE A7).

National government has generally spent quite high percentages of its budgets (TABLE A8 shows the share of budgeted expenditure that was actually spent in national budgets since 2001/02). The common trend of governments being less able to spend capital than current expenditure is present here, but not nearly as pronounced as is the case in the provinces (see TABLE A16 in the appendix to this chapter).

Extra-governmental transfers from national departments

Given the overall goal and focus of this study, a significant question that needs to be answered in order to contextualise the magnitude of giving by non-state institutions, households and individuals is: How much money does the state transfer directly into dedicated independent agencies/accounts (that are not directly controlled by national, provincial or local governments), non-profit organisations and households to promote development and eradicate poverty? Fortunately, it has been possible to calculate this, but only for the past five years due to the introduction of the Standard Chart of Accounts. National Treasury now provides a breakdown of these so-called 'extra-governmental transfers' in terms of both destination (that is, agencies/accounts, universities/technikons, foreign governments and international organisations, public corporations and private enterprises, non-profits and households) and sources (that is, the national departments themselves and the clusters they fall into). For the purposes of this study, the transfers to sectoral agencies/accounts, non-profits and households are of particular interest. The direct transfers to households are of greatest interest because it is possible to assume that these represent actual amounts transferred to households without deductions for overhead costs.

Before proceeding, it is important to provide a summary and definitions of these transfer categories:

Summary explanation of transfer categories

- Departmental agencies and accounts: includes public entities listed in the Public Finance Management Act (PFMA), such as social security funds, unemployment insurance funds and other funds and accounts. Taking the example of the Department of Trade and Industry (DTI), such transfers would include transfers to Khula, Ntsika and the National Empowerment Fund;
- Universities and technikons: routine transfers;
- Foreign governments and international organisations: again, taking the DTI example this would include the South African contribution to UNDP;
- Public corporations and private enterprises: subsidies on production and other transfers to public corporations and private enterprises. DTI examples would include transfers to the Industrial Development Corporation (IDC);
- Non-profits: including privately owned educational institutions. A DTI example would be transfers to the Proudly South Africa campaign;
- Households: social benefits and other transfers to households.

It is worth quoting extensively from the National Treasury's *Economic Reporting Format Guide* to clarify the detailed definition of these categories:

> *Definitions for transfers and subsidies*
> Transfers and subsidies include all unrequited payments made by the government unit. A payment is unrequited provided that the government unit does not receive anything directly in return for the transfer to the other party.
>
> Both current and capital transfers are included in this item. The main reason for including both current and capital transfers under the same heading is that in practice it is often difficult to differentiate

between these two categories. In addition, both have the same effect on net worth of government. Capital transfers should be accounted for as a note to the budget statement.

Examples of current transfers are social security benefits paid to households, fines, penalties, compulsory fees and compensation for injuries or damages paid to another unit.

An example of a capital transfer is a payment that is conditional on the recipient unit using the funds to acquire capital assets. Another example is a transfer to enterprises (publicly or privately owned) to cover large operating deficits accumulated over at least two years or to finance their cost of purchasing capital assets. Debt forgiveness extended to others is also considered a capital transfer.

Capital transfers can also take the form of capital taxes payable to other government units. Government units need to distinguish between the following transfer categories:

- Transfers to provinces (including the Provincial Revenue Fund; provincially owned entities, like hospitals, clinics and other entities engaged in providing health services; as well as provincially owned development organisations, but excluding universities and technikons)
- Transfers to municipalities (including development organisations owned by municipalities and other municipal entities)
- Transfers to departmental agencies and accounts (including national public entities listed in the PFMA, such as social security funds, unemployment insurance funds and other funds and accounts)
- Transfers to universities and technikons
- Transfers to public corporations and private enterprises:
  - Subsidies on production
  - Other transfers to public corporations and private enterprises

- Transfers to foreign governments and international organisations
- Transfers to non-profit institutions (including privately owned educational institutions)
- Transfers to households:
    - Social benefits
    - Other transfers to households. All these transfer categories are self-explanatory, except subsidies on production, other transfers to public corporations and private enterprises, social benefits, and other transfers to households.

Social benefits

Social benefits are current transfers to households, but not all transfers to households are included under this category. Included are the transfers made to households to protect them against events that may adversely affect their social welfare. Examples include the child support grant; payments for medical, convalescent and dental care and home care. Social benefits also encompass the cost to provide free housing and housing below market prices.

Other government units can also pay social benefits, like the Unemployment Insurance Fund.

Other transfers to households

Other transfers to households consist of all other transfers to households. All capital transfers to households are included here. This category also includes payments of bursaries (but excluding bursaries to government employees, which are recorded under goods and services), fines and penalties paid to households. It also includes compensation for injuries and damages caused by natural disasters or government units if paid to households.

Transfer payments from national government to entities other than provincial and local government have increased by a real annual average rate of 7.4 per cent from 2000/01 and 2004/05 (see TABLE A9 in the appendix to this chapter). While all six categories of transfer have increased, the largest single contributors to this increase are transfers to departmental agencies and accounts (62.8 per cent of the increase), transfers to universities and technikons (13.5 %) and transfers to public corporations and private enterprises (15 per cent of the increase). Other categories of transfer such as transfers to non-profits show large percentage increases, but these all came from much lower bases.

Social services as a whole accounts for about 37.5 per cent of the total increase in such transfers. Within the social services category the largest beneficiaries of this growth in transfers were transfers to departmental agencies and accounts as well as the above-mentioned increase in transfers to universities and technikons (see TABLE A10 in the appendix to this chapter). The two key departments in this regard were education and health.

Economic services transfers grew by an annual average of 6.1 per cent over this period. Increased transfers to public corporations and private enterprises drive the increase in the economic sector. The economic service departments benefiting from this increase are largely the Departments of Transport, Land Affairs, Mineral and Energy Affairs, and Environmental Affairs and Tourism (see TABLE A10).

The total value of transfers to agencies/accounts, non-profits and households for the five-year period under review is R58.7 billion (see TABLE A9. A significant figure is the National Treasury's estimate of the total funds transferred to households.[6] For the five years 2000/01 to 2004/05, the total value of transfers to households over this period was estimated to be R6.7 billion comprising R1.5 billion from the social services cluster and R5.2 billion from the economic services cluster. However, an equally significant figure for the purposes of this chapter is the increase in transfers to departmental agencies and accounts from R6.6 billion in 2000/01 to R12.4 billion in 2004/05, with the transfers in the social services cluster to these agencies and accounts rocketing up by 97.3 per cent. Total funds transferred to agencies/accounts for this five-year period was R50 billion. Although proceeding from a very low base, the transfers to non-profits also increased substantially from just below R120 million in 2000/01 to just below R250 million. The total transferred for the five-year period was R2 billion. However, this figure is misleading because these are direct transfers from national government departments to non-profits, which is not the level of government directly involved in transfers to non-profits.

