Grant Making for Poverty Reduction

Merle Favis,
Ponahalo De Beers Trusts

Injecting funding resources into poverty stricken and marginalised communities is a dangerous business. The sudden arrival of the donor's cheque can cause more problems than are solved – tensions and strife within recipient organisations, suspicion and resentment in communities and, of course the ever present problem of financial 'mismanagement' benefitting individuals. This is in addition to the many other developmental challenges and risks which can potentially undermine impact. How can we ensure that funding resources are not entering a bottomless pit, but in fact gain traction to put in motion a process of lasting developmental change aimed at taking people out of the poverty trap?

I work with the Ponahalo De Beers Trusts (PDT) – three trusts established in 2006 as a condition of the BEE transaction between De Beers Consolidated Mines (DBCM) and Ponahalo Capital. Working with a small budget of R5-6m per annum, the Trusts needed to determine how these funds could best be utilized in communities adjacent to DBCM mines, all located in resource-poor and underdeveloped rural areas.

After five years of operation the Ponahalo De Beers Trusts (PDT) have a number of established projects and programmes running in the Northern Free State (Fezile Dabi district) and the Kgatelopele district in the Northern Cape. These include:

- A multifaceted disability programme involving a number of networks and forums of people with disabilities
- A paper making enterprise run by women (Rearabetswe)
- A multifaceted development intervention in Danielskuil covering food security, healthcare and enterprise development (Kgatelopele Social Development Forum)
- An initiative to bring a comprehensive social upliftment programme to 200 of the poorest households in Viljoenskroon (Development Caravan)
- A business hub providing training, support and loans for small business outfits

PDT settled on a *proactive* grant making model, ie. an approach whereby funded projects and programmes are largely self-designed on the basis of dialogue with selected local stakeholders.

These projects were set up with a view to *unlocking capacity resources* and potential that are currently *trapped* in communities, thus using existing competencies to help break poverty cycles. The reality is that this is extremely difficult to achieve and I wish to share with you some of the difficulties involved.

What does the developmental grant maker, including government as resource redistributor-in-chief, need to think about when planning to shift finances to resource poor areas?

There is a lot working against the retention of resources in poor areas. Firstly, perhaps the key problem of underdevelopment is that the resources that do flow from 'rich' to 'poor', from economic centre to the economic margin have a habit of quickly reversing direction, without 'taking root' or contributing significantly to a sustained localized development process. For example, finances brought in or generated locally seem inevitably and speedily to flow out of these areas through the purchase of goods and services that are sourced in global or national economic centres. From Parys to Paris. Similarly, human resource skills, in as much as these develop or are placed locally will tend to flow in the same direction. The job of LED (Local Economic Development) strategies, for example, is to reverse this tendency, but it is an uphill battle. Donors and development economists and agencies spend vast quanta of energy and time trying to find ways of stimulating and kick starting local economies, but this is the subject of another discussion.

The second problem relates to the subjective factor, the weighty matter of consciousness. This is an area that receives far less attention in the same circles. And this is the focus of our discussion today.

In considering the *receptiveness* or readiness of poor communities to receive development funding, some significant problems abound. We have a growing populist[1] sub-culture in this country – nurtured and promoted from top down. Poor people see high profile political and business figures achieving 'high flyer' status through political patronage and network connections with government or ruling party. This dominant 'kits' sub-culture, personified by Malema 'icons', demands quick gratification and an easy route to success, rather than the dogged determination necessary to achieve social transformation. Most importantly, it is a trend that speaks to *individual* mobility, rather than the advancement of community. And it is an enormous problem for grant makers and other agencies given to resource redistribution.

<u>The problem with money</u>
I want to provide a recent 'case study' illustrating this trend. PDT is funding a community based organisation (CBO) for people with disabilities in the Free State. About 18 months back, the CBO went through an upheaval when two senior staff members resigned, leaving both a management and administrative gap. Understanding that there was a vacuum, we put in place an external financial control mechanism to ensure proper management of our funds. Little did we know that into this vacuum (given a new and inexperienced board and an acting director, struggling to find her feet) also flowed R 500+k of Lottery funds that were not circumscribed by these same checks and balances, but fell under the full control of a finance department that was able to expend monies without any external authorisation.

