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**Foreign Donor Involvement in Civil Society Development:
A Case Study of South Africa**

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A mini-dissertation submitted in partial fulfillment of the requirements for the award of the degree of MSocSc in International Relations

Faculty of the Humanities

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COMPULSORY DECLARATION

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

Signed by candidate

Signature: Signature removed Date: 31 July 2006

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LIST OF ABBREVIATIONS

ANC – African National Congress

CAAA – Comprehensive Anti-Apartheid Act

CBO – community-based organization

CSO – civil society organization

CSP – Country Strategic Plan

DFID – Department for International Development

GDP – Gross Domestic Product

GM – General Motors

IDASA – Institute for a Democratic Alternative in South Africa (during apartheid); Institute for Democracy in South Africa (currently)

IFP – Inkatha Freedom Party

IMF – International Monetary Fund

NEPAD – New Partnership for Africa's Development

NGO – non-governmental organization

NPO – non-profit organization

UDF – United Democratic Front

UN – United Nations

US – United States

USAID – United States Agency for International Development

USAID/SA – United States Agency for International Development Mission in South Africa

ABSTRACT

Foreign aid to strengthen civil society in developing democracies has become increasingly popular as a means to affect political change. Despite the significant financial resources that are being dedicated to this field, much debate remains concerning the impact of foreign aid on civil society and democratization in general.

This study begins to address this lack of information by looking specifically at foreign donor involvement to civil society as it has affected the transition and consolidation of multi-racial democracy in South Africa. This goal was accomplished by first examining overall foreign donor involvement in funding civil society during and after apartheid. After outlining foreign-funded civil society in South Africa as a whole, this study looked in-depth at one governmental donor (the U.S. Agency for International Development) and one non-governmental donor (the C.S. Mott Foundation) to gain an understanding of the goals and motivations civil society donors in South Africa are working toward, as well as to analyze funding trends exhibited through grants disbursed since South Africa's transition to democracy in 1994.

This study collected data from annual reports, past research studies, and personal interviews, as well as self-analyzed data aggregated from grant records. With the data, this study found South African civil society to be robust, diverse, and highly involved with foreign donors, partially as a result of the legacy left on the sector by apartheid politics.

Both public and private donors have played a significant role in funding civil society in South Africa during and after apartheid. While both donors studied had the same overall goal in funding civil society in South Africa – to help usher in and consolidate a multi-racial, democratic South African state, each focused on different sub-goals. The Mott Foundation, for instance, concentrated a great deal on citizen participation in democratic processes, while USAID concentrated more intensely on government processes of democracy.

Each donor employed different methods and strategies in their civil society funding. While during apartheid both donors personally funded local civil society groups, soon after the transition to democracy USAID shifted its strategy, with more money going through intermediaries to South African government institutions. The Mott Foundation actually increased its funding to civil society strengthening efforts in the years since the end of apartheid.

Despite these differences, both donors tended to fund professional, urban-based civil society groups almost exclusively. These groups were largely advocacy organizations

working specifically toward democracy or non-profit strengthening activities. Very little funding went to small, rural, community-based organizations from either donors. As such, these groups encouraged the development of a South African civil society in line with Larry Diamond's theory of a politically orientated, pluralistic civil society as the key to consolidating democracy, as opposed to a Robert Putnam-influenced theory based on social capital as the key to civil society's democratic importance.

Civil society funding continues to flourish as donors increasingly regard civil society as necessary to the overall development of democracy. Additional studies are needed to fully understand the impacts of this funding.

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**INTRODUCTION:
AN EXAMINATION OF FOREIGN-FUNDED CIVIL SOCIETY
IN SOUTH AFRICA**

Civil Society Funding Examined

Since the early 1980s, democracy aid has become an increasingly popular means through which foreign governments endeavor to affect change in the developing world. Civil society development has been the object of a particularly strong focus from a wide range of donors. Bilateral aid agencies, multilateral organizations, private foundations, and others have poured millions of dollars into democracy aid and civil society. Civil society support has been a focus of a variety of donors throughout the world, including both government donors (bilateral and multilateral aid agencies) and private donors (foundations and grantmakers). While these two types of donors have demonstrated varying goals and strategies, together they have poured millions of dollars into civil society strengthening programs with the expectation that this aid will help recipient countries in the process of democratization. Several studies have supported this claim. Most recently, a quantitative study of USAID's worldwide democracy assistance program found "consistent and clear positive impacts" of foreign aid on democratization.¹

Yet, some critics argue that aid to civil society does not promote the transition or consolidation of democracy. Indeed, civil society assistance has come under increasing attack by the very developing democracies that receive such aid. Foreign-funded civil society groups have faced increasing difficulties throughout the world – from Ethiopia and Zimbabwe to Kazakhstan and Venezuela. Russian law now requires non-governmental organizations (NGOs) in the country to inform the government of every project they plan to carry out.² Things are arguably worst in Belarus, where all political or educational activities have been banned from accepting international funding.³

South African civil society has not been spared from government criticism. Government officials and political parties have been increasingly vocal in their opposition to the foreign funding of civil society groups. In 1997, then-President Nelson Mandela gave a speech to the African National Congress' 50th National Conference, where he attacked foreign-backed civil society and accused sectors of the NGO community of lacking legitimacy from among the South African

¹ Steven E Finkel, Anibal Perez-Linan, and Mitchell A. Seligson. "Effects of U.S. Foreign Assistance on Democracy Building: Results of a Cross-National Quantitative Study," *U.S. Agency for International Development*, 12 January 2006.
<http://www.usaid.gov/our_work/democracy_and_governance/publications/pdfs/impact_of_democracy_assistance.pdf> (25 April 2006), 1.

² Thomas Carothers. "The Backlash Against Democracy Promotion." *Foreign Affairs Magazine*, March/April 2006: pp. 55-68.

³ Ibid.

people. In his speech he charged these NGOs with acting as “instruments of foreign governments and institutions that fund them,” charging them with undermining the legitimacy of the elected state.⁴ Current President Thabo Mbeki has fueled this debate by publicly questioning foreign donors’ roles in the manipulation of South African civil society.

Issues Addressed

Despite the increasingly public debate about aid to civil society, we know little about its actual impact on government or democracy overall. To begin an inquiry of this topic, the basic data to assess these questions must be compiled. Such data would include a descriptive picture of the recipients of this funding; the scope and purposes of civil society foreign aid; and the donors’ motivations and goals in granting civil society aid. This study will begin to explore these questions by focusing on foreign assistance to South Africa throughout apartheid and the transition to democracy.

The findings of this research will be helpful to understand the evolution of foreign funding to South African civil society and the current strategies that foreign donors employ. Importantly, these findings will be useful as a basis for more comprehensive studies on the role civil social aid plays on democratization in general. More practically, this study will be useful as a tool for both donors and aid recipients. Donors can use this information to better plan and coordinate efforts to build a more robust civil society. Aid-recipient countries can also use this information to better understand the scope and breadth of foreign aid to civil society and begin to explore the role of this aid in developing democracy.

This study addresses the broad questions: What is the extent of foreign donor efforts on South African civil society? What funding strategies have donors followed in their civil society aid to South Africa over that time? A completely systematic and exhaustive study would enumerate all donors, all grants, and either analyze the complete list or select a representative sample to analyze. However, the scope of this study does not allow a complete census of all donors and grants, and without a census it is not possible to choose a random sample. Instead, two specific donors were examined: the United States Agency for International Development (USAID) and the Mott Foundation.

These donors were selected because of their long history of involvement in funding civil society in South Africa, the highly developed nature of their civil society program in the country, and the overall size of their program. More specifically, USAID was selected as it is the largest bilateral donor to South Africa, as well as the largest donor to democracy and governance in the

⁴ Nelson Mandela. 1997. *Report by the President of the ANC to the 50th National Conference of the African National Congress*. Mafikeng, South Africa: Speech. <<http://www.anc.org.za/ancdocs/speeches/1997/sp1216.html>> (25 April 2006).

country. Civil society initiatives have been funded by USAID's South Africa Mission during apartheid and throughout the transition and consolidation process. USAID was examined primarily as a case study to understand the *goals and rationale* of a government donor to South African civil society. Similarly, the Mott Foundation has a relatively large and highly developed civil society funding program that has operated in South Africa for roughly the same time period. The Mott Foundation was examined primarily to understand *funding trends* of a private donor to South African civil society development. Moreover, as Mott and USAID are both U.S.-based donors, any differences in their funding strategies would not have resulted from cultural differences owing to their origin country.

Research Outline

This study attempts to provide a thorough overview of South African civil society both during and after apartheid, with special emphasis on the foreign funding environment. This is achieved through both a general overview and an in-depth look at two specific donors to South African civil society. As civil society is a broad concept, it can be interpreted in various ways by different donors. For the purposes of this study, civil society is defined generally as one of three realms of society – along with the government and the business (or for-profit) realms – that consists of autonomous and voluntary organizations. When looking at specific donor case studies, however, this paper uses the donor's own definition of civil society to determine the nature and purpose of grants funded.

Chapter one examines the relationship between foreign aid, democratization, and civil society. First, the rise in democracy assistance and debates around its effectiveness is evaluated. Next, this chapter looks at civil society's role in democratic development and foreign funding. Finally, it outlines debates about foreign-funded civil society in developing democracies.

Next, chapter two looks specifically at civil society in South Africa. It provides an overview of the sector both during and after apartheid – the types of groups developed, the issues addressed, and the size of the sector overall. This chapter also identifies challenges South African civil society has faced and is currently facing in its efforts to encourage the development of a multi-racial democracy.

Chapter three looks at the donor aspect of South Africa's democratic development. It outlines patterns in overall aid and civil society funding in particular. It also examines differences in strategy and goals of public (governmental) donors and private (non-governmental) donors.

Chapter four looks at a case study of one public donor to South Africa – the United States Agency for International Development. This chapter provides a review of the U.S. government's

donor involvement in South Africa from the 1980s until the present. The Agency will be evaluated to determine its goals and rationale in funding civil society initiatives throughout the period.

Finally, chapter five looks at a case study of one private donor to South Africa – the Mott Foundation. This chapter first reviews the Foundation’s civil society program and its involvement in South Africa throughout the years. It then analyzes all grants awarded during the period between 1994 and 2005 to grasp an understanding of the scope, diversity, and nature of the Mott Foundation’s civil society program since the end of apartheid. Finally, it matches the profile of these grants to the Foundation’s stated goals for the program.

Conclusion

In the past quarter of a century, the number of democratic countries in the world has rapidly increased. With the addition of so many new democracies, there has been a subsequent increase in the amount of democracy assistance flowing from the Western democracies to developing countries in the former Soviet Union, sub-Saharan Africa, the Middle East, and Latin America. As civil society’s critical role in the transition to democracy became clearer, civil society development received more attention as a specific goal within democracy assistance.

Despite this increased focus on civil society and democracy development, relatively little has been written with which to gauge the success of foreign assistance in developing civil society, or even civil society’s successes in aiding the consolidation of democracy. By surveying the foreign-funded civil society environment in South Africa in particular, this study will illuminate some of the questions that still surround this relatively new field in foreign development assistance.

CHAPTER 1: FOREIGN AID, DEMOCRACY ASSISTANCE, AND CIVIL SOCIETY

Official bilateral donors gave US\$106.5 billion in foreign aid in 2005.⁵ The U.S. government alone earmarked US\$27.5 billion for international development purposes that year. In 2003, foreign aid made up an average of 6 percent of Sub-Saharan Africa's Gross National Income.⁶ For some developing countries, the vast majority of central government expenditures come from development aid.⁷ Foreign aid is no doubt playing an increasingly important role in international politics, particularly for countries in the global south. Since the end of the Cold War, a new form of foreign aid – democracy assistance – has become a sizable part of international donor support to developing countries.

This chapter will introduce democracy assistance and civil society strengthening as a growing goal of foreign aid. Despite some debate over the success and definition of these goals, Western donors are increasingly utilizing political aid to affect the development of emerging democracies around the globe, often to the chagrin of politicians in aid-recipient countries.

The Rise of Democracy Assistance

As the scope of foreign aid has increased in recent decades, so too has a specific type of foreign aid – democracy assistance. For the past quarter of a century, donors have increasingly gravitated toward democracy assistance as a means to affect political change. Democracy assistance refers to support, primarily financial, that is provided with the aim of strengthening democratic practices and good governance. This is achieved by promoting: free and fair elections, the development of strong political institutions, citizen participation and oversight, and bureaucratic accountability, among other activities. Governments, multilateral organizations, and independent foundations have dedicated millions of dollars to supporting the transition and consolidation of new democracies throughout the world. The U.S. government alone increased its democracy assistance from US\$109 million in 1990 to

⁵ OECD. "Aid Flows top USD 100 billion in 2005" *Organisation for Economic Co-operation and Development*, 4 April 2006., <http://www.oecd.org/document/40/0,2340,en_2649_34447_36418344_1_1_1_1,00.html> (10 May 2006).

⁶ World Bank. "2005 World Development Indicators: Aid dependency" *The World Bank Group*, 2006, <http://devdata.worldbank.org/wdi/pdfs/table6_10.pdf> (17 June 2006).

⁷ For example, according to the World Bank, in 2003, foreign aid made up 53.7% of government expenditures in Armenia, 40.8% in Bolivia, 63% in Mongolia 63%, and a whopping 95.8% in Nicaragua (World Bank 2005 World Development Indicators)

US\$830 million in 2003.⁸ Democracy assistance has not only become an important part of development aid, but also an important part of international relations in general.⁹

Democracy assistance became a funding priority in the 1980s and 1990s as bilateral¹⁰ and multilateral¹¹ donors began to shift their aid priorities. With the rise of authoritarian regimes in Southeast Asia, Central America, and Southern Africa, as well as other nationalist victories in the South, “democracy promotion” began to gain support as a useful strategy for influencing international politics.¹² Moreover, as democracy began to spread throughout Africa, Eastern Europe, and the former Soviet Union, the more established democracies amplified their financial support purporting democracy as the ideal political system, with the belief that democracies make better political and economic allies.¹³

The end of the Cold War helped precipitate this increase in democracy assistance worldwide. Before 1990, development aid was often linked to security goals and many aid agencies shied away from supporting overtly political work. The Cold War completion not only created democratic openings in a new wave of countries, but also made the idea of external political aid more palpable.¹⁴

This expansion of democracy assistance is also a function of the growing belief by development organizations that aid to other sectors (economic growth, education, public health, gender equality, etc) is ineffective in the absence of a democratic state. Several studies have shown that the presence of democracy and good governance within a country is more likely to lead to economic and social development.¹⁵ A 2000 report concluded that:

Democratization and good governance are central to the achievement of development goals. Thus, [for] poverty reduction, promoting gender equality, raising basic

⁸ Steven E Finkel, Anibal Perez-Linan, and Mitchell A. Seligson. “Effects of U.S. Foreign Assistance on Democracy Building: Results of a Cross-National Quantitative Study,” *U.S. Agency for International Development*, 12 January 2006.

<http://www.usaid.gov/our_work/democracy_and_governance/publications/pdfs/impact_of_democracy_assistance.pdf> (25 April 2006), 26.

⁹ Marina Ottaway and Thomas Carothers, eds. 2000. *Funding Virtue: Civil Society Aid and Democracy Promotion*. Washington, DC: Brookings Institution Press., 5.

¹⁰ Bilateral aid comes from a single government agency, such as USAID in the United States and DFID in the United Kingdom.

¹¹ Multilateral aid comes from an organization that receives funds from a variety of governments, such as the United Nations or the World Bank.

¹² Julie Hearn, “Aiding democracy? Donors and civil society in South Africa.” *Third World Quarterly*, 21:5, 2000, 815

¹³ Ottaway and Carothers, 5.

¹⁴ *Ibid.*, 5-6.

¹⁵ Glenda White, Chris Heymans, Merle Favis, and Jeets Hargovan. “Development Co-operation Report: Evaluation of IDA to DEMOCRACY and GOOD GOVERNANCE,” *International Organisation Development*, June 2000, 14.

education and health standards and reversing environmental degradation – the emergence of more participatory, transparent and accountable societies is essential.¹⁶ Democracy promotion gained importance as aid agencies began seeing democracy not only as a goal to strive for in itself, but also as a necessary component to achieve other economic and social development goals.

Democracy Assistance Debated

Despite the rise of democracy assistance by bilateral, multilateral, and private donors worldwide, a debate persists about the effectiveness of this political aid. Studies examining the link between foreign aid and democracy promotion coupled with good governance point to the conclusion that democracy aid programs *do* work. However, these findings are not universally accepted, and there is no shortage of ardent critics offering contrary arguments.

Many practitioners and academics have been vocal in their support of democracy assistance. Larry Diamond, founding co-editor of the *Journal of Democracy*, for instance, argues that democratic governments such as the United States should support the opening of previously authoritarian regimes through political, financial, and diplomatic support. This support can help create a more democratic, and therefore more stable, world because:

Democratic countries do not go to war with one another or sponsor terrorism against other democracies. They do not build weapons of mass destruction to threaten one another. Democratic countries are more reliable, open, and enduring trading partners, and offer more stable climates for investment. Because they must answer to their own citizens, democracies are more environmentally responsible. They are more likely to honor international treaties and value legal obligations since their openness makes it much more difficult to breach them in secret. Precisely because they respect civil liberties, rights of property, and the rule of law within their own borders, democracies are the only reliable foundation on which to build a new world order of security and prosperity.¹⁷

A recent study by academics Steve Finkel, Anibal Perez-Linan, and Mitchell Seligson has empirically supported the effectiveness of democracy assistance by the United States. This study measured the effects of democracy spending by the United States Agency for International Development (USAID) on democratization since the end of the Cold War. The researchers statistically found “consistent and clear positive impacts” of foreign democracy assistance.¹⁸ More specifically, the study concluded that: “Spending on the promotion of democracy, in the period 1990-2003, helped to increase democracy above the levels that

¹⁶ Ibid., 15.

¹⁷ Larry Diamond. “Promoting democracy,” *Foreign Policy Magazine*, 87 (Summer 1992): 25-46.

¹⁸ Finkel et al. 1.

would have been achieved based on all other factors that could reasonably be expected to have mattered.”¹⁹

Other studies, however, have found the impact of foreign aid on democratization levels to be less clear. Stephen Knack, for example, found no evidence that aid either promoted or undermined democracy.²⁰ He found that the number of aid recipient countries with improved democracy ratings was indeed much higher than those whose democracy scores dropped, using both Freedom House and Polity measurements, but concluded that little of this progress can be attributed to foreign aid.²¹ Despite this finding, he did not conclude that democracy-building aid is ineffective, but rather argued that “successful programs appear to be either too few and far between for their effects to be detectable in the aggregated data.”²²

Other researchers argue strongly that aid is ineffective. A 1999 study by Thomas Carothers, for instance, concluded that “using several alternative democracy indexes and measures of aid intensity, *no evidence is found that aid promotes democracy.*”²³ Despite these critics, democracy promotion continues to be an important goal of public and private donors around the globe, and as such deserves continued research attention.

Civil Society and Democracy Assistance

Within democracy assistance programs, civil society support has been a particularly popular means of promoting democracy among foreign donors. While strengthening civil society has long been associated with democracy promotion, in recent years “civil society” has become almost synonymous with democratization and good governance. Civil society aid has gained prominence in all the major bilateral donors and private foundations in the United States, Europe, and Japan.²⁴ A look at the increase in aid funds spent to promote civil society in developing countries illustrates the increasing belief in the relationship between civil society and democratization. By the mid-1990s over US\$4 billion was being spent to develop strong civil societies. In just seven years, USAID alone saw a 325 percent increase

¹⁹ Ibid., 3.

²⁰ Stephen Knack. “Does Foreign Aid Promote Democracy?” *Center for Institutional Reform and the Informal Sector*. Working Paper no 238, September 2000, 9.

²¹ Ibid., 21.

²² Ibid., 2.

²³ Thomas Carothers. “Aiding Democracy Abroad: Lessons from the late 1980s-90s.” *Global Economic Governance Programme: Oxford University*. <<http://users.ox.ac.uk/~ntwoods/challdemocracy.htm>> (5 November 2005).

²⁴ Ottaway and Carothers, 3.

in its funding to civil society assistance programs – from about US\$56 million in 1991 to over US\$181 million in 1998.²⁵

In the mid-1980s and early-1990s, democracy assistance focused primarily on the promotion of free and fair elections, then shifted focus to reforming state institutions. It was not until the mid-1990s that strengthening civil society became a major priority of democracy aid programs.²⁶ Civil society groups had helped usher in the transition to democracy in many former authoritarian regimes. Many donors understood this to mean civil society would also play an important role in the consolidation of democracy. “It was from within civil society that opposition to authoritarian rule had emerged and therefore it was imperative ‘to penetrate civil society and *from therein* assure control over popular mobilization’”²⁷

Civil Society and the State

As civil society assistance increases, a debate about the specific definition of civil society has emerged. Generally speaking, the idea of civil society interaction with the state is not a new one. What is different is the definition of the role and significance of civil society in creating and maintaining a successful democratic state. In the classical definition, there was little distinction between civil society and the state. Civil society and the state both “referred to a type of political association that governed social conflicts through the imposition of rules to restrain citizens from harming one another.”²⁸

The modern understanding of civil society as distinct from the state began to emerge in the late 18th century through the works of Thomas Paine and Georg Hegel, who postulated that civil society, as a separate entity from the state, allowed citizens a space where they could organize around their own interests.²⁹ Hegel describes: “Located between the family and the state, civil society contained not only economic transactions but also their voluntary forms of organizations, such as corporations, professional associations, and trade unions.”³⁰ We will return to the specifics of what civil society encompasses in the next section.