The rapid rise in the size of transfers to sectoral agencies and accounts provides the empirical context for the discussion in the companion paper about the way the South African state has tried to institutionalise its developmental mandate via a wide range of transfers into special purpose institutions.

Poverty alleviation and job-creation fund allocations

Allocations to the Poverty Alleviation and Jobs Summit Fund grew from R1 billion in 1999/00 to R1.567 billion in 2003/04 (see TABLE A11 in the appendix to this chapter). There were significant shifts between departments over this period. While allocations to the Departments of Public Works and Water Affairs remained at relatively high levels throughout, the largest increases came in allocations to the Department of Environment and Tourism (DEAT). By 2003/04 these three departments accounted for almost 60 per cent of all allocations from this fund. After initial high allocations to the Department of Social Development, a litany of underspending resulted in a significant scale back.

The Poverty Alleviation and Jobs Summit Fund ceased to exist at the end of the 2003/04 financial year. While some of the associated programmes were still funded, this was incorporated into their core funding. The balance of the fund was divided between allocations to the Provincial and Municipal Infrastructure Grants and the Extended Public Works Programmes (see TABLE A11.

Provincial expenditure

Total expenditure by provinces increased by an annual average of 4.2 per cent between 1995/96 and 2003/04 (see TABLE A12 in the appendix to this chapter). By 2003/04 provincial Departments of Education, Health and Social Development accounted for 81 per cent of all provincial expenditure (see TABLE A13 in the appendix to this chapter).

Of these three, the largest beneficiary of additional expenditure was social development, which grew at an annual average of 6.8 per cent (see TABLE A12). While both other functions show solid average growth over this period, they grew at the substantially slower rates of 2.1 per cent (education) and 4.3 per cent (health) respectively. The data for provincial expenditure by departments shows that, as a result, the relative share of social development grew over this period, while that of education and health declined (see TABLE A13). The data also show a stabilisation in the share of other provincial expenses since 2000/01 at around 18 per cent of provincial budgets (see TABLE A13).

There was a healthy growth in provincial capital expenditure between 1995/96 and 2003/04 of over 25 per cent annually (see TABLE A14 in the appendix to this chapter). This increase was mostly driven by large increases outside of the social services. In the social sector education saw large increases, while provincial capital expenditure in health also grew substantially. Non-social sector capital expenditure, however, accounts for 63 per cent of all growth in provincial capital expenditure between 1995/96 and 2002/03.

Capital expenditure as a share of total expenditure has been growing impressively from 1999/00 (16.1 per cent of total) to 2003/04 (31.6 %) (see TABLE A15 in the appendix to this chapter). By 2003/04 over 20 per cent of all non-social service expenditure was committed to capital expenditure. Health and education committed about 5 per cent each while, by the nature of its function, social development spent substantially less on capital projects.

Since the late 1990s, provinces have significantly improved their ability to spend (see TABLE A16). Provinces are, however, still unable to spend significant amounts of money allocated for capital expenditure, with a number of provinces not spending more than 75 per cent. The main culprit in this regard is generally provincial Departments of Housing where a variety of coordination challenges with both national and local government continue to hamper implementation.

Provincial transfers to public entities

Between 2002/03 and 2003/04, provinces transferred around 2 per cent of their budgets to provincial public enterprises (see TABLE A17 in the appendix to this chapter). There was significant variance between provinces, with Limpopo, North West and the Eastern Cape committing around 3 per cent of their budgets in this manner, while the Northern Cape and Gauteng transferred less than 1 per cent of their budgets to such entities.

Local government expenditure

A key trend over the last five years has been the rapid growth in national and provincial transfers to local government. This reflects the increasing role of local government in the delivery of developmental services to combat poverty as a result of a decade of fundamental reforms to the local government system, as well as a desire by the state in general to improve the fiscal capacity of this sphere. In 2002/03 the total capital budget for all local governments was R13.2 billion. A significant portion of this was covered by transfers from non-local governments. In the short three-year period 2001/02 to 2003/04, total transfers from national and provincial governments to local government increased in real terms from R7.7 billion in 2001/02 to R14.4 billion in 2003/04 (see TABLE A20 in the appendix to this chapter). However, unlike most other countries in the world, South African local governments are still largely dependent on their own municipal tax bases. For example, the transfers to local government from provincial and national government in 2002/03 were just over R11 billion (see TABLE A20), whereas the total combined operating and capital budgets of all South African local governments in this year were R77.5 billion (South African Cities Network 2003), that is, transfers from non-local governments were 14 per cent of total local government revenue in 2002/03.

While spread fairly evenly, the single largest share of local governments' capital budgets in 2002/03 was committed to housing provision (see TABLE A18 in the appendix to this chapter). Metropolitan councils spent over a quarter of their capital budgets on housing-related infrastructure and services in 2002/03, while the largest capital expenditure item in other local authorities was water, reservoirs and reticulation. Metros only committed about half their budgets to the latter, but committed a much smaller share of their budgets to electricity reticulation.

With regard to local authorities' operational budgets, salaries and associated expenses take up about 31 per cent, while electricity bulk services account for about 17 per cent of operational budgets (see TABLE A19 in the appendix to this chapter). Unlike capital budgets, there is less significant deviation between metropolitan and other local authorities in the composition of their operational budgets.

Transfers to local government from national and provincial government grew by an annual average of 29 per cent between 2001/02 and 2003/04 (see TABLE A20).

The two largest increases have occurred in the size of the local government equitable share and the CMIP transfer, each of which almost doubled in this period. Although the consolidation of transfers took place in parallel to the growth of the Consolidated Municipal Infrastructure Programme (CMIP) transfers, the equitable share and CMIP transfers remain the single largest drivers behind growth in municipal transfers. Finally, it is also significant that transfers from provincial to local government grew by almost 70 per cent over this period. This confirms the trend articulated in policy which assigned increasingly important roles to a level of government that tended to receive very little attention during the first years of democracy.

Overview of the special funds

A remarkable feature of the post-1994 era has been the way the state has promoted the proliferation of 'special funds' and institutions that in some way target poverty and development. The purpose of this section is to review some of these initiatives in order to ascertain the magnitude of funds that were channelled through these various funds, agencies and institutions.

Fourteen different institutional configurations were selected for analysis, namely:

- Special Poverty Relief Account (SPRA);
- Independent Development Trust (IDT);
- Isibaya Fund;
- Khula;
- the NDA;
- National Lottery Board;
- National Skills Fund;
- Operation Jumpstart Association;
- Ntsika;
- South African Women's Entrepreneur Network;
- Umsobomvu Youth Fund;
- National Empowerment Fund;
- Local Economic Development Fund (LED Fund);
- uTshani Fund.