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[1] This term is used with reference to a discourse that appeals to the 'ordinary' person's needs and wishes, but which is a) not backed up by either theory or practical programme and b) serves as cover for the realization of elitist interests.

Suddenly we started perceiving heightened tensions between different groupings in the organisation, threatened resignations and more energies going into lobbying and counter-lobbying than into planned programme implementation. Initially we were perplexed by these negative dynamics, but six months later we discovered the reality behind the situation. Double salary payments, ghost volunteers, unaccounted for expenditure on day-to-day payments for food and other expenses, to mention a few. There is nothing unique about this anecdote. It is a typical (if not boring) South African story.

But from a grant maker's (not to mention beneficiaries') perspective it is a disaster. Effectively, the *life force* of the organisation had been hijacked and the good work that it had been doing at community level for many years, as well as the future prospects of a number of exciting projects were seriously placed at risk. The problem clearly resided at a governance / management level. A little vacuum here, a small oversight there, with a bit of negligence and inexperience thrown in, and Bob's-your-Uncle, and the effects of a pervasive social culture finds its way through the cracks. The bad apples were lodged in the finance department waiting to take the gap. And it was not that difficult to find others who were willing to overlook some of the niceties.

We, as PDT, acted very quickly to work with the board to regain full control of the finances and put disciplinary processes in place. The point, however, is that there was nothing terribly unusual about the situation: most organisations will face identical dangers given similar circumstances. The prevailing ethos, the individualist sub-culture of entitlement is too pervasive to ignore (and, of course, it is not restricted to resource-poor communities).

This creates a dilemma for us as donors as we need to balance trust with extreme monitoring measures, which sees us straying out of our immediate domain. We need to take care not to undermine our partners' autonomy. But, because *another* donor did not do *their* due dligence, *our* programme, along with the positive efforts of all the stakeholders, were place in great jeopardy. The job of distributing resources is not for the faint hearted!

I could go on to recount dozens of stories where agencies (often government or para-statal) parachute grants or resources in kind into poor communities without checking either the soundness of internal controls in or indeed the developmental relevance or appropriateness of their largesse to beneficiary organisations. All too often what is at stake are the fruits of patronage, election votes or budget expenditure deadlines, etc., rather than the developmental needs of communities, *per se.*

Money can kill. And these days money seems to kill more effectively and pervasively than ever before. Our challenge as bringers of resources to poor communities is fraught with danger.

Other prevailing conditions

There is a host of other local conditions that force themselves onto the donor's agenda, to name a few:

- Low base of skills knowledge and experience to push development initiatives to take development forward
- Loss of trained human resource capacity to other opportunities
- Difficulties in mobilising isolated and marginalised communities to claim their rights to resources, given existing despondency and/or passivity
- Dysfunctional local municipalities with low capacity or poor political will to deliver services

These and other conditions make it extremely difficult to ensure that incoming donor resources gain developmental traction by feeding into a cycle that sees the mobilisation and growth of local assets.

Conventional grant making approaches do not necessarily help in this context. For example, *reactive* grant making methodology that is built around funding requests from applicants to support existing development plans and strategies is not necessarily appropriate for small struggling CBO's .[2]

In what follows we present a model that attempts to address at least some of the conditions prevailing in resource poor areas:

i. Proactive Grant making
When PDT evolved its grant making strategies, these conditions typical of resource-poor communities had to be built into consideration. The favoured approach of *proactive grant making*, proposed by Isibuko Sempilo, the agency that was contracted to manage the PDT grant making process, emerged as an appropriate choice when it came to dealing with some of these negative prevailing conditions. The proactive model envisages interventions that are largely self-designed on the basis of dialogue with selected local stakeholders. As such, from the outset PDT defined itself as an *active agent* working towards developmental change. This approach elevates the grant maker as *part of* the intervention team, rather than an external party who provides funds and returns to monitor from time to time.

The mandate has allowed us to engage with both conducive and unconducive conditions, by building on the former and strategizing to identify and mitigate the latter. This has been very important, given that communities in the PDT mine vicinities are extremely marginalised. The Trusts specifically chose to work with People with Disabilities (PWD), women and youth, who are generally even more difficult to engage with because of their more extreme marginalisation and exclusion. This requires particular tenaciousness, dedication and patience; and involves 'walking along-side' beneficiaries in their own organic and fluid processes as partners in development. Thus, from the outset we have needed to experiment, innovate and be prepared to learn from our experiences and failures.