Soon afterwards, Alexis De Tocqueville’s *Democracy in America*, depicted the importance of civil society as a force to oversee and provide a check on government, as well

²⁵ Omar G. Encarnacion. “Beyond Civil Society: Promoting Democracy after September 11.” *Orbis*, Fall 2003. <<http://www.fpri.org/pubs/orbis.4704.encarnacion.beyondcivilsociety.html>> (16 August 2005). Para. 14

²⁶ Ottaway and Carothers, 6.

²⁷ Hearn, “Aiding Democracy,” 816.

²⁸ Michael Bratton. “Civil Society and political transition in Africa” in *Civil Society and the State in Africa* edited by Harbeson et al. Boulder: Lynne Rienner, 1994, ch. 3; 15

²⁹ Thomas Carothers. “Think Again: Civil Society.” *Foreign Policy Magazine*, Winter 1999-2000. <<http://www.globalpolicy.org/ngos/civsoc.htm>> (19 August 2005).p. 18

³⁰ Bratton, 16.

as to educate citizens on democracy.³¹ He said not only that civil society functioned *alongside* a democracy, but went further as to say it was a *necessary* part of a successful democracy.³² The rise in significance of civil society further evolved in the aftermath of World War II. Notable among these scholars was Antonio Gramsci, who identified two entities working in parallel: first is the state, which rules through domination, and second is civil society, in which ideas and values of the people were able to challenge the state.

Civil society once again gained theoretical importance after the end of the Cold War allowed civil society to flourish in formerly dictatorial countries.³³ As stated previously, civil society was an important force in the successful overthrow of undemocratic regimes in Latin America and Africa in the 1980s and 1990s, which sparked the idea that if civil society could force the *transition* to democracy, it could also force the *solidification* of democracy.³⁴

Civil Society Defined

As the evolution of civil society emerges, both a broad and a narrow definition of the term remain debated by donor agencies. As Marina Ottaway and Thomas Carothers argue, “These debates are not purely academic. On the contrary, each definition implies a different course donors should pursue in order to promote civil society and, through it, democracy.”³⁵

It is important to understand these two main conceptions of civil society in order to understand donor goals and motivations in civil society funding. Most scholars and practitioners agree that civil society encompasses voluntary groups that are not part of the state and not part of the family. There is disagreement, however, regarding how much the term actually encompasses.

One perspective defines civil society broadly as autonomous, voluntary organizations, which encompasses *any* type of social organization – including recreation groups (e.g. running or tennis clubs), interest groups (e.g. garden clubs), professional organizations (e.g. business associations), trade unions, and advocacy groups (NGOs and other aid organizations), among others. For this broad definition, the real distinction is that the organization is not part of the formal state (and thus membership is voluntary and based on individual interest).

³¹ Ibid., 16.

³² Encarnacion.

³³ Carothers, “Think Again: Civil Society,” 18.

³⁴ Encarnacion.

³⁵ Ottaway and Carothers, 9.

Those who advocate this definition of civil society focus on these organizations' role in fostering reciprocity and trust. According to this view, largely popularized through the work of Robert Putnam, civil society is a necessary element of democracy because it helps foster *social capital*, which he defines as the "features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit."³⁶ According to this theory, associations of any kind – not just political – contribute to democratic government by instilling values such as cooperation, solidarity, trust, and tolerance in members of these groups.³⁷ Greater associations also have an effect on the wider population, as these associations contribute to effective *social collaboration*, which Putnam argues is necessary for "effective democratic governance."³⁸ He contends:

Citizens in a civic community, on most accounts, are more than merely active, public-spirited, and equal. Virtuous citizens are helpful, respectful, and trustful toward one another, even when they differ on matters of substance. The civic community is not likely to be blandly conflict-free, for its citizens have strong views on public issues, but they are tolerant of their opponents.³⁹

A second perspective considers civil society as a narrow, political concept, which "identifies civil institutions and political activity as an essential component of the emergence of a particular type of political society based on the principles of citizenship, rights, democratic representation and the rule of law."⁴⁰ This camp, supported by Larry Diamond, among others, believes that for democracy to consolidate and flourish, pluralism in civil society must exist. Diamond defines civil society as the:

*realm of organized social life that is voluntary, self-generating, (largely) self-supporting, autonomous from the state, and bound by a legal order or set of shared rules...it involves citizens acting collectively in a public sphere to express their interests, passions, and ideas, exchange information, achieve mutual goals, make demands on the state, and hold state officials accountable.*⁴¹ (italics in original)

From this perspective, civil society relates to the state without being part of the state.⁴² Democracy becomes consolidated as a result of the effects civil society has on a variety of factors including: providing a check on government power; developing democratic values in

³⁶ Robert Putnam. "Bowling Alone: America's Declining Social Capital." *Journal of Democracy*, 6.1 (1995): 65-78 July 1996. [Project Muse <http://muse.jhu.edu/journals/journal_of_democracy/v006/6.1putnam.html>](http://muse.jhu.edu/journals/journal_of_democracy/v006/6.1putnam.html) (22 August 2005).

³⁷ Robert Putnam. *Making Democracy Work: Civic Traditions in Modern Italy* (1993) Princeton, NJ: Princeton University Press, 89-90

³⁸ *Ibid.*, 90.

³⁹ Putnam, *Making Democracy Work*, 89.

⁴⁰ James Manor, Mark Robinson and Gordon White. "Civil Society and Governance – A Concept Paper." *Institute of Development Studies, University of Sussex*, 26 August 1999. [<http://www.ids.ac.uk/ids/civsoc/>](http://www.ids.ac.uk/ids/civsoc/) (19 August 2005), 3.

⁴¹ Larry Diamond. "Rethinking Civil Society: Toward Democratic Consolidation," *Journal of Democracy*. Vol 5, 1994: p 5

⁴² *Ibid.* 6

citizens; creating non-government channels for representation; providing opportunities for participation; recruiting and training new political leaders; disseminating information; and spreading new information and ideas.⁴³

Moreover, because of the disputed definition of civil society, there is some disagreement on whether specific groups, such as political parties, should be included in civil society. While a majority agrees that political society is separate from civil society, others argue that these groups should be included, as they are not an official part of the state. As it relates to democracy assistance, “Donors have chosen to consider civil and political society as separate realms because...doing so helps defend the claim that it is possible to support democracy without becoming involved in partisan politics or otherwise interfering unduly in the domestic politics of another country.”⁴⁴

Donor Perspectives on Civil Society

Civil society donors have tended to follow similar patterns of aid distribution, which direct funding primarily to voluntary non-governmental organizations that promote democracy directly. These are organizations that “specifically seek interaction with the state, whether to advocate interests of the citizens, to oppose nondemocratic behavior of the state, or to hold states accountable to citizens for their actions.”⁴⁵ As a result, democracy assistance programs often end up focusing on a specific group of organizations: professionalized non-governmental organizations (NGOs). These groups are generally dedicated to advocacy or civic education work on public interest issues directly relating to democratization, such as election monitoring, voter education, governmental transparency, and political and civil rights generally.⁴⁶

Other common non-political civil society groups are often excluded from foreign civil society support. Sports clubs, interest groups, and garden associations rarely receive aid from foreign democracy donors. As Ottaway and Carothers point out, foreign donors who want to make a visible impact with limited money “could hardly get in the business of setting up bowling leagues in the name of democracy.”⁴⁷

Advocacy NGOs working specifically for democracy promotion receive the bulk of civil society aid for a variety of reasons. First is the central belief by many donors that these

⁴³ Ibid., 7-11.

⁴⁴ Ottaway and Carothers, 11.

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ Ottaway and Carothers, 10.

advocacy groups are the most important segment of civil society in terms of democratization because they directly target democratic processes, which other civil society groups do not do.⁴⁸ More practically, these professional advocacy NGOs are often better equipped to handle the bureaucratic requirements – such as writing grant proposals, providing budgeting and accounting reports, and conducting impact assessments – than other types civil society organizations.⁴⁹

The idea that democracy-focused advocacy groups are the key to consolidating democracy is problematic, however, as other types of civil society groups have played a large part in democratization in the past. In South Africa, for instance, many segments of civil society, including local community groups, universities, and churches, played an important role in ending apartheid. Democracy advocacy groups were less important than the social groups that were able to organize mass mobilization of apartheid's opponents.

This is not to say that other types of organizations and groups do not receive funding from foreign donors. Rather, these other civil society groups do not receive such funding specifically under the auspices of democracy assistance or civil society support. Donors differentiate between funding going to civil society groups working towards democracy and those that are working for other goals. NGOs focusing on economic and social development – health, education, job training, etc. – undoubtedly have an effect on the development of civil society and democracy, despite the fact that they do not receive aid specifically for the purpose of democracy and governance.⁵⁰ If donors are trying simply to develop civil society, this goal is achieved through all aid to non-governmental organizations – not just those specifically tied to democracy assistance programs.

In recent years, however, donors have begun to expand the scope of what they fund in terms of civil society support. More and more they have expanded their definition to include advocacy NGOs that work for issues other than democracy promotion, including environmental protection, gender equality, and human rights. Donors are also expanding the diversity of groups supported from traditionally large urban-based advocacy NGOs to including more local groups based throughout recipient countries. However, “this broadening process has been slow and cautious, and in their democracy-oriented programs, donors continue supporting above all urban-based advocacy and civic education NGOs.”⁵¹

⁴⁸ Ibid., 295.

⁴⁹ Ibid., 13.

⁵⁰ Ibid.

⁵¹ Ibid., 12.

Civil Society Aid Proponents

As donors intensify civil society funding, they argue that civil society – and civil society assistance in particular – aids democratization. These proponents often argue that civil society groups not only work in parallel to the democratic state, but are *necessary* for the successful transition and consolidation of democracy. The first function civil society performs is to legitimize state power. By mobilizing popular consent, civil society can be a source of the state's legitimization in terms of political power, legislative rules, and the use of force.⁵²

Another important role of civil society is as a watchdog over government action. Civil society groups often pay closer attention to legislation and government action than citizens themselves would. These organizations are able to identify, acquire and disseminate important information to their constituents. Information becomes more accessible to citizens, and thus citizens have greater opportunity for political participation. Moreover, civil society has the sway to provide a powerful counter to the government (whereas an individual may not be as influential). Not only do civil society groups often have networks to mobilize citizens to action, but they also have the resources and time to promote their interests. In this manner, civil society is an outlet for public opinion, ensuring that public interest is considered. More importantly, they have the ability to act when the information they find points to government misconduct – including corruption, human rights abuses, and renegeing on promises.

One example of civil society success in this regard occurred in the mid-1990s, when the Green Belt Association of Kenya pushed the Kenyan government to improve its human rights record by advising the Paris Club to suspend aid if the President Arap Moi did not comply.⁵³ Another example that illustrates a more direct relationship between the state and civil society was the Treatment Action Campaign's successful 2001 court case against the South African government, which forced the government to provide anti-retroviral medication for the prevention of mother-to-child HIV transmission.

Proponents of civil society aid argue that even when social organizations do not directly challenge the state they contribute to a successful democracy. Donors argue that they are also creating a robust democratic culture by supporting groups that nurture habits such as

⁵² Bratton, 25.

⁵³ Maathai in John Akokpari. "The AU, NEPAD and the Promotion of Good Governance in Africa" in Nordic Journal of African Studies 13(3), 2004: p.257

trust and cooperation that are necessary to uphold a democracy (even when the group itself is not working for democracy promotion).⁵⁴

Finally, these proponents argue that *foreign aid* can help to develop the robust civil society that is necessary for democracy to flourish. While foreign donors can try to impose democratization externally, democracy cannot fully flourish without domestic support. By supporting domestic non-governmental groups, donors are also supporting the means for this domestic democratic culture to develop.

Civil Society Aid Opponents

Some opponents have emerged arguing that civil society aid is not effective in supporting democratization. A robust civil society is only one factor that has been identified as important to the consolidation of democracy. Other factors – such as an historical presence of civil society, levels of economic growth and inequality, and colonial legacy – have a great impact on democratization. While the impact of civil society promotion has not been empirically determined, “the evidence fairly consistently indicates that such assistance alone is unlikely to be a major factor.”⁵⁵

Others argue that civil society cannot be created through aid – it must develop indigenously. Civil society has been shown to develop differently across different regions and cultures. Some studies show that civil society groups that are imposed externally on societies have a low rate of success.⁵⁶ Further studies have found that donor aid has failed to spur the formation of indigenous civil society groups, even in regions where donors focused significant attention on civil society development.⁵⁷

Many go so far as to argue that not only is civil society aid not effective in promoting democracy, but that civil society itself is not an essential pillar of democracy. There is little doubt that civil society aid has helped many NGOs survive and thrive. However, simply sustaining the existence of NGOs does not inherently mean that civil society is robust or beneficial to democracy. If civil society aid merely supports a few advocacy NGOs that have little impact on the citizens, the aid may do little to benefit overall democracy in the recipient country.

A further argument is that civil society in and of itself is not inherently good. Simply being labeled under the umbrella of “civil society” does not necessarily signify that an

⁵⁴ Encarnacion.

⁵⁵ Ottawa and Carothers, 303.

⁵⁶ Putnam, *Making Democracy Work*, 91.

⁵⁷ Ottawa and Carothers 14-15

organization has honorable goals or positive effects. Under the definition identified above, civil society can include racist organizations like the Ku Klux Klan and terrorist groups like al-Qaeda. Even groups that do not deliberately have negative intentions can cause negative consequences. Single-issue civil society groups, for example the National Rifle Association, are “intensely, even myopically, focused on their own agendas; they are not interested in balancing different visions of the public good.”⁵⁸ These groups focus on the interests of their members, which often represent only a small portion of the overall population. What may be good for these groups may be harmful to the public as a whole.

Even when organizations form with righteous aims, they cannot exclusively lead to good governance. Stable political institutions are necessary for a successful functioning government. Civil society can only flourish and function effectively if the constraints of the government structure allows for it. If a state has a credible government with laws that allow for citizens to challenge political actions, civil society can play necessary oversight and public advocacy roles. However, under a repressive government, civil society is stilted and has few official outlets for representation. In such a situation with weak political institutions, opponents argue that civil society can even *undermine* democracy by “fostering a host of negative forms of social capital, such as apathy, cynicism, and intolerance.”⁵⁹

Even with a strong political system, civil society influence does not always lead to the best governance result for the public. Groups can sway government legislation in favor of those with more money, time, or political connections.⁶⁰ Groups that are better organized can get their agendas heard, while those with less capacity – historically the poorer classes – remain voiceless.

Furthermore, because specific interest groups can often form easier than the masses, opponents argue that civil society should not automatically be seen as a representation of the people’s wishes. Many NGOs are completely donor dependent. Without the foreign support they receive, they would not be sustainable. Foreign donors are accountable to either taxpayers in their own countries (in the case of bilateral or multilateral organizations) or board members and individual donors (in the case of private foundations or grantmakers). Notably, they are *not* accountable to the citizens or governments who receive the aid. This may cause a mismatch between donor goals and recipient goals as they relate to democracy and civil society.

⁵⁸ Carothers 21

⁵⁹ Encarnacion, para 5

⁶⁰ Carothers 22

Additionally, civil society organizations that receive funding and support from external sources sometimes represent only a small portion of the domestic population. “The burgeoning NGO sectors in such countries are often dominated by elite-run groups that have only tenuous ties to the citizens on whose behalf they claim to act, and they depend on international funders for budgets they cannot nourish from domestic sources.”⁶¹ This point is causing increasing conflict between donors and recipient country governments.

Attacks from Developing Democracies

Civil society assistance has come under increasing attack by the governments in countries that receive such aid. The politicians in these emerging democracies have increasingly criticized foreign-backed civil society organizations for undermining state legitimacy. Russian President Vladimir Putin, for instance, has publicly criticized Russian NGOs that work with political issues for accepting international funds, and recently signed a law requiring all NGOs to inform the government of every project they plan to carry out.⁶² In December 2004, Zimbabwe’s parliament passed legislation prohibiting domestic NGOs from receiving external aid.⁶³ Similarly in Belarus, President Aleksandr Lukashenko banned all political or educational activities from accepting international funding. Invectives against foreign-funded civil society groups have emerged around the globe – from Ethiopia to Kazakhstan to Venezuela.

There is no doubt that in the past many foreign donors worked precisely for the goal of weakening state sovereignty. Before the end of apartheid in South Africa, for instance, civil society organizations largely funded by external sources were working with the goal of undermining the legitimacy of the apartheid state and ushering in a new majority government. However, in the post-apartheid era, undermining state legitimacy is no longer a primary goal of donors. Foreign donors undeniably come to developing countries with a set agenda, although this agenda is not necessarily one that is contrary to the agenda of the elected government in power. Often, the aims and goals of the two groups are similar. In the above case of post-apartheid South Africa, for instance, “Few would dispute the goals that many donors are helping South African NGOs pursue – such as consolidating and deepening

⁶¹ Carothers, “Think Again: Civil Society,” 20.

⁶² Thomas Carothers. “The Backlash Against Democracy Promotion.” *Foreign Affairs Magazine*, March/April 2006: pp. 55-68

⁶³ Ibid.

democracy, promoting participatory development, protecting human rights, and promoting clean and accountable governance.”⁶⁴

Conclusion

Since the early 1980s, democracy aid has become an increasingly popular means through which foreign governments endeavor to affect change in the developing world. Civil society development has been the object of a particularly strong focus from a wide range of donors. Bilateral aid agencies, multilateral organizations, private foundations, and others have poured millions of dollars into democracy aid and civil society. Despite the intense scrutiny and attention that foreign aid and democracy promotion has received, several key questions remain. Is foreign aid effective in developing democracy? Is civil society support an effective means of consolidating democracy? And, is civil society development even the most effective way to support that consolidation? Yet, as these questions remain unanswered, donors continue with increasing support to civil society. As the field of civil society development and democracy assistance becomes increasingly important, it will be necessary to fully examine the impacts of this aid.

⁶⁴ Terence Smith, Ismail Davids and Glenn Hollands. Mbeki's Attacks on NGOs Undermine Civil Society's Right and Duty to Criticise. *Cape Times*, 25 October 2005.
<<http://www.globalpolicy.org/ngos/state/2005/1025mbeki.htm>> (25 April 2006).

CHAPTER 2: CIVIL SOCIETY IN SOUTH AFRICA

Civil society has played an important role in South Africa's political history. Specifically, the resistance groups that operated – often clandestinely – in the country in the 1970s and 1980s were integral to bringing about the end of the apartheid regime. Later, these same groups, and others, were instrumental in assuring a smooth and successful transition to democracy in the 1990s. As domestic groups operating largely without the approval of the state, these groups relied heavily on foreign assistance for support. Many external donors provided funding throughout the periods of resistance and transition to support the creation of a democratic South Africa.

This chapter will examine the role that domestic civil society has played in apartheid's downfall and in South Africa's subsequent transition to and consolidation of democracy. Additionally, this chapter will provide details of the foreign donors that supported these efforts. This chapter will first describe civil society's character and role in South Africa during the apartheid era. Next, it will examine civil society today by providing an overview of the sector, problems encountered during the transition to democracy, and its interaction with the new state. Finally, this chapter will include a discussion of foreign donors and their interaction with government and civil society in the new multi-racial South Africa.

Civil Society in Apartheid-Era South Africa

In less than two decades South Africa has transformed itself from a racially segregated authoritarian regime to a democratic success story. Under South Africa's *apartheid* (meaning "apartness") regime, people were classified as either White, Black, Coloured, or Indian, and granted differing levels of civil rights corresponding to their racial classification. This led to great inequality in political and civil freedoms. On one end of the spectrum, Whites, with the most freedom, were able to vote, openly move about the country and enjoy access to quality health care, education and other social services. Blacks, on the other end of the freedom scale, were forced into separate tribal 'homelands' and were subject to vast inequalities and discrimination.

In 1990, with mounting internal and external resistance, a move away from apartheid began when the White-led regime unbanned several resistance groups, including the popular anti-apartheid group, the African National Congress (ANC). The same year, ANC leader

Nelson Mandela was released from Robben Island after 27 years as a political prisoner. Soon after, the apartheid government's National Party began talks with a variety of non-White groups, eventually leading to multi-racial elections and a Government of National Unity. With the first majority election in 1994, the ANC won 62.6 percent of the votes and 252 seats in parliament (out of 400).⁶⁵ The ANC was now head of a democratic South Africa, with the National Party and the primarily Zulu Inkatha Freedom Party (IFP) holding noteworthy positions of power. With Nelson Mandela as president, a new era in South African politics began. After three national elections, the country seems to have transitioned to a well-functioning democracy, with the ANC continuing to hold a firm grip on political power with 66.4 percent of the vote in 1999 and nearly 70 percent in 2004.⁶⁶

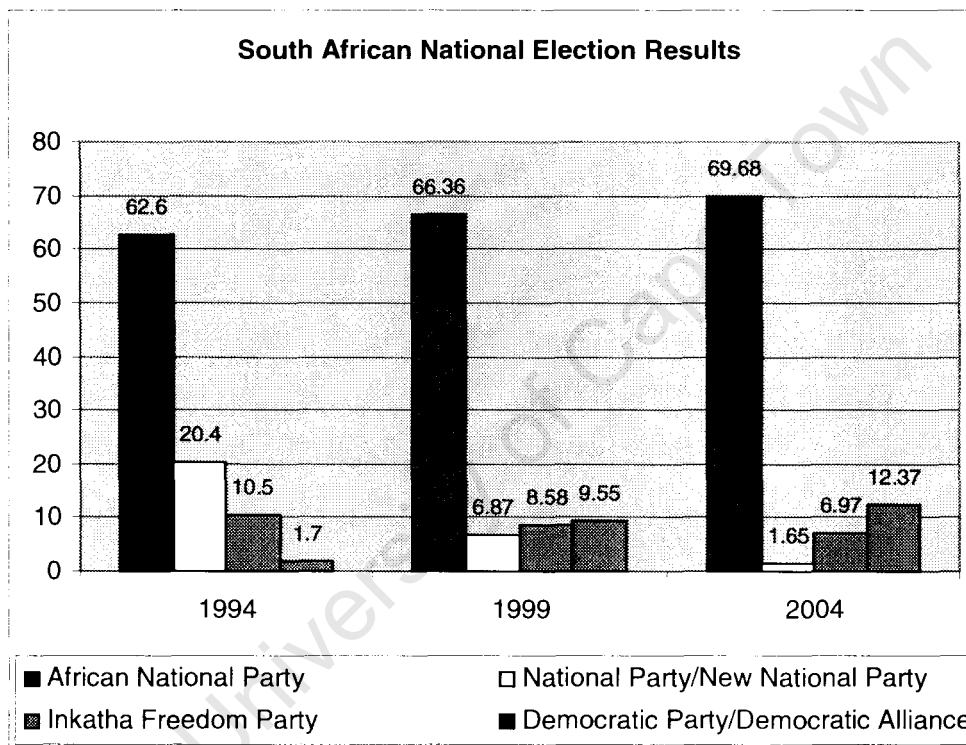


Figure 1⁶⁷

Civil Society's Role in Ending Apartheid

Civil society played an important role in the transition to democracy in South Africa. For example, local community-based organizations (CBOs) organized rallies around social service issues like quality housing and access to water. Labor unions attacked the

⁶⁵ Hal Lippman, Robert Mattes, Julius Nyang'oro, and Robin Silver. "The Transition to Sustainable Democracy in South Africa and the Strategic Role of USAID," May 2001. Management Systems International, Inc., 1.