The IDC is a fascinating state structure that is probably one of the most important state-controlled institutions for driving up investment levels in the South African economy. However, given that it was established over 50 years ago and that it does not get state funding on an annual basis (in fact, it is now a net contributor of funds to the Treasury), it does not have the same character as all the other 'special funds' that we have looked it. According to this logic, the Development Bank of Southern Africa has also been excluded from this study despite the fact that it is also as important and interesting as the IDC.

Strictly speaking the 14 funds that were analysed are not all 'special funds'. Instead, this is shorthand for a wide range of institutional arrangements that have in one way or another been configured to serve some kind of 'special purpose' within the wider developmental process and, in some cases, explicitly established to fight poverty. Not all the 'special purpose' funds have been selected for analysis, nor is it possible to defend this list on the grounds that they are in any way institutionally similar. They differ enormously, but what is common is that they were *created – and in some cases recreated – by the post-1994 state to serve a clear public purpose to promote development, increase investment and contribute to the alleviation/reduction/eradication of poverty*. They are not all institutions as such because some are just 'special funds' or 'accounts' within state structures (for example, the SPRA), while others operate completely autonomously (for example, IDT and uTshani).

It is our estimate that the total revenue of the 14 funds that we analysed was R33.8 billion for the period 1994–2003. Between them they invested, using various mechanisms, a total of R10.5 billion for the same period. Direct transfers from government to these funds account for R27.5 billion of the total funds received. The rest came from donors (R489 million), loans (R152 million), returns on investments (R135.3 million), interest (R1.2 billion) and various other sources (e.g. the ticket sales for the national lottery) (R4.2 billion). The bulk of the difference between revenue and expenditure consists of interest-bearing savings and investments of various kinds, minus overheads (which in some cases are considerable), and minus funds allocated but not transferred from Treasury to the 'fund'. The unspent funds in the Isibaya Fund alone account for a large chunk of the variation.

Although transfers to the 'special funds' have been taking place since 1994, there is a substantial increase from 1999/2000 onwards (even if one excludes the R11 billion allocated to the Isibaya Fund). A similar pattern is evident with respect to expenditure. This confirms that 1998/99 marks a key watershed when the state triggered the proliferation of strategic funds to balance out the impact of macroeconomic stabilisation measures.

The large proportion of total expenditure on infrastructure is a significant indicator of the purpose of these funds. According to our research, just over R5 billion was spent on infrastructure (which includes assets such as housing, schools, clinics, etc. as well as the more traditional meaning of infrastructure such as roads, water and sanitation services, energy, etc.). This is followed by human resource development at R2.7 billion, and SMMEs at R1.38 billion. Expenditures on poverty relief at R661 million and job creation at R253 million may appear to indicate a lower priority for these issues, but in reality this has probably got to do with the difficulty of increasing expenditures in small projects with limited capacity to take delivery of funds, and/or the limited capacity within the funds to identify and process a sufficient number of small-scale projects. The fact that asset building and human resource development are the largest items, confirms that these reflect the state's two most important areas of intervention in general and constitute the 'twin pillars' of the developmental state's approach to poverty eradication. However, all this needs to be qualified by the statement that the expenditure priorities of the 'special funds' are not a good indicator of government priorities as a whole because it is expenditure by government departments that is the best indicator of priorities. Instead, the 'special funds' reflect expenditures that have a special purpose that could not be easily achieved by government departments.

When put into context, an amount of nearly R35 billion available to these 'special funds' for the whole period seems relatively insignificant. For example, it has been estimated that total transfers from government to independent non-profit organisations in 1998 *alone* were equal to R5.3 billion and contributions from the private sector to non-profits for the same year were equal to just below R3 billion (Swilling & Russell 2002: 36). The IDC invested just over R38 billion for the period 1994–2003, and this was entirely in for-profit businesses across numerous sectors. Another useful contextual comparison might be the fact that, as demonstrated in TABLE A9, the total value of transfers to agencies/accounts, non-profits and households for the five-year period ending 2003/04 was R58.7 billion. We can only assume that a large part of this figure includes the funds that were transferred to the special funds. However, it would be a mistake to conflate this figure with the R35 billion allocated by government to the special funds. The point being made here is simple: given the hype that surrounded these special funds and the amount of energy that went into them, compared to related expenditures, this R35 billion does not represent a large amount of money. There is not much evidence to support the notion that this was because of a shortage of funds. Instead, the evidence suggests that additional funds were held back in many cases because what was allocated was spent more slowly than initially expected. This, in turn, provides indirect confirmation for the 'weak capacity to spend' argument. Where, precisely, this weakness lies is difficult to locate – within the administrations charged with spending the funds? Decision-making bodies? Recipients? It is most likely a mix of all three, but differing in the balance from case to case.

Summary and conclusion

Unlike other countries where neo-liberal macroeconomic policies resulted in fiscal restraint, the evidence suggests that since 1994 state expenditure on social and economic services has substantially increased as a percentage of total spending. This is not to suggest that enough was spent to reduce poverty levels, because it is clear that needs grew faster than the fiscal capacity of the state; nor does this say anything about how the money was spent in order to ensure lasting developmental impacts.

Moreover, since 1994, the South African state has experimented with a wide range of innovative institutional models aimed at building capacity for spending money in various ways to address poverty and stimulate development processes. The bulk of the funds that these institutions deployed went into infrastructure, with project assessment criteria that should have generated more significant developmental spin-offs. The results have been mixed, with disappointingly low levels of expenditure, due mainly to a failure to adequately manage the institutionalisation of these various strategies and approaches. A shortage of funds was never the problem. Nevertheless, this has generated lessons that should inform the practice of the next generation of mega-funds aimed at managing investment in infrastructure, human resources development, and those that strengthen black empowerment and broad-based black empowerment positions in private sector institutions.

The overall conclusion is that however significant the investments have been in development and poverty reduction by individuals, communities, corporates, donors, and faith-based institutions, the scale and ambit of the resources deployed by the state are of a much greater magnitude and therefore impact. This suggests that the state is the primary actor in poverty alleviation and development, a lesson worth noting especially given the implicit assumption in much of the current neo-liberal discourse that the role of the state must be reduced and its social welfare functions taken over by the non-profit and private sectors. Non-state stakeholders can make a significant contribution to poverty alleviation and development, but only if they see themselves in partnership and/or in engagement with, rather than replacements of, state institutions.