PDT implementation model (see Figure I) envisages *three key players* on each point of a triangle, who work directly in cooperation with one another to

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[2] Reactive funding is more appropriate for larger and more capacitated donor partners: NGOs that have the necessary infrastructure and human resource capacities to engage with constantly shifting development dynamics.

deliver the intervention on behalf of PDT: the donor, implementation partners and beneficiary community based organisations. The model places the *donor* in the centre of the project design process, alongside the other two agencies. From this position, we are well-placed to identify important '*centres of energy*' in the community that can form the core of projects and programmes, as well as facilitating linkages between projects and with local municipalities, business, the mines and other civil society projects, all of which is so critical for sustainable development. In order to play this role and to direct resources, including both skills and funds, to where they are most needed, PDT plays a high level (rather than day-to-day) co-ordinating role in respect of the participating role players. This is in addition its traditional administrative grant management and administrative functions.
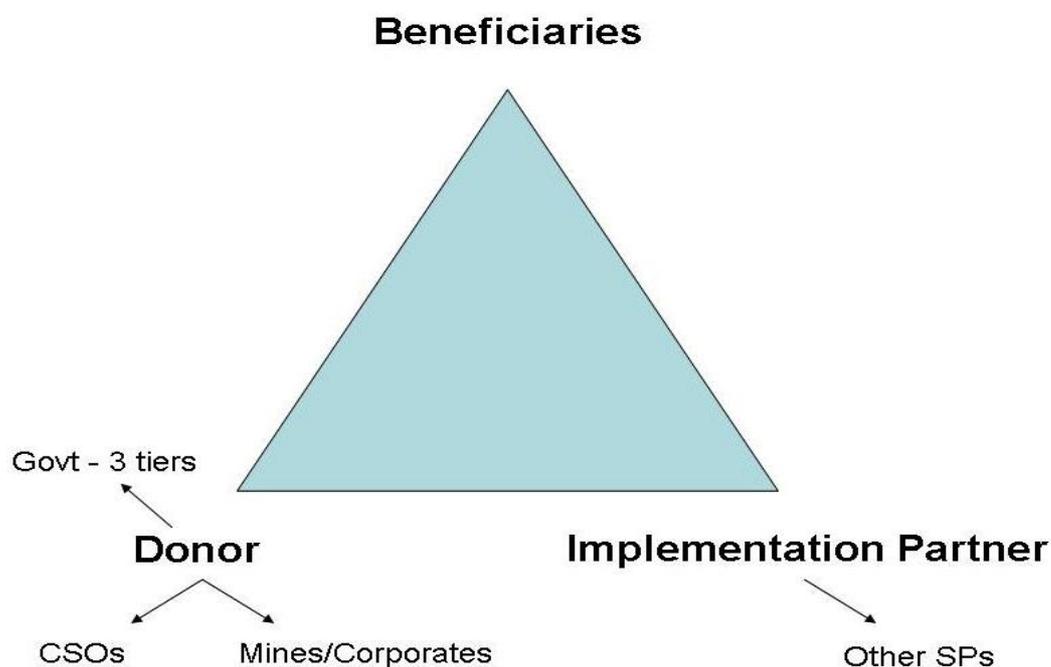
Beneficiaries

Govt - 3 tiers

Donor

CSOs   Mines/Corporates

Implementation Partner

Other SPs

Figure I: <u>PDT Implementation Model</u>

Implementation partners, on the other hand, are development intermediaries identified by PDT to provide crucial day-to-day technical skills and on-the-ground hands-on support necessary for development in highly marginalised communities. Finding the right implementation partners who have specialised skills, relevant experience, capacity and local / sectoral knowledge is crucial to the model. These are the development intermediaries that are often best able to navigate the difficulties of creating development impacts in marginalised communities. They are also able to bring tested methodologies to the process and introduce greater degrees of accountability (specifically where they act as funding channels to local organisations with weak financial systems). In our experience, capacitated service providers have proven to be a key backbone of our interventions.