⁶⁶ Manuel Alvarez-Rivera. "General Elections in the Republic of South Africa," *Election Resources on the Internet*, <<http://electionresources.org/za/>> (10 June 2006).

⁶⁷ Ibid.

government economically by mobilizing workers. Underground resistance groups helped create the political structure that could be put in place after a successful transition. Even student organizations put pressure on the government through protests and other resistance activities.

In 1983, the United Democratic Front (UDF) was formed as an umbrella organization of anti-apartheid civil society groups with the goal of the “creation of a single, nonracial, unfragmented South Africa.”⁶⁸ It became a leading anti-apartheid organization and gained mass support from civil society groups throughout the country. By the late 1980s, there were more than 600 community, religious, and student groups affiliated with the UDF.⁶⁹

Apartheid-Era Civil Society Development

The politics of apartheid South Africa determined the types of civil society groups that developed in the country prior to the transition to democracy. Apartheid South Africa fostered the development of an unusually robust civil society. These organizations were formed not only for the purpose of actively resisting the political oppression and enforced inequality of the National Party government, but also were formed to carry out necessary social services that were not being provided by the apartheid government.

Because many of these organizations were a threat to the apartheid regime, strict rules were developed determining how civil society groups could be formed and funded. Four main pieces of legislation controlled such organization: (1) The Prohibition of Political Interference Act (1974) was “aimed at preventing any organization which the minister deemed ‘unfit’ from receiving foreign funding.”; (2) the Affected Organisations Act (1974) “prevented any organization involved in anti-apartheid activities from receiving funds from outside South Africa”; (3) the Disclosure of Foreign Funding Act (1989) “required that organizations report all funds received to the government”; and (4) the Fund-Raising Act (1978) “prevented organizations from receiving funds from the public, both within and outside South Africa, unless they had a fund-raising number obtained from the government.”⁷⁰ However, while the government imposed strict regulations and control on civil society groups, it largely ignored these organizations as long as they were seemingly

⁶⁸ Christopher Landsberg, “Voicing the Voiceless: Foreign Political Aid to Civil Society in South Africa,” in Marina Ottaway and Thomas Carothers, eds. 2000. *Funding Virtue: Civil Society Aid and Democracy Promotion*. Washington, DC: Brookings Institution Press, 110.

⁶⁹ *Ibid.*, 114.

⁷⁰ Caroline Kihato. “Shifting sands: The relationship between foreign donors and South African civil society during and after apartheid,” *Centre for Policy Studies Research report* no 86, August 2001, 6.

apolitical.⁷¹ The presence of service-oriented welfare groups for Blacks,⁷² for instance, allowed the White government to justify its lack of social services for the non-White population.⁷³ This allowed Black civil society – including not only service-oriented welfare groups, but also religious groups, student organizations, and others – to continue to grow during apartheid.

As a result of strict government controls on citizen groups, Black and White civil society developed in two separate spheres. White civil society, which was able to enjoy broad political freedoms such as the right to associate and organize, formed a formalized civil society that operated largely under the apartheid regime (although not necessarily in collaboration with it).⁷⁴ These White-centered civil society groups were involved largely in social services, such as health and education, as well as cultural and sports associations.⁷⁵ Because of the apolitical nature of their work, these civil society groups were able to thrive even under the apartheid government's strict regulations – especially those groups that provided welfare services to the White community.⁷⁶ This is not to say that anti-apartheid groups did not emerge in the White community; they did. Groups such as Black Sash and Idasa (formerly the Institute for a Democratic Alternative in South Africa) formed precisely with the goal of ushering in a new majority-rule political system.

In contrast to White civil society, Black groups – even if ostensibly apolitical – did not have government backing, nor did they have a middle class base to provide financial support.⁷⁷ Instead, Black civil society was mainly characterized by informal, poor, politically disenfranchised groups.⁷⁸ Many Black organizations were forced to operate in secret – often with the explicit goal of overthrowing the government. Many of these organizations considered themselves Black alternatives to the 'official' White government.⁷⁹ An artificial unity emerged as groups with otherwise varying interests came together for the purpose of opposing apartheid. Even groups founded on apolitical principles worked towards political means by pushing social issues during apartheid. In townships and other Black areas

⁷¹ Bec Russell and Mark Swilling. "The Size and Scope of the Non-Profit Sector in South Africa," *Centre for Civil Society*, 2002, 68-9.

⁷² In this case, Black refers to any non-White group, including coloured and Indians

⁷³ Russell and Swilling, 4.

⁷⁴ Lippman et al., 2.

⁷⁵ Russell and Swilling, 4.

⁷⁶ Kihato, 6.

⁷⁷ Russell and Swilling, 69.

⁷⁸ Kihato, 6.

⁷⁹ Maxine Reitzes and Steven Friedman. "Funding freedom?" Synthesis report on the impact of foreign political aid to civil society organizations in South Africa." *Centre for Policy Studies* Research report no 85, June 2001, 8.

throughout South Africa, *civics* emerged. These were community groups created to address citizens' complaints about social issues, such as poor education, high housing rents, and even the number of available clothing lines.⁸⁰ These grievances were acts of resistance towards the apartheid regime, which had created problems and failed to provide necessary services.

Foreign Funding to Apartheid-Era Civil Society

Many of these civil society resistance efforts were funded by foreign donors. From overhead and office expenses to training and travel, international funders played an important role in the sustainability of anti-apartheid civil society groups.⁸¹ Millions of dollars were channeled (often secretly) to key civil society groups in the struggle against apartheid.⁸² This aid was overtly political, as the goal of this funding was, for the most part, to aid in the breakdown of the apartheid state. However, despite its political implications, foreign donors saw the support of civil society groups as a legitimate way to back the anti-apartheid effort without getting too involved in the politics of apartheid. For international donors involved in the Cold War, such as the United States, funding civil society groups was an ideal way to oppose apartheid "without directly assisting a political movement they considered too radical and too close to Moscow."⁸³ However, some bilateral donors, such as Denmark and Sweden, supported resistance groups directly.⁸⁴

International assistance to South African civil society began as early as the 1960s and continued through until the transition in 1994. The Nordic countries were among the first to provide this type of support, with Sweden donating about US\$400 million to anti-apartheid groups such as the ANC, labor unions, and others between 1972 and 1993.⁸⁵ By the 1980s, South Africa had been ostracized in the international political community, and economic sanctions were imposed against the country. Additional civil society support for the anti-apartheid effort came at this time from donors such as the European Union, Britain, the United States, Germany, and France.⁸⁶ In the nine years before 1994, the European Union and the United States donated close to US\$1 billion to support a successful transition.⁸⁷

⁸⁰ Lippman et al., 6.

⁸¹ Landsberg, 107.

⁸² Lala Camerer. "Terms of Endearment: Bilateral donor engagement in fighting corruption in South Africa" *African Security Review* Vol 9, No. 5/6, 2000.

⁸³ Landsberg, 115.

⁸⁴ Kihato, 9.

⁸⁵ Julie Hearn. "Foreign Aid, Democratisation and Civil Society in Africa: A Study of South Africa, Ghana and Uganda." *Institute of Development Studies* Discussion Paper 368, 12.

⁸⁶ Landsberg, 107.

⁸⁷ Julie Hearn, "Aiding democracy? Donors and civil society in South Africa." *Third World Quarterly*, 21:5, 2000, 820.

The unique nature of foreign funding to the anti-apartheid effort – often donated clandestinely and often to groups banned by the government – meant that donors did not adhere to the same strict funding policies that were required of groups in countries with different political environments. Because of the apartheid government's strict controls, donors and civil society groups tried to avoid financial scrutiny by being purposely non-transparent in their funding. This led to poor record-keeping, few external audits, and no real donor oversight on how funds were spent.⁸⁸ International donors often gave local organizations – notably the South African Catholic Bishops Conference, the South African Council of Churches, and Kagiso Trust – significant power to determine how funds were disbursed, with regard to who received funds and what activities were funded.⁸⁹ With such a bottom-up approach to allocation, civil society groups were not required to write frequent grant requests, project proposals, or impact assessments. Administratively weak organizations, which otherwise would not have been able to compete for foreign funding, were able to thrive in an arguably bloated civil society environment.

South Africa's racially unequal political history led to the development of a particularly robust civil society in both the White and Black communities. While Whites enjoyed the freedom to associate and organize, Blacks often had to be secretive about the existence and nature of the groups that emerged in their communities. Nevertheless, this sector played an important role in bringing down the apartheid government, largely through the support of foreign donors. This funding relationship was unusually flexible, as funding disbursement was often decided on the ground.

South Africa's Civil Society Today

Apartheid's legacy left South Africa with a particularly strong civil society sector that was experienced at interacting with a variety of donors. With the unbanning of several resistance groups in 1990, and the transition to a majority-rule democratic system in 1994, many civil society organizations found themselves at a crossroads. For years these groups had been fighting for the end of apartheid, and their mission was now accomplished. With such success, though, came an uncertainty about their future. They would have to adjust to new challenges facing the South African state or dissolve. Not only would groups have to change their mission, but they would have to change the way in which they operated as well. While working under apartheid required these civil society groups to be flexible and

⁸⁸ Kihato, 8.

⁸⁹ Ibid., 9.

grassroots-based, these groups instead found that the new democratic system was conducive to formal, professionalized groups.⁹⁰

With South Africa's transition to democracy, White civil society groups now found themselves in political and donor environments that were quite different from what they were accustomed. State funding was no longer guaranteed, and those organizations that provided social services would have to expand their clientele to include a more diverse population.⁹¹ While a favorable relationship with the apartheid government may have been beneficial prior to 1994 as groups sought government funding and approval, the perception of closeness with the former government was detrimental after the transition.

Black civil society groups, on the other hand, were poised to work in collaboration with the government for the first time. However, how they would work together was unclear. These groups were forced to change their strategies not once, but twice, in the early 1990s. First, in 1990, many previously banned groups were allowed to operate publicly for the first time in years. In the past these groups focused on bringing the apartheid government to the political bargaining table, but after democracy seemed inevitable they began to focus on assuring a successful transition. Civil society's strategy had to change once again in 1994, after the ANC won an amazing 62.6 percent of the national vote. The ANC, which itself had been an underground political civil society group until only recently, was suddenly leading the new South African state. The focus for both civil society and government then shifted from the transition to the consolidation of democracy. Unlike in the previous apartheid government, civil society groups in the new South Africa were sympathetic and supportive of the new ANC leadership. The new government, likewise, emphasized early on the important role that civil society had to play in the country.

Demographics of Today's Civil Society

South Africa's political past has left a mark on the way civil society has evolved since the country's transition to democracy. South Africa's civil society today is not made up of new organizations, but rather consists mainly of organizations that have persisted since the apartheid era. A recent study found that in 1999 the average age of a South African civil society group was 19 years. Religious and health groups were the oldest (on average 38 years and 31 years, respectively), followed by environmental groups (24 years) and social

⁹⁰ Reitzes and Friedman, 19.

⁹¹ Russell and Swilling, 68.

services (23 years).⁹² The goals of many of these organizations have shifted over time as many civil society groups began to focus on either providing services or engaging in advocacy work.⁹³ Many of the groups that were previously involved in pushing for the end of apartheid began focusing on functions necessary for democracy – developing political parties, acting in government watchdog roles, or advocating increasingly pressing healthcare issues, such as HIV/AIDS prevention and treatment. Today, South Africa also has several civil society groups that do not have an expressly political purpose. These groups include religious organizations, such as churches; student youth groups; *stokvels*, which act as community investment cooperatives; burial societies, and sport and recreation teams.⁹⁴ The majority of civil society groups in South Africa today are informal associations, with community-based groups making up 53 percent of all civil society members.⁹⁵

Whereas in the past, civil society was largely segregated either by mission, race, or privilege, the end of apartheid allowed civil society groups to organize with greater pluralism on the basis of common interest and no longer strictly on racial background or political affiliation.⁹⁶ As discussed previously, however, many civil society groups today are at least ideologically aligned with the ruling ANC. As Reitzes and Friedman explain, “Because South Africa’s racial history means that the [civil society organizations (CSOs)] with the most capacity to offer an influential voice to citizens will be those broadly sympathetic to majority aspirations, and the ANC continues to dominate majority politics, the future of South Africa civil society is likely to be largely determined by CSOs which lean to the governing party.”⁹⁷

In total, about 100,000 groups make up South Africa’s civil society.⁹⁸ The size of this sector has a considerable impact on the country’s economy as a whole. In 1998, South Africa’s non-profit sector spent R9.3 billion. The sector also employed 645,316 workers, which represented 9 percent of the formal non-agricultural economy.⁹⁹ These workers came

⁹² Ibid., 22.

⁹³ Charm Govender. “Trends in Civil Society in South Africa today,” Umrabulo. December 2001
<<http://www.anc.org.za/ancdocs/pubs/umrabulo/umrabulo13m.html>> No. 13

⁹⁴ Russell and Swilling, 10.

⁹⁵ Ibid., 20.

⁹⁶ Reitzes and Friedman, 22.

⁹⁷ Ibid., 12.

⁹⁸ Russell and Swilling’s study “Size and Scope of South Africa’s Civil Society” found 98,920 Non-Profit Organizations in 1999. They defined non-profit organizations by five key characteristics: organised; private; self-governing; non-profit distributing; and voluntary

⁹⁹ Russell and Swilling, 15-16.

from traditionally underrepresented populations, with 59 percent women workers and 73 percent Black workers.¹⁰⁰

As Table 1 shows, South Africa’s civil society covers diverse needs and interests, with social service groups leading the pack (22,755 groups or 23 percent of the total sector in 1999). This was followed by culture and recreation groups (20.8 percent of the total), development and housing (20.6 percent), and religious groups (11.8 percent). Organizations focusing specifically on advocacy and politics accounted for only 6.9 percent of the sector, although they employed 14 percent of the total civil society workforce.¹⁰¹

Table 1: Number and Percentage of Civil Society by Sector¹⁰²

| Sector Addressed | Number | Percentage |
|--------------------------------------------------------|--------|------------|
| Social services | 22755 | 23 |
| Culture and recreation | 20587 | 20.8 |
| Development and housing | 20382 | 20.6 |
| Religion | 11706 | 11.8 |
| Advocacy and politics | 6800 | 6.9 |
| Health | 6517 | 6.6 |
| Education and research | 5730 | 5.8 |
| Environment | 3396 | 3.4 |
| Business and professional associations, unions | 525 | 0.5 |
| Philanthropic intermediaries and voluntarism promotion | 310 | 0.3 |
| International | 212 | 0.2 |
| Total | 98920 | 99.9 |

¹⁰⁰ Ibid., 23.

¹⁰¹ Ibid., 27 and 32.

¹⁰² Ibid., 27.

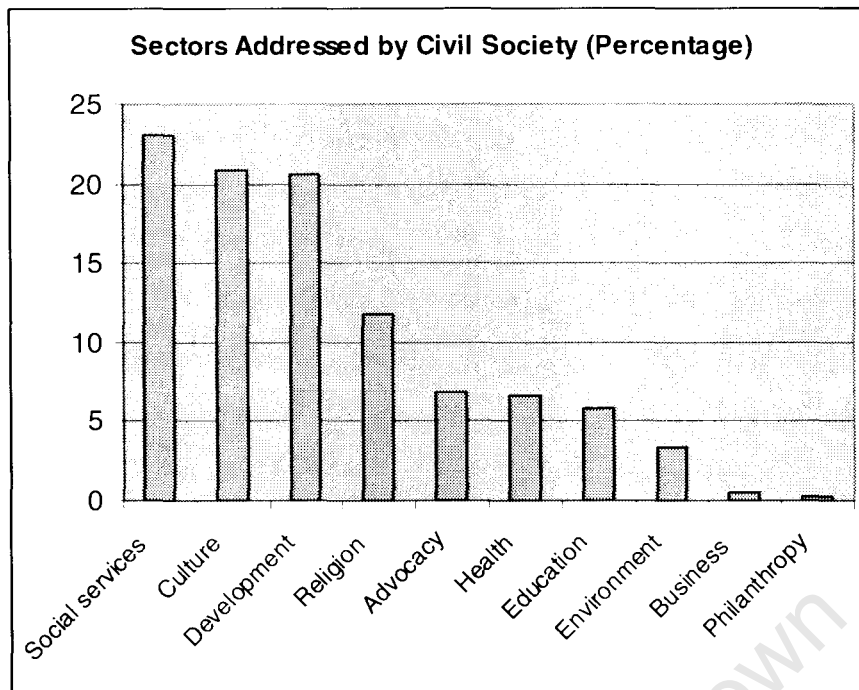


Figure 2¹⁰³

Foreign funding continues to play an important role in South African civil society today. A 2001 survey of civil society in the country found that most organizations (69 percent) said they received at least some funding from international donors, with as much as 44 percent getting more than half of their funding from private international donors, foreign government donors, or multilateral organizations.¹⁰⁴ This is not the only source of funding however, as a variety of domestic donors now provide funding to this sector. The South African government, for instance, contributed R5.8 billion in 1999, which constituted 42 percent of total funding to the sector.¹⁰⁵ The domestic private sector donated another R3 billion.¹⁰⁶ As this shows, although external donors continue to play a prominent role in civil society funding, internal sources have gained growing importance.

Civil Society and the New South African Government

Because of its historically close links with civil society, the new South African state asserted the importance of civil society for a functioning democracy early in the transition process. The 1994 Reconstruction and Development Programme, drafted by the new government, stated:

¹⁰³ Ibid.

¹⁰⁴ Institute for Democracy in South Africa and the Co-operative for Research and Education, "Results of An Organizational Survey for a Report on 'The State of Civil Society in South Africa.'" 2001, <www.idasa.org.za/gbOutputFiles.asp?WriteContent=Y&RID=496> (25 April 2006), p 12

¹⁰⁵ Russell and Swilling, 34.

¹⁰⁶ Ibid., 36.

the democratic order we envisage must foster a wide range of institutions of participatory democracy in partnership with civil society on the basis of informed and empowered citizens... A wide range of trade unions, mass organisations, other sectoral movements and community-based organisations (CBOs) such as civic associations developed in our country in opposition to apartheid oppression. These social movements and CBOs are a major asset in the effort to democratise and develop our society.¹⁰⁷

Partially in recognition of this importance, the government soon constructed legislation to make the environment more conducive to a thriving civil society. These legislative measures include “a national registration procedure for [non-profit organizations (NPOs)], a new state funding body to raise public, private, and international funding for NPOs, a national lottery for a similar purpose, and an elaborate new tax structure to stimulate grant-making to NPOs.”¹⁰⁸

Arguably, civil society has already proven itself to be a necessary part of a successful South African democracy. Civil society has played a practical role by influencing government policy. For instance, the sector has been instrumental in the legislative process by providing information and policy options to members of Parliament while legislation is being drafted and debated.¹⁰⁹ Secondly, civil society has played an important watchdog function by monitoring many national and local governmental actions. By following the processes and decisions of government, civil society groups could ensure that the interests of the public were being met.

While leaders of the new state had expectations that civil society groups would carry out the traditional tasks of monitoring government, they also expected civil society to help carry out the government’s social agenda, which included expanded welfare services, job creation, health care, and poverty eradication.¹¹⁰ “Jabu Moleketi [current Deputy Minister of Finance and member of the ANC’s National Executive Committee since 1994], argued that the survival of the sector was essential because NGOs could bolster the government’s capacity to deliver...The government therefore saw civil society as a developmental partner (although the term ‘partnership’ had not gained currency at the time) that could bolster the capacity of the state; it therefore saw the sector performing a technical, apolitical role.”¹¹¹

Civil society groups, however, did not necessarily see their role as an extension of the official state development plan. This clash in expectations between civil society and

¹⁰⁷ Government of South Africa. “Reconstruction and Development Programme,” *Polity: Policy and Law Online News*, (1994) <<http://www.polity.org.za/html/govdocs/rdp/rdp5.html#5.13>> 5.2.6 (14 June 2006).

¹⁰⁸ Russell and Swilling, 72.

¹⁰⁹ Lippman et al., v.

¹¹⁰ Russell and Swilling, 4-5.