Appendix

TABLE A1 *National fiscal framework 1994/95 – 2004/05 (R million)*

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/2	2002/03	2003/04	2004/05
Revenue	112 200	126 058	146 519	163 492	184 328	207 181	223 687	257 460	290 500	314 468	342 356
Expenditure	137 000	151 831	176 291	190 607	201 534	222 645	242 239	271 157	301 800	341 606	381 280
Deficit	-24 800	-25 773	-29 772	-27 115	-17 206	-15 464	-18 552	-13 697	-11 300	-27 138	-38 924
GDP	444 900	497 295	556 206	606 973	754 729	821 144	910 500	1 007 810	1 124 000	1 223 198	1 331 796
Deficit/GDP	-5.6%	-5.2%	-5.4%	-4.5%	-2.3%	-1.9%	-2.0%	-1.4%	-1.0%	-2.2%	-2.9%
Expenditure/GDP	30.8%	30.5%	31.7%	31.4%	26.7%	27.1%	26.6%	26.9%	26.9%	27.9%	28.6%
Revenue/GDP	25.2%	25.3%	26.3%	26.9%	24.4%	25.2%	24.6%	25.5%	25.8%	25.7%	25.7%

Source: National Treasury, Budget Review, various years

TABLE A2 *Consolidated national and provincial expenditure (R million)*

	1995/96	1996/97	1997/98	1998/99	2001/02	2002/03	2003/04	2004/05	Real change (Tot. %)	Annual real change (Ave %)	Total change	Share of increase (%)
	Actual	Actual	Actual	Actual	Actual	Actual	Revised estimate	Budget				
Protection Services	26 673	27 952	31 214	34 075	46 893	53 335	58 327	63 247	33.5	3.7	36 574	15.80
Social Services	70 294	86 650	99 230	103 168	129 560	153 341	177 330	196 685	57.5	6.4	126 391	54.61
Education	34 214	42 140	44 997	45 348	55 395	62 757	69 824	75 862	24.8	2.8	41 648	18.00
Health	16 078	24 815	23 001	24 663	31 713	34 940	39 677	42 586	49.1	5.5	26 508	11.45
Welfare (incl. Social Security)	14 737	16 089	23 640	25 418	34 082	41 966	51 486	59 936	128.9	14.3	45 199	19.53
Housing	5 265	3 606	7 592	7 739	8 370	13 678	16 343	18 301	95.6	10.6	13 036	5.63
Economic Services	16 218	18 785	18 123	19 013	26 993	36 242	44 999	49 413	71.5	7.9	33 195	14.34
Water & Related Services	1 157	1 968	2 469	2 894	3 555	4 540	5 832	6 150	199.2	22.1	4 993	2.16
Fuel and Energy	29	638	479	291	859	1 508	2 264	2 461	4676.2	519.6	2 432	1.05
Agriculture, Fishing & Forestry	2 975	2 652	3 682	3 950	5 292	5 729	6 636	7 109	34.5	3.8	4 134	1.79
Mining, Manu. and Constr.	1 250	190	1 087	1 262	1 358	1 503	1506	2 053	-7.6	-0.8	803	0.35
Transport & Communication	7 203	8 706	7 315	7 789	10 012	13 825	16 285	17 329	35.4	3.9	10 126	4.38
Other economic services	3 604	4 631	3 091	2 827	5 917	9 137	12 476	14 311	123.5	13.7	10 707	4.63
General services & unallocated	10 992	21 952	17 020	12 290	20 981	20 063	23 483	23 987	22.8	2.5	12 995	5.62
Total Allocated Expenditure	124 177	155 339	165 587	168 546	224 427	262 981	304 139	333 332	51.1	5.7	209 155	90.38
Interest	30 661	33 160	38 820	42 669	47 515	47 250	47 326	50 432	-7.4	-0.8	19 771	8.54
Unallocated	0	0	0	0	0	0	0	2 500	0.0	0.0	2 500	1.08
Consolidated Expenditure	154 838	188 499	204 407	211 215	271 942	310 231	351 465	386 264	40.4	4.5	231 426	100.00

Source: National Treasury, Budget Review, various years

TABLE A3 *Consolidated national and provincial expenditure as % shares of total*

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
	Actual (%)	Actual (%)	Actual (%)	Actual (%)	Actual (%)	Actual (%)	Actual (%)	Actual (%)	Revised estimate (%)	Budget (%)
Protection Services	17.2	14.8	15.3	16.1	14.5	16.7	17.2	17.2	16.6	16.4
Social Services	45.4	46.0	48.5	48.8	45.9	47.5	47.6	49.4	50.5	50.9
Education	22.1	22.4	22.0	21.5	21.4	21.5	20.4	20.2	19.9	19.6
Health	10.4	13.2	11.3	11.7	13.4	11.1	11.7	11.3	11.3	11.0
Welfare (incl. Social Security)	9.5	8.5	11.6	12.0	8.8	12.4	12.5	13.5	14.6	15.5
Housing	3.4	1.9	3.7	3.7	2.3	2.5	3.1	4.4	4.6	4.7
Economic Services	10.5	10.0	8.9	9.0	8.5	8.0	9.9	11.7	12.8	12.8
Water & Related Services	0.7	1.0	1.2	1.4	1.0	1.2	1.3	1.5	1.7	1.6
Fuel and Energy	0.0	0.3	0.2	0.1	0.2	0.1	0.3	0.5	0.6	0.6
Agriculture, Fishing & Forestry	1.9	1.4	1.8	1.9	1.6	1.8	1.9	1.8	1.9	1.8
Mining, Manu. and Constr.	0.8	0.1	0.5	0.6	0.1	0.6	0.5	0.5	0.4	0.5
Transport & Communication	4.7	4.6	3.6	3.7	4.1	3.1	3.7	4.5	4.6	4.5
Other economic services	2.3	2.5	1.5	1.3	1.5	1.1	2.2	2.9	3.5	3.7
General services & unallocated	7.1	11.6	8.3	5.8	11.1	9.1	7.7	6.5	6.7	6.2
Total Allocated Expenditure	80.2	82.4	81.0	79.8	80.1	81.2	82.5	84.8	86.5	86.3
Interest	19.8	17.6	19.0	20.2	19.9	18.8	17.5	15.2	13.5	13.1
Unallocated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
Consolidated Expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Treasury, Budget Review, various years