Most importantly, the model relies on the *beneficiary CBO* as the long term driving force of the initiative – a 'centre of energy' that embodies the vision, commitment and resilience to take the project / programme forward and, where appropriate act as a vehicle for reaching out to relevant community target groups that should benefit from the initiative. Above all, the organisational heath of the beneficiary CBO is of prime importance. The job of the donors and implementation intermediaries respectively is to understand and respond to their needs in this regard. This is often, but not always, entails an activist developmental role, as described in section iii below.

ii. Systemic Change

Development is a multi-faceted, complex and long-term process that requires more than the simple influx of resources. Adopting a systemic approach enhances the depth and sustainability of desired, positive impacts. A system can be described as a set of components or parts that are connected to one another, and that are often located around a common purpose or goal.[3] So, in terms of social and economic development, the key elements in the system can be seen as individuals, the family, the community, social, economic and government institutions etc.
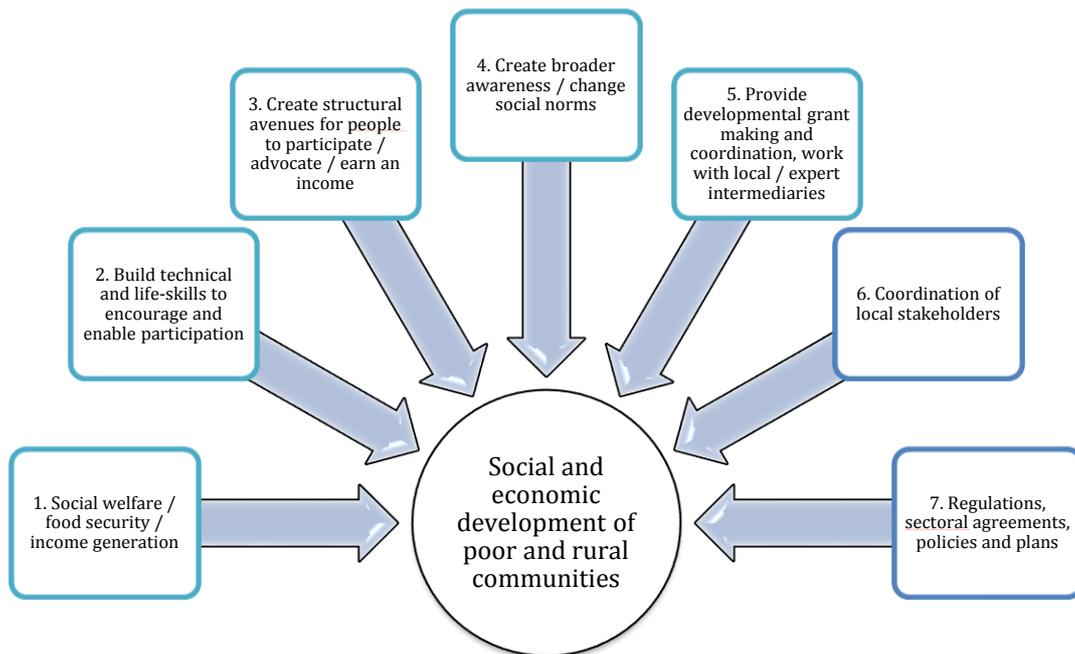
Similary, people and communities do not experience their problems in isolation and within the silos that often form the basis of sector-based project frameworks[4] (which we donors love because that gives us something clear cut, tangible, time bound and manageable to address through our resource provision). In reality, food insecurity might be integrally connected to domestic violence, which is integrally connected to HIV which is integrally connected to water issues etc. etc. Our communities are embedded within systems and these we need to understand if we are to be part of the change process.

In Figure II[5] below, we outline the seven key systemic elements that PDT works with in our programme / project interventions.

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[3]Wulczyn, Daro, Fluke, Feldman, Glodek, Lifanda (2010), "Adapting a Systems Approach to Child Protection: Key Concepts and Considerations", UNICEF, New York.

[4] Consequently, it may be more appropriate to design and fund interventions that are programmatic rather than project based. The former approach acknowledges the multi-layered, complex, calcified and interlinked causality underlying people's experiences. It understands that these issues need to be addressed over a much longer period of time than is convenient for our decision making processes; and that it requires honing in on a situation from three or four different angles because that set of problems is overlaid by a number of factors working together to produce a negative result.