¹¹¹ Kihato, 18.

government was a point of contention. In the eyes of the new government, civil society should be an ally, supporting government actions as the country strives to develop into a strong consolidated democracy. State actors would like to see civil society as an extension of the state. Groups that criticize the government are seen as opponents, and their actions are interpreted as hindering the state from accomplishing its democratic goals.¹¹² “In the government’s view, the more outspoken civil society groups were failing to discriminate between the prior apartheid regime and the new government – instead of helping the new government succeed with its reform program, civil society groups were being so critical that they were making it much more difficult to make progress.”¹¹³

This animosity also sprang from expectations over how and where funding would be distributed. Because the government interpreted its goals as aligned with those of civil society, the state pushed for NGO and other civil society group funding to be channeled through government.¹¹⁴ This caused concern among civil society groups, which interpreted this proposal as a means of government control over the sector. While civil society wanted to define its relationship with the state as autonomous, the state was attempting to set up structures that would make it dependent on government. Strain also developed between the two sectors as they began appealing to similar funding sources. International donors who wanted to support democracy or social welfare efforts now had to choose between funding the civil society groups it had supported in the past or funding government programs directly.¹¹⁵ Thus, the competition between civil society and the government over limited development funds intensified.

Foreign Funding to Post-Apartheid Civil Society

With changing civil society and government structures, so too came changing funding structures. Donors had to shift from a focus on strengthening and supporting the resistance movement to strengthening and supporting the new democratic system.¹¹⁶ While prior to 1994, it was easy for donors to distinguish the apartheid government as ‘bad’ and anti-apartheid civil society as ‘good’, both sides were now working for the same goals and donors’ funding had to reflect that change.¹¹⁷ Funding to civil society was not eliminated completely, but was diminished significantly as government institutions began to get an

¹¹² Lippman et al., 6.

¹¹³ Ibid., footnote 4.

¹¹⁴ Lippman et al., 6.

¹¹⁵ Kihato, 18.

¹¹⁶ Landsberg, 117.

¹¹⁷ Ibid., 127.

increasing share of international aid. For donors who had long supported efforts for an end to apartheid, this was an opportunity to directly influence the structure and character of the South African government.

In funding both civil society and government, overall donor trends represented a desire to support first the transition, then the consolidation of democracy. Patterns emerged as international donors worked toward this goal. Funding evolved, “moving from historical support patterns (with a stronger emphasis on civil society), into policy-making, and then into the ‘consolidation’ activities of piloting and capacity-building. The initial phases reflect both strategic and ‘*ad hoc*’ funding tendencies on the part of the donors as they finalized historical civil society relationships and introduced new partnerships with government.”¹¹⁸

During the years between the unbanning and the election (from 1990-94) foreign funds to civil society came with a new goal – to support the transition process. This was accomplished through activities such as building the capacity of the new political parties, funding research that would help civil society groups during the negotiation process, and establishing civic education programs to a citizenry that had never before voted.¹¹⁹ As the election neared, however, donors became increasingly focused on funding support for the anticipated multi-racial state.

In general, foreign funding continued in a substantial capacity even after the democratic transition. This aid increased after 1994 as donors prioritized the needs of the new South African government. The amount of official foreign aid peaked in 1997, with R3.8 billion before it began to decline as a result of increased confidence in the consolidation of democracy and the abilities of the new government to be effective without continued financial assistance.¹²⁰ Technical assistance also made up a major part of contributions to the new state, as donors from the United Kingdom, Sweden, Japan, Australia and the United States all provided consultants and other non-monetary assistance to the new government.¹²¹

Challenges Facing Post-Apartheid Civil Society

South African civil society encountered many problems during the country’s transition to democracy that forced the sector to reinvent itself in order to stay alive. Many of these problems stemmed from the nature of the donor environment prior to the end of

¹¹⁸ Glenda White, Chris Heymans, Merle Favis, and Jeets Hargovan. “Development Co-operation Report: Evaluation of ODA to DEMOCRACY and GOOD GOVERNANCE,” *International Organisation Development*, June 2000, iii.

¹¹⁹ Kihato, 9-10.

¹²⁰ *Ibid.*, 12.

¹²¹ *Ibid.*, 11-12.

apartheid, as discussed earlier in this chapter. Apartheid's legacy created a civil society that was not accustomed to competing for funding and was therefore administratively unprepared for sustaining itself after apartheid ended. These factors – along with other problems including the need for a new mission, decreased and unpredictable funding, loss of human capital, and increasing government criticism – contributed to an overall weak civil society that emerged after the transition.

After decades of working toward the end of apartheid and the introduction of a majority-rule government, many civil society groups found themselves unsure of how to proceed in this new political era. While in the past they had focused on resisting government, they now were supposed to work with government. This created a crisis in mission for most of these groups, when they found there was no need for them to continue performing their old duties.¹²² As civil society groups were trying to redefine their goals, donors began pulling back support. This abrupt and seemingly sudden withdrawal of international funds left many civil society groups in shock. The 1980s had created a culture of donor dependency, as South African civil society had never achieved sustainability on its own. Not only were these groups not used to fundraising from their own government, but they also were not prepared to apply formally for grants from international foundations and other foreign donors. A 1995 study of civil society organizations found that the groups surveyed were lacking two-thirds of their operating budget for that year.¹²³ The same study found that in the period between 1992 and 1994, about 1,000 social welfare groups were “on the brink of financial collapse.”¹²⁴ Donor dependency continues to be a weakness in South African civil society today.

This decline in funding resulted in a loss of depth in civil society, which primarily affected advocacy and watchdog groups. “Donors have made little, if any, money available for monitoring of government policies and for advocacy work to be done around weak and inadequate areas of policy or practice.”¹²⁵ This deficit affects civil society's ability to perform its democratic function of ensuring government oversight and accountability. Even funding that was received by civil society groups was now often unreliable and unpredictable. The erratic nature of this funding made it difficult for civil society groups to plan programs and projects to carry out in the short term or to make plans for the future. More energy and

¹²² White et al., 58.

¹²³ Kihato, 15.

¹²⁴ Ibid.

¹²⁵ White et al., 59.

staff expertise was exerted on acquiring additional funding, and this increased the instability of the sector in the years immediately following the transition.¹²⁶

This loss in financial capital was exacerbated by an additional loss in human capital. While apartheid had left no place for intelligent, ambitious Black South Africans within the state, many of these people were attracted to civil society, largely working to change the political system. After democracy emerged, many of these same people went to be a part of the new government they had worked so hard to achieve. Others went to higher paying jobs in the private sector, as businesses wanting to improve diversity tapped into this pool of potential employees. Additionally, the weakening of civil society due to declining and unreliable funding pushed more out as they sought more stable employment.¹²⁷

A further challenge to today's civil society is the recent attacks on the sector by the ANC government. As discussed, the government envisioned an important role for the sector, primarily in working to carry out the state's social programs. With civil society groups increasingly criticizing government actions, however, the relationship has begun to sour. Publicly, the ANC has denounced civil society groups for their acceptance of foreign funds. Both former and current presidents Nelson Mandela and Thabo Mbeki have publicly attacked segments of South African civil society for lacking domestic legitimacy and harming the government in order to push the agendas of foreign governments. In a 1997 speech at the ANC's 50th anniversary in Mafikeng, Mandela asserted:

[Certain elements of the NGO community in South Africa] lack the issue-driven mass base that is the defining feature of any real NGO and are therefore unable to raise funds from the people themselves. This has also created the possibility for some of these NGOs to act as instruments of foreign governments and institutions that fund them to promote the interests of these external forces.¹²⁸

This speech resulted in a further decline of funding from foreign donors who were not eager to anger the new South African government.

The transition to democracy left South Africa with a very different civil society than it had during apartheid. While civil society groups, largely foreign funded, had played a significant role in bringing down apartheid, they soon found their role limited. As multi-racial government was ushered in, foreign donors shifted their focus to state funding, as opposed to civil society funding. Civil society was left with declining financial support and a need to redefine a mission that had been largely accomplished. With about 100,000

¹²⁶ Kihato, 16.

¹²⁷ Govender.

¹²⁸ Nelson Mandela. 1997. Report by the President of the ANC to the 50th National Conference of the African National Congress. Mafikeng, South Africa: Speech.

<<http://www.anc.org.za/ancdocs/speeches/1997/sp1216.html>> (25 April 2006)

organizations, South African civil society today is substantial, yet largely informal, encompassing areas such as social welfare, culture, religion, and advocacy. Most organizations receive at least some funding from foreign sources, although this amount has decreased considerably since the 1980s. Its relationship with government is strong, yet can be hostile at times. This notwithstanding, civil society continues to play an important role in the successful democratization of South Africa.

Conclusion

South African civil society was integral in ending the oppressive apartheid state. Foreign donor support assisted those groups in achieving civil society's goal of a majority-ruled government. Foreign assistance has played a major role in South Africa for decades – throughout the anti-apartheid struggle, the transition, and the consolidation process of democracy. The legacy of apartheid left the country with a particularly strong and robust civil society, yet as apartheid ended and donor attentions were refocused on the new ANC-led government, civil society was weakened considerably. Still, government officials, many of whom came from civil society themselves, stressed the important role civil society had to play in the new South Africa. The government saw this role as primarily in the area of service delivery. As many civil society organizations saw their role more focused on their government watchdog and advocacy functions, tensions began to mount between the two groups. There is no dispute that civil society has played, and will continue to play, an important part in South Africa's political transformation. Both non-governmental and governmental foreign donors are necessary in supporting these groups.

CHAPTER 3: FOREIGN DONORS AND SOUTH AFRICAN CIVIL SOCIETY TODAY

South Africa receives an enormous amount of attention from donors around the world who are interested in promoting democracy assistance. While in most African countries democracy assistance makes up less than 5 percent of total aid,¹²⁹ in South Africa it accounts for up to 50 percent from some government donors.¹³⁰ South Africa's role as the region's economic hegemon has given it particular importance for donors. A democratic South Africa is a strategic goal of many bilateral and multilateral donors, as they hope to boost the country's position in the region. Civil society in particular has played an unusually large role in donors' democracy funding to South Africa. While most bilateral and multilateral funding (which makes up the majority of international aid) goes to governments, in South Africa a substantial amount has gone directly to civil society organizations. Many aid agencies go so far as to require explicit quotas on funding to civil society. The Danish government, for instance, requires that 25 percent of aid go to civil society, as does the European Union.¹³¹ Strengthening this sector has been a goal of foreign donors in the past, and continues to be so today.

This chapter will provide an overview of foreign funding to South Africa today. First, it will examine funding to all sectors, as well as specifically to democracy assistance. Next it will identify characteristics of both public and private donors to South African civil society and identify basic trends that emerge from donors according to their country of origin. Finally, this chapter will discuss the types of domestic civil society groups that these foreign donors tend to support.

Foreign Funding for South Africa's Development

South Africa has long been a focus of international donors, and is one of the most highly-funded countries in Africa. In 1997, when official development assistance to the country peaked, it received R3.8 billion.¹³² Donor interest has declined since that time, both

¹²⁹ Julie Hearn, "Aiding democracy? Donors and civil society in South Africa." *Third World Quarterly*, 21:5, 2000, 819.

¹³⁰ For example, Australia's aid agency, AusAID, budgets 50 percent of its aid to South Africa for Democracy and Governance initiatives. (Caroline Kihato. "Shifting sands: The relationship between foreign donors and South African civil society during and after apartheid," *Centre for Policy Studies* Research report no 86, August 2001, 20.)

¹³¹ Lala Camerer. "Terms of Endearment: Bilateral donor engagement in fighting corruption in South Africa" *African Security Review* Vol 9, No. 5/6, 2000.

¹³² Kihato, 11.

as confidence grew in the sustainability of South Africa’s new government, and as a donor shift from bilateral to regional funding emerged.¹³³ Still, South Africa continues to receive several billion rand annually in official development assistance aid.¹³⁴ Unlike other African countries where foreign aid makes up substantial part of the national budget, the strength of the South African economy has ensured that development assistance makes up a relatively small percentage of its overall gross domestic product (GDP). Even when foreign aid peaked in 1997, it still made up less than 2 percent of the national budget and 0.55 percent of the GDP.¹³⁵ This reduces the influence of foreign donors over the state by ensuring that South Africa is less dependent on foreign sources to carry out its budget.

Democracy assistance continued to make up an important part of foreign funding even after the transition to democracy in South Africa. In the period between 1994 and 1999, almost one-fifth of an estimated R18 billion in foreign aid went specifically for the goal of supporting good governance initiatives.¹³⁶ Figure 3 shows the breakdown of total foreign funding by sector.

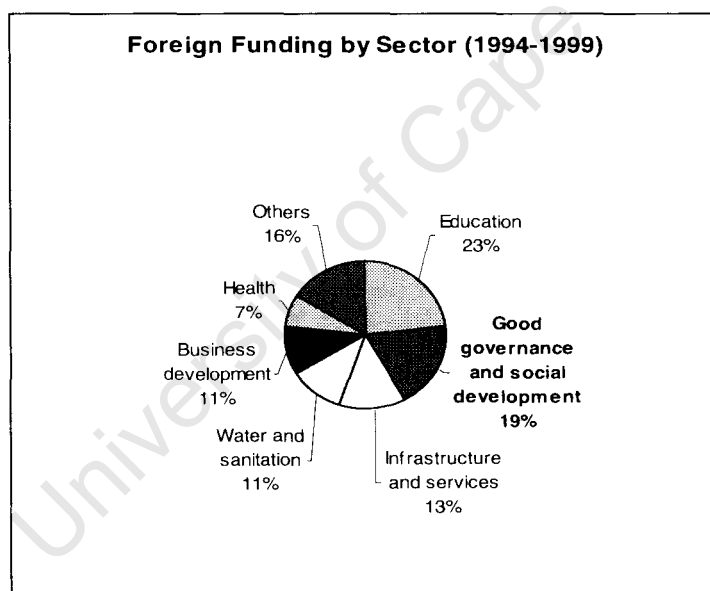


Figure 3¹³⁷

Foreign aid to civil society across all sectors represents about 20 percent of total funding to South Africa. Funding to this sector, however, is particularly constructive, as 100 percent of funds given to South African civil society groups are grants, in contrast to

¹³³ Ibid., 14.

¹³⁴ OECD. “South Africa” Organisation for Economic Co-operation and Development, 2005 <<http://www.oecd.org/dataoecd/0/6/1878742.gif>> (10 May 2006)

¹³⁵ Kihato, 16.

¹³⁶ Charm Govender. “Trends in Civil Society in South Africa today,” Umrabulo. December 2001 <<http://www.anc.org.za/ancdocs/pubs/umrabulo/umrabulo13m.html>> No. 13.

¹³⁷ Ibid.

government assistance, which is often in the form of loans that must be paid back.¹³⁸ Additional funding gets to South African civil society from aid channeled through the state as well.

The most substantial foreign donors to South Africa are the European Union and the United States government, which together have donated nearly US\$1 billion between 1994 and 1999.¹³⁹ Significant bilateral donors to South Africa include the Netherlands, Germany, the Nordic countries, Australia, Canada, and the United Kingdom. Other official aid sources, such as the World Bank and Japan, have also supported South Africa's development, although they have done so primarily through technical assistance. Finally, foreign private foundations, such as the Ford Foundation and the Mott Foundation, have also been significant in providing funding to South Africa.

All of these donors have put an emphasis on democracy and governance as a focus of their aid programs and have included funding toward civil society as part of their program disbursements. A new trend in civil society funding has emerged, however, as donors have begun to focus on funding civil society organizations specifically to work in partnership with the state. The focus of this funding has been primarily in the realm of social service provision. This new partnership-oriented funding is a significant emphasis for many foreign donors. The Dutch government, for instance, supports civil society-government collaboration because "government has taken the lead in the new South Africa and...it does not make very much sense to undertake programmes which are in direct opposition to government."¹⁴⁰ Other foreign donors, such as the European Union require that all grants to civil society groups be approved by the South African government.¹⁴¹

This new trend is problematic for several reasons. First, with the increase of this emphasis, civil society groups can only successfully attain funding if they are in partnership with the government. In essence, government gets to approve which civil society groups and which projects receive funding. The sectors' goals and actions must thus be in line with the government, which minimizes civil society's pivotal watchdog role. Furthermore, with foreign donors' focus on partnership in the realm of service delivery, the only type of civil society organization that will be able to access funding will be those providing social

¹³⁸ Kihato, 13.

¹³⁹ Hearn, "Aiding democracy," 820.

¹⁴⁰ Maxine Reitzes and Steven Friedman. "Funding freedom?" Synthesis report on the impact of foreign political aid to civil society organizations in South Africa." *Centre for Policy Studies* Research report no 85, June 2001, 26.

¹⁴¹ *Ibid.*, 26.

services. This does not lead to the diverse, pluralistic civil society that is necessary for a healthy democracy.

Public and Private Foreign Donors

Two main types of foreign donors are players in civil society funding. The first is official donors. This category includes bilateral and multilateral aid agencies that distribute funding from governments. The second type is private grantmakers and foundations that distribute money from non-governmental sources, such as endowments or individual donations. The distinction between these two types of donors is important, as donor priorities and strategies differ depending on the source of funding.

Before 1994, both official and private donor agencies funded only civil society groups in South Africa. After that time, however, official donors took a much more active role in funding the South African government directly. Those civil society groups that do receive funding from bilateral or multilateral agencies are often given these funds with the expectation that they will work in collaboration with the government. Non-governmental donors, on the other hand, are more likely to support non-governmental groups in South African civil society. While official donors have distributed aid with a clear goal of influencing the political development and consolidation of democracy, private donors have been less focused on the “techniques of governance.”¹⁴² That being said, the sheer amount of funding that comes from official sources versus private sources means that official donors still comprise a larger source of civil society support than does the private sector.

A hybrid type of donor agency has also emerged – that of non-governmental bodies that are funded almost entirely – if not entirely – by government. Often bilateral aid agencies will fund these groups, which then become a conduit for official development assistance to civil society in developing democracies.¹⁴³ Examples of this type of group include the National Endowment for Democracy in the United States, the Westminster Foundation for Democracy in the United Kingdom, and the political party foundations in Germany.

Donor Origin Differences

Official and non-governmental donors come from a variety of countries, with most funding coming from governmental sources. A few key groups have been particularly

¹⁴² Ibid., 27.

¹⁴³ Hearn, Julie. “Foreign Aid, Democratisation and Civil Society in Africa: A Study of South Africa, Ghana and Uganda,” *Institute of Development Studies* Discussion Paper 368, 5.

involved in funding civil society programs in South Africa over the years. Yet, even within the goal of civil society strengthening, funding priorities vary by country.

The United States, for instance, puts a particularly strong emphasis on democracy assistance and civil society strengthening worldwide, including in South Africa. South Africa is the only African country – and one of only 15 countries total – to have received democracy assistance from USAID every year since the end of the Cold War.¹⁴⁴ Aid from the United States has focused on efforts to “improve the quality of governance” with an emphasis on ensuring the strength of the institutions of democracy.¹⁴⁵ Civil society is emphasized both to provide a check on government and to assist in carrying out the government’s social welfare plan.¹⁴⁶

Germany also has a significant civil society support program in South Africa, although its funding has been channeled almost entirely through its party foundations since the 1960s. These party foundations then disburse funds in line with their own political goals. Some, for instance, support political parties that have similar ideologies to their own. Others specialize in supporting a particular aspect of civil society, such as trade unions.

The United Kingdom has structured its political aid to South Africa in a combination of both the United States’ USAID and Germany’s party foundation structure. The official government aid agency, the Department for International Development (DFID), has primarily supported the public sector, while the government-funded foundation, the Westminster Foundation for Democracy, has been the primary donor to South African civil society advocacy organizations.¹⁴⁷

Multilateral organizations have also contributed to South Africa’s civil society development. As stated previously, the European Union has historically been one of the most influential players in democracy assistance to South Africa. The importance put on civil society is evidenced in its funding of the Foundation for Human Rights, which disburses funds exclusively to civil society organizations (as opposed to the government). The World Bank has also prioritized civil society and democracy building in its interactions with South

¹⁴⁴ Steven E Finkel, Anibal Perez-Linan, and Mitchell A. Seligson. “Effects of U.S. Foreign Assistance on Democracy Building: Results of a Cross-National Quantitative Study,” *U.S. Agency for International Development*, 12 January 2006.

<http://www.usaid.gov/our_work/democracy_and_governance/publications/pdfs/impact_of_democracy_assistance.pdf> (25 April 2006), 19.

¹⁴⁵ Christopher Landsberg, “Voicing the Voiceless: Foreign Political Aid to Civil Society in South Africa,” in Marina Ottaway and Thomas Carothers, eds. 2000. *Funding Virtue: Civil Society Aid and Democracy Promotion*. Washington, DC: Brookings Institution Press, 119.

¹⁴⁶ Landsberg, 119.

¹⁴⁷ Hearn. “Foreign aid...” 14.

Africa. World Bank aid, however, is mainly in the form of technical assistance as opposed to direct grants.

Types of Groups Supported

Despite these differences, all foreign donors have tended to focus on a specific type of civil society group – formal and professionalized organizations. For the purposes of their funding, donors generally define civil society as non-governmental organizations (NGOs) that are elite, well-established, highly skilled, urban-based advocacy groups. These have been the recipients of the bulk of foreign funding in recent years.¹⁴⁸ Highly funded civil society groups include organizations such as IDASA, the South African Institute for Race Relations, and the Institute for Security Studies.

Donors tend to support these professional NGOs in large part because they can identify with their ideologies and internal structures. Not only do they function in similar fashion to Western NGOs, but they also have similar interpretations of democracy and how it should be developed.¹⁴⁹ Moreover, these formal institutions are more likely to have the capacity to operate in compliance with foreign donors' general grantmaking processes – including being able to keep updated financial records, write impact reports, and communicate quickly and easily. In contrast, many smaller, community-based organizations are not easily assessable by email or telephone, nor do they have the administrative experience to keep up with foreign donors' bureaucratic requirements.

