

FUNDING OF CHILDREN'S ACT-RELATED SERVICES

By Debbie Budlender, Leilanie Williams, Querida Saal and Thulani Sineke of the Community Agency for Social Enquiry and Paula Proudlock of the Children's Institute, University of Cape Town





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We hope that this report will contribute to improved funding for Children's Act-related services, and to improved well-being and happiness for the children of South Africa.

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Acronyms and abbreviations

ACCESS	Alliance for Children's Entitlement to Social Security
CARe	Centre for Actuarial Research, University of Cape Town
C A S E	Community Agency for Social Enquiry
CBO	Community-based organisation
CI	Children's Institute, University of Cape Town
CSI	Corporate social investment
DSD	Department of Social Development
ECD	Early childhood development
FBO	Faith-based organisation
FC	Full cost
IP	Implementation plan
LINC	Leadership and Innovation Network for the Collaboration in the Children's Sector
M&E	Monitoring and evaluation
MTEF	Medium-term expenditure framework
NDA	National Development Agency
NGO	Non-governmental organisation
NLDTF	National Lottery Distribution Trust Fund
NPO	Non-profit organisation
ODA	Official development assistance
UN	United Nations
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development

Executive summary

Introduction

This report presents the findings of research undertaken to track donor funding for the delivery of services covered by South Africa's Children's Act 38 of 2005. It focuses on the services that lie in the area of responsibility of the provincial Departments of Social Development (DSDs).

Analysis conducted to date by the Children's Institute (CI) and Centre for Actuarial Research (CARE) has suggested that government budget allocations (and expenditure) for all service areas covered by the Children's Act are insufficient when measured against even the lowest level of provision costed in the study commissioned by government some years ago (Barberton, 2006). Government transfers just over 50 percent of its provincial social welfare budgets to non-governmental organisations (NGOs) to deliver services to vulnerable groups. The funding from government is only partial funding, and the NGOs raise funds to make up the difference.

To date, little information has been available on how much donors contribute to Children's Act services. This report aims to provide information on funds made available through international and national donors, and to combine this information with findings gathered through monitoring government funding to provide a composite picture of funding of Children's Act services.

Information was gathered primarily through interviews with donors, and non-profit organisations (NPOs) delivering Children's Act-related services. The latter included larger national NPOs and networks, as well as 10 smaller organisations from provinces other than Gauteng, Western Cape and KwaZulu-Natal. A total of 67 donors were approached. Of these, 48 completed questionnaires, with a further nine saying that they did not fund children's services, five not available for interviews, and five not responding to repeated requests for an interview. If we exclude those that did not fund children's services, the response rate was 83 percent.

Donors were grouped into six categories:

- Official development assistance (ODA) from foreign governments
- International NGOs
- International foundations
- National private business donors
- National foundations, trusts or NGOs
- The National Development Agency (NDA) and National Lottery Distribution Trust Fund (NLDTF), which are referred to as "government-related donors" in this report.

Given the scope of donor funding – including the number of unknown donors and service delivery organisations – a full census would be impossible. Nevertheless, the research provides an initial "big picture" view of the funding situation.

Findings of the donor survey

Bilateral and multilateral donors were more likely than other donors to fund national government. All the bi- and multilateral donors that funded national government said that this included funding for child-related services. Only this group of donors reported that they provided funding to provincial government for child-related services. Only two bi/multilaterals and one national private business donor/trust funded local government for child-related services.

Other highlights of the research include the following:

- A total of 39 donors said that they funded NGOs or NPOs for child-related services, 26 said that they funded community-based organisations (CBOs) and 10 said they funded faith-based organisations (FBOs).
- More than four-fifths (43) of respondents said that it was compulsory for organisations that they funded to be registered with the DSD as NPOs. Similar numbers said that it was compulsory for organisations to have audited financial statements (40) and formal governing boards (41) to qualify for funding.
- More than half of the donors used a public, open application process to select organisations for funding, while two-fifths approached organisations and asked them to submit proposals.
- About half (22) of donors interviewed said 12 months was the typical period covered by a funding agreement.
- More than half of the donors funded home- and community-based care and support for orphans and vulnerable children, child and youth care centres, programmes that help families become self-sufficient, and programmes helping families access information and early childhood development (ECD) services.

In analysing the amounts here and elsewhere, we calculated both means and medians. The mean represents the total amount of funding from all reporting donors divided by the number of reporting donors. The median represents the mid-point amount, for example the donor half-way down a list of donors ranked from highest to lowest contributors. Unlike the mean, the median is not affected by “outliers”, i.e. by very small or very large amounts in the sample.

Of the 32 donors able to provide information on funding in recent years, the mean amounts were R72.7 million for all activities and R16.2 million for child-related services in the previous financial year. The fact that the medians (R13.9 million and R6.4 million respectively) are much lower than the means suggests that the means have been biased upward by a small number of large donors. If analysis is restricted to the 26 donors that could provide estimates of child-related funding for both the current and next year, the mean for the current year is R32.2 million, with a median of R9.6 million, and the mean for the next financial year is R20.4 million, with a median of R5.4 million. This suggests a serious decline in total available funding.

About half (23) of the donors planned to continue with a constant amount of funding for child-related funding over the next five years, 11 expected an increased level, and seven expected a decreased level. When asked about line items funded, about three-quarters of donors noted that they funded costs related to (a) management, administration or overheads and (b) organisational development of funded organisations. More than three-fifths of donors

funded costs associated with volunteers, goods and services (such as transport, water and electricity), and staff. This leaves many donors that did not fund these essential service delivery costs.

Findings of the survey of non-profit organisations

There were 30 NPOs in our sample. Of these, 11 were classified as larger NGOs, nine as child and youth care centres and 10 as smaller, grassroots-level NGOs or CBOs. Notable findings include the following:

- Of the 30 organisations, 19 had only one office. Organisations were more likely to name Limpopo, KwaZulu-Natal and Gauteng than other provinces as the location of their offices and their child-targeted projects or programmes.¹
- More than half of respondents said they were delivering home- and community-based care and support for orphans and vulnerable children, child and/or family counselling and family preservation services, child protection services, programmes that help families become self-sufficient or programmes that provided families with information to help them access government or NPO services.
- Of the 23 organisations that could provide information for both 2008 and 2009, the mean amount budgeted for child-related services increased from R8.7 million in 2008 to R9.1 million in 2009. Fourteen organisations reported a larger amount for 2009 than 2008, four reported the same amount, and five reported a decrease from 2008 to 2009. More than half the respondents expected their budget for child-related services to increase in the future. Smaller NGOs and CBOs were much more likely than child and youth care centres or large NGOs to say that their expenditure would increase.
- Over the medium term, four respondents expected a decrease in their Children's Act-related budgets by 2015 as a result of donor funding withdrawals or decreases.
- Most respondents said that management and administration costs were mainly covered by funders, whether government or donors.
- About three-quarters of the respondents received part of their child-related funding from government. Five said that 100 percent of their child-related funding came from government; five received 60 percent or more from bi- and multilateral donors.

NPO respondents were asked about the advantages and challenges associated with the various types of donors and government. For most donor types, the number of respondents naming disadvantages was similar to the number naming advantages. However, disadvantages were noticeably more commonly cited for government, while advantages were noticeably more common for national private business donors/trusts. Delayed or insufficient funding was the most common complaint regarding government funding.

Across virtually all types of funders, including government, NPOs are hampered by the fact that funding amounts are specified for a limited period. Many donors could not provide us with estimates of current and future funding of child-related services. This uncertainty frustrates attempts to plan sustainable service delivery.

¹ The prevalence of Limpopo is likely because four of the randomly selected organisations are in that province.

Analysis and conclusion

The final chapter of the report draws together evidence relating to adequacy of available budgets when compared to projected costs of implementation of the Children's Act, effectiveness and efficiency of funding, and aid effectiveness.

The costing of the Children's Bill commissioned by government from Cornerstone Economic Research (Barborton, 2006) provides a relatively objective basis against which to assess the adequacy of current funding. It provides estimates over a period of six years to allow for phasing in and expansion of services over time. The comparison is complicated by various factors, including that the costing exercise considered four different scenarios, namely the implementation plan (IP) low and high scenarios and the full cost (FC) low and high scenarios. The high and low scenarios reflect different levels of quality of service delivery – the former “good practice” standards for all services, the latter assigning less importance to the standards.

Overall, the estimates from the costing provide a relatively good measure of a lower bound of what is needed by both government and NGOs together to deliver the necessary services.