TABLE A4 *Expenditure trends in national government (R million)*

	1996/97	1997/98	1999/00	2001/02	2002/03	2003/04	2004/05	Total real change (%)	Average annual real change (%)
	Actual	Actual	Actual	Actual	Actual	Revised Estimate	Budgeted		
Arts & Culture	533 200	671 504	858 050	1 144 336	1 394 711	1 994 445	2 417 790	173.24	19.2
Education	5 319 400	5 974 861	7 111 602	8 616 366	9 314 413	10 584 525	11 344 957	28.52	3.2
Health	656 000	513 062	5 858 821	6 223 921	7 059 188	7 695 750	8 787 865	707.24	78.6
Labour	649 000	634 358	865 548	1 396 844	1 283 026	1 054 138	1 191 733	10.65	1.2
Social Development	66 900	145 013	499 697	2 327 982	639 424	2 100 233	4 548 410	3996.89	444.1
Sport & Recreation	54 500	118 352	128 143	101 093	171 826	228 439	286 221	216.47	24.1
Public Works	2 456 600	2 796 501	3 159 209	3 705 202	4 202 187	4 651 985	4 819 923	18.23	2.0
Local Government	561 700	1 110 442	3 301 521	4 653 066	6 556 760	9 461 921	12 850 768	1278.62	142.1
Total Social Services	10 297 300	11 964 093	21 782 591	28 168 810	30 621 535	37 771 436	46 247 667	170.64	19.0
Agriculture	820 100	978 271	675 697	871 134	917 273	1 234 091	1 306 228	-4.02	-0.4
Communications	571 600	464 000	766 939	1 128 338	884 588	1 634 962	875 200	-7.74	-0.9
Enviro. Affairs & Tourism	356 000	396 505	505 977	1 064 065	1 363 086	1 465 978	1 623 407	174.79	19.4
Housing	2 070 100	4 520 028	3 494 376	3 721 240	4 213 130	4 523 890	4 848 941	41.15	4.6
Land Affairs	276 700	417 250	684 905	976 156	1 077 196	1 654 997	1 788 152	289.42	32.2
Minerals & Energy	734 300	825 171	611 456	1 233 396	1 853 208	1 790 680	1 934 494	58.75	6.5
Trade and Industry	32 13 800	2 469 958	1 827 025	2 015 888	2 393 327	2 694 583	2 848 423	-46.59	-5.2
Transport	3 130 300	3 603 731	4 061 621	4 936 928	5 710 025	6 289 435	6 759 044	30.11	3.3
Water Affairs & Forestry	2 357 500	2 820 337	2 676 297	3 483 055	3 680 625	4 639 180	3 302 144	-15.60	-1.7
Total Economic Services	13 530 400	16 495 251	15 304 293	19 430 200	22 092 458	25 927 796	25 286 033	12.61	1.4
Total National Expenditure	176 291 000	190 607 000	222 645 000	262 904 548	291 529 069	331 685 179	368 903 926	26.10	2.9

Source: National Treasury, Estimates of National Expenditure, various years

TABLE A5 *Expenditure trends in national government as % shares*

	1996/97 (%)	1997/98 (%)	1998/99 (%)	1999/00 (%)	2000/01 (%)	2001/02 (%)	2002/03 (%)	2003/04 (%)	2004/05 (%)
Arts and Culture	0.30	0.35	0.40	0.39	0.42	0.44	0.48	0.60	0.66
Education	3.02	3.13	3.21	3.19	3.45	3.28	3.20	3.19	3.08
Health	0.37	0.27	2.54	2.63	2.63	2.37	2.42	2.32	2.38
Labour	0.37	0.33	0.36	0.39	0.31	0.53	0.44	0.32	0.32
Social Development	0.04	0.08	0.07	0.22	0.20	0.89	0.22	0.63	1.23
Sport & Recreation	0.03	0.06	0.04	0.06	0.03	0.04	0.06	0.07	0.08
Public Works	1.39	1.47	1.42	1.42	1.53	1.41	1.44	1.40	1.31
Local Government	0.32	0.58	1.53	1.48	1.56	1.77	2.25	2.85	3.48
Total Social Services	5.84	6.28	9.58	9.78	10.13	10.71	10.50	11.39	12.54
Agriculture	0.47	0.51	0.37	0.30	0.31	0.33	0.31	0.37	0.35
Communications	0.32	0.24	0.42	0.34	0.19	0.43	0.30	0.49	0.24
Environmental Affairs & Tourism	0.20	0.21	0.57	0.23	0.32	0.40	0.47	0.44	0.44
Housing	1.17	2.37	1.86	1.57	1.42	1.42	1.45	1.36	1.31
Land Affairs	0.16	0.22	0.36	0.31	0.33	0.37	0.37	0.50	0.48
Minerals & Energy	0.42	0.43	0.33	0.27	0.25	0.47	0.64	0.54	0.52
Trade & Industry	1.82	1.30	0.95	0.82	0.92	0.77	0.82	0.81	0.77
Transport	1.78	1.89	1.76	1.82	1.75	1.88	1.96	1.90	1.83
Water Affairs & Forestry	1.34	1.48	1.42	1.20	1.30	1.32	1.26	1.40	0.90
Total Economic Services	7.68	8.65	8.04	6.87	6.80	7.39	7.58	7.82	6.85
Total National Expenditure	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: National Treasury, Estimates of National Expenditure, various years

TABLE A6 *Actual capital expenditure in national departments (R million)*

	1995/96	1996/97	19979/98	1999/00	2000/01	2002/03	2003/04	2004/05	Change 2000/01 to date	Annual average since 2000/01
Arts and Culture	12 600	11 600	29 114	24 527	2 621	6 722	7 489	3 712	119.1%	29.8%
Education	507 300	453 600	604 095	240 107	16 831	12 679	48 073	5 273	-24.7%	-6.2%
Health	34 900	156 000	112 827	406 267	17 805	20 874	31 159	36 107	17.2%	4.3%
Labour	10 200	40 000	12 919	48 367	38 110	119 949	79 399	68 341	214.7%	53.7%
Social Development	300	400	1 957	9 826	1 611	4 481	4 930	3 416	178.2%	44.5%
Sport & Recreation	8 000	13 400	60 021	7 773	792	466	1 097	2 328	-41.2%	-10.3%
Public Works	672 800	443 600	454 243	571 343	351 728	553 447	767 212	674 676	57.4%	14.3%
Local Government	1 600	3 100	848 142	709 638	4 400	5 842	7 359	5 407	32.8%	8.2%
Total Social Services	1 247 700	1 121 700	2 123 318	2 017 848	433 898	724 460	946 718	799 260	66.7%	16.7%
Agriculture	115 200	64 000	93 097	68 377	9 487	39 866	35 970	33 221	320.2%	80.1%
Communications	0	0	0	8 183	19 618	51 312	16 105	25 513	161.6%	40.4%
Environmental Affairs & Tourism	27 100	33 100	43 790	26 777	7 907	10 195	71 956	44 545	28.9%	7.2%
Housing	803 000	1 941 700	4 361 865	3 081 823	2 585	1 901	1 598	2 954	-26.5%	-6.6%
Land Affairs	18 100	92 300	179 601	343 648	25 447	14 936	17 792	16 067	-41.3%	-10.3%
Minerals & Energy	155 900	51 900	210 474	48 573	3 778	7 677	20 824	5 390	103.2%	25.8%
Trade and Industry	38 100	56 600	68 916	18 293	8 582	9 741	8 150	13 669	13.5%	3.4%
Transport	547 800	640 800	1 042 125	367 617	2 080	1 762	33 849	21 433	-15.3%	-3.8%
Water Affairs and Forestry	906 500	901 700	2 221 687	1 044 366	286 417	323 856	375 804	385 278	13.1%	3.3%
Total Economic Services	2 611 700	3 782 100	8 221 555	5 007 657	365 901	461 246	582 048	548 070	26.1%	6.5%