[5] Southern Hemisphere PDT Evaluation Report

1. Social welfare / food security / income generation
2. Build technical and life-skills to encourage and enable participation
3. Create structural avenues for people to participate / advocate / earn an income
4. Create broader awareness / change social norms
5. Provide developmental grant making and coordination, work with local / expert intermediaries
6. Coordination of local stakeholders
7. Regulations, sectoral agreements, policies and plans

Social and economic development of poor and rural communities

1. Social welfare, food security and income generation are important to assist people in meeting their minimum basic needs.
2. Strengthening the life skills, technical skills and organisational skills of people so that they are able fully to participate in and continue to own their development process.
3. Creating or strengthening local avenues to allow people to participate constructively in society. These might be social movements, local community-based networks, forums or entrepreneurial enterprises and, depending on the situation would include an advocacy element.
4. Changing social norms to support development, rights based approaches, and so on.
5. Resource flows, including finance, equipment, venues, local expertise, etcetera.
6. Ensuring that local stakeholders are engaged and are able to coordinate their strategies, activities and resources, for example the private sector, the three tiers of government and civil society.
7. Continued engagement with government legislation, policy, strategy, and programmes. For example, in the case of PDT, the key relevant legislation is the Mineral and Petroleum Resources Development (MPRD) Act No 28 (amended in 2008) and the Mining Charter.

Each PDT intervention has addressed various systemic elements in different ways. For example, through the Disability Programme:
- There has been a conscious effort to build structures through which People with Disabilities (PWD) can organise in support of their rights, through the strengthening of individual disability structures and the creation of the Disability Networks and Forums (Element 3).
- At the same time, it has been essential to 'conscientise' individual PWDs - and community members - about the rights of PWD so that they can effectively use these structures to mobilise and campaign. This was addressed via the advocacy training and campaign

        support offered by ACESS and other intermediaries (Elements 2, 4 & 5).
- Use of the Employment Equity Act to promote secure jobs for PWD at the Voorspoed Mine (Elements 1 & 7).

Without a multi-year funding framework and one that takes account of at least a proportion of core costs, it would be impossible to engage in this systemic change model. In practice, during this first five year phase, PDT's focus has been on delivering elements one to five, in particular, strengthening people on an individual level, strengthening existing organisations and building community structures and local businesses, and changing mind-sets and social norms. From this platform, we plan to give more attention to the two last mentioned elements: coordination of stakeholders and leveraging the legislative context.

iii. The subjective factor – individual and community awareness

Within the systemic change model, it is critically important to accentuate the elements that deal with subjective change -

> 'Social systems are *human* systems (emphasis added). They are complex systems…(w)hich means they have to be invited, enticed, seduced, engaged into participating."[6]

One might add that the terrain of human motivation or intentionality is extremely complex – for the good and for the bad. Because development is ultimately a collective endeavour and people are individuals, unless we work with people 'from where they at', development initiatives will always face 'people' risks – conflict, resistance, paralysis, destructive playing out of tensions, individual desire for wealth and power, intentional sabotage, etcetera. These are realities that we ignore at our peril, whether we are distributors of small scale donor aid or huge government resource packages. This is well illustrated by the little cameo on financial mismanagement above.

For this reason, PDT has placed special emphasis on *interaction* with our partners and project stakeholders with a view to providing a range of different inputs: training and skills development, workshop facilitation and formal and informal mentoring (often on one-to-one basis). These different forms of capacity building engagement provide multiple opportunities to work with people on different levels, to engage their thinking, attitudes, motivations, dreams and to provide an overall learning environment for all involved. The importance of this as a component of resource distribution cannot be overemphasized as the ultimate success of any development intervention rests with the motivation, commitment and resilience of target and beneficiary groups.

It has become a truism that empowerment and beneficiary participation are critical elements of the development process. But all too often this is either

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[6] Block P, forward to Inviting Everyone: Healing Healthcare through Positive Deviance, Singhal A, Buscell P, Lindberg C, Plexus Press New Jersey, 2010

ignored or narrowly interpreted as the provision of once-off workshops by those who bring resources into poor communities.

The table below illustrates the range of capacity building interventions needed in a comprehensive development initiative.