Government budgets are allocated for programmes and sub-programmes that reflect broad areas of activity. Across the nine provinces, the provincial DSD allocations for the three sub-programmes that relate directly to the Children's Act amount to R3.4 billion in 2010/11. This includes money used to fund delivery of services by government, as well as money transferred to NPOs for service delivery. The amount is equivalent to about 45 percent of the IP low cost estimate for year two, and about 5 percent of the FC high cost estimate for the same year.

This R3.4 billion can be compared with the R0.9 billion reported by the 33 donors that provided an estimate of the amount allocated to government and NGOs for Children's Act-related funding in the current financial year. If we extrapolate to the full 48 donors using the geometric mean for those providing information, the total would be R1.0 billion. Adding this amount from donors to government's R3.4 billion, we get a total of R4.4 billion. This is equivalent to 59 percent of the IP low scenario for year two as adjusted for inflation, and only 8 percent of the FC high scenario.

This measure of adequacy is overly optimistic, ignoring part of the cost of non-mandatory services and the parliamentary amendment that made a number of the prevention and early intervention services mandatory. An alternative comparison reaches a similar conclusion.

In summary, combined funds currently available from donors and government for child-related services do not come close to meeting the costs of the services that are required. This worrying picture is exacerbated by indications that donor funding could decrease over time. Indeed, there are clear indications of such plans from at least one of the large bilateral donors.

In terms of effectiveness, the responses from both donors and NGOs suggest that all of the Children's Act service areas are covered to some extent, with policy development the least likely area to be funded. The largest amounts of Children's Act-related funding were allocated to areas of service that are non-mandatory for government, such as programmes that assist families to become self-sufficient and ECD.

One indicator of efficiency is the proportion of funds spent on service delivery versus the amounts spent on management and administration. About a quarter of donors seem to expect NGOs to find the money for management and administration from other sources.

Equally worrying, more than a fifth of donors did not fund staff, volunteers, goods and services. Just over half of the donors covered monitoring and evaluation (M&E) costs.

Aid effectiveness is a concept that relates primarily to bi- and multilateral donors. The enactment of the Children's Act could be seen as a sign of national ownership, which is one of the five core principles of the Paris Declaration on Aid Effectiveness. This leaves the question of whether the other Paris Declaration principles are being observed in ensuring that the commitments of the Children's Act are realised.

Introduction

Since 2007, CI and CARE, both at the University of Cape Town, have produced an annual analysis of the budgets of the national and provincial DSDs allocated for activities and services related to the Children's Act (Budlender and Proudlock 2010a).

Children's Act services are, however, not funded exclusively or comprehensively by the DSD or even by government as a whole. A host of donors provide complementary funding to help address the shortfall in government allocations. This document summarises research to date on the funding of Children's Act-related services in South Africa and presents new research that tracks donor funding for the delivery of these services.

This first chapter of the report provides background on the Children's Act and describes the focus and scope of the current research.

Service delivery areas in the Children's Act

The Children's Act 38 of 2005 as amended covers many different areas of service. Responsibilities for providing and funding these services are placed on the Departments of Justice and Constitutional Development, Social Development, Education and Health. Of all departments, the DSD has by far the greatest responsibilities in terms of this act, with the provincial DSDs playing the central role in service delivery.

Each area of service in the Children's Act has its own chapter that describes the type of programmes that fall into that particular service area. The following list summarises what is covered in each of the chapters:

Partial care and ECD – Chapters 5 and 6

- Crèches
- ECD centres
- ECD programmes provided in a centre
- ECD outreach programmes not provided in a centre (for example, home visits to mothers with newborn babies and to homes in which there are young children, playgroups that bring children who do not attend centres together, and capacity-building workshops for parents and other caregivers)
- After-school supervision and partial care (care that is not full-time) for children of all ages
- Partial care and ECD programmes for children with disabilities.

Protection services – Chapter 7

- Identification and voluntary reporting of children in need of care and protection, follow-up investigations by social workers and possible children's court inquiry
- Mandatory reporting and investigations of cases of physical and sexual abuse and deliberate neglect and follow-up of court reports and court inquiries
- Emergency removals of children at risk of harm and placement in temporary care in a place of safety or with a private individual
- Child protection register (records and tracks all mandatory reports, and lists persons who are unfit to work with children to exclude them from positions in which they would have access to children)
- Mentorship schemes for child-headed households (projects that assist these children to access social grants and other services such as water, electricity, health care, protection and education).

Prevention and early intervention services – Chapter 8

- Family preservation services
- Parenting skills programmes/counselling
- Parenting skills programmes/counselling and support groups for parents of children with disabilities and chronic illnesses
- Parenting skills programmes and counselling to teach parents positive, non-violent forms of discipline
- Psychological, rehabilitation and therapeutic programmes for children who have suffered abuse, neglect, trauma, grief, loss or who have behaviour or substance abuse problems
- Diverting children in trouble with the law away from the criminal justice system and into diversion programmes
- Programmes aimed at strengthening/supporting families to prevent children from having to be removed into child and youth care centres
- Programmes that support and assist families who have a member (child or adult) who is chronically or terminally ill (home- and community-based care)
- Programmes that provide families with information on how to access government and NPO services (water, electricity, housing, grants, education, police, courts, private maintenance, food parcels, protection services, health services)
- Programmes that assist and empower families to obtain basic necessities for themselves (e.g. skills development projects, sustainable livelihoods programmes, sewing projects, expanded public works projects and stipends, food garden and farming projects).

Foster care and cluster foster care – Chapter 12

- Recruiting and training of foster parents
- Processing foster care applications through the children's court
- Monitoring foster care placements and supporting foster parents
- Managing cluster foster care schemes.

Child and youth care centres – Chapter 13

“Child and youth care centre” is the umbrella term for the various forms of residential care including places of safety, children's homes, shelters for children on the street, schools of industry, reform schools, and secure care centres. Child and youth care centres that qualify for funding include centres that run programmes for children:

- Needing temporary safe care to protect them from abuse or neglect or pending an assessment or final court order (traditionally known as “places of safety”)
- Needing more long-term care because they cannot live with their family (traditionally known as “children's homes”)
- Awaiting trial or sentence (normally in places of safety or secure care centres)
- Living on the streets (traditionally known as “shelters”)
- With behavioural, psychological and emotional difficulties
- With disabilities and who require protection and care (special schools for children with disabilities that include hostels do not fall under the Children's Act)
- With chronic illnesses and who require protection and care (hospices for babies and children with terminal illnesses fall under the National Health Act)
- With alcohol or drug addictions (drug rehabilitation centres fall under the Prevention and Treatment of Substance Abuse Act, but child and youth care centres may also provide drug addiction programmes)
- With psychiatric conditions and who require care and protection (accommodation of children with psychiatric conditions in hospitals specialising in mental health services falls under the Mental Health Care and National Health Care Act)
- Who need assistance with the transition when leaving the centre at the age of 18.

Drop-in centres – Chapter 14

Centres where vulnerable children can “drop in” during the day or night for, among others, basic services including food, school attendance support, personal hygiene such as baths and showers, and laundry services.

Adoption and inter-country adoption – Chapters 15 and 16

- Recruiting and assessing adoptive parents
- Processing adoption applications through the children’s court
- Monitoring new adoptions
- Counselling adoptees and their biological parents, adoptive parents or previous adoptive parents seeking access to the adoption record
- Facilitating the implementation of post-adoption agreements.

The chapter for each area includes a “provisioning clause” which states the nature of government’s obligation to provide the financial resources necessary for the service.

Provisioning clauses in the Children’s Act

As summarised in Table 1, the provisioning clauses for prevention and early intervention services, protection services (including child-headed household mentorship schemes, foster care and adoption), and child and youth care centres say that the Member of the Executive Council (the provincial “minister”) “must, from money appropriated by the relevant provincial legislature, provide and fund” these services. For partial care, ECD, and drop-in centres, the provisioning clauses say that the Member of the Executive Council “may, from money appropriated by the relevant provincial legislature, provide and fund these services. This means that the provincial governments can decide not to provide these services at all or to fund them only partially. The act also states that for these service areas priority must be given to funding of services in communities where families lack the means of providing proper shelter, food and other basic necessities to their children, and to ensure that services are accessible to children with disabilities.

Table 1. Provisioning clauses in the Children’s Act

Clause	Type of service
“must provide and fund”	
105	Child protection services
146	Prevention and early intervention programmes
193	Child and youth care centres
“may provide and fund”	
78	Partial care
93	ECD programmes
215	Drop-in centres

The need for the current research

The analysis conducted to date by CI and CARE suggests that government budget allocations (and expenditure) for all service areas are insufficient when measured against even the lowest level of provision costed in the study commissioned by government some years ago (Barberton, 2006). The CI and CARE analysis also revealed significant variation across provinces in levels of funding and that the gap between the allocated funding and the needed funds is set to increase over the next three years. The most recent analysis is found in *The Children’s Act has commenced: Are the 2010/11 budgets of the provincial departments of social development adequate to implement it?* (Budlender and Proudlock, 2010). Earlier analysis can be found on the CI website (www.ci.org.za).