Within civil society funding, democracy-focused groups received the most donor support. These are groups that focus on the overall interaction between citizens and the state, as opposed to single-issue advocacy groups, such as women's organizations or human rights groups, which work for a narrower objective.¹⁵⁰ Julie Hearn, of the Institute of Development Studies, identifies five main categories of civil society organizations that were funded by foreign donors: democracy organizations; human rights and legal aid groups; conflict resolution agencies; organizations representing the non-government sector; and think tanks. Of these categories, democracy organizations were the most popular, as they received the most financial assistance and were supported by the broadest range of donors.¹⁵¹ Elite, urban organizations receive the bulk of foreign funding, yet over half of the nearly 100,000 civil

¹⁴⁸ Ibid., 4.

¹⁴⁹ Kihato, 21.

¹⁵⁰ Hearn "Foreign aid..."22.

¹⁵¹ Hearn, "Aiding democracy," 826

society groups in South Africa are informal, community-based groups.¹⁵² This myopic funding pattern leaves the majority of groups unrepresented in the donors' version of civil society.

A blanket statement presuming that donors ignore smaller, less formal organizations should not necessarily be the final conclusion, however. Foreign non-governmental grantmakers are placing greater focus on these smaller, local organizations, and a recent shift toward funding community-based organizations has begun.¹⁵³ Furthermore, the pattern of funding a relatively small number of professional organizations does not mean that donors are not contributing to the country's democratic development. A recent study concluded that although civil society assistance is a relatively small portion of overall aid to South Africa, the groups that are funded are pivotal to democracy in the country. "Such groups are at the centre of shaping the most important questions facing [the country]: the type of economic policy to be pursued, the meaning and content of democracy, the form and power of local government, and the position of women in society."¹⁵⁴

Governmental and non-governmental donors play an important part in supporting civil society as an active force for democracy in South Africa. Although their funding styles are slightly different – with official donors focusing more on the state and private donors focusing more on civil society – both groups tend to support elite, formal NGOs that are focusing on democracy and governance promotion.

Conclusion

Foreign donors have long been involved in South Africa, and these funds have had a particularly strong focus on the development of a multi-racial democracy in the country. Within democracy assistance to the country, civil society groups have received an even more remarkable emphasis by donors that traditionally tend to give exclusively to governments. While the European Union and the United States government have historically been the largest donors to the country, many other donors throughout the world have made a significant impact as well. The impact of private grantmakers and foundations should not be discounted, however, especially in their support of civil society. There is little doubt that the efforts of both private and public donors have been felt in the transition and consolidation process of South Africa's democracy.

¹⁵² Bec Russell and Mark Swilling, "The Size and Scope of the Non-Profit Sector in South Africa," *Centre for Civil Society*, 2002, 20.

¹⁵³ Reitzes and Friedman, 25.

¹⁵⁴ Hearn, "Foreign aid..." 22.

CHAPTER 4: OFFICIAL DONOR GOALS AND RATIONALE: A CASE STUDY OF USAID IN SOUTH AFRICA

The United States government is the financial leader in democracy assistance and civil society strengthening in South Africa and around the globe. Its development agency, the United States Agency for International Development (USAID or 'the Agency') has distributed over US\$5.5 billion to democracy and governance initiatives since its "Democracy Initiative" was launched in 1990.¹⁵⁵ Democracy assistance is receiving increasing support from the United States, with funding rising from US\$109 million in 1990 to US\$830 million in 2003.¹⁵⁶ U.S. bilateral aid to South Africa in particular has a long history of focusing on democracy and governance, with civil society strengthening being one of its major goals.

This chapter will examine the relationship between the governments of the United States and South Africa both during and after apartheid. It will then explore USAID's donor program in South Africa, with a focus on its civil society strengthening initiatives. Finally, it will look at the Agency's goals and motivations in their support to South African civil society and compare those goals to the outcome of programs that actually received funding.

USAID in Context

The United States Agency for International Development is the organ of the U.S. government responsible for disbursing most non-military international aid. It operates with the 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."¹⁵⁷ The Agency focuses its aid around economic growth, agriculture and trade; global health; and democracy, conflict prevention and humanitarian assistance, and carries out programs throughout Sub-Saharan Africa; Asia and the Near East; Latin American and the Caribbean; and Europe and Eurasia.¹⁵⁸

¹⁵⁵ Steven E Finkel, Anibal Perez-Linan, and Mitchell A. Seligson. "Effects of U.S. Foreign Assistance on Democracy Building: Results of a Cross-National Quantitative Study," *U.S. Agency for International Development*, 12 January 2006.

<http://www.usaid.gov/our_work/democracy_and_governance/publications/pdfs/impact_of_democracy_assistance.pdf> (25 April 2006), 28.

¹⁵⁶ *Ibid.*, 2.

¹⁵⁷ USAID. "About USAID," *The United States Agency for International Development* <http://www.usaid.gov/about_usaid/> (3 July 2006)

¹⁵⁸ *Ibid.*

USAID was created with President Kennedy's enactment of the Foreign Assistance Act in 1961.¹⁵⁹ While this Agency was originally aimed primarily at encouraging economic development, it has since evolved with a large focus on democracy development. "During the 1980s, [USAID] developed programs to improve the administration of justice, the conduct of democratic elections, and the dialogue between civilians and the military."¹⁶⁰ These activities were formalized and expanded to include strengthening local governance and legislatures with the creation of a "Democracy Initiative" in December 1990, which made democracy promotion a major goal of the Agency.¹⁶¹ Democracy and governance remain a major focus today. President George W. Bush's *National Security Strategy* cites three principal aims of both the Department of State and USAID – diplomacy, development, and defense.¹⁶² The Department of State's Mission states its emphasis on democracy promotion: "In confronting the intersection of traditional and transnational challenges, [the Department of State and USAID] will combine our diplomatic skills and development assistance to act boldly to foster a more democratic and prosperous world integrated into the global economy."¹⁶³

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USAID is the leading financial donor in terms of democracy assistance throughout the world, as well as South Africa in particular.¹⁶⁴ The Agency identifies four principal goals on which to focus its democracy assistance: rule of law; elections and political processes; civil society; and governance.¹⁶⁵ Because of the historical importance of South Africa's civil society, USAID has focused significant attention on this sector. The idea of civil society has long been embedded in U.S. political culture. Since De Tocqueville described an American government built on its civic culture, civil society has been accepted as a necessary component of a successful democracy, and the United States' aid reflects that belief. The Agency explains its policy toward civil society as follows:

The hallmark of a free society is the ability of individuals to associate with like-minded individuals, express their views publicly, openly debate public policy, and petition their government. 'Civil society' is an increasingly accepted term which best describes the non-governmental, not-for-profit, independent nature of this segment of society. In countries with fragile democratic traditions, the freedoms so necessary to

¹⁵⁹ USAID. "About USAID."

¹⁶⁰ Larry Diamond. "Promoting democracy," *Foreign Policy Magazine*, 87 (Summer 1992): 25-46.

¹⁶¹ *Ibid.*

¹⁶² U.S. Department of State and USAID, "FY 2004-2009 Department of State and USAID Strategic Plan – Mission," *U.S. Department of State*, <<http://www.state.gov/s/d/rm/r/s/dosstrat/2004/23503.htm>> (12 July 2006).

¹⁶³ *Ibid.*

¹⁶⁴ Julie Hearn, "Aiding democracy? Donors and civil society in South Africa." *Third World Quarterly*, 21:5, 2000, 820.

¹⁶⁵ USAID. "Promoting Democracy and Governance," *The United States Agency for International Development* <http://www.usaid.gov/our_work/democracy_and_governance/> (3 July 2006)

building and sustaining an active and independent civil society often are little understood, temporarily curtailed, or simply denied. USAID is working to strengthen commitment to an independent and politically active civil society in developing countries.¹⁶⁶

USAID assistance to South Africa has focused specifically on democracy support since its beginnings when the apartheid government was still in power. USAID has stated, “The success of South Africa’s transformation is one of the highest U.S. foreign policy objectives in Africa.”¹⁶⁷ While the U.S. has focused significant attention on the South African state, the relationship between the two governments has not always been smooth.

US-South Africa Relations Under Apartheid

The U.S. relationship with South Africa during apartheid was marked with confusion and mixed messages within both South Africa’s White and non-White populations. Early on, the U.S. government was often supportive of the apartheid government. In 1969, for instance, the confidential National Security Study Memorandum 39 argued that the U.S. should become aligned with the white governments of Southern Africa, as their interests in terms of Southern Africa’s minerals, location, and anti-communist tendencies were closely linked.¹⁶⁸ This sympathy for the apartheid government continued during the Cold War, when the U.S. often demonstrated backing for South Africa’s struggle against its recently independent pro-communist neighbors in Africa. During the Carter administration, the U.S. vetoed proposed UN resolutions calling for economic sanctions against South Africa, and during the Reagan administration, the apartheid government under P.W. Botha was called an “ally and friend” by the American President.¹⁶⁹

At the same time, the United States was undergoing its own racial transformation as the civil rights movement successfully took hold in the country. This emphasis on racial equality in the U.S. made it increasingly difficult to give even passive approval to the apartheid government. The American public was becoming increasingly vocal about their negative feelings toward the U.S. government’s support of the oppressive and unequal apartheid regime. A turning point in the U.S. anti-apartheid campaign came in November 1984, when an extended sit-in was executed at the South African Embassy in Washington,

¹⁶⁶ USAID. “Increased Development of a Politically Active Civil Society.” *The United States Agency for International Development*,

<http://www.usaid.gov/our_work/democracy_and_governance/technical_areas/civil_society/> (3 July 2006)

¹⁶⁷ USAID, “South Africa Country Strategic Plan FY 1996-2005,” April 1996.

¹⁶⁸ Aurora Associates International, Inc. and Creative Associates International, Inc. “Program Evaluation USAID/South Africa: Final Report” 21 April 1995, 12.

¹⁶⁹ National Security Archive, “South Africa: The Making of U.S. Policy, 1962-1989,” *Digital National Security Archive*, <<http://nsarchive.chadwyck.com/saintro.htm>> (13 July 2006).

DC. Three prominent supporters – Walter E. Fauntroy, a sitting member of Congress; Randall Robinson, president of TransAfrica, the African-American lobby on Africa; and Mary Berry, a leading black civil rights spokesperson – were arrested for their involvement in the demonstration. The protests continued for many months, which put a national spotlight on the South African situation.¹⁷⁰

In 1982 President Reagan refused requests to veto a much-needed International Monetary Fund (IMF) loan to the apartheid government. Reagan again refused to rebuke the South African government when he vetoed a bill in 1985 to impose economic sanctions against South Africa. Finally, with increasing public outcry, Reagan issued Executive Order 12532, which “banned US banks from extending new loans on South Africa and authorized US economic assistance as a viable alternative to sanctions as a means for undermining apartheid.”¹⁷¹ This was the first step in the official distancing of the U.S. government from the apartheid government.

The Comprehensive Anti-Apartheid Act

In May 1986, the U.S. Congress drafted a bill that instructed USAID to “strengthen the leadership and institutions of the disadvantaged community so they can better respond to the legitimate needs of their constituencies.”¹⁷² The bill easily passed in the House and the Senate, but was vetoed by President Reagan soon after. In an unprecedented move, the House and Senate overrode the veto to overwhelmingly pass the Comprehensive Anti-Apartheid Act (CAAA or ‘the Act’) on October 2, 1986.

The CAAA was extremely clear in its anti-apartheid aims, and a USAID office was established in South Africa (USAID/SA). USAID/SA’s 1993 concept paper states: “USAID/South Africa is one of a very few Missions in which strategic goals are unambiguous and limited. The CAAA legislation is unequivocal about what our overriding goals should be: the dismantling of apartheid and the preparation of South Africa’s disadvantaged population for a leadership role in a post-apartheid South Africa.”¹⁷³ The act called not only for sanctions against South Africa, but also for an aid program that was focused on *political* change, as opposed to economic or social development.¹⁷⁴ Notably, the

¹⁷⁰ Aurora Associates and Creative Associations, 13.

¹⁷¹ Ibid., 15

¹⁷² CAAA in Christopher Landsberg, “Voicing the Voiceless: Foreign Political Aid to Civil Society in South Africa,” in Marina Ottaway and Thomas Carothers, eds. 2000. *Funding Virtue: Civil Society Aid and Democracy Promotion*. Washington, DC: Brookings Institution Press, 123.

¹⁷³ USAID/SA 1993 Concept Paper in Aurora Associates and Creative Associations, 87.

¹⁷⁴ Aurora Associates and Creative Associations, vi.

Act was specific about certain funding requirements, which impacted the way USAID established its office in the country. The CAAA prohibited funds from going to any government-related entities in South Africa. Instead, all funds were channeled through civil society, which was a drastic change from USAID's usual government-to-government bilateral aid arrangements. A second consequence of this civil society-focused funding was that USAID in South Africa under apartheid was set up more in the style of a private foundation than an official aid agency. Rather than working through a local government ministry or a contractor, USAID/SA disbursed and managed grants directly to non-governmental groups.¹⁷⁵

USAID Beginnings in South Africa

With the enactment of the Comprehensive Anti-Apartheid Act in 1986, USAID officially established its office in South Africa. Three months before the CAAA was even passed, a USAID staff person was sent to Pretoria to launch an in-country office. This was not, however, the first time the United States had an aid presence in South African development. A smaller, less robust aid program had been established in the country in the 1970s. This program was almost entirely focused on scholarships for South African students to study at universities in the United States.¹⁷⁶ Because of the U.S.'s unclear relationship with the apartheid government, this program was met with understandable skepticism by both Black and White South Africans. This focus on education continued throughout apartheid, and this goal received the most funds through the transition until 1994. Of the close to US\$540 million that was given between 1986 and 1994, more than US\$210 million went toward education.¹⁷⁷

The funding program in South Africa grew considerably – doubling in size every one or two years. Table 2 shows the increases made in aid during the apartheid era. By 1994, over US\$200 million was going toward development projects in the country. Throughout this time, the Agency focused on the anti-apartheid movement by funding not only education, but also community development and human rights groups. As the first democratic election in 1994 neared, aid was increasingly being focused toward governance goals including voter education, election preparation, and political party development.

¹⁷⁵ Ibid., vii-viii.

¹⁷⁶ Ibid., vi.

¹⁷⁷ Ibid., ix.

Table 2: USAID/SA's Yearly Project Obligations (1986-1994)¹⁷⁸

| Year | Amount in Millions |
|-------------|---------------------------|
| 1986 | US\$13.9 |
| 1987 | US\$15.4 |
| 1988 | US\$25.4 |
| 1989 | US\$32.3 |
| 1990 | US\$32.3 |
| 1991 | US\$50 |
| 1992 | US\$78.9 |
| 1993 | US\$79.8 |
| 1994 | US\$211.7 |

Throughout the entire apartheid era funding went exclusively to civil society groups. By 1986, about 50,000 civil society organizations were operating in South Africa. These groups, which included churches, labor unions, community-based organizations, and others, received funding from USAID for their pivotal role in the fight against apartheid.¹⁷⁹ While the purpose of this aid was to bring about an end to apartheid – not explicitly to strengthen civil society – the funds provided helped the sector develop and fulfill its democratic role. This is not to say, however, that USAID did not understand the importance civil society would play in any new democracy. “Already from the mid-1980s the USA had grasped the pivotal role that civil society would play in shaping the new South Africa. Subsequently, it began to attempt to influence it, checking the growing radicalism among the black population by developing counterweight forces conducive to the establishment of a liberal order.”¹⁸⁰ These civil society grants were disbursed by USAID on an individual basis as unsolicited proposals came in from local and American organizations. The Agency was particularly receptive to the South African environment’s changing needs, and it awarded funding accordingly. This hands-on approach was more labor-intensive than most USAID country programs, yet lasted throughout the transition.

Funding the Transition to Democracy

As South Africa’s transition to a majority-rule government seemed more assured, USAID’s presence in the country expanded. USAID funding grew from US\$32.3 million in 1990, when previously illegal groups like the ANC were unbanned, to US\$211.7 million with

¹⁷⁸ Aurora Associates and Creative Associations, 28-29.

¹⁷⁹ Ibid., 37.

¹⁸⁰ Hearn, “Aiding democracy,” 824.

the elections in 1994.¹⁸¹ With this increase in funding, grants also increased in size and scope. Many of these transition-period grants went to large, White-led, often U.S.-based NGOs, as USAID/SA started moving away from its foundation-style grantmaking.

As the election approached, U.S. policy makers began to acknowledge that South Africa was changing, and the requirements laid out in the CAAA were not necessarily still applicable. In 1993 Congress passed the new South African Democratic Transition Support Act, which would repeal the CAAA on the day that a new government elected on a non-racial basis would take office in South Africa.¹⁸² USAID/SA also revised their strategy to deal with the evolving political situation in South Africa. More funds were being directed to election monitoring, political party development, and voter education projects. Civil society's role, however, still remained an emphasis, and the 1993 USAID/SA *Strategy Concept Paper* stated:

...the South African NGO community is much more than simply a useful programming mechanism in the absence of a bilateral aid agreement; it also can help ensure accountability and honesty in whatever post-apartheid government emerges. In effect, it is the bedrock on which civil society is built. A strong network of indigenous NGOs, working outside of government, articulating diverse concerns and mobilizing individual communities, is thus an essential feature of our strategy and will continue to be a recipient of our funding.¹⁸³

Although South Africa's transition to democracy led USAID to adjust its funding goals and strategy in the country, political transformation remained the key goal.

USAID in Post-Apartheid South Africa

With the first democratic elections in 1994, the CAAA had achieved its mission to help end apartheid. Yet USAID maintained a presence in the country to assist in the consolidation of democracy. Understandably, the Agency's strategies in South Africa shifted as its goals evolved. The South Africa Country Strategy Report drafted soon after the transition states:

USAID/South Africa cannot hope to address all of the remaining challenges in the democracy and governance area given funding and time limitations...Rather, USAID/South Africa's strategy is to focus on a limited number of long-term results which are important for sustainable development and democratic governance and which the Mission is confident it can accomplish within expected limits on funding and time.¹⁸⁴

¹⁸¹ Aurora Associates and Creative Associations, 26-27.

¹⁸² *Ibid.*, 100.

¹⁸³ USAID/SA 1993 Concept Paper in Aurora Associates and Creative Associations, xi.

¹⁸⁴ USAID, "South Africa Country Strategic Plan FY 1996-2005," A.1. 1.

This plan involved aiding the development of democratic processes so that USAID could exit the country confident that democracy would endure. Today, the Agency focuses its funding in South Africa on six strategic interests: democracy and governance, education, health and HIV/AIDS, economic capacity building, sustainable employment, and housing and local government.¹⁸⁵

Accompanying this strategy change was a simultaneous operational change. Perhaps the most drastic change was the shift to provide funding directly to the South African government. No longer was funding going exclusively to civil society; with the shift to government funding also came the shift away from foundation-style operations. USAID/SA staff determined that this method of providing funding was too labor intensive and expensive. The 1995 Country Strategy Program explains: “USAID/SA and its partners have learned that changing entrenched ways of thinking, consolidating and rationalizing government institutions, and moving from policy formulation to implementation ‘on the ground’ is more complex and takes longer in South Africa than was initially anticipated.”¹⁸⁶ As a result, USAID/SA became more institutionalized and began working with large contractors, such as Creative Associates International, Inc. and PACT, to carry out their operations. This was met with some resistance from South African civil society groups that had grown accustomed to the previous style of direct interaction with USAID personnel in the country.¹⁸⁷

Challenges to Post-Apartheid Funding

USAID reworked their aid strategy in South Africa after the 1994 elections by drafting a Country Strategic Plan (CSP) for the years 1996-2005. USAID/SA identified several key challenges that would have to be addressed to achieve the country’s goals of a functional, successful, and consolidated democracy. The first of these challenges was the social and economic structure left behind by apartheid. USAID/SA concluded: “Many of the inherited apartheid policies and practices, if left unchanged, will seriously jeopardize the capacity of the government to succeed in the social and economic transformation of the country.”¹⁸⁸ Secondly, South Africa’s high birth rate was highlighted as a challenge. With a fertility rate of 4.1 at the time, the population was predicted to double in 30 years.¹⁸⁹ Third, economic conditions, including high income inequality and a GDP that shrank by 3.5 percent

¹⁸⁵ USAID. “USAID – South Africa Strategy 1996 – 2007,” *USAID South Africa Mission*, <<http://www.state.gov/s/d/rm/rls/dosstrat/2004/23503.htm>> (12 July 2006).

¹⁸⁶ USAID. “USAID/South Africa Country Strategic Plan Amendment FY 2000 – 2005.” February 2000, p 2-3.

¹⁸⁷ Aurora Associates and Creative Associations, xviii.

¹⁸⁸ USAID, “South Africa Country Strategic Plan FY 1996-2005,” 3.

¹⁸⁹ Ibid.

during the transition (1989-1993), needed to be addressed in the new aid program.¹⁹⁰ Finally, empowerment challenges, including civil service reform, redefining the role of civil society, increasing public participation in policymaking, and constitution reform, were identified.¹⁹¹

South Africa's evolving political, social, and economic climate evolved rapidly in the years following the transition to democracy. As such, an amendment was added to USAID/SA's strategy plan in 2000, based primarily on the new challenges that had developed in the five years prior. New challenges had emerged and old ones had either been dealt with or intensified. First, several problems had persisted that were detrimental to South Africa's economic and social development since the first Country Strategic Plan had been written. These included the intensification of HIV/AIDS, continued widespread unemployment, lower than expected foreign investment, and sustained high crime rates. Several unanticipated challenges also emerged in South Africa's political transformation, including the new recognition of "the complexity of transforming and managing new public sector systems, and the inadequacy of public service delivery."¹⁹² Finally, the unexpected weakening of civil society after the transition was identified as a challenge requiring a re-drafted country plan.

