From "business as usual" to innovation: par funding in South Africa

When Broederlijk Delen announced its withdrawal from South Africa in 2008, our partners instinctively began looking for funding sources amongst the international donor community and were mostly unaware of potential alternatives for funding civil society initiatives. When we finally withdrew at the end of 2011, their approaches were very different. Many had successfully diversified their funding sources, including local funding.

During that period, we were not the only NGO to withdraw from South Africa. The country was working hard to profile itself as an emerging economy, becoming a member of the BRIC group (now BRICS) and strengthening its position as regional leader. As a result, many donors changed the focus of their support to the many other African countries still dangling at the bottom of all development charts.

When we announced the withdrawal to our partners we followed three main principles: we developed a tailor-made, multi-year withdrawal plan for each partner; we introduced flexible funding oriented towards financial sustainability; and we undertook targeted capacity building for institutional strengthening and fundraising. Exit strategies were developed over two-to-three years. The timeframe adopted depended on the funding cycle of the organisation and the importance of our financial contribution to its overall budget.

With each partner, we had a thorough discussion on their donor portfolio and how they saw future developments. Most partners had very little, or no, funding that originated in South Africa, despite the many opportunities present there. Government funding was considered cumbersome to apply for, unreliable, and short-term only. With a few exceptions, NGOs had no links with the private sector, be it for funding purposes, or as partners in development.

Our partners were grouped in clusters according to their main area of expertise and met on a regular basis (two to three times each year) to exchange experiences. During these meetings, a lot of attention was paid to exploring novel ways of funding and collaborating with non-traditional partners (the private sector, local government, mentoring of emerging farmers or businesses by more experienced entrepreneurs, etc.).

The Broederlijk Delen local representative played a key role in the identification of opportunities and bringing potential interested parties together. Partners were stimulated to share their experiences, both successes and failures, of local (national) fundraising and collaboration with the private sector.

As part of our exit strategy, all partners could renegotiate the use of their budgets in case they managed to secure new funding before the end of the Broederlijk Delen funding. Broederlijk Delen actively tried to link partners to new donors (within our own networks), but with limited success. This was because many of these donors were also withdrawing from South Africa, or the funding interests of donors and our partners' policies did not match.

Because of the length of our exit plan, we found that it was difficult for organisations to look beyond that timeframe, given the volatility of the donor environment that they were dealing with. Most partners thus opted for a "business as usual" planning, with only a few proposing specific initiatives that would help to improve their long-term financial sustainability. For example, one organisation opted to speed up the process of paying off the loan for its infrastructure, another to increase its fund to pre-pay its members for the craft products they produce.

Another project was already in the process of developing into a separate organisation when we announced our exit. They were granted very flexible

Children at Maptela Day Care Centre, a USAID/PEPFAR-supported day care centre for orphans and vulnerable children in Soweto.

core funding, to be used when needed over a period of three years. This enabled them to leverage other funding, make investments, use it as bridge funding for staff salaries between different projects, and so on. That partner testified that this funding, though modest in quantity, had made a huge difference to their organisation because of its unrestricted nature.

When partners submitted their last annual report in 2012, all had managed to secure at least one source of local funding. Many had signed contracts with local (or national) government agencies. Others had obtained funding from South African philanthropic foundations or had entered into collaborations with private companies.

However, private sector collaboration can be difficult. Though most of our partners were striving to improve the economic situation of their target group, many NGOs in South Africa are, or were, struggling to achieve the right balance between the social and economic development of the target group. Income generating projects were often subsidised and the long-term profitability of the businesses was poorly investigated, or overestimated.

We found that the NGOs that were most successful in fostering ties with local businesses were those training out-of-school youth. The youth get internships with local businesses and sometimes a paid job afterwards. The local business gets well-trained young people who are skilled and have developed a positive attitude towards work. Neither of these are a given in the local context.

Overall, we found that NGOs seemed reluctant to look for funding outside their natural environment. Often, getting funding from international NGOs is seen as the easiest route, because they speak the same language and share the same vision and values regarding development. It is only when these funding sources dry up that organisations are pushed out of their comfort zone and will venture into new types of relationships.

One important factor for success is the presence of innovators (or early adopters) in the partner network who are willing to share their experiences. Also important is the sustained facilitation of contacts between different parties. We noticed that it is only when relationships are built and when both parties have sufficient time to appreciate each other's challenges and approaches, that sustainable partnerships can be developed.

Suzy Serneels
Broederlijk Delen
suzy.serneels@broederlijkdelen.be