The analysis produced by CI and CARE has evoked interest from government, provincial legislatures, NGOs that provide services for and/or do advocacy for children's rights, as well as donors. In response to the 2009 report, diverse actors expressed interest in knowing more about the other sources of funds for provision of services related to the Children's Act. There was particular interest in knowing more about funding for service delivery by NGOs. The analysis of government budgets showed that, on average, government transfers over 50 percent of its provincial social welfare budgets to NGOs to deliver services to vulnerable groups. The funding from government is only partial funding and the NGOs make up the difference through fundraising from international and South African donors. However, anecdotal evidence from donors and NGOs suggested that the global economic recession was starting to impact negatively on donor funding flows to NGOs. This did not bode well for vulnerable children – the ultimate beneficiaries of the services provided by the NGOs. The number of such children and their degree of vulnerability was likely to increase with the recession. The trends also did not bode well for the country's efforts to reduce the gap between the level of need for services and the level of service delivery currently being provided.

While government funding of NGOs has been monitored, there is very little information available on how much international and national donors are contributing towards Children's Act services and the trends in this provision. This information is needed and valuable because of the substantial unfulfilled needs of children and the importance of solid information about need and current coverage if government and donors are to increase the money available and cover under-funded areas.

Recognising the importance of this information, the National Treasury and Leadership and Innovation Network for the Collaboration in the Children's Sector (LINC) assisted in finding partners – the United Nations Children's Fund (UNICEF, for the research component) and USAID (for the dissemination component) – to fund and disseminate research that would attempt to fill this information gap. The new primary research on donor funding could then be combined with existing findings on government funding to provide a fuller picture of funding of Children's Act-related services.

The proposal for the research was discussed with government departments, key donors and NGOs to ensure that it covered as many issues as possible to improve the flow of funds to Children's Act services. The proposal was also presented and discussed at a well-attended meeting co-hosted by the National Treasury and LINC in early December 2009. The meeting had good representation of the national DSD and donors, as well as some NGOs.

Funding was duly secured. C A S E and CI were commissioned to conduct the research and dissemination, with C A S E bearing the main responsibility for research, and CI bearing the main responsibility for dissemination. The research was done during 2010.

A reference group was established to advise the researchers. Reference group members were Brenton van Vrede and Monwabisi Danstle (National Treasury), George Laryea-Adjei (UNICEF), Fanie Esterhuizen and Gigi Gosnell (DSD), Ntjantja Ned (Hollard Foundation), Russell Davies (formerly Hope HIV and currently Rural Education Access Programme), Jackie Loffell (Johannesburg Child Welfare), Merle Allsopp (National Association of Child Care Workers), and Kevin Roussel (Alliance for Children's Entitlement to Social Security [ACCESS]).

Objectives of this research

The overall objective of the research and communication is to promote improved coordination of the available funding and to advocate for an increase in the amount of funding available for implementation of the Children's Act. In particular, the objective is to increase provision in areas (both geographical and service related) that are most seriously under-funded. It is hoped that the research findings will help enhance the efficiency and effectiveness of funding and avoid concentration in certain services and areas while neglecting others.

In order to achieve this, the research and communication aims to:

- Provide information on funds made available through ODA, international NGOs, and national foundations and donors to support Children's Act-related activities and, in particular, provision of services related to the Children's Act.
- Combine this research with information gathered through monitoring government funding to provide a composite picture of funding of Children's Act services.
- Enhance the knowledge of the different funders (including government) on the types of services that the Children's Act provides for, and the extent that they are covered by different funding sources.
- Increase the knowledge of national and provincial government departments and NGOs about available funding sources; focus, conditions and funding modalities of different sources; and the existing gaps in coverage in terms of services, groups covered and geographical areas, among others, to enhance fundraising, service delivery expansion, and advocacy for children.

Focus

The research focuses on the funding of the Children's Act-related service delivery as elaborated above. Information was, however, also gathered about funding of other activities, such as development of policy and regulations, and research and M&E related to the act.

Information was gathered primarily through structured interviews with donors and NPOs delivering Children's Act-related services.

The questionnaire for donors asked about funding provided to national and provincial government departments, as well as to NGOs that deliver services and undertake other activities related to the Children's Act and/or that act as conduits for smaller NGOs delivering such services.

The Children's Act does not cover formal primary and secondary education, as these are covered in separate legislation. The research therefore explicitly excluded funding for formal primary and secondary education. However, the Children's Act *does* cover life skills education, parenting skills training, family life education, projects attached to schools that provide social support to vulnerable children, and other forms of preventive education as implemented by child and family service workers. The act also covers early childhood education and development. The questionnaire asked about funding of all forms of education, but attempted to separate out funding for services falling under the Children's Act.

The research did not cover ECD as fully as the other service areas because NGOs delivering these services were not included in the sample. This choice was made in light of the large number of centres in the country and thus the challenge of getting an adequate sample, as well as the fact that there were other projects – including a multi-year study by the Human Sciences Research Council – investigating ECD. A further complication is that some ECD centres are run for for-profit enterprises, generally owned and managed by self-

employed women, rather than NGOs. However, below we summarise some of the most relevant findings from a UNICEF-supported public expenditure tracking survey of ECD centres.

The research did not cover reform schools and schools of industry as these are all run and funded by government (and currently fall under the provincial departments of education). The research also did not cover diversion services and secure care centres comprehensively given the strong overlap with the Child Justice Act 75 of 2008, and the fact that secure care centres are generally run by government or funded as public-private partnerships with business rather than through funding of NGOs. (As far as we are aware, the public-private partnership model is not currently used for other Children's Act services.) These service areas were thus not taken into account when selecting the NGO sample for the survey. However, NGO interviewees were prompted on these areas of service on the understanding that some would deliver these services alongside other services. Interviews with donors enquired into funding of all service areas of the Children's Act, including ECD and diversion services.

The research aimed to gather information that would allow analysis of the following issues, among others:

- Adequacy of available budgets versus projected costs of implementation of the Children's Act
- Effectiveness of funding, including type of services funded and type of costs covered
- Efficiency, in terms of proportion of funds spent on service delivery and management and administration
- Aid effectiveness, in terms of alignment of funding with the act, harmonisation across different donors, and predictability of donor funds.

Definite conclusions on these aspects are not possible given the nature of the research, including the incomplete sample. However, some questions were included that give indications on each of these issues, and the findings are discussed in the analysis section of this report.

Research method

The primary research gathered information from two angles, representing the “sources” and “destinations” of the funding respectively.

For *sources*, information was gathered from:

- ODA agencies (both bilateral and multilateral) known or thought to provide funding for children
- International NGOs and foundations
- National donors and businesses, sourced from the AIDSbuzz database, the Trialogue’s *CSI Handbook*, as well as donors identified in the annual reports of the larger NGOs
- Government-related development funds (NLDTF and NDA).

Regarding *destination*, information was gathered from a selection of large NGOs, with a focus on those that have significant coverage and those that act as a funding conduit for smaller NGOs. In total, 32 NGOs and CBOs were approached, and responses were obtained from 30. The remaining two could not answer our questionnaire within the allotted time. Finding smaller organisations to interview was difficult, which suggests a high rate of closure among these organisations due to lack of finances. Planned coverage of the different service areas was as follows:

- Child protection services: Child Welfare (covering national and three sub-national offices)
- Child and youth care centres: National Association of Child Care Workers and nine child and youth care centres (one per province, with a mix of urban and rural)
- Home-based care/support for orphans and other vulnerable children: Children in Distress Network; Community Health and Information Network; Isibindi (National Association of Child Care Workers); Asibavikele (Child Welfare); Nurturing Orphans of AIDS for Humanity; Olive Leaf Foundation (former HOPE Worldwide affiliate); Heartbeat
- Child and family counselling: Childline and Family and Marriage Association of South Africa.

In addition, the research team aimed to interview 10 smaller NGOs, CBOs or FBOs selected from among members of ACCESS. These interviews, covering a small and unrepresentative sample, indicate what the funding scenario looks like for a smaller, more grassroots organisation.

Given the smaller number of NGOs to be interviewed, these interviews were somewhat more open ended than those for donors. As with donors, however, the interviews included questions that aim to provide comparable quantitative information across the different NGOs.