Chief challenges today remain much the same as they were when the 2000 amendment was added. USAID/SA identifies today's obstacles as including: sluggish economic growth and rising unemployment; high crime rate; high and rising HIV prevalence; and the challenge of service delivery.¹⁹³ In the area of democracy and governance, these key challenges are addressed by working to strengthen the criminal justice system, enhance local government's capacity to deliver social services, and push for partnerships between civil society and government.¹⁹⁴

Democracy and Governance in the New South African State

Even after South Africa's transition, democracy remained high on the USAID agenda. In the post-transition years, political aid has made up between 20 percent (in 1997) to 42 percent (from 2001 to 2003) of all U.S. assistance.¹⁹⁵ There were, however, major changes in the structure of the program once the first elections were carried out. First, the program could

¹⁹⁰ Ibid., 6.

¹⁹¹ Ibid., 8.

¹⁹² USAID. "USAID/South Africa Country Strategic Plan Amendment FY 2000 – 2005." 1.

¹⁹³ USAID. "USAID – South Africa Strategy 1996 – 2007."

¹⁹⁴ Ibid.

¹⁹⁵ Hearn, "Aiding democracy," 821.

no longer operate in a highly flexible, highly responsive manner. Long term goals, with specific targets had to be developed and carried out. Furthermore, funding processes were more institutionalized as USAID pushed for the use of outside contractors to help manage the program's activities. Less emphasis was placed on leadership development, which had been a major focus in the past. New focus was placed on civil society and government partnership development, human rights, conflict resolution, and governance.¹⁹⁶

In the years following the transition, USAID/SA consulted with many civil society and government partners to develop the new democracy and governance program, launched in 2000. This program was developed to address three critical challenges identified as impediments to the consolidation of democracy: "high levels of crime; low local government capacity to deliver basic services; and a weakened civil society that does not engage effectively with the government."¹⁹⁷ These remain the key foci of the program.

Continued Emphasis on Civil Society

Civil society strengthening remains a key goal of USAID's South Africa democracy and governance program. Civil society's role in "democratic pluralism and accountable government"¹⁹⁸ is key in its continued importance as part of democracy assistance. Civil society has been so instrumental in USAID/SA's democracy program, that evaluations of the program have concluded that USAID work to create civil society in countries that lack such a sector "as a prerequisite to providing heavy assistance of other types."¹⁹⁹

From the time the transition was over, USAID/SA began to move away from the foundation-style grantmaking it previously employed to working primarily through intermediaries. In 1998, the civil society initiative employed Creative Associations International, Inc to carry out the logistics of the program – soliciting and awarding grants, administration, technical oversight, etc. – which USAID continued to lead the overall program planning, management, and reporting requirements.²⁰⁰ This relationship lasted until 2004, when a new contract was signed with PACT and Idasa to carry out similar implementation functions.²⁰¹

¹⁹⁶ USAID, "South Africa Country Strategic Plan FY 1996-2005," A1, 2.

¹⁹⁷ USAID *USAID South Africa Mission*

¹⁹⁸ USAID, "South Africa Country Strategic Plan FY 1996-2005," A1, 9.

¹⁹⁹ Aurora Associates and Creative Associations, xxi.

²⁰⁰ USAID. "News Flash: Civil Society Program Design Progress Report," 23 July 2000, *The United States Agency for International Development – South Africa Mission*. Report #5 <<http://www.sn.apc.org/usaidsa/usaidsa/newsflash.pdf>> (24 June 2006), 3.

²⁰¹ Nomea Masihleho, civil society program officer, USAID – South Africa, interview by the author, Pretoria, South Africa. 5 July 2006.

While civil society groups can receive funds through all USAID/SA offices – health, education, etc. – the democracy and governance initiative is specifically focused on *strengthening* the sector, as opposed to funding civil society groups for service delivery. USAID/SA recognized the strength of South Africa’s civil society during the apartheid era and identified the post-apartheid challenge to adapt the existing civil society to the new needs for social service delivery and participation in the new democracy. The CSP drafted after the transition identified four over-arching themes for the country’s new aid program. One was civil society emphasis, which USAID/SA planned to address by “working with and through [civil society organizations (CSOs)], both as a way of accomplishing effective interventions and as a way of promoting sustainable democracy.”²⁰² Leadership development was no longer a priority. Rather, assisting civil society efforts to work with government became a new priority for the Agency. The CSP amendment in 2000 specifically identified four key components of the civil society strengthening program:

- 1) Improve CSO and government capacity to partner;
- 2) Facilitate information sharing among CSOs, government, and donors about potential partnerships;
- 3) Strengthen the enabling policy and donor environments for CSO development; and
- 4) Strengthen research and dissemination on a broader range of topics related to civil society and its role in democratic consolidation.²⁰³

Chief among these is the increased emphasis on government and civil society partnerships, with the program’s 2000 progress report citing that “the main goal of this new approach is to strengthen strategic CSO-government partnerships for service delivery and policy implementation.” This remains the goal of the program today. This first became a priority in the years after 1994 as government struggled to accomplish its own development plan for the country. The need to partner with non-governmental and community-based organizations in order to carry out these goals was recognized by both the South African and United States governments. This partnership emphasis also resulted from civil society new weakened position following the transition, and the recognition that in order to survive in the new political environment, civil society would have to adapt in a collaborative way. The USAID/SA 2000 progress report stated “as CSO funding sources diminish, the sustainability

²⁰² USAID, “South Africa Country Strategic Plan FY 1996-2005,” A1, 7-8.

²⁰³ USAID. “USAID/South Africa Country Strategic Plan Amendment FY 2000 – 2005.” 16.

of local organizations increasingly depends upon their ability to design and deliver programs relevant to the national developmental agenda.”²⁰⁴

From leadership development to government partnerships, USAID’s civil society program has evolved with the changing needs of the South African state. Throughout the evolution of the donor program, however, civil society has remained a key strategic goal of democracy development in the country.

USAID/SA Goals and Rationale

In order to understand the programs that were supported and the funding that was allocated by USAID/SA, the overall goals of the program must be examined. South Africa is considered an upper-middle income country, and therefore would not be eligible for U.S. foreign assistance under normal circumstances.²⁰⁵ The country’s unique political circumstances brought USAID into the country, and continue to keep the Agency there. For this reason, the overall goal of the program has not historically been to assist in economic and social development, but rather to assist in political development. USAID believes the necessary resources for development are already present in the country. As such, its role is interpreted more as an enabler of democratic transition and consolidation. USAID’s 1993 Strategy Concept Paper states: “Our role is to facilitate South Africa’s response to its challenges through human capacity development to enable the most efficacious use of its resources.”²⁰⁶

Prior to 1994, the Agency’s presence in South Africa had a very clear goal – to help bring about the end of apartheid. The CAAA legislation that gave USAID/SA its mandate stated distinctly that “United States policy toward the Government of South Africa shall be designed to bring about reforms in that system of government that will lead to the establishment of a nonracial democracy.”²⁰⁷ Overall program strategies for the country shifted as the political situation evolved and as new challenges, including HIV/AIDS, increasing crime rates, and high unemployment, were identified as new threats. Through the evolution of South Africa’s political environment, however, USAID/SA’s goal remained relatively the same – to aid in South Africa’s transition to ensure a successful, democratic

²⁰⁴ USAID. “News Flash: Civil Society Program Design Progress Report,” 1.

²⁰⁵ Hearn, “Aiding democracy?” 819.

²⁰⁶ USAID/SA 1993 Concept Paper in Aurora Associates and Creative Associations, 87.

²⁰⁷ *Comprehensive Anti-Apartheid Act*, 99th Cong., 2nd sess., 1986. Sec 101(a).

state. Even today, USAID says, “The success of South Africa’s transformation is one of the highest U.S. foreign policy objectives in Africa.”²⁰⁸

While some donors were planning exit strategies in the years following South Africa’s transition to democracy, USAID remained in the country. The Agency recognized that while the transition had occurred, democracy had not yet been consolidated in the country. While democratic processes may be solidifying in South Africa, democratic culture remains weak. Results to South Africa’s Afrobarometer survey, released in 2003, find that less than one half (47 percent) of South Africans believe that the country is “fully or largely democratic.”²⁰⁹ Trust in political institutions remain even lower, with only 37 percent saying they trust the President, 31 percent saying they trust Parliament, and only 24 percent trusting local government.²¹⁰ Recognizing that South Africa’s democracy was far from consolidated, USAID/SA’s CSP amendment in 2000 wrote:

Despite the success of South Africa’s democratic transition, the country faces several challenging constraints if it is to consolidate its emergent democracy. At the heart of these is the limited capacity of the state to cement a ‘social contract’ with society, in which government protects the rights of, and delivers services to, citizens who, in turn, meet their obligations and are committed to democratic government.²¹¹

Why does South Africa’s democracy retain such an importance for USAID even after the CAAA’s original goal of ending apartheid was accomplished? As mentioned previously, South Africa’s importance and economic strength in the region make it a particularly strategic country for U.S. interests. As well as being a major U.S. trading partner, South Africa also plays an important role in regional bodies such as the African Union, the New Partnership for Africa’s Development (NEPAD), and the South African Customs Union (SACU). USAID/SA’s 2004 annual report explains South Africa’s strategic importance for the United States:

“South Africa remains critical to U.S. foreign policy interests and plays a key economic and political role in Africa bilaterally and regionally as an active member of regional bodies...South Africa has been actively engaged in efforts to peacefully resolve conflicts in Angola, the Democratic Republic of the Congo, Mozambique, Rwanda, and Burundi and most recently in Zimbabwe. South Africa remains by far

²⁰⁸ USAID. “Country Strategic Plan,” *USAID South Africa Mission*, <<http://www.usaid.gov/missions/sa/uspart2.html>> (12 July 2006).

²⁰⁹ Robert Mattes, Christiaan Keulder, Annie B Chikwana, Cherrel Africa, and Yull Derek Davids. “Democratic Governance in South Africa: The People’s View.” Afrobarometer Paper No. 24, January 2003. <<http://www.afrobarometer.org/papers/AfropaperNo24.pdf>>, v.

²¹⁰ *Ibid.*, iv.

²¹¹ USAID. “USAID/South Africa Country Strategic Plan Amendment FY 2000 – 2005.”13.

the most important U.S. trading partner in sub-Saharan Africa, excluding Nigeria, a major oil exporter.”²¹²

For USAID, democracy and governance – and civil society in particular – play an important role in helping the U.S. government to achieve its overall goal of a stable South Africa that is strong enough to manage regional problems and friendly enough to collaborate with U.S. interests. USAID in Washington’s underlying rationale for supporting democracy and governance initiative is easily applied to USAID/SA’s overall goals:

Expanding democracy improves individual opportunity for prosperity and improved well-being, thus contributing to the more traditional goals of the Agency. The strategic long-term domestic and foreign policy objectives of the United States are best served by enlarging the community of democratic nations worldwide. Establishing democratic institutions, free and open markets, an informed and educated populace, a vibrant civil society, and a relationship between state and society that encourages pluralism, participation, and peaceful conflict resolution – all of these contribute to the goal of establishing sustainable democracies.²¹³

Supporting South Africa’s democratic development has been a strategic investment for USAID and its support for civil society has been key in its strategy of achieving the goal of a fully democratized South Africa.

Conclusion

Since the mid-1980s, USAID has participated extensively in South Africa’s transition and consolidation process. The Agency has chosen to highlight political development as one of its key goals throughout this period. Overall, USAID/SA has been relatively consistent in its goals. The program has worked to aid the transformation and stability of South Africa’s democracy. Civil society has played a particularly important part in achieving this goal. This was first a result of USAID’s restriction on funding government bodies. However, civil society remained a priority even after South Africa’s transition to majority-rule government, as a necessary component to boost democratic development.

The programs USAID supported appear to have had an impact on the development of the country. While analyzing the impact of USAID’s funding is outside scope of this paper, a brief overview of outside studies on this topic appears to have positive results. A 1995 evaluation by Aurora Associates and Creative Associates International, Inc. conclude:

In the category of political development there is widespread agreement that USAID facilitated political change and empowerment of persons legally disadvantaged by apartheid. Seventy-five percent of survey respondents agreed that USAID made a

²¹² USAID, “South Africa FY2004 Annual Report,” 1 July 2004, 3-4.

<http://pdf.dec.org/pdf_docs/PDACA045.pdf>

²¹³ USAID. “Promoting Democracy and Governance.”

considerable contribution to black political empowerment through programs such as human rights and legal aid, civic assistance, and community and democratic development.²¹⁴

Despite past successes, the goals of the U.S. Agency for International Development remain the same in South Africa. Challenges persist that threaten the country's young democracy, including HIV/AIDS, continued high unemployment, failure in service delivery (housing), and high crime rates. The Agency continues to address these challenges and work for a democratic and stable South Africa in order to boost South Africa's position as a U.S. ally and a regional leader in Africa.

University of Cape Town

²¹⁴ Aurora Associates and Creative Associations, xiii.

CHAPTER 5: PRIVATE DONOR FUNDING TRENDS: A CASE STUDY OF THE MOTT FOUNDATION IN SOUTH AFRICA

Foreign funding from private sources also played a large role in civil society and South Africa's democratic development. Private foundations, such as the Ford Foundation, the Kellogg Foundation, and the Mott Foundation, have been involved in funding organizations working toward a democratic South Africa for as long as many government-sponsored aid agencies. While the overall goals of the public and private donors have been relatively similar – to usher in a democratic South African government and ensure its success – the funding methods that these two groups have employed have differed as their motivations, goals, and rationale for funding has differed. Because private foundations do not face the same constraints as government donors, they often do not follow typical patterns of civil society funding.

This chapter will examine one of these private donors – the Mott Foundation – to gain an understanding of the motivations behind the Foundation's involvement in South Africa. This chapter will then examine all grants disbursed through the Foundation's South Africa civil society program since the end of apartheid in order to identify trends and evaluate whether the Foundation's funding has been consistent with its goals.

Introduction to the Mott Foundation

The Mott Foundation is a U.S.-based foundation founded by Charles Stewart Mott, former Vice President of General Motors (GM) and three-time mayor of Flint, Michigan. The Foundation was established in 1926 primarily to address issues of the local community in Flint. The founder explained his motivations:

It seems to me that every person, always, is in a kind of informal partnership with his community. His own success is dependent to a large degree on that community, and the community, after all, is the sum total of the individuals who make it up...So broad and so deep are the objectives of the Mott Foundation that they touch almost every aspect of living, increasing the capacity for accomplishment, the appreciation of values, and the understanding of the forces that make up the world we live in. In this sense, it may truly be called a Foundation for Living – with the ultimate aim of developing greater understanding among men.²¹⁵

²¹⁵ Mott Foundation. "2004 Annual Report: Reaching Across Boundaries." *Charles Stewart Mott Foundation*. <<http://mott.org/publications/websites/annual2004/>> (8 July 2006).

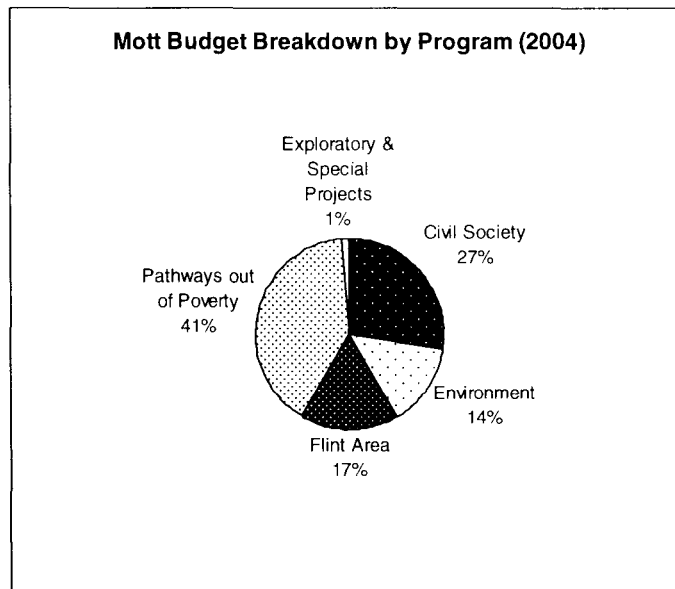


Figure 4²¹⁶

This main belief in the importance of community has guided the Foundation's grantmaking since its beginnings and continues to be the guiding principle today. In the past 80 years, however, the scope of the Foundation's work has expanded outside the local area to support efforts throughout the United States and the rest of the world. While contributing to the Flint area remains one of the Foundation's main programs, four other foci have been added: civil society, environment, pathways out of poverty, and exploratory & special projects. These initiatives are part of the overall mission "to support efforts that promote a just, equitable and sustainable society."²¹⁷ The Mott Foundation's budget is broken down by each initiative in Figure 4.

The Mott Foundation and Civil Society

An emphasis on civil society support stemmed from C.S. Mott's belief regarding the link between individual and community success. The Mott Foundation sees society as consisting of three components: the government sphere; the business sphere; and the non-profit sphere. Through its civil society funding program the Foundation supports the third sphere, with an emphasis on non-profit charitable and voluntary organizations. The Foundation's working definition describes civil society as:

²¹⁶ Ibid.

²¹⁷ Ibid.. introduction.

²¹⁸ those communities and societies where democracy, freedom, inclusiveness and opportunity are embraced by and for all citizens. In these communities and societies, citizens are engaged and empowered; their voices are heard; and public, private, and nonprofit sectors are accountable and cooperative in support of a just society.”²¹⁹

Like many civil society donors, Mott’s overall goal for its civil society program is based on supporting democracy with an emphasis on strong communities, access to resources, human rights, and diversity.²²⁰ Grants are awarded based on an overall ²²¹

**TABLE 3:
The Mott Foundation’s fundamental principles of civil society:**

- a belief in the inherent worth and dignity of the individual;
- a commitment to self-determination for individuals and local communities;
- respect for, and protection of, individual and group rights and freedoms, including equal opportunity to pursue goals and participate in society without discrimination;
- caring about the common good by individuals and groups of individuals looking beyond themselves;
- acceptance and pursuit of democratic values and practices, and rule of law as a means to ensure a fair, equitable and just society;
- the importance of individual participation and civic responsibility;
- respect for diversity, the practice of pluralism, and the capacity and willingness to resolve disputes peacefully; and
- a belief in the need for openness, responsiveness and accountability of governmental, business and non-profit institutions.

belief that all individuals should be able to participate in the decisions that affect themselves and their communities. In order for this to be accomplished, all sectors of society should be transparent, accountable, and open. Since 1989, the Foundation has worked toward these beliefs by addressing three principle foci: strengthening the nonprofit sector; promoting rights, responsibilities and participation; and improving race and ethnic relations.²²² With these foci in mind, a diversity of organizations receive funding. Mott describes their grantees as organizations that “frequently cross cultural, racial, political and language boundaries in their efforts to deepen democracy, strengthen communities, build the non-profit sector, and ensure respect of rights and diversity.”²²³

The Mott Foundation’s Civil Society Program is its second largest (after Pathways out of Poverty), with almost US\$27 million in grants disbursed in 2004 alone. These grants are centered on four geographic areas: Central/Eastern Europe and Russia (which receives 48.7

²¹⁸ Mott Foundation. “Civil Society: Philosophy, Programs, and Procedures.” *Charles Stewart Mott Foundation*. October 2003 <<http://mott.org/publications/pdf/P32003CS.pdf>> (8 July 2006).

²¹⁹ Mott Foundation, “Civil Society Program – Frequently Asked Questions,” *C.S. Mott Foundation*, <<http://mott.org/faq.asp?criteria=Civil+Society>> (8 July 2006).

²²⁰ Mott, “2004 Annual Report,” 14.

²²¹ Mott Foundation. “Civil Society: Philosophy, Programs, and Procedures.” *Charles Stewart Mott Foundation*. October 2003 <<http://mott.org/publications/pdf/P32003CS.pdf>> (8 July 2006).

²²² Mott Foundation, “Civil Society Program – South Africa,” *C.S. Mott Foundation*, <<http://www.mott.org/programs/cs-sa.asp>> (8 July 2006).

²²³ Mott, “2004 Annual Report,” 8.

percent of total funds); the United States (25.2 percent); South Africa (18.8 percent); and International Initiatives (7.3 percent).²²⁴

The Mott Foundation in South Africa

The Mott Foundation became involved in South Africa in the late 1980s. As democracy began to spread rapidly throughout Africa and the former Soviet Union, there was a general feeling within the Foundation that civil society should be an important part of this change. The Foundation's South Africa Program Director Russell Ally explained that the belief that ordinary people and communities could participate in the process of democracy by influencing, advocating, and holding government accountable led to the creation of the South African civil society programs. Rather than focusing on a specific issue, such as health, education, or gender equality, the intent was to focus on strengthening the non-profit sector in the country in order to affect the overall process of development.²²⁵ The Foundation explains its emphasis on civil society to support democratic development:

Given the development challenges faced by government, the role of civil society is even more critical. Many nonprofit organizations partner with government to improve service delivery and the quality of life for the majority of the population. Other nonprofits see themselves as independent watchdogs, and see a need for civil society to monitor government by engaging in policy formulation and implementation. The nonprofit sector can act as a critical independent voice and an advocate for local community needs, and can ensure that resources allocated to the sector itself and toward poverty alleviation are used effectively.²²⁶

Funding specifically to South Africa began in the 1980s as economic sanctions against the country mounted. Because of the strong connections between Mott and General Motors, the Foundation decided to begin funding organizations in South Africa when GM made the decision to pull out of the country. Education was the initial focus of Mott's involvement, with the goal of preparing disadvantaged, mainly Black, students for the transition to democracy. Despite this early focus on education, there had always been an emphasis on funding civil society groups and strengthening the sector as a whole. Until the transition to democracy in 1994, the Mott Foundation funded civil society in two forms. First, it attempted to strengthen individual community groups by providing direct funding. Second, it attempted to strengthen the whole sector by providing funding specifically to

²²⁴ Mott, "2004 Annual Report," introduction.

²²⁵ Ally, Russell, South Africa director, Mott Foundation, phone interview by the author, 11 July 2006.