	Individual benefits	Family benefits	Community benefits	Organisational benefits
Technical training & informational inputs	Artisan, craft, business, semi-professional, practical income-generating skills > raised income levels	> income levels food security access to grants, legal advice healthcare	> access to information, local economy stimulated	Strengthening organisational systems; Skills in running organisations – governance, financial mgmt, admin, linkages & access to resources, stakeholder co-ordination
Life Skills	Personal empowerment. Confidence building & ability to assert needs,	Possible +ve spin-offs in family dynamics	> New initiatives taken in community through increased leadership	leadership qualities brought out & developed > more positive organisational health & dynamics, promote positive deviants & new +ve organisational cultures
	Individual benefits	Family benefits	Community benefits	Organisational benefits
Advocacy Skills	Confidence building & ability to assert needs	Advocacy success brings Income benefits – access to services, grants, contracts, strengthen safety nets	> Outreach into community, promotes self organising dynamic, new networks & structures, local economy stimulated, strengthen govt accountability & delivery	Opens up new avenues for promoting aims of organisation; social networking strengthened; removing obstacles
Awareness raising (rights etc)	Promoting Voice; promoting sound basis for asserting individual needs	+ve Family spin-offs; changing attitudes	Create fertile ground for mobilising affected target groups; change attitudes in community to –ve norms & values	Independent initiatives taken; promoting collective Voice
Strategic planning & evaluation	Promotes individual leader ship qualities & reflective abilities			Improved organisational effectiveness & services; Improved stakeholder co-ordination

To give a more concrete sense of these capacity building interventions:

- At the outset of the Disability Programme we found that PWD were so disempowered that they did not realise that they had basic Constitutional rights, let alone that they could use structures to demand access to such rights. Through a concerted **awareness** and **advocacy** initiative[7] members of various disability networks have come to understand these rights and, despite the many structural constraints that they face, are now able to affect some degree of positive change, both in their own lives and those of other PWD. They are also beginning to envisage what impacts may be possible if they continue to mobilise in support of such rights.

- Similarly, by providing **technical and skills training** to Home-based Carers, candidate auxiliary social workers and even community gardeners in the Development Caravan and Danielskuil projects respectively, community safety nets are being significantly strengthened and the reach of government social and health service is being extended[8].

- **Life skills** training provided to community members through the KSDF project has unlocked significant local energy and self belief which the Forum has succeeded in channeling into community action.

- Continuous weekly **mentoring** has been made available to the Rearabetswe Paper Making enterprise to provide ongoing hand holding support to its members.

Conclusions

What does all this say about resource allocations in poverty pockets? As an allocator of resources, it is crucial to recognise that development is a long-term and complex process that addresses multiple social problems, and where the outcomes are often unpredictable. Charitable interventions and parachuting or dumping of resources in impoverished communities will at best maintain the status quo, and at worst damage the long term capacity and resilience of local communities.

The onus is on the provider to ensure that a whole range of factors are in place *as a prerequisite* for a decision in favour of resource allocation, without

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[7] Implemented by ACESS, a Cape Town NGO, specializing in advocacy training

[8] There has also been a 'spill-over' effect in Danielskuil where increasing numbers of people are establishing home gardens, that are supplied with seedlings from the KSDF garden nursery. The gardeners also have a vision to teach gardening skills, and healthy eating, to the local children, thus helping communities to take care of themselves and build self-reliance.

which the absorptive capacity for resources will be in question. In our experience a number of key strategies should be recognised:

- The value of developing a grant making model that includes a direct implementation role for the grant maker
- The role of specialist intermediaries to provide strategic capacity building and development inputs
- The role of a facility to provide ongoing hand-holding / mentoring to deal with immediate and acute challenges (both internal and external)
- The role of personal empowerment in a context where people are 'poor in self-belief and self motivation' leading to a lack of agency. It is not only **objective** causes that need to be addressed by development interventions, but the **subjective** willingness, leadership and capacity to take on the challenge.

What is needed is to build the capacity of local organisations to take care of the needs of the communities themselves. Individual organisations cannot do this alone and need to be part of networks and form strong relationships with various key stakeholders (including government and local business). Recognising this, the focus of PDT's capacity building approach has been to build local organisations by strengthening their organisational systems and processes (organisation development), by strengthening the skills of the individuals who work or volunteer for them, and by strengthening the networks that they belong to.