The interviews were conducted telephonically using a structured interview schedule that included both closed- and open-ended questions. The questionnaire was provided in advance so that interviewees could prepare for the interview. Along with the questionnaire, donor interviewees were also provided with a letter from National Treasury and UNICEF South Africa explaining the importance of the research and requesting their cooperation.

In some cases, informants chose to complete the questionnaire themselves rather than being interviewed. All questionnaires were carefully checked after the interview and/or self-completion, and follow-up done on responses that were unclear or contradictory. To cater for the fact that some interviewees would not be aware of the details of the Children’s Act, two strategies were used. To the extent possible, the questionnaires asked about funding for the different areas covered by the act using “everyday” language and/or language commonly

used in the funding and NGO communities rather than the terminology used in the act. In addition, prior to the interview all interviewees were provided with a handout that explained the different service areas covered by the act. In recognition of the fact that the services referred to by respondents might not exactly match the services and categories specified by the act, the report for the most part uses the term “Children’s Act-related services” rather than “Children’s Act services”.

Both questionnaires went through several drafts based on comments received from UNICEF, National Treasury, reference group members and NGO colleagues.

Wherever possible, the researchers tried to obtain information that could be tabulated and compared, although boundaries would often be inexact. In particular, few donors would categorise their funding using the exact same categories as the Children’s Act. Some donors noted that, as a result, they could not provide the requested breakdowns of funding amounts by service area. Others provided numbers, but noted that these were estimates.

Some of the information that we requested from donors and NGOs could be regarded as sensitive. Both donors and NGOs were therefore assured of confidentiality – their particular information would not be identifiable in the report either through stating that a particular donor or NGO gave a particular response, or by providing identifying characteristics that would allow the reader to make an informed guess as to which donor or NGO gave a particular response. The appendix includes a list of the donors and NGOs that responded to our request for information.

The confidentiality agreement was intended to assure respondents that the research would not reveal who provided particular items of information. In this report, particular organisations are at times named when they were specified by other informants in response to a particular question, as the confidentiality agreement did not provide that we would not specify the name of an organisation – whether donor or recipient.

We approached a total of 67 donors. Questionnaires were completed by 48 of the 67, with a further nine saying that they did not fund children’s services, five not available for interview within the time span of the research (of which one said outright that they were not interested in participating), and five not responding to repeated email or telephone messages requesting an interview. If we exclude those that did not fund children’s service, the response rate was 83 percent.

We approached 32 NGOs and CBOs. We obtained responses from 30. The Child Welfare South Africa interview covered Asibavikele as well as other services and activities, while the National Association of Child Care Workers interview covered Isibindi alongside their other services and activities. One of the larger NGOs and one of the smaller organisations could not answer our questionnaire within the timeline.

In following up on the proposed list of large NGOs, we obtained contact details for Hope Worldwide and duly conducted an interview with the organisation with those contact details although it had a different name. We did this as it was a large organisation delivering children’s services that seemed appropriate for our focus. Subsequently we learnt that Hope Worldwide’s former South African affiliate was now known as the Olive Leaf Foundation, and realised that the original contact details had been incorrect. We duly conducted an interview with Olive Leaf but also included in the analysis the information from the organisation interviewed “in error”.

In attempting to secure interviews with the smaller organisations, several substitutions were made when those selected turned out to be no longer functioning. Among those we

interviewed, there were four smaller NGOs/CBOs that seemed to be in a very precarious financial situation. We had to substitute a fifth organisation that was on the ACCESS list because it had ceased to exist due to lack of funding. The contact person reported that the organisation handed over its last project to a hospital about four years ago. While it operated, the organisation provided therapeutic services to children with disabilities. These difficulties regarding the initially selected CBOs give the sense of a sector that is struggling to access funds.

As in most other survey research, in some cases not all respondents answered a particular question, possibly because they felt the question was not applicable to them or could not provide the information. Fortunately, in this research the rate of non-response was minimal for most questions. Nevertheless, non-response results in some tables below have totals that do not reflect the full sample.

For both donors and NGOs, the information gathered does not provide a comprehensive picture of funding for Children's Act-related activities. Both the large – and unknown – number of donors and service delivery organisations would make a full "census" impossible. Nevertheless, the research provides an initial "big picture" view of the funding situation and can be used to identify areas meriting further research in the future. Non-responses that were more than minimal are discussed in the report.

Previous research on donor and government funding

This chapter summarises existing research on which this research project aimed to build. In the case of one of the existing research studies, we also provide an update of more recent budget allocations.

Triologue online survey

In 2009, Triologue conducted an online survey of NPOs on corporate social investment (CSI). The survey was commissioned as background research for the 12th edition of the *CSI Handbook*. Because the method of data collection was voluntary responses online, the questionnaire was brief to encourage a high response rate. Participating NPOs had the chance of winning a free half-page advertisement in the publication. Overall, 650 organisations were invited to participate in the online survey, of which 128 (20 percent) responded.

Unlike the current research, the Triologue survey did not focus on child-related funding. Indeed, children was not a pre-specified “development focus area” offered on the questionnaire, making it impossible to separate out funding for child-related services. The focus was also restricted to corporate South African funding, while the current research includes funding from other sources, such as ODA, foundations and trusts. Nevertheless, the research gives some sense of the situation facing NPOs more than a year ago.

Of the 128 respondents, the most common focus areas were social and community development and training and capacity building. Both of these areas were named by 20 percent of respondents. Other focus areas named by more than 10 percent of respondents were education (18 percent) and health (13 percent). Of these four common areas, Children’s Act services are most likely to be included in social and community development.

Of the NGOs, 41 percent had projects in more than one province, 35 percent had several projects within a single province, while the remaining 23 percent had projects in a single community. This suggests that the sample included some smaller CBOs, although they were far from the majority.

Four of the 128 organisations said that all their funding in the previous financial year was from the South African corporate sector. About a fifth (23, including the previous 4) said that more than half their funding was from South African corporate donors, with a further 16 (just over an eighth) saying that this source accounted for half their funding.

According to 42 percent of the respondents, the percentage of funding from the corporate sector had remained more or less constant over the previous financial year, but 34 percent said that this percentage had decreased, compared to only 19 percent who said the percentage had increased.

Those who reported that corporate funding had decreased as a percentage of their overall funding were asked what the primary reason for this was. Options offered were (a) the Department of Trade and Industry’s black economic empowerment Codes of Good Practice that were gazetted in February 2007, (b) the global financial crisis and ensuing economic slow-down; (c) both the preceding factors; or (d) some other factor.

Over half (54 percent) of those responding chose the global financial crisis, while only 2 percent chose the black economic empowerment Codes of Good Practice, and 15 percent

chose both. The third most common response, offered by 15 percent of those answering this question, was “don’t know”.

When asked by how much the organisation’s corporate social funding had decreased, 17 of the 41 respondents who answered said it had decreased by 50 percent or more. And 11 said it was by 10 percent or less. It is not clear whether organisations would have taken inflation into account when answering this question.

Organisations that had experienced a decline in corporate funding were asked how this had affected them. Pre-specified options for responses were (a) the decline has had no effect on operations; (b) some projects have been discontinued; (c) the organisation has had to reposition or cut back on services offered; (d) the organisation is struggling to survive; and (e) the organisation is about to close down. The most common response (chosen by 11 of the 41) was that the organisation was struggling to survive, followed by discontinuation of some projects (9), repositioning or cutting back on services offered (8) and no effect (6).

When asked what companies could do to improve NPO-corporate relations, the suggestions tended to focus on better communication both between individual organisations and corporates and between the two sectors as a whole, greater respect for and understanding of the work of the NGOs and development needs more generally, and longer-term funding.

When asked what NPOs could do to improve relations with the corporate sector, suggestions included improved accountability and reporting by NPOs, improved compliance with tax, black economic empowerment and other requirements, and research into which corporates have funding criteria that match the organisation’s area of operation.

LINC Fellowship report on orphans and vulnerable children funding

A research report prepared by the LINC Fellowship in late 2009 (Scott and Simpson) is a directly relevant study that focuses on government funding of services for orphans and other vulnerable children. The scope of this research is narrower than the current research, as the Children’s Act covers all children, not only orphans and vulnerable children. The LINC Fellowship research report summarises the CI/CARE research for that year, but also has some additional information.

This additional information covers allocations for social grants, uniforms and school feeding schemes. However, the table presented in the report excludes allocations for school uniforms and school feeding, and its heading suggests that it summarises allocations for NPOs. It seems that the term “social grants” was used incorrectly, and that the amounts relate to transfers to NPOs for children, rather than social grants. Social grants are given to individuals, including caregivers, for the children they are responsible for. The table excludes the North West province, as information was not available for this area.