²²⁶ http://mott.org/programs/cs_sa.asp

support indigenous, Black-led groups, to encourage private philanthropy in South Africa, and to encourage exchange with US-based organizations.²²⁷

After the 1994 elections the program was organized into three separate subgroups: democracy education (to encourage citizen participation); women’s participation (to enable women’s leadership development); and the non-profit sector (to create an environment for financial sustainability and networking for domestic non-profits).²²⁸ In 1998, the Board approved a new plan for the Foundation’s civil society program, with the common objective of strengthening the non-profit sector. The particular emphasis was on promoting local philanthropy, including community foundations, workplace giving programs, and government legislation that encourages individual giving.²²⁹ The South African program was then re-focused around two subgroups: supporting the non-profit sector and supporting citizen rights and responsibilities. This focus was refined the following year with the additional goal of improving race relations.²³⁰ Despite shifting challenges in the political, social, and economic development of the country (including high crime rates, the rapid spread of HIV/AIDS, and elevated unemployment), the goals of the South African civil society program have remained relatively unchanged since 1999.

Table 4: Key Objectives of the Mott Foundation’s South Africa Civil Society program:

- **NONPROFIT SECTOR AND PHILANTHROPY:** Building a more effective and well-managed nonprofit sector that is engaged with issues of poverty and inequality and that is adequately resources through public and private funding.
- **RIGHTS, RESPONSIBILITIES AND PARTICIPATION:** Strengthening people’s engagement with local community structures and increasing public participation in decisionmaking processes to ensure that people’s rights are upheld, advanced and fulfilled.
- **RACE AND ETHNIC RELATIONS:** Enhancing the ability of nonprofit organizations and local communities to better address racism and discrimination, and to promote justice and reconciliation.

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²²⁷ Stacey, Simon and Sada Aksartova. “The Foundation of Democracy: U.S. Foundation Support for Civil Society in South Africa, 1988-96,” *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 12:4, December 2001, 381.

²²⁸ *Ibid.*, 381.

²²⁹ Mott Foundation. “1998 Annual Report – Civil Society: Developing Philanthropy.” *Charles Stewart Mott Foundation*. <<http://mott.org/publications/websites/Annual1998/developing.html>> (8 July 2006).

²³⁰ Mott Foundation. “1999 Annual Report – Civil Society: South Africa.” *Charles Stewart Mott Foundation*. <<http://mott.org/publications/websites/Annual1999/cs-safrica.asp>> (8 July 2006).

²³¹ Mott Foundation, “Civil Society Program – South Africa.”

Mott Foundation Grants

The Mott Foundation has consistently provided grants to South African civil society groups for almost two decades. In the 11 years following the first democratic election in 1994, the Foundation has donated almost US\$46 million to strengthen civil society in South Africa. As a private foundation, Mott did not have the political baggage that official donors, such as USAID, had to contend with in their grantmaking. The Foundation did not have to concern itself with the economic or diplomatic implications of its funding on government relations. Rather, it could formulate its strategy in line with its general funding philosophy without having to factor in conflicting priorities from politicians, taxpayers, development experts, and other interested parties. As a result, the Foundation's South Africa funding did not follow the same pattern as the majority of official donors' grantmaking. Whereas most democracy donors in South Africa redirected their funding from civil society to government following the transition to democracy, the Mott Foundation continued to fund civil society as its main priority. The following section analyzes the grants made by the Mott Foundation from 1994 until 2005 to understand the scope, nature, and breadth of its civil society program in South Africa and to determine whether the Foundation's grantmaking was consistent with its goals.

All grants beginning between 1 January 1994 and 31 December 2005 were included in this survey. This period was selected as it consistently covers the post-apartheid period, starting with the beginning of the year of the first multi-racial elections and ending at the year with the most complete available grant data. This sample included 407 grants totaling US\$45,764,388. These grants were then labeled by the purpose of the grant and the chief issue addressed. Under *purpose*, each grant was assigned one of six labels, listed below with descriptions.

Table 5: Grant Labels – Purpose

| | |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Advocacy | Funding pays for a range of activities including publications, conferences, government meetings, research, and training with the overall goal of raising awareness for a particular issue. |
| Civic Education | Funding supports educational activities (trainings, workshops, meetings, etc.) that are aimed at familiarizing the general population with issues that directly pertain to democracy and governance, including elections, citizen participation, and human rights. |

| | |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Education | Funding pays for scholarships, vocational training, literacy programs, and other instruction that do not directly pertain to democracy. |
| Operations | Funding pays for general costs of running the organization, including salaries, overhead, building development, endowments, and general budget deficiencies. |
| Research | Funding pays for research, project evaluation, academic reports, or building capacity for research. |
| Service Provision | Funding supports the organization's ability to provide social services to their constituents. |

Under *chief issue addressed*, one of 13 labels was assigned to each grant, with descriptions below.

Table 6: Grant Labels – Chief Issue Addressed

| | |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adult Training | Funding supports programs that assist adults in furthering their own education, including adult literacy and vocational training. |
| Democracy | Activities support the transition to and the consolidation of democracy, including issues such as elections, local government, and budget processes. |
| Diversity | Funding is aimed at increasing diversity in civil society, including racial diversity, gender diversity, and organizational diversity. |
| Gender | Funding supports initiatives aimed at creating gender equality, including women's leadership training and education. |
| Health | Activities are aimed at improving public health, including access to clean water, health care, and HIV/AIDS prevention and treatment. |
| Poverty | Supports activities aimed at lessening economic poverty. |
| Race Relations | Funding is aimed at improving racial and ethnic tensions. |
| Reconciliation | Activities are supported that pertain to decreasing violence, aiding the transition process, and supporting reconciliation. |
| Rights | Supports access to and education of human rights, including access to legal rights. |
| Sector | Activities receive funding specifically to strengthen the non-profit sector. |
| Volunteer | Supports and advocates for the practice of volunteerism. |
| Youth | Funding supports activities that empower or help develop South Africa's youth. |
| Other | This category is applied to any grant that falls outside of the above 12 labels. |

Profile of Mott Foundation Grants

As discussed in earlier chapters, general civil society funding trends saw donors shifting away from the sector in 1994, opting instead to fund government initiatives. Private funding did not necessarily follow this pattern, and the Mott Foundation is one such donor that bucks this trend. While civil society funding started off relatively low in 1994 (US\$1.1 million), funding rose steadily, averaging out at about US\$5 million per year, with a huge jump in funding between 1998 and 2000. Figure 5 illustrates this trend. This further goes against common funding patterns, where many donors dropped funding to civil society following Former President Mandela's speech in Mafikeng decrying groups that "act as instruments of foreign governments and institutions that fund them to promote the interests of these external forces."²³²

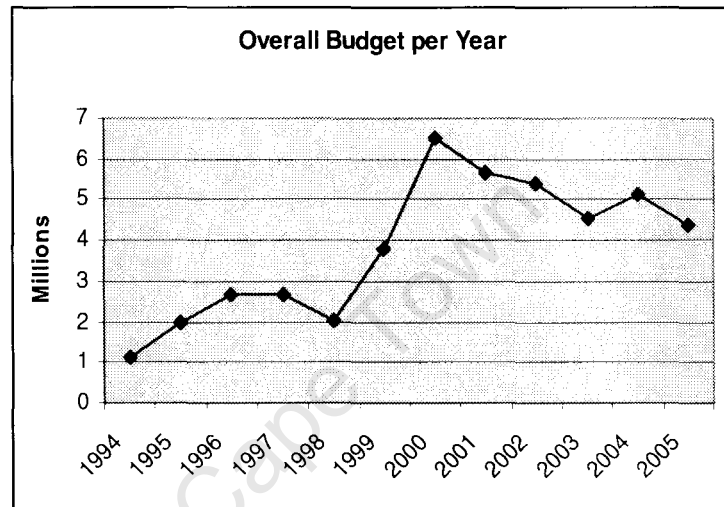


Figure 5²³³

The number of grants also rose steadily since 1994, with a slight drop after 1997, and again after 2002, as illustrated in Figure 6. Figure 7 shows that average grant size was less steady as it peaked at about US\$175,000 in 2000, and then dropped again.

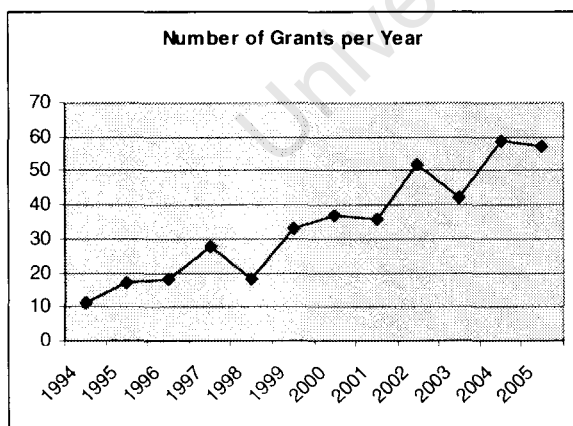


Figure 6²³⁴

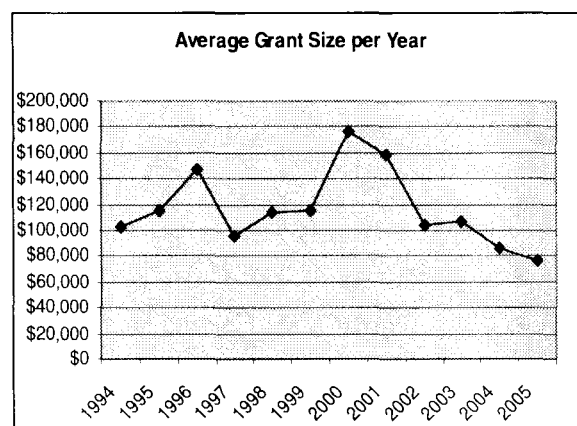


Figure 7²³⁵

²³² Nelson Mandela. 1997. *Report by the President of the ANC to the 50th National Conference of the African National Congress*. Mafikeng, South Africa: Speech.

<<http://www.anc.org.za/ancdocs/speeches/1997/sp1216.html>> (25 April 2006).

²³³ Data aggregated from Mott Foundation, "Grants Database," *C.S. Mott Foundation*, <<http://mott.org/grants.asp>> (25 April 2006).

Although the average grant size for the entire period was US\$116,466, there were grants of significantly larger and smaller sizes. The largest grant by far (US\$2 million) went to the Nelson Mandela Children's Fund to assist in the creation of an endowment. The next largest grant was half the size (US\$1 million) and went to the International Fundraising Consortium in 2001 to help the non-profit sector address the challenges of HIV/AIDS. There was no established trend in terms of which issues received larger amounts of funding, although these large grants often went to fund general operations. The smallest grants (four grants under US\$10,000) were primarily awarded for research pertaining to the non-profit sector.

Most grants were awarded for a period of 24 months. The longest grant awarded in this period was 60 months, which went to the Foundation for Community Development to strengthen civil society in Mozambique.²³⁶ There was no particular grant purpose that was awarded for a longer time period. The top four grants in length were for advocacy (60 months), operations (52 months), civic education (52 months), and research (52 months).

Mott Grantees

The 407 grants that were awarded under the South Africa civil society program during the period examined went to 159 separate organizations, based almost exclusively in South Africa. The average total grant amount per organization was US\$287,575, although the median grant total was lower, with most organizations receiving about US\$150,000. During this period, each organization received an average of 2.5 grants.

Each organization was funded for an average of 4 years and 3 months. Some organizations, however, were funded for well over that amount, with a few groups assisted during the entire period studied. Universities and non-profit associations received funding for the longest period of time. The University of the Western Cape, for instance, received funding during the extent of the period studied for a variety of activities including education, civic education, research and advocacy. Most of the funds went to democracy initiatives (5 out of 9 grants). Another academic institution, the University of Cape Town, also received consistent funding from the Mott Foundation. The University of Cape Town has been supported since 1995 for 14 separate grants primarily for civic education and research,

²³⁴ Data aggregated from Mott Foundation, "Grants Database."

²³⁵ Ibid.

²³⁶ In 2001, two civil society organizations in Mozambique were awarded grants from the Mott Foundation's South Africa office. These grants went to strengthen civil society in Mozambique. The remainder of the 407 grants given by the office during the period studied focused on civil society in South Africa.

focusing on a large range of themes. Also receiving consistent funding since 1995 were the Southern African NGO Network, the Community Development Resource Association, and the Southern African Grantmakers Association, which all dealt almost exclusively with strengthening the NGO sector through a variety of activities (education, advocacy, research, etc.).

Grants were distributed primarily to organizations based in South Africa's top five urban areas (Cape Town, Johannesburg, Pretoria, Durban and Port Elizabeth). This was followed by grants to U.S.-based organizations, with only a few awarded to African organizations outside of South Africa's urban centers (two of these grants went to organizations in Mozambique), as shown in Figure 8.

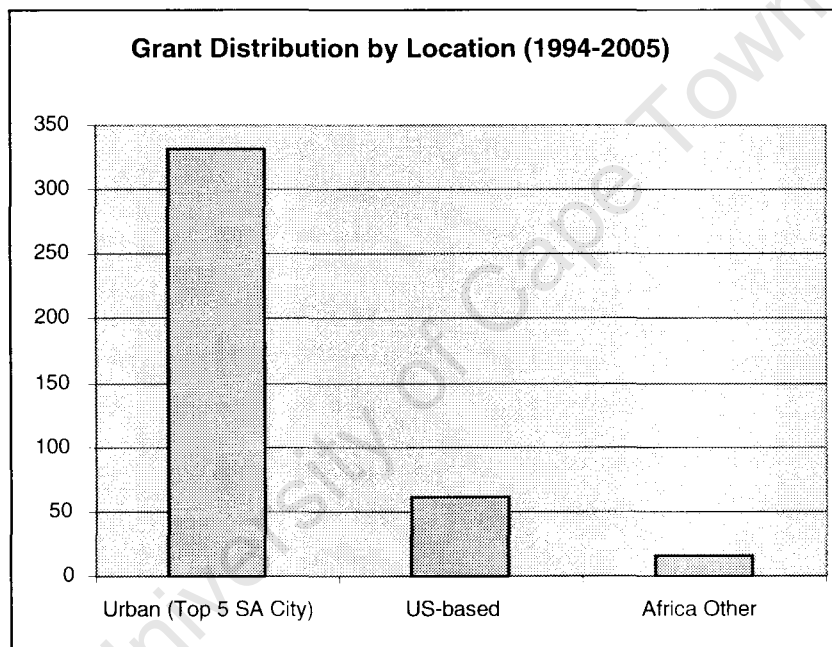


Figure 8²³⁷

Within those grants distributed to urban areas, the vast majority went organizations based in Johannesburg and Cape Town, with very few grants given to organizations based outside of South Africa's top five cities. This trend remained relatively constant throughout the period examined.

²³⁷ Data aggregated from Mott Foundation. "Grants Database."

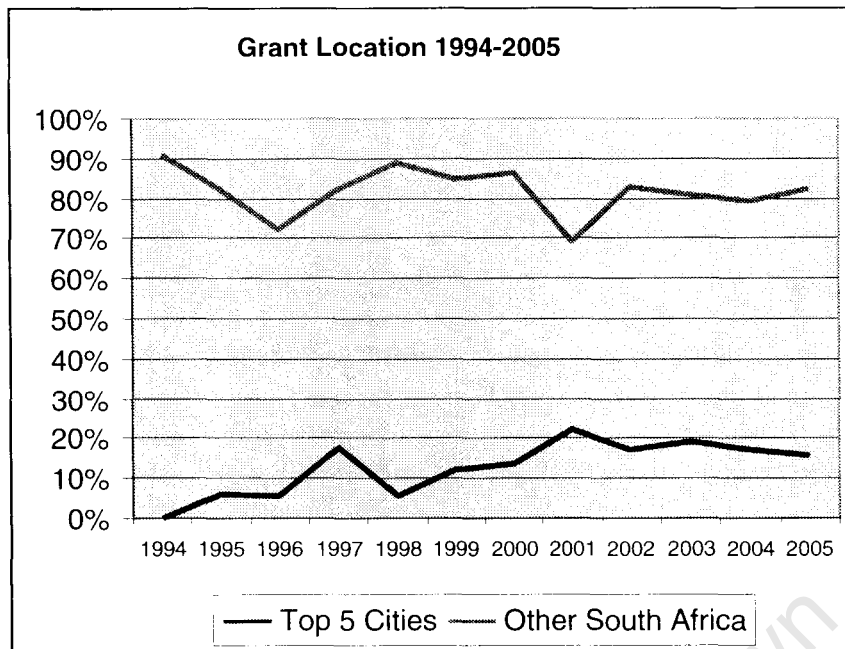


Figure 9²³⁸

This pattern of funding primarily urban-based organizations is similar across the board of foreign donors to civil society. Amongst both public and private donors, funding urban-based organizations is the norm. A study of private foundation funding to civil society in South Africa found that the vast majority of private grants (including those from the Mott Foundation) went not only to urban-based organizations, but also professionalized organizations both before and after apartheid. The study concluded that “Official civil society aid tends to focus on professionalized organizations...the dominant practice of U.S. foundations when supporting American social movement organizations is [also] to fund professional ones.”²³⁹

Grant Purpose

Grants were split fairly evenly between a variety of activities, as shown in Figure 10. Grants supporting advocacy initiatives received the most number of grants overall (29 percent), followed by operational grants (22 percent), then research, education, and civic education project split fairly evenly (13 – 18 percent). Grants supporting service provision were not common, making up just 3 percent of all grants.

²³⁸ Data aggregated from Mott Foundation, “Grants Database.”

²³⁹ Stacey and Aksartova, 393.

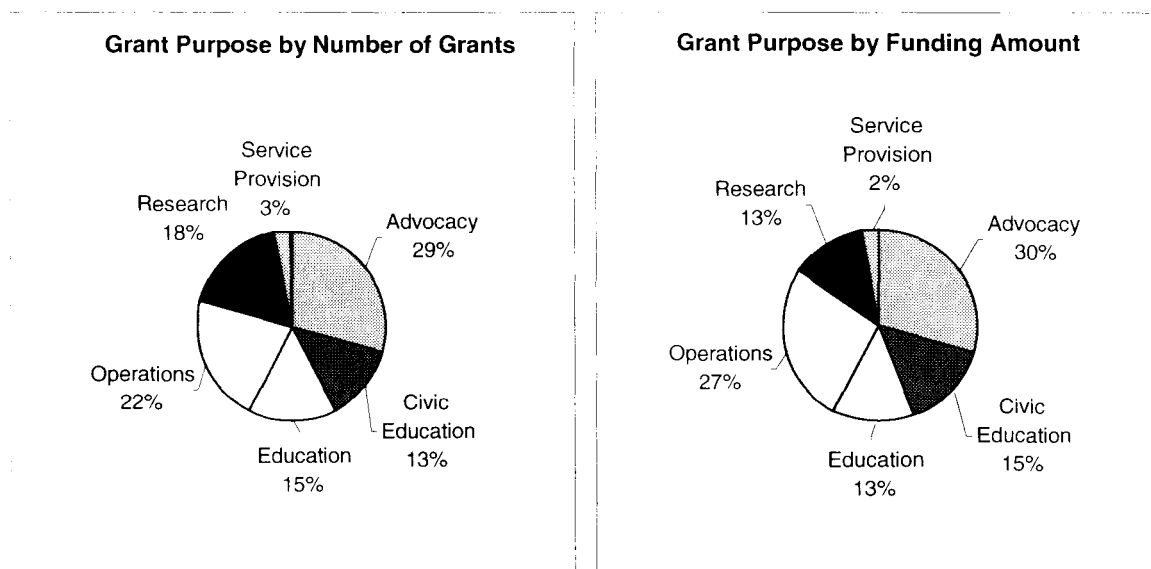


Figure 10²⁴⁰

Figure 11²⁴¹

When split by overall funding, as in Figure 11, the division is fairly equal to the division by number of grants, implying that average grant size was similar across the board. Grants supporting general operations were largest (US\$138,776) followed by civic education grants (US\$125,556), then advocacy grants (US\$113,696). Funds to advocacy activities were most common both in terms of the number of grants given and in terms of the amount of funds given. Funds for research received the least amount of money, despite the fact that research grants were the second most common type (after advocacy).

Table 7: Mott Foundation Grant by Purpose²⁴²

| | Total amount (in US\$) | Average Grant (in US\$) | Number of grants |
|--------------------------|------------------------|-------------------------|------------------|
| Advocacy | \$13,529,781 | \$113,696 | 119 |
| Civic Education | \$6,654,422 | \$125,556 | 53 |
| Education | \$6,147,343 | \$99,151 | 62 |
| Operations | \$12,351,060 | \$138,776 | 89 |
| Research | \$5,959,975 | \$81,643 | 73 |
| Service Provision | \$1,121,787 | \$101,981 | 11 |

²⁴⁰ Data aggregated from Mott Foundation, "Grants Database."

²⁴¹ Data aggregated from Mott Foundation, "Grants Database."

²⁴² Ibid.

When examined longitudinally (see Figures 12-17), it is possible to see that advocacy grants had a fairly upward turn in general with a drop in recent years. Civic education grants dropped considerably, with substantial spikes around election years. However, overall, grants followed a fairly consistent pattern. Most of these graphs show consistent spikes and drops throughout the period examined. As determined earlier, grants were most commonly awarded for a two-year period. Often, once the initial two years were completed, a second grant for two additional years was awarded, which may explain these bi-annual spikes.