Source: National Treasury, Estimates of National Expenditure, various years

TABLE A7 *Actual capital expenditure in national departments as % share*

	1995/96 (%)	1996/97 (%)	1997/98 (%)	1998/99 (%)	1999/00 (%)	2000/01 (%)	2001/02 (%)	2002/03 (%)	2003/04 (%)	2004/05 (%)
Arts and Culture	2.49	2.18	4.34	3.01	2.86	0.27	0.50	0.48	0.38	0.15
Education	12.18	8.53	10.11	3.97	3.38	0.21	0.14	0.14	0.45	0.05
Health	2.70	23.78	21.99	4.33	6.93	0.29	0.38	0.30	0.40	0.41
Labour	2.03	6.16	2.04	4.52	5.59	5.21	2.88	9.35	7.53	5.73
Social Development	0.45	0.60	1.35	0.98	1.97	0.34	0.12	0.70	0.23	0.08
Sport & Recreation	12.66	24.59	50.71	28.99	6.07	1.12	0.42	0.27	0.48	0.81
Public Works	26.59	18.06	16.24	13.74	18.09	9.85	14.15	13.17	16.49	14.00
Local Government	0.13	0.55	76.38	22.83	21.49	0.12	0.14	0.09	0.08	0.04
Total Social Services	12.10	10.89	17.75	8.60	9.26	1.83	2.19	2.37	2.51	1.73
Agriculture	14.19	7.8	9.52	8.14	10.12	1.31	2.20	4.35	2.91	2.54
Communications	0.00	0.00	0.00	0.25	1.07	4.30	2.16	5.80	0.99	2.92
Environmental Affairs & Tourism	8.32	9.30	11.04	17.22	5.29	1.06	0.87	0.75	4.91	2.74
Housing	81.35	93.80	96.50	95.81	88.19	0.08	0.10	0.05	0.04	0.06
Land Affairs	11.26	33.36	43.04	58.09	50.17	3.30	1.53	1.39	1.08	0.90
Minerals & Energy	20.97	7.07	25.51	12.02	7.94	0.64	0.38	0.41	1.16	0.28
Trade & Industry	1.29	1.76	2.79	0.58	1.00	0.40	0.49	0.41	0.30	0.48
Transport	18.27	20.47	28.92	21.05	9.05	0.05	0.08	0.03	0.54	0.32
Water Affairs & Forestry	75.52	38.25	78.77	73.03	39.02	9.42	14.47	8.80	8.10	11.67
Total Economic Services	25.64	27.95	49.84	44.45	32.72	2.30	3.06	2.09	2.24	2.17

Source: National Treasury, Estimates of National Expenditure, various years

TABLE A8 *National divergence between budgeted and actual expenditure*

	2001/02 (%)			2002/03 (%)			2003/04 (%)		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
Central Government Services	100.6	89.1	98.3	99.6	96.6	98.9	99.2	90.5	97.3
Financial & Administrative Services	96.5	100.6	97.2	94.0	99.1	95.2	95.4	97.7	96.0
Social Services	98.4	101.4	99.0	98.9	98.3	98.7	98.3	97.0	98.2
Justice & Protection Services	100.3	82.9	99.4	100.6	86.2	99.9	100.4	77.6	99.4
Economic & Infrastructure Development	97.0	94.3	96.3	94.8	102.6	97.1	94.1	101.3	96.7
Total	99.0	94.9	98.4	98.8	97.9	98.6	98.5	95.4	98.0

Source: National Treasury Press Releases, various years • Note: These percentages express actual expenditure as a share of the budget as adjusted in the Adjustments Estimates of the relevant year.

TABLE A9 *Extra-governmental transfers from national departments by destination (R million)*

	2000/01	2001/02	2002/03	2003/04	2004/05	Total real change (%)	Average annual real change
	Audited	Audited	Preliminary outcome	Adjusted appropriation	Budgeted		
Departmental agencies & accounts	2 965 282	5 190 956	5 873 627	6 525 531	7 594 633	97.3	24.3%
Universities & technikons	6 628 773	7 078 591	7 520 276	8 380 752	9 300 504	8.1	2.0%
Foreign governments & international organisations	23 095	33 792	39 809	34 920	38 787	29.4	7.4%
Public corporations & private enterprises	0	0	0	0	0	0	0
Non-profits	80 736	86 583	102 130	142 776	131 895	25.9	6.5%
Households	245 394	188 709	478 122	326 666	306 483	-3.8	-0.9%
Total Social Services	9 943 280	12 578 631	14 013 964	15 410 645	17 372 302	34.6	8.7%
Departmental agencies & accounts	3 647 136	4 325 385	4 479 313	4 611 372	4 857 693	2.6	0.7%
Universities & technikons	5 942	12 973	8 253	9 475	6 306	-18.2	-4.6%
Foreign governments & international organisations	24 522	26 569	46 557	48 392	20 820	-34.6	-8.6%
Public corporations & private enterprises	4 141 553	5 738 963	6 263 380	7 342 043	7 084 999	31.8	8.0%
Non-profits	36 641	54 749	172 903	146 259	117 917	148.0	37.0%
Households	502 119	841 432	936 899	1 547 630	1 425 153	118.7	29.7%
Total Economic Services	8 357 913	11 000 071	11 907 305	13 705 171	13 512 888	24.6	6.1%
Departmental agencies & accounts	16 203 526	20 238 428	24 367 390	26 438 474	28 666 107	36.3	9.1%
Universities & technikons	6 634 715	7 091 564	7 528 529	8 390 227	9 306 810	8.1	2.0%
Foreign governments & international organisations	407 371	333 396	698 596	841 283	706 590	33.6	8.4%
Public corporations & private enterprises	4 141 553	5 738 963	6 263 380	7 382 417	7 125 000	32.6	8.1%
Non-profits	170 800	201 146	341 086	374 102	329 775	48.8	12.2%
Households	1 492 715	2 042 582	2 378 486	3 068 194	2 746 899	41.8	10.4%
Total: National departments	29 050 680	35 646 079	41 577 467	46 494 697	48 881 181	29.6	7.4%

Source: National Treasury, Estimates of National Expenditure, various years

TABLE A10 *Extra-governmental transfers from national departments by source (R million)*

	2000/01	2001/02	2002/03	2003/04	2004/05	Total real change (%)	Average annual real change
	Audited	Audited	Preliminary Outcome	Adjusted Appropriation	Budgeted		
Arts and Culture	339 665	373 882	505 054	744 723	946 009	114.6	28.6%
Education	7 094 219	7 554 366	8 056 942	8 972 816	9 935 074	7.9	2.0%
Health	160 646	265 739	280 762	312 561	398 084	90.9	22.7%
Labour	1 220 173	3 423 062	3 874 224	3 995 991	4 623 346	192.0	48.0%
Science & Technology	548 516	655 459	719 621	967 753	1 165 742	63.8	15.9%
Social Development	301 663	206 391	447 995	256 207	130 722	-66.6	-16.7%
Sport & Recreation	54 391	43 100	60 407	67 637	73 977	4.8	1.2%
Public Works	170 638	18 635	28 289	38 577	43 422	-80.4	-20.1%
Local Government	53 369	37 997	40 670	54 380	55 926	-19.3	-4.8%
All Social Services	9 943 280	12 578 631	14 013 964	15 410 645	17 372 302	34.6	8.7%
Agriculture	307 256	396 155	392 639	573 713	366 419	-8.1	-2.0%
Communications	334 015	945 117	655 215	1 403 564	647 024	49.3	12.3%
Environmental Affairs & Tourism	491 698	823 850	1 098 395	1 084 102	1 207 479	89.2	22.3%
Housing	195 604	295 634	191 758	69 562	59 842	-76.4	-19.1%
Land Affairs	362 820	558 443	624 204	1 012 889	1 085 465	130.5	32.6%
Minerals & Energy	405 566	1 010 025	1 358 922	1 224 627	1 282 302	143.6	35.9%
Trade & Industry	1 824 783	1 567 865	1 827 550	1 908 927	2 075 064	-12.4	-3.1%
Transport	3 927 139	4 715 057	5 355 018	5 854 692	6 238 512	22.4	5.6%
Water Affairs & Forestry	509 032	687 925	403 604	573 095	550 781	-16.6	-4.2%
Total Economic Services	8 357 913	11 000 071	11 907 305	13 705 171	13 512 888	24.6	6.1%
Total: National departments	29 050 680	35 646 079	41 577 467	46 494 697	48 881 181	29.6	7.4%

Source: National Treasury, Estimates of National Expenditure, various years

TABLE A11 *Poverty alleviation and job-creation fund transfers (R million)*

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Agriculture	20	25	35	35	50	60
DACST			55	48	64	120
Education			73	74	114	
DEAT	70		175	240	300	356
Health	23	28	10	12	15	
Housing	75		75	75	0	
Labour	50		10			
DPLG	45	3	79	102	120	
Public Works	377	274	274	274	274	
Social Development	40	203	50	100	71	
Sport and Recreation			40	90	129.5	137
Transport	100		94	100	100	
Short-term funding			120			
DWAF	200	120	410	350	330	400
Unallocated		547				
Total	1 000	1 200	1 500	1 500	1 567.5	NA

Source: National Treasury, Budget Review, various years • Notes: The table indicates the funding for 'remaining programmes' for the 2004/05 financial year, but we could not reconstruct the Fund as a whole. DACST *= Department of Arts, Culture, Science and Technology,* DPLG *= Department of Provincial and Local Government,* DWAF *= Department of Water Affairs and Forestry.*

TABLE A12 *Provincial expenditure by department (R million)*

	1995/96	1996/97	1997/98	1998/99	2000/01	2002/03	2003/04	% Total real change	Average annual real change (%)
	Actual	Actual	Actual	Actual	Actual	Actual	Budgeted		
Education	29 671	36 606	38 570	22 949	43 223	53 102	58 897	17	2.1
Health	16 098	20 640	22 376	22 949	26 403	33 238	36 852	35	4.3
Social Development	14 400	15 938	17 669	18 440	20 897	31 247	37 808	54	6.8
Other	12 585	14 391	14 632	31 663	19 884	27 300	31 652	48	6.0
Total	72 754	87 575	93 247	96 001	110 407	144 887	165 209	34	4.2

Source: National Treasury, Intergovernmental Fiscal Review, various years

TABLE A13 *Provincial expenditure by department (% share)*

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
	Actual (%)	Actual (%)	Actual (%)	Actual (%)	Actual (%)	Actual (%)	Actual (%)	Actual (%)	Budgeted (%)
Education	40.8	41.8	41.4	23.9	39.8	39.1	38.3	36.7	35.6
Health	22.1	23.6	24.0	23.9	24.1	23.9	24.3	22.9	22.3
Social Development	19.8	18.2	18.9	19.2	19.4	18.9	19.4	21.6	22.9
Other	17.3	16.4	15.7	33.0	16.8	18.0	18.0	18.8	19.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Treasury, Intergovernmental Fiscal Review, various years

TABLE A14 *Provincial capital expenditure by department (R million)*

	1995/96	1996/97	1997/98	1998/99	2000/01	2002/03	2003/04	Total real change (%)	Average annual real change (%)
	Actual	Actual	Actual	Actual	Actual	Actual	Budgeted		
Education	381	999	507	801	672	1851	3167	389	48.6
Health	479	802	840	801	1315	2431	3029	272	34.0
Social Development	35	51	25	52	59	147	185	211	26.4
Other	2737	2783	3420	4564	6208	9336	12225	163	20.3
Total	3 632	4 635	4 792	6 218	8 254	13 765	18 606	201	25.2

Source: National Treasury, Intergovernmental Fiscal Review, various years

TABLE A15 *Provincial capital expenditure (% of total expenditure)*

	1995/96 (%)	1996/97 (%)	1997/98 (%)	1998/99 (%)	1999/00 (%)	2000/01 (%)	2001/02 (%)	2002/03 (%)	2003/04 (%)
Education	1.3	2.7	1.3	3.5	1.2	1.6	2.9	3.5	5.4
Health	1.6	2.2	2.2	3.5	2.5	3.0	4.8	4.6	5.1
Social Development	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.3	0.3
Other	9.2	7.6	8.9	19.9	12.3	14.4	16.2	17.6	20.8
Total	12.2	12.7	12.4	27.1	16.1	19.1	24.2	25.9	31.6

Source: National Treasury, Intergovernmental Fiscal Review, various years

TABLE A16 *Provincial divergence between budgeted and actual expenditure*

	2001/02			2002/03			2003/04		
	Current (%)	Capital (%)	Total (%)	Current (%)	Capital (%)	Total (%)	Current (%)	Capital (%)	Total (%)
Eastern Cape	91.3	61.3	88.8	103.1	66.2	99.0	103.2	94.2	102.1
Free State	96.0	74.3	93.9	96.2	69.9	93.5	99.0	97.3	98.9
Gauteng	100.3	86.8	98.5	101.9	89.6	100.0	102.4	86.1	99.7
KwaZulu-Natal	100.4	97.3	100.0	101.6	85.9	99.9	101.3	95.5	100.6
Limpopo	98.1	95.6	97.9	98.7	93.6	98.3	97.7	95.7	97.5
Mpumalanga	96.9	86.4	95.5	98.3	92.9	97.7	99.1	84.7	97.5
Northern Cape	98.2	95.7	98.0	101.4	86.9	99.9	104.4	76.7	101.5
North West	100.8	74.9	98.5	100.8	91.1	100.0	99.0	83.3	97.7
Western Cape	97.8	93.0	97.4	98.6	90.1	97.7	98.3	89.2	97.5
Total	97.7	85.4	96.4	100.5	84.3	98.7	100.6	90.8	99.5

Source: National Treasury Press Releases, various years • Note: These percentages express actual expenditure as a share of the budget as adjusted in the Adjustments Estimates of the relevant year.

TABLE A17 *Transfers to provincial public entities (R millions)*

	2002/03 Estimated Act	2003/04 Budgeted	2002/03 Share of Budget	2003/04 Share of Budget
Eastern Cape	600 308	762 278	2.50%	2.73%
Free State	173 524	154 423	1.73%	1.40%
Gauteng	114 981	75 935	0.48%	0.28%
KwaZulu-Natal	341 066	352 110	1.17%	1.07%
Limpopo	646 909	706 210	3.51%	3.30%
Mpumalanga	191 697	265 189	1.96%	2.33%
Northern Cape	3 150	5 533	0.09%	0.14%
North West	411 653	379 374	3.63%	2.87%
Western Cape	480 044	105 349	3.29%	0.64%
Total	2 963 332	2 806 401	2.05%	1.70%

Source: National Treasury, Intergovernmental Fiscal Review, various years

TABLE A18 *Local government 2002/03 capital expenditure by main function*

	Roads, pavements, bridges (%)	Water reservoirs & reticulation (%)	Electricity reticulation (%)	Housing (%)	Other infra-structure (%)	Community projects (%)	Other assets (%)	Specialised vehicles (%)	Other (%)	Total (%)
Metros	12.7	10.1	15.6	26.0	7.7	4.4	11.7	0.9	10.9	100.0
Other	14.7	20.8	7.5	9.5	10.1	7.3	10.2	1.5	18.4	100.0
Total	13.6	15.1	11.9	18.3	8.8	5.8	11.0	1.2	14.4	100.0

Source: National Treasury, Intergovernmental Fiscal Review, various years

TABLE A19 *Local government 2002/03 operational expenditure by main function*

	Salaries, wages and allowances (%)	Electricity bulk purchases (%)	Water bulk purchases (%)	Repairs and maintenance (%)	Other (%)	Total (%)
Metros	29.7	17.9	7.7	7.3	37.4	100.0
Other	32.6	16.0	5.1	6.2	40.1	100.0
Total	30.8	17.2	6.7	6.9	38.4	100.0

Source: National Treasury, Intergovernmental Fiscal Review, various years

TABLE A20 *Transfers to local government from national and provincial government*

	2001/02	2002/03	2003/04	Total real change (%)	Average annual real change
Equitable share	2 618	3 964	6 343	106.4	53.2%
Transition grant	250	223		-100.0	-50.0%
Water and sanitation operating	692	700	836	2.9	1.5%
Subtotal: Equitable share & related	3 560	4 887	7 179	71.8	35.9%
CMIP	994	1 671	2 246	92.5	46.2%
Water Services Project	822	999	1 102	14.2	7.1%
CBPWP	374	260	260	-40.8	-20.4%
LED Fund	76	111	117	31.1	15.6%
Sport & recreation facilities	40	76	123	161.9	81.0%
NEF	0	228	240	0.0	0.0%
Urban Transport Fund	81	40	9	-90.5	-45.3%
ISRDP	0	32	0	0.0	0.0%
MIG	0	0	47	0.0	0.0%
Unallocated	0	0	0	0.0	0.0%
Subtotal Capital	2 387	3 417	4 144	47.9	23.9%
Restructuring Grant	350	250	315	-23.3	-11.7%
Financial Management Grant	60	154	212	201.0	100.5%
LG Support Grant	160	0	0	-100.0	-50.0%
Municipal Systems Improvement	30	94	150	325.9	163.0%
Subtotal: capacity building & restruct.	600	498	677	-3.9	-1.9%
Provincial transfers	1 210	2 277	2 410	69.6	34.8%
Total	7 757	11 079	14 410	58.2	29.1%

Source: National Treasury, Intergovernmental Fiscal Review, various years • Note: CBPWP = Community-Based Public Works Programme; LED = local economic development; NEF = National Empowerment Fund; ISRDP = Integrated Sustainable Rural Development Programme; MIG = Municipal Infrastructure Grant

Notes

1 This chapter is based on two base documents that were commissioned as inputs for the original synthesis chapter. They were written in accordance with specific instructions and criteria developed by Mark Swilling. The authors of the base documents appear as second authors to this chapter. However, Mark Swilling wrote the final synthesis chapter. The contents of the two base documents will be referred to throughout the chapter without, in most cases, specifically cross-referencing to the base documents.

2 'Economic services' refers to the cluster of sectors in government that includes agriculture, communications, environmental affairs and tourism, housing, land affairs, minerals and energy, trade and industry, transport, water affairs and forestry. See TABLE A4 for details.

3 This section on poverty includes extracts from an unpublished paper by Mirjam van Donk and Edgar Pieterse which was commissioned by Sedibeng, but which was subsequently edited and reworked by these two authors and Mark Swilling into a paper entitled 'State, civil society and capacity building for poverty eradication in South Africa', presented at the Winelands Conference, University of Stellenbosch, September 2003. The authors thank Edgar Pieterse and Mirjam van Donk for allowing extracts from this 2003 version of their research to be included in this chapter.

4 The rest of this section draws entirely on commissioned research compiled by Albert van Zyl, Sociology Department, University of Stellenbosch.

5 The analysis provided in this section is based on a review captured in the tables in the appendix to this chapter, of standard data provided by the National Treasury. The following approach was adopted:

- All growth rates are real, unless indicated otherwise. The allocations listed in the tables are, however, in nominal terms. Inflation adjustments were calculated using the CPIX where available. For other years the CPI was used.
- The data were compiled from official National Treasury documentation.
- Under national expenditure we classified the Departments of Provincial and Local Government and Public Works to Social Services because of the poverty relief projects that they are involved in.

The periods for which data are reflected in these tables vary according to the availability and reliability of data. Where data were obviously unreliable, we chose not to use them. To get the tables into a comparable base, we calculated average annual growth rates throughout.

At the time of writing this particular section, the National Budget had been released, enabling us to give national time-series up to 2004/05.

6 It is important to note that the total amount transferred from national departments is greater than the totals for economic services and social services. The reason for this is that TABLE A9 was compiled to only reflect financial transfers from the economic and social service categories, and none of the other categories. The gap between the total amounts transferred from national departments and the amounts transferred from the 'economic' and 'social' clusters would, therefore, be the transfers from other clusters.

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