Table 2 below represents an amended version of the table provided by National Treasury for the current research. The numbers in bold represent amendments to the original Scott and Simpson report. Numbers with an asterisk have been corrected. Numbers with a double asterisk reflect new information that was not available when the previous research was done.

Table 2. Funding provided by government to NPOs, 2008/09 (R million)

Province	DSD Children	DSD HIV/AIDS	Dept of Health
Eastern Cape	195.0	64.7	**77.3
Free State	137.5	14.3	43.1
Gauteng	319.0	138.6	97.6
KwaZulu-Natal	218.4	24.5	59.9
Limpopo	*90.3	45.5	58.3
Mpumalanga	110.0	42.3	38.8
Northern Cape	53.2	10.2	24.7
Western Cape	286.4	19.3	47.8
TOTAL	*1 409.9	*359.4	**447.5

National Treasury clarified that the DSD Children column mainly records NPO transfers within the child care and protection services sub-programme. However, the amount for Gauteng includes spending within the crime prevention support sub-programme for the Child Justice Bill, while the Free State amount includes care and support services to families, crime prevention support, victim empowerment, and services to persons with disabilities. The DSD HIV/AIDS column records NPO transfers within the HIV/AIDS sub-programme. The Department of Health column records transfers to NPOs within that department's HIV/AIDS sub-programme. With the Department of Health, in particular, much of the money will not be used primarily for services for children. The annual CI/CARE research does not include Department of Health allocations.

Public expenditure tracking survey

In 2009, researchers at the University of Stellenbosch were commissioned by the Departments of Basic Education and Social Development together with UNICEF to undertake a survey of ECD services (van der Berg et al, 2010). The survey tracked public expenditure and assessed the quality of services.

The survey was conducted in three provinces, one wealthy, one moderately poor and one poor. The survey spanned both Grade R-level services and those for younger children. It covered services provided in public schools as well as those offered in community-based non-profit facilities. The findings from the latter are particularly relevant for this study, as these are the services that fall under the Children's Act.

Unfortunately, the data on finances obtained from the community-based facilities was poor. Only 221 of the 318 registered community-based ECD facilities appeared to produce annual financial statements, and only 141 of the 182 that reported receiving funds from DSD could provide information on how much they received in 2008.

Of the 318 facilities surveyed, 62 received funding from both DSD and the provincial Department of Education, while 120 received funding only from DSD, 64 only from the Department of Education, and 72 from neither of these departments. Overall, nearly 60 percent of facilities received some funding from DSD. Five of the 182 facilities funded, at least partially, by DSD only covered Grade R, but the majority provided services for younger children, sometimes alongside Grade R. It is the non-Grade R services which would be covered by the Children's Act.

User fees are an important source of funding for community-based facilities, alongside DSD subsidies. Principals of virtually all facilities reported that fees were charged. Among the 194 that reported the amount received from fees, this source accounted for 43 percent of all income. This percentage is slightly more than the 41 percent of income accounted for by DSD subsidies among those that provided information. Combining these two percentages, it

seems that DSD subsidies and fees accounted for over four-fifths of income. This suggests a relatively low level of reliance on other sources, including donor funding. However, the average is misleading given that more than four-fifths of facilities – all of which were registered – did not receive DSD subsidies.

Half the facilities indicated that fees were paid on behalf of almost all children, while a third indicated that more than half of the children paid. Only about one-fifth of facilities allowed for lower fees for children who qualified for the DSD subsidy by meeting means test criteria. Fees averaged R143 per month across the three provinces, ranging from R58 per month in the poorest quintile to R531 in the richest. Facilities in the higher quintiles tended to receive less of their total income from the DSD subsidy, and more from fees.

Children's Institute and Centre for Actuarial Research 2010 report

After the LINC report was drawn up, CI and CARE produced the cross-province analysis of the 2010/11 budgets and the related medium-term expenditure framework (MTEF) from 2010/11 to 2012/13 (Budlender and Proudlock, 2010a). This is useful because the interviews with donors and NGOs relate primarily to 2010.

Allocations for relevant sub-programmes

The 2010 CI/CARE research focuses on the provincial DSDs and, within these, on the child care and protection services, care and support to families, and HIV/AIDS sub-programmes, as well as the crime prevention and support sub-programme. Because much of this last sub-programme will fund services for adults, we focus on the first three sub-programmes in the summary presented here.

Child care and protection services forms the core budget sub-programme for the Children's Act, and nearly all activities funded under this sub-programme could be considered relevant. The HIV/AIDS and care and support to families sub-programmes do not consist exclusively of Children's Act-related activities. The families sub-programme, for example, often provides for marital counselling, while the HIV/AIDS sub-programme caters for adults as well as children. Nevertheless, the majority of the activities funded by these sub-programmes are probably related to the Children's Act. The fact that not all activities in these two sub-programmes relate to the Children's Act could suggest that analysis based on the total sub-programme allocations represent an over-estimate. Unfortunately, there is no easy way of separating out the Children's Act-related activities within each of the sub-programmes and we can only hope that any over-estimate here would be more or less balanced out by our exclusion of other sub-programmes which might include some contribution to Children's Act service areas.

The grid below illustrates which Children's Act services fall within each of the three sub-programmes that form the main focus of the CI/CARE analysis. The grey shading shows that the child care and protection sub-programme covers virtually all service areas, while the other two sub-programmes are focused on particular service areas.

	Partial care and ECD	Drop-in centres	Prevention and early intervention services	Protection services	Foster care and cluster foster care	Adoption and inter-country adoption	Child and youth care centres
Child care and protection							
HIV/ AIDS			Home-based care	Child-headed household mentorship			
Family care and support			Parenting skills and child and family counselling				

The table below presents the total budget allocations across the nine provinces for the three sub-programmes over the MTEF period. The child care and protection services sub-programme is clearly dominant, at R2 609.8 million in 2010/11, followed by HIV/AIDS at R626.8 million, and care and support for families at less than R168.4 million.

Table 3. Cross-provincial Department of Social Development allocations to Children’s Act sub-programmes (R million)

Sub-programme	2009/10	2010/11	2011/12	2012/13
Child care and protection	2 252.0	2 609.8	3 079.6	3 234.7
Care and support for families	160.4	168.4	175.6	183.2
HIV/AIDS	564.8	626.8	660.9	697.5

Table 4 presents the total allocation for the three sub-programmes combined for each province for 2009/10 and the three years of the MTEF. The estimates in the table present the total allocation for the sub-programmes, some of which will be used by the provincial departments and some of which will be passed on (or “transferred”) to NPOs.

Table 4. Combined Department of Social Development Children’s Act-related allocations (R million)

Province	2009/10	2010/11	2010/11	2011/12
Eastern Cape	269	302	313	329
Free State	281	321	364	382
Gauteng	959	1 063	1 255	1 324
KwaZulu-Natal	398	583	724	761
Limpopo	218	225	263	272
Mpumalanga	200	242	292	310
Northern Cape	87	107	124	130
North West	172	173	180	187
Western Cape	394	389	400	421
Total	2 977	3 405	3 916	4 115

Transfers to non-profit organisations

All three of the Children's Act-related sub-programmes fall within the social welfare programme in the provincial budgets for social development. The average percentage of the total social welfare programme budget that is transferred to NPOs for 2010/11 is 51 percent, which indicates the heavy reliance on NPOs. If NPOs were fully funded for their work, the percentage would be even higher. In reality, the provincial subsidies for NPOs do not cover the full cost or scope of the services.

All provinces are required to record payments to these NPOs under transfers and all provinces publish an estimate of transfers to NPOs under the social welfare programme. Unfortunately, most provinces do not disaggregate these transfers by sub-programme. However, because our three focus sub-programmes account for about half of the total budget for the social welfare services programme on average, and because all three sub-programmes include some NPO transfers, trends in the estimates for social welfare as a whole were used in the CI/CARE research as a proxy for allocations to NPOs regarding the Children's Act. More disaggregated information for the most relevant Children's Act sub-programmes is presented below.

The table below shows that in 2006/07 the NPO transfers averaged 60 percent of the total social welfare programme budget. However, this declines to 51 percent in 2009/10 and 2010/11. The share of the budget going to NPOs is lower in 2010/11 than in 2009/10 for these five provinces: Eastern Cape, Free State, Limpopo, North West and Western Cape. The decrease is most marked for Western Cape, at close to six percentage points.

Table 5. Transfers to NPO as percentage of social welfare programme budget, 2006/07-2012/13

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Eastern Cape	59.6%	58.7%	54.5%	46.1%	45.5%	44.8%	44.7%
Free State	58.0%	59.9%	60.2%	61.2%	58.3%	59.8%	59.2%
Gauteng	74.4%	72.2%	62.6%	56.7%	58.4%	61.1%	61.2%
KwaZulu-Natal	53.2%	52.2%	43.2%	39.4%	43.0%	46.7%	46.6%
Limpopo	38.7%	45.7%	48.7%	44.5%	40.0%	40.1%	39.1%
Mpumalanga	52.4%	53.9%	50.3%	54.1%	57.6%	59.0%	58.9%
Northern Cape	36.0%	38.0%	36.5%	31.9%	34.3%	36.5%	36.3%
North West	39.1%	47.8%	38.1%	36.9%	35.7%	35.7%	35.7%
Western Cape	76.6%	67.9%	68.8%	67.6%	61.7%	58.1%	57.9%
Total	60.0%	59.6%	54.5%	50.9%	50.6%	51.5%	51.3%

Forms of government funding

NPOs are funded by government through a range of different mechanisms, which are described in some detail in the CI/CARe 2010 report that focuses on the Western Cape's budget for social development (Budlender and Proudlock, 2010b). In the interviews, NPOs often did not explicitly specify the particular type of funding that they received. It is nevertheless useful to know the funding types because it can help in understanding some of the difficulties named by NPO respondents regarding government funding.

Funding of posts is one of the longest-standing mechanisms. Previously, post funding focused on social workers. It now extends to other posts, such as social auxiliary workers and community development workers. However, this type of funding is not provided to all organisations which employ the specified types of staff. For example, while child and youth care centres are expected to employ social workers and child and youth care workers, they do not receive post funding for these workers.

Historically, this type of funding was calculated as a percentage of the full social worker salary, with further subsidies for administrative posts to support the social workers. The funding for administrative posts has now fallen away in some provinces. The fact that NPOs did not receive the full equivalent of what a social worker earned in government placed NPOs at a disadvantage, as their workers were often "poached" by government, after having gained on-the-job experience and skills working for the NPO. This problem was exacerbated when the occupation-specific dispensation for social workers was agreed in 2008 and resulted in substantial increases in salaries of government staff. In October 2009, social workers and related workers, volunteers and service users in a number of provinces participated in large-scale marches led by the Provincial Forums associated with the National Welfare Social Service and Development Forum to campaign for a new financing dispensation for social welfare NPOs. The marchers protested against the unequal salaries and called for "equal pay for equal work". To date, however, NPOs in all provinces continue to report that the provinces do not cover the full cost of salaries for social workers and other social service workers covered by the funding of posts.

There are at least two types of **per child subsidy**. The first is the per child per (school) day subsidy for registered ECD centres for children who pass a means test. National DSD asked all provinces to pay R12 per child per day in 2009/10. National DSD's bid for National Treasury to increase the amount to R15 for 2010/11 failed. In 2010, four provinces were paying R12, two R13, one R14 and one R15, while the ninth province (Mpumalanga) was paying only R11.

The second form of per child subsidy is the funding paid to child and youth care centres. The Children's Act costing report (Barberton, 2006: 12) noted that in 2003 provincial social development departments were spending about R5 700 a month for each child in a state-run children's home. However, eight years later none of the provinces come anywhere near this subsidy level for NPO-run children's homes. In an audit of child and youth care centres conducted in early 2010, NPO-run child and youth care centres in Limpopo reported the highest mean monthly amount, at R2 500 per child. Mpumalanga (R2 208) and Northern Cape (R2 142) also reported means above R2 000 per child per month. Gauteng reported the lowest mean, at R1 631 per child per month, and Eastern Cape (R1 706), Free State (R1 703) and Western Cape (R1 734) also reported means below R1 800 per month (C A S E, 2010).

Evidence submitted by government in a recent court challenge of DSD by Free State NPOs (the NAWONGO case)² confirms that government itself recognises the inadequacy of these subsidies. The evidence included documents relating to a bid by national DSD to National Treasury that organisations providing statutory services (which would include child and youth care centres) should receive a 100 percent subsidy.

The judgment provides examples to illustrate the inequity and inadequacy of funding. In terms of child and youth care centres, the department allocated R5 000 per month per child for one of the homes that it ran itself, and R6 750 per month per child for the other home that it ran. In contrast, the subsidy paid to NPOs was only about R2 000 per month per child. The judgment gives even more worrying estimates regarding shelters for children living and working on the streets. The department pays the NPOs running shelters a subsidy of between R400 to R500 per child per month, yet acknowledges that at least R2 000 per child per month is needed. Under the Children's Act, shelters are expected to deliver services at the same standards as other child and youth care centres.

Programme funding refers to general funding of activities that is not based on a subsidy for staff or children. The idea behind programme funding is that the department funds a group of activities (or "programme") for which an NPO has submitted a service plan. The service plan (which serves as the proposal or application for funding) would include a budget that provided for staff as well as other costs. This type of funding is similar to the type of funding provided by many donors, including many of those covered by the current research. However, NGOs report that it is very seldom that government will cover the full cost of the programme.

A new form of funding that seems to be developing in the Western Cape was referred to by several interviewees as **outsourcing**, although it could also be seen as a form of programme funding. The development is occurring in the ECD sector, where larger NPOs have been contracted by DSD to support district offices – one office per NPO – in assisting ECD centres that fall within that district to become compliant with the Children's Act and other requirements, and in developing district plans for ECD. DSD subsequently approached some of the larger NPOs to ask them whether they would be interested in managing the ECD funding for a group of centres.

In addition to the funding forms discussed above, there is **Expanded Public Works Programme** funding. This generally takes the form of stipends for trainees or "volunteer" service delivery staff, although in some cases other forms of funding are provided. The stipends are usually channelled through NGOs providing these services. However, in the case of ECD learnerships, the stipends are paid directly to the trainees.

² National Association of Welfare Organisations and Non-governmental Organisations and Others vs the Member of the Executive Council for Social Development, Free State and Others. Case no: 1719/2010. Free State High Court.

New information

The following three tables, provided by National Treasury, update the information reported by Scott and Simpson (2009) on government subsidies to NPOs providing child-related services to include recorded expenditure for 2008/09 and the budget for 2010/11. These tables include information for North West province for 2010/11, after the province started using the standard BAS system for their finances. In addition to the budget information provided by National Treasury, the final column gives the child population of each province as estimated for the General Household Survey of 2009. This column helps to put differences in budget allocations between provinces into perspective as provinces with larger populations would generally be expected to have larger allocations.

Table 6 reveals a small increase in transfers to NPOs for child-related services between 2008/09 and 2009/10 of 7 percent in nominal terms (before correcting for inflation). The 19 percent increase (in nominal terms, excluding North West) between 2009/10 and 2010/11 is more pleasing, and well above inflation. The table reveals that two provinces – Eastern Cape and Limpopo – allocated less for NPOs for child-related services in 2010/11 than they spent in 2009/10. In Limpopo, the amount decreased by 10 percent. Eastern Cape also had lower expenditure on NPOs in 2009/10 than in 2008/09, as did KwaZulu-Natal and Northern Cape.

Table 6. Funding provided by provincial Department of Social Development to NPOs for children-related services (R million)

Province	2008/09 Expenditure	2009/10 Expenditure	2010/11 Budget	Child population 2009
Eastern Cape	195.0	186.0	183.6	2 763 081
Free State	137.5	189.5	207.2	1 066 794
Gauteng	319.1	321.7	426.1	3 238 114
KwaZulu-Natal	218.3	214.1	325.3	4 276 690
Limpopo	90.3	101.1	93.5	2 313 490
Mpumalanga	110.0	125.4	160.3	1 473 894
North West	0.0	0.0	58.9	1 276 542
Northern Cape	53.2	49.5	58.0	435 227
Western Cape	286.4	315.4	340.9	1 763 522
Total	1 409.9	1 502.8	1 853.8	18 607 354

Table 7 shows pleasing increases in both 2009/10 and 2010/11 in the total amount allocated to NPOs by provincial DSD for HIV/AIDS-related services. Before correcting for inflation, the nominal increase is 18 percent in 2009/10 and 15 percent in 2010/11. However, the table reveals that Limpopo and Western Cape DSDs decreased the NPO allocation for HIV/AIDS-related services between 2009/10 and 2010/11, with a particularly dramatic decrease of 60 percent in Western Cape. Eastern Cape recorded a decrease of 13 percent between 2008/09 and 2009/10.

Table 7. Funding provided by provincial Department of Social Development to NPOs for HIV/AIDS-related services (R million)

Province	2008/09 Expenditure	2009/10 Expenditure	2010/11 Budget
Eastern Cape	64.7	56.6	64.4
Free State	14.3	16.7	18.0
Gauteng	138.6	185.7	192.7
KwaZulu-Natal	24.5	28.5	65.7
Limpopo	45.5	51.8	46.6
Mpumalanga	42.3	58.8	63.7
Northern Cape	10.2	15.9	18.4
Western Cape	19.3	22.8	9.1
North West	0.0	0.0	37.4
Total	359.3	436.9	515.9

Table 8 shows an unusually big increase between 2009/10 and 2010/11 in terms of total allocations by the provincial Departments of Health to NPOs providing HIV/AIDS-related services. This probably reflects the impact of the one-year conditional grant allocated to all provinces for home- and community-based services provided under the Expanded Public Works Programme. Nevertheless, Eastern Cape and Mpumalanga record decreases between the two years, and Northern Cape's allocation for NPOs is static.

Eastern Cape Department of Health decreases its allocation for HIV/AIDS-related NPOs in both 2009/10 and 2010/11. The decrease between 2008/09 and 2009/10 is particularly sharp, at 40 percent. Northern Cape records a small decrease between 2009/10 and 2010/11. Where more detailed information is available, it often illustrates that at least some of this funding will not directly benefit children. For example, Northern Cape's allocation includes amounts for a sex workers' programme and for voluntary counselling and testing, while KwaZulu-Natal includes allocations for step-down facilities (transition from institution back to home or community).

Table 8. Funding provided by provincial Department of Health to NPOs for HIV/AIDS-related services (R million)

Province	2008/09 Expenditure	2009/10 Expenditure	2010/11 Budget
Eastern Cape	77.3	46.0	45.0
Free State	43.1	48.3	58.9
Gauteng	97.6	104.1	127.4
KwaZulu-Natal	59.9	70.2	86.5
Limpopo	58.3	63.7	133.4
Mpumalanga	38.8	55.2	16.0
Northern Cape	24.7	34.4	34.2
Western Cape	47.8	54.8	82.4
North West	0.0	0.0	101.3
Total	447.5	476.7	685.0

Findings of the donor survey

Type of donor

As noted above, completed questionnaires were received from 48 donors. The term “donor” used here does not include funding from government departments where they are paying (part of) the costs of service delivery, but does include funding from government-related development agencies, namely the NDA and NLDTF. The NDA receives the bulk of its money that it disburses to NPOs from the national DSD, while the NLDTF receives its funds from the South African public from the sale of lottery tickets. These two agencies are included in the term “donors” as they are not funding service delivery in the same way as the national and provincial departments are doing when they provide funds directly to NPOs. The fact that the NDA’s funding comes from the national DSD rather than a provincial department means that there is no danger of double-counting when we provide estimates of combined funding from government and “donors”, as our government estimates reflect only provincial allocations towards Children’s Act-related services.

Table 9 gives the breakdown of donors by type. If we proceed from the most common type to the least common, the three categories of (a) national (South African) private business donors, (b) national foundations, trusts and NGOs, and (c) bi- and multilateral donors each accounted for about a quarter of respondents, while international foundations and international NGOs each accounted for about one-tenth of donor interviews. Finally, two donors – the NDA and NLDTF – were administering government-related development funding.

Overall, the three categories of international donors together accounted for 22 of the 48 donors.

Table 9. Donors by type

	Number
International	
Bilateral or multilateral donor	11
International NGO (includes international organisation with local branch/affiliate)	4
International foundation (includes international organisation with local branch/affiliate)	7
National	
National (South African) private business donor/trust	12
National (South African) trust, foundation or NGO	12
Government-related development fund	2
Total	48

Twenty-five respondents occupied management-level positions, including executive directors, deputy directors and programme directors. Other managers included CSI managers, technical managers, client relationship managers, community affairs or community investment managers, grants managers, group or transformation managers, project or programme managers and a research and development manager. Overall, it seems that the respondents were likely to have a good knowledge of the operations of the donors and were therefore in a good position to provide reliable information.

We asked both donors and NGOs about the start and end months of their financial year, as mismatches between donors and recipients, and between either of these and government can complicate calculation of estimates, and also affects the ability of the NGOs to plan future activities and budgets.

All but two of the donor organisations gave the start and end month of their financial year. Nearly half (22) of the organisations had the calendar year as their financial year (January to December), as shown in Table 10. Bi- and multilateral donors and national private business donors usually had the calendar year as their financial year. Thirteen donors – mainly national trusts, foundations or NGOs and national private businesses – had a financial year that started in April, which corresponds with the government’s financial year.

Table 10. Start month of financial year

	Bilateral or multilateral donor	International NGO	International foundation	National private business donor/trust	National foundation, trust or NGO	Government-related development fund	Total
January	6	4	4	6	2	0	22
March	0	0	0	0	3	0	3
April	2	0	1	4	5	1	13
July	1	0	1	2	1	0	5
August	1	0	0	0	0	0	1
October	1	0	0	0	1	0	2
Total	11	4	6	12	12	1	46

Many of the questions asked for information regarding the most recent completed financial year. This would, for the majority of donors, have been January to December 2009, or April 2009 to March 2010.

Donor organisations’ areas of funding

Donors were asked to specify the main areas on which their funding focused, and within which of these areas their child-related funding was located. Both questions were open-ended and yielded a wide range of different answers that included overlapping categories, and a range of different ways of specifying “areas”. For example, some donors specified particular population groups (such as “children”), others specified sectors (such as “health”), and yet others specified development issues (such as “entrepreneurship”). Despite these challenges, through post-coding some broad trends emerged.

Table 11 reveals the main funding areas after responses were post-coded. Because most donors focused on more than one area, the “mentions” column adds up to far more than 48.

Two-fifths of donors noted HIV/AIDS and education as a main focus area of their organisations' overall funding. About one-quarter of donors funded health and environmental issues. More than one-tenth of donors funded skills development, orphans and vulnerable children, and community or social development initiatives. In this and in later tables based on analysis of open-ended questions, infrequent responses are grouped together in a final category "other". Funded areas that were not frequently referred to were clustered in this category, including legal services to vulnerable groups, human rights initiatives, social policy development, family support, agriculture, rural development, private-sector development, older persons, housing and infrastructure, and peace and security.

Table 11. Main focus areas of funding

	Mentions
Education	20
HIV/AIDS	19
Health	13
Environment	11
Skills development	9
Orphans and vulnerable children	8
Community/social development	8
Children	7
Sports or arts or culture	5
People with disabilities	5
Women empowerment	5
ECD	4
Welfare	4
Governance	4
Youth	4
Poverty alleviation	3
Food security	3
Water and sanitation	3
Job creation	3
Entrepreneurship	2
Other	27

Table 12 reflects the responses, after post-coding, regarding funding targeted at children or from which children were said to benefit directly. More than two-fifths of donors targeted children through funding of education-related initiatives. More than a quarter of donors noted that children benefited from their funding of HIV/AIDS or health. About two-tenths of donors funded initiatives that were aimed specifically at children. More than one-tenth of donors targeted children through orphans and vulnerable children or community or social development initiatives. Child-related focus areas classified in “other” included human rights initiatives, family support, social policy development, infrastructure and development.

Table 12. Funding targeted at children

	N
Education	22
Health	13
HIV/AIDS	12
Children	9
Orphans and vulnerable children	7
Community or social development	6
ECD	5
Poverty alleviation	4
Welfare	3
Food security	3
Youth	3
People with disabilities	3
Governance	2
Women empowerment	2
Entrepreneurship	1
Sports or arts or culture	1
Environment	1
Water and sanitation	1
Job creation	1
Other	13

We asked donors to indicate the types of organisations that they funded in the most recently completed financial year. Given that the interviews were conducted in the second half of 2010, the year in question would usually have been 2009 or 2009/10, depending on the financial year used by the organisation. For each type of organisation or institution, we asked donors to indicate (1) if they funded each type of organisation for any type of activity and (2) if they provided child-targeted funding to each type of organisation. By definition, all those that said that they funded children should also have said that they funded “all types” of activity for this particular type of organisation or institution.

In this question and elsewhere our use of the word “targeted” in relation to the child-related funding sometimes caused confusion. We explained that the term was intended to refer to funding that was likely to be of particular benefit to children, even if the funding was not “targeted” only at children. There is clearly some subjectivity involved in deciding whether funding is of particular benefit to children. However, we adopted this approach because a focus only on funding that targets children exclusively would yield a serious under-estimate of the funding that supports services covered by the Children’s Act. For example, family preservation and parenting skills programmes do not necessarily target children, but fall clearly within the ambit of the act. Similarly, home-based care services for the chronically ill and their families fall within the ambit of the act, but could be seen as directly targeting the ill adults rather than the children. The fact that we used the term “child-targeted” in the questionnaire could mean that some of the responses in this report refer to a more restricted pool of funding than our use of the word “child-related” in headings and text in the report might suggest.

Table 13 reveals that bi- and multilateral donors were more likely than other donors to fund national government. This is not surprising given that these donors’ own funds are from foreign governments. All the bi- and multilateral donors that funded national government said that this included funding for child-related services.

Table 13. Number of donors that funded national government

	All types of activities	Child-related funding
Bilateral or multilateral donors	7	7
International NGO	1	0
International foundation	1	0
National private business donor	2	2
National trust, foundation or NGO	1	0
Total	12	9

Table 14 shows that a smaller number of donors funded provincial, as opposed to national, government in the most recently completed financial year. Provincial government received funding only from bi- and multilateral donors and national private business donors for child-related services. Three national private business donors funded provincial government, compared to only two in this category that funded national government. Where donors funded provincial government, there could be a danger of double-counting in our later estimates of combined government and donor funding. However, this danger would only occur in the event of donors providing funding to a provincial DSD that is then channelled by the department to NGOs. There are likely to be few, if any, instances of this, because – as seen below – most funding to government focuses on education services which do not fall under the Children’s Act and are not funded by DSD.

Table 14. Number of donors that funded provincial government

	All types of activities	Child-related funding
Bilateral or multilateral donor	4	4
International foundations	1	0
National private business donor/trust	3	3
Total	8	7

An even smaller number of donors funded local government in the last financial year, as indicated in Table 15. As with the other government spheres, local government mainly received child-related funding from bi- and multilateral donors.

Table 15. Number of donors that funded local government

	All types of activities	Child-related funding
Bilateral or multilateral donor	2	2
International foundation	1	0
National private business donor/trust	1	1
Total	4	3

All types of donors funded NGOs or NPOs for child-related services in the last financial year, as evident in Table 16. This is unsurprising given that the research targeted donors which were providing such funding. As noted above, several donors that were approached excluded themselves from the research after learning what the topic was, on the grounds that they did not fund child-related services. Nevertheless, of the 47 donors that answered this question and said that they funded NGOs or NPOs, only 39 said that they funded these organisations for child-related services.

Table 16. Number of donors that funded NGOs/NPOs

	All types of activities	Child-related funding
Bilateral or multilateral donor	11	10
International NGO	4	4
International foundation	7	5
National private business donor/trust	12	9
National trust, foundation or NGO	11	10
Government-related development fund	2	1
Total	47	39

Bilateral and multilateral donors reported funding less CBOs than NGOs in the last financial year, as shown in Table 17. National trusts, foundations and NGOs and national private business donors/trusts were more likely to report funding CBOs for child-related services than bi- and multilateral donors. However, several donors noted that they did not distinguish CBOs and/or FBOs from NGOs, and the following two tables could therefore under-estimate the true situation.

Table 17. Number of donors that funded CBOs

	All types of activities	Child-related funding
Bilateral or multilateral donor	4	3
International NGO	3	2
International foundation	5	3
National private business donor/trust	8	7
National trust, foundation or NGO	10	10
Government-related development fund	2	1
Total	32	26

Table 18 suggests that FBOs have a smaller number of donors than CBOs or NGOs. National private business donors/trusts and national foundations or NGOs were the main funders of FBOs for child-related services in the last financial year.

Table 18. Number of donors that funded FBOs

	All types of activities	Child-related services
Bilateral or multilateral donors	1	1
International NGO	1	1
International foundation	3	2
National private business donor	6	5
National trust, foundation or NGO	7	7
Government-related development funds	2	1
Total	20	17

Only seven donors funded conduit organisations in the last financial year for child-related services, as shown in Table 19. The seven donors included bi- and multilateral donors, national private business donors and international NGOs or foundations.

Table 19. Number of donors that funded conduit organisations

Conduit organisation/s	All types of activities	Child-related services
Bilateral or multilateral donors	3	2
International NGO	1	1
International foundation	3	2
National private business donor	3	2
Total	10	7

In addition to the pre-specified recipient categories, one national private business donor/trust funded a parastatal (the South African Broadcasting Corporation) while another funded schools for child-related services.

Requirements for funding and selection of organisations

Table 20 reveals compulsory requirements that donors reported NGOs, CBOs and FBOs needed to adhere to in order to qualify for funding.

More than four-fifths of respondents said that it was compulsory for organisations to be registered with the DSD as NPOs (90 percent), to have audited financial statements (83 percent) and to have formally established governing boards (85 percent) to qualify for funding. One of the respondents representing a national trust noted that organisations in the process of registering as NPOs with DSD were requested to provide registration documents as proof to be eligible for funding. Some donors said that they expected ECD centres, children’s homes or places of safety to be registered with DSD for these services, in line with relevant legislation.

Table 20. Compulsory requirements for funding

Registered as NPOs with DSD	43
Registered in some other way	26
Have audited financial statements	40
Have formally established governing boards	41

More than half of the donors noted that organisations had to be registered in another way. Seven of these donors were national foundations, trusts or NGOs, six were national private business donors/trust and another six were bi- and multilateral donors. Seven donors required organisations to be registered as public benefit organisations with the South African Revenue Services in order to be tax exempt. Three of these donors were national foundations, trusts or NGOs and the remaining three were national private businesses. Eight donors said that they required organisations to be registered as section 21 companies in terms of the Companies Act. Although this was presented as a requirement, it is possible that it was one of several specified options for applicant organisations. The respondents who reported this requirement included donors administering government-related development funding, national private business donors, and bi- and multilateral donors (2).

Respondents were asked about additional criteria used to select NGOs or CBOs for funding. Table 21 shows that the majority said that the organisations' service focus area should be aligned with the donors' focus areas and, in some cases, other priorities such as the Millennium Development Goals and the United Nations Convention on the Rights of the Child.

Close on two-thirds of donors (31) noted that the vision, mission and goals of organisations should be aligned with that of the donor, as revealed in Table 21. More than two-fifths (22) of donors noted that it was important for recipient organisations to have adequate governance and financial management systems. One-fifth (10) of donors said that they required organisations to have capacity and expertise. Organisational credibility was named as important by more than one-tenth of donors. Some of these donors elaborated that they looked at an organisation's life span and daily operations to assess its credibility. Nine donors considered the geographic location of the organisation.

Table 21. Additional criteria in the selection of organisations

	Number
Area of service and vision/mission aligned	31
Internal systems or controls	22
Capacity and experience	10
Geographic location	9
Period in existence	6
Operating track record	6
Other	16

We asked respondents if their requirements for smaller organisations, such as CBOs, differed in any way from those for larger, more established organisations. More than half of respondents (29) said that the requirements did not differ. National trusts, foundations or NGOs were more likely to say that their requirements differed according to organisation size, as shown in Table 22.

Table 22. Specific requirements for smaller organisations

	Yes	No
Bilateral or multilateral donor	3	8
International NGO	1	3
International foundation	3	4
National (South African) private business donor/trust	3	9
National (South African) trust, foundation or NGO	8	4
Government-related development fund	1	1
Total	19	29

Those organisations that did differentiate were asked to describe how the requirements and/or treatment of smaller organisations differed from those for larger, more established organisations. Of the 19 applicable donors, 12 noted that they built the capacity of smaller organisations in terms of their organisational or project management, M&E, financial systems or general governance systems. About one-fifth provided increased oversight or applied less stringent requirements to smaller organisations. Four donors differentiated in their funding of smaller organisations. One donor funds the administrative costs of smaller organisations only, another funds smaller organisations through its small grants portfolio, the third donor funds smaller amounts in smaller tranches for smaller organisations, and the fourth donor funds CBOs through larger NGOs or conduit organisations.

As shown in Table 23, about half of the donors used a single method to select organisations, although multiple responses were permitted. Bi- and multilateral donors and national trusts, foundations or NGOs used two types of methods to select organisations for funding more often than others.

Table 23. Number of methods used to select organisations for funding

	One method	Two methods	Three methods	Four methods	Total
Bilateral or multilateral donor	6	5	0	0	11
International NGO	1	2	1	0	4
International foundation	6	0	1	0	7
National private business donor/trust	6	3	3	0	12
National trust, foundation or NGO	5	4	2	1	12
Government-related development fund	1	1	0	0	2
Total	25	15	7	1	48

Table 24 shows that more than half of the donors used a public, open application process to select organisations for funding. Two-fifths of donors (19) approached organisations and asked them to submit proposals. Other ways of selecting organisations included organisations approaching the donor, referrals and word of mouth.

Table 24. Types of methods used to select organisations for funding

Public open application process	29
Approach organisations and ask to submit proposals	19
Choose organisations and allocate funds	7
Government advises which organisations to fund	7
Other	17

We asked donors to