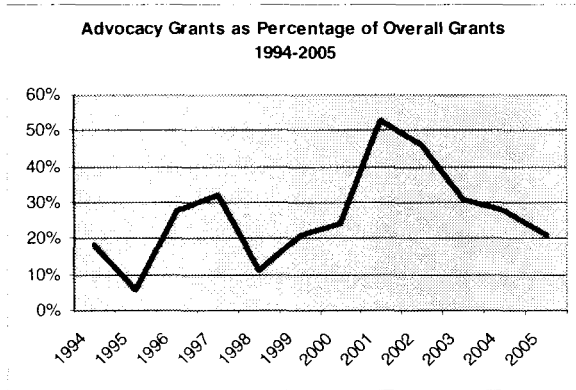


Figure 12²⁴³

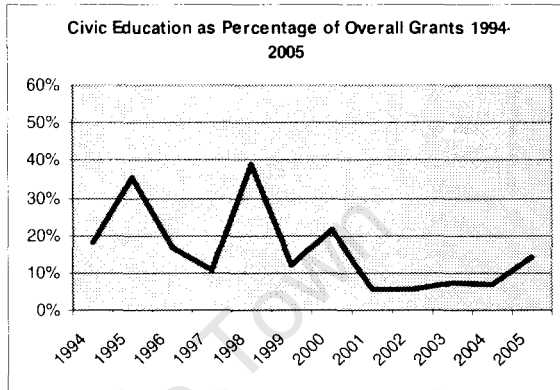


Figure 13²⁴⁴

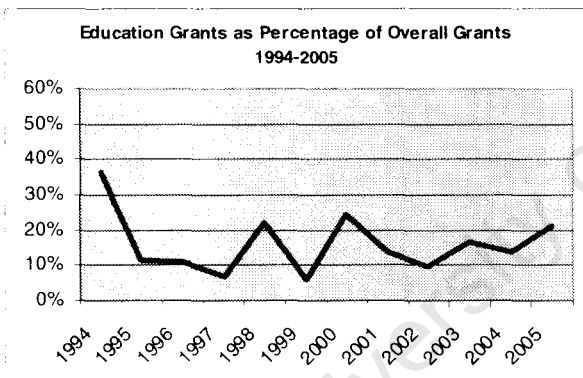


Figure 14²⁴⁵

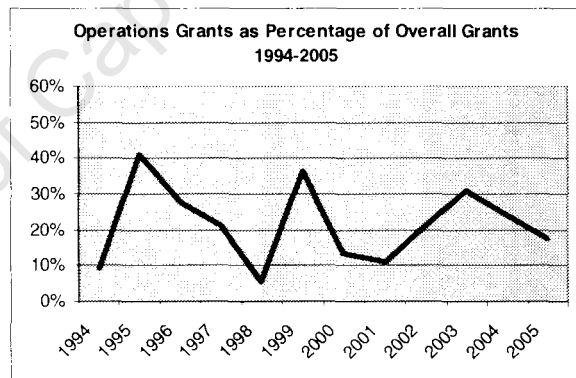


Figure 15²⁴⁶

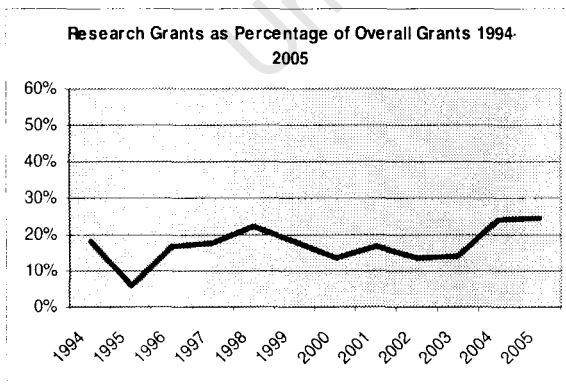


Figure 16²⁴⁷

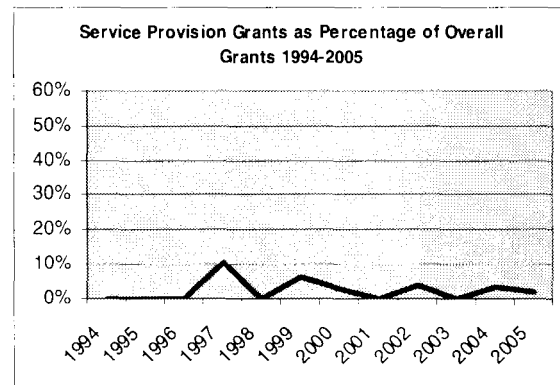


Figure 17²⁴⁸

²⁴³ Ibid.

²⁴⁴ Ibid.

²⁴⁵ Ibid.

²⁴⁶ Ibid.

Chief Issues Addressed

Organizations specifically targeting the non-profit sector received the vast majority of grants from the Mott Foundation during this period (see Figure 18). Grants addressing this issue made up almost a third of total grants, with the 12 other issues making up the other two-thirds. Organizations addressing democracy came in second with 69 grants, followed by gender equality issues, of which there were 66 grants.

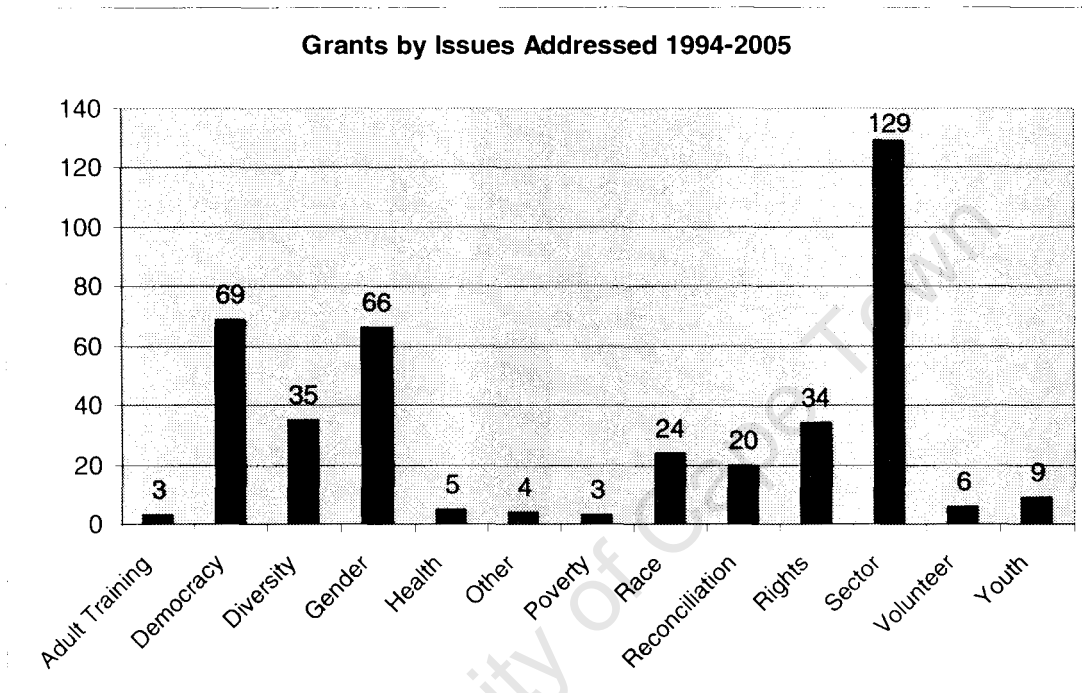


Figure 18²⁴⁹

Funding to strengthen the non-profit sector received the most overall money, as well as the most number of grants, followed by democracy-focused grants, and grants focusing on gender issues. However, none of these issues were on top in terms of average grant size. Grants focusing on youth, health issues, and elections topped the list with largest average grant size. Youth grants averaged over US\$290,000, while gender grants (which were second in terms of dollar amount disbursed) received an average of less than US\$87,000. Table 8 lists these figures.

²⁴⁷ Ibid.

²⁴⁸ Ibid.

²⁴⁹ Ibid.

Table 8: Mott Foundation Grants by Chief Issue Addressed²⁵⁰

| | Total Funding (in US\$) | Average Grant Size (in US\$) | Total Grants |
|-----------------------|------------------------------------|-----------------------------------------|---------------------|
| Sector | \$14,301,539 | \$110,865 | 129 |
| Democracy | \$7,709,666 | \$111,734 | 69 |
| Gender | \$5,740,085 | \$86,971 | 66 |
| Rights | \$3,997,680 | \$117,579 | 34 |
| Diversity | \$3,527,477 | \$100,785 | 35 |
| Race | \$2,648,634 | \$110,360 | 24 |
| Youth | \$2,622,357 | \$291,373 | 9 |
| Reconciliation | \$2,129,864 | \$106,493 | 20 |
| Health | \$1,348,600 | \$269,720 | 5 |
| Other | \$436,400 | \$109,100 | 4 |
| Volunteer | \$380,000 | \$63,333 | 6 |
| Adult Training | \$337,086 | \$125,695 | 3 |
| Poverty | \$300,000 | \$100,000 | 3 |

Several issues received consistent funding over the period between 1994 and 2005, while other issues were confined to a particular time period. Grants addressing gender, democracy, diversity, and the non-profit sector received grants steadily over the entire period examined. Grants for adult training, health, race relations, and volunteerism, however, were clustered around a few years. Adult education grants were only given in the first three years after the transition to democracy. Adult education had been a goal of the Mott Foundation during apartheid, and this focus was no doubt carried over in the early years of the transition. It appears, however, that after 1996 the focus of grants was shifted to more timely issues such as health, race relations, and democracy building. Further, grants addressing volunteerism were only given between 2000 and 2002. Presumably this was keeping in line with President Thabo Mbeki's declaration of 2002 as the "Year of Volunteerism" in South Africa. Chief goals of the funding program in the immediate years following the transition to democracy were gender, diversity, and strengthening the non-profit sector.

Health issues began to be addressed by Mott Foundation grants only in 2001. These health grants were largely focused on HIV/AIDS. Only one grant, focused on access to clean water, did not include a focus on HIV/AIDS. In total, HIV was mentioned either as the primary focus or periphery issue of 20 grants, the earliest awarded in 2000. As the

²⁵⁰ Ibid.

Foundation states, its grant program focuses on strengthening civil society, and thus does not address HIV/AIDS directly, as do most international donors to South Africa. Rather, to address this key challenge, the Foundation focuses on civil society groups that have a positive impact on the HIV/AIDS epidemic in the country. The Foundation explains:

The HIV/AIDS pandemic in South Africa is impossible to ignore. This is not only a health issue, but also a serious political, social and economic concern, affecting all sectors of society. Given the scale of the problem and the size of the Foundation's resources for South Africa, Mott does not have a distinct HIV/AIDS program. Instead, the office integrates its involvement with this challenge across all three program objectives.²⁵¹

While a variety of issues were addressed through civil society grants from the Mott Foundation, a clear priority was placed specifically on strengthening the non-profit sector.

Conclusion

The average grantee under the Mott Foundation's South Africa civil society program received 2.5 grants for a total of US\$116,466 over 51 months of funding. This typical organization was based in either Johannesburg or Cape Town and most likely engaged in advocacy work for the non-profit sector. With more than US\$45 million donated to civil society in South Africa's post-apartheid era, the Mott Foundation has no doubt made a significant impact on this sector. Funding from this private foundation, however, has not followed common trends for civil society funding from official sources. Funding from the Foundation remained fairly constant and actually increased during the period, as opposed to dropping as occurred with many other donors to South African civil society.

This organizational profile is in line with the Mott Foundation's stated goals for the program. From 1994 through 1997 the Foundation focused on three goals: democracy education, women's participation, and strengthening the non-profit sector. Grants made during this time period reflects these goals, and a total of 80 percent of the 74 grants made in this time period directly focus on one of these three goals. The remainder focus on issues such as adult education, reconciliation, and human rights. In 1998, the program was refocused around two pillars: the non-profit sector and citizen rights and responsibility. All of the 18 grants awarded that year addressed one of these two issues. In 1999 a third pillar – race and ethnic relations, was added. Since then, grants have addressed the specific goals less directly. While the majority of grants given have continued to focus on Mott's main objectives, more grants have begun diverging from these specific goals.

²⁵¹ Mott Foundation, "Civil Society Program – South Africa."

Challenges no doubt remain as Mott continues to focus on South African civil society as an important component of the Foundation's work. However, continuing to focus on Foundation priorities in awarding grants should ensure ongoing success.

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CONCLUSION: SUCSESSES OF AND CHALLENGES TO SOUTH AFRICA'S CIVIL SOCIETY

An examination of the role of civil society in South Africa's political development clearly shows the impact that this sector has had on democratic development. Civil society in apartheid-era South Africa was integral in the success of the country's transition to democracy in 1994. An assessment of South African civil society shows signs that today's civil society is also playing an active role in the consolidation of democracy. Civil society groups are working to educate citizens on election regulations and voting rights. Others are advocating for citizen participation in local government. More still are encouraging access to policy making for more representative legislation. These are activities that promote the persistence of a successful democratic state.

Foreign donors and domestic civil society have been remarkably intertwined throughout South Africa's struggle for a multi-racial democracy. From the antiapartheid struggle to the effort for a consolidated democracy, international funding has provided the necessary means for civil society's participation and survival. Yet, foreign aid's role in democracy building remains a relatively new, and still controversial, topic. Increasingly, however, studies are pointing to the success of foreign aid as a useful tool to build democracy. While a conclusion of this sort is outside the scope of this study, a general trend can be observed that many of the civil society organizations key to ushering in democracy did receive significant amounts of foreign assistance both during and after apartheid. What can be concluded from this study is that the sector is *robust*,²⁵² *diverse*,²⁵³ and *highly involved with foreign donors*.²⁵⁴

Profile of South African Civil Society

The kind of civil society groups that developed in South Africa before 1994 emerged largely as a result of the politics of apartheid. There was a divide between White civil society, which operated primarily with the consent of government and catered to the social needs of the White community, and Black civil society, which was largely oppositional in

²⁵² See Bec Russell and Mark Swilling. "The Size and Scope of the Non-Profit Sector in South Africa," *Centre for Civil Society*, 2002.

²⁵³ The Russell and Swilling study also found that civil society in South Africa today address a wide range of topics and participate in a vast array of activities.

²⁵⁴ See Institute for Democracy in South Africa and the Co-operative for Research and Education, "Results of An Organizational Survey for a Report on 'The State of Civil Society in South Africa.'" 2001, <www.idasa.org.za/gbOutputFiles.asp?WriteContent=Y&RID=496> (25 April 2006).

nature. Despite strict rules regulating the non-profit sector in South Africa during apartheid, there emerged a strong, united civil society that operated largely clandestinely within the black community. Because many of these groups were banned by the South African government, they had to rely largely on foreign funding to continue operations. These groups, and thus the foreign donors that supported them, were integral to the end of apartheid and the success of the new multi-racial democracy in South Africa.

With the transition to democracy in the early 1990s, many civil society organizations found they had to revise their mission. With the end of apartheid, also came the achievement of their goals. They would have to adapt to the new challenges facing the South African state. With about 100,000 groups making up the non-profit sector in 1999, however, the civil society sector remains impressively robust in South Africa today.²⁵⁵ Civil society also is highly diverse. The sector now has the freedom to focus on a large number of issues including democracy building, health, economic development, gender equality, and education. It is also more representative of South Africa's population today than in the past, with 59 percent women workers, and 73 percent Black workers.²⁵⁶ With a workforce of about 650,000 workers and a budget of R9.3 billion in 1999, civil society is a considerable force in the South African economy.

Funding Trends

Foreign donors supplied the bulk of funding to anti-apartheid civil society groups prior to 1990. Because of the clandestine nature of the funding, however, very few records are available to measure these funds. What is known, however, is that these donors significantly dropped their funding to civil society as South Africa transitioned to a multi-racial democracy in 1994. Significant funds, primarily from official government sources, were redirected from civil society to the new multi-racial government. As democracy developed in the country, even the funds that were disbursed to civil society groups were largely earmarked for government-civil society partnerships or for supporting civil society groups that were working to achieve the social goals of the new ANC government. Civil society faced significant challenges as they were forced to cope with this new, less receptive funding environment.

Foreign donors, however, did continue to be significant in providing the funding necessary for this sector to function after apartheid ended. As many as 69 percent of civil

²⁵⁵ Russell and Swilling, 20.

²⁵⁶ Russell and Swilling, 23.

society organizations in South Africa today receive funding from international donors. Almost half of all organizations receive the majority of their funding (51 percent or more) from public or private international donors.²⁵⁷ These figures point to the influence foreign donors have over the sector. The importance of continued studies on the impact of this foreign donor attention on domestic civil society must be reiterated.

USAID and the Mott Foundation

The importance of understanding donor goals and funding trends is necessary to fully understand the impact of foreign funding on domestic civil society. This study examined these goals and funding trends by examining two case studies. First, this report looked at the history, goals, and rationale that motivated one foreign government donor – USAID – as it carrying out its civil society program in South Africa. Next, it looked at all civil society grants disbursed by one foreign private donor – the Mott Foundation – to determine funding trends since the end of apartheid. These two case studies have provided insight into the mind of foreign donors and can serve as a base for further study of the field.

An in-depth look at USAID’s involvement in South African civil society found that the grants made by this official donor agency were highly influenced by the political interactions of the two governments. In the early years of USAID’s involvement in South Africa, its grantmaking strategy was based almost entirely on goals established for it by congressional legislation (the CAAA). This legislation was highly politicized, and the funding decisions made by USAID were affected by this political process. South African civil society, in particular, was highly affected by this interaction between U.S. grantmaking and U.S. policy. In the years prior to 1994 civil society greatly benefited from this closeness, as the U.S. government’s relationship with the apartheid state deteriorated, and the CAAA mandated that no funds go to South African government entities. Later, as the United States government sought to establish a relationship with the new South African state, legislation was revised, encouraging funding to state institutions.

As a private organization, the Mott Foundation did not have these political constraints on its grantmaking, and thus it was able to continue to focus its funding on civil society even after South Africa’s transition to democracy. In this way, Mott’s South Africa program did not follow the traditional pattern for civil society funding in South Africa. While the majority

²⁵⁷ Institute for Democracy in South Africa and the Co-operative for Research and Education, “Results of An Organizational Survey for a Report on ‘The State of Civil Society in South Africa.’” 2001, <www.idasa.org.za/gbOutputFiles.asp?WriteContent=Y&RID=496> (25 April 2006), p 12

of foreign donors have decreased their funding to civil society in the years following 1994, the Mott Foundation actually increased its support to civil society since that time. Between 1994 and 2005, the Foundation supported primarily advocacy, operational, research, education, and civic education activities. The primary issue addressed in its grantmaking was strengthening the non-profit sector, followed by democracy building, and gender equality. At about US\$46 million budgeted for these goals over the period examined, the Mott Foundation's support was nowhere near that of USAID. However, its support was focused enough to make a sizable impact on the 159 organizations that were supported over the 11-year period.

Administrative methods of the funding programs also differed between the two donors. While both groups started off with similar methods of hands-on locally based grantmaking to support individual civil society groups, USAID shifted away from this method with the transition to democracy in South Africa. Not only did the Agency begin focusing its funding more on government entities, as mentioned previously, but it also began to outsource much of the administrative duties of its grantmaking to international and domestic intermediaries. The Mott Foundation, on the other hand, continued to run its grantmaking program internally out of its domestic office in Johannesburg.

While civil society programming varied between the two case studies examined in terms of strategy, there were several areas in which they were aligned. Both programs put an emphasis specifically on strengthening the non-profit sector, as opposed to simply funding civil society groups as a means to achieve secondary goals (such as funding a non-profit organization to carry out literacy training). Creating an enabling environment for non-profits to become financially sustainable within South Africa became a large goal of both USAID and the Mott Foundation. Both donors dedicated significant funding to helping the South African government reform tax laws for domestic non-profit organizations. Significant funding also went to building networks that would help strengthen the sector in the post-apartheid era.

There was also considerable overlap in the types of groups funded by both USAID and the Mott Foundation. In many cases, both donors funded the same organizations, for example IDASA, the Centre for the Study of Violence and Reconciliation, and Black Sash. The civil society organizations that received foreign funding from both USAID and the Mott Foundation were primarily urban-based, professional organizations. Very little funding went to grassroots community-based organizations or organizations outside of a few urban hubs.

USAID's goals for its civil society program put more emphasis specifically on the political functions of the sector, such as its role of government watchdog. The Mott Foundation, on the other hand, focused more on funding activities that would encourage citizen participation in government – by encouraging racial and gender equality, educating on democracy and rights, or building the capacity of the non-profit sector. Despite these differences, both USAID and the Mott Foundation have been overtly political in their goals – they specifically funded non-profit organizations with the overall goal of strengthening democracy through a strong civil society. They were not funding bridge clubs or bowling leagues, but rather supporting policy think tanks and nonprofit networks. In this way these groups encouraged the development of a South African civil society in line with Larry Diamond's theory of a politically orientated, pluralistic civil society as the key to consolidating democracy, as opposed to a Robert Putnam-influenced theory based on social capital as the key to civil society's democratic importance.

Civil Society's Challenge

Challenges remain as South Africa's civil society continues to work toward a fully consolidated democratic state. The sector was severely weakened after 1994 as considerable foreign funding and human capital was redirected from civil society to government and the private sector. In addition, the South African government is becoming increasingly hostile toward civil society groups that criticize its actions, especially toward those groups that receive foreign support. Yet, civil society members must not be thwarted by these setbacks. The sector is a necessary component to a functioning democracy, and must remain strong in order to not only provide a check on government power, but also to provide an alternative outlet for citizen participation in governance. As such, civil society strengthening must continue to be a focus not only of international donors, but of domestic donors as well.

Domestic donors must play an increasing role in the sustainability of the civil society sector in South Africa. While government currently provides significant funds to non-profits, individuals and local foundations must also become more involved. Civil society groups must be funded not only to participate in government partnerships, but in order to create an *independent* sector that does not have to rely on government or foreign donors for sustainability. Foreign donors can continue to encourage the creation of such an environment, as both the Mott Foundation and USAID have done through their support on the reform of tax laws for non-profits and the promotion of local community foundations.

South Africa's transition to democracy came about through the remarkable effort of a wide variety of individuals and groups. International donors and domestic civil society worked together to achieve these democracy, and their efforts were realized. Lessons learned from the experience of South Africa's civil society and the sector's international donors can be applied elsewhere. South Africa's transformation should be an inspiration to other developing democracies, and future studies should continue to focus on what has worked to make this transition a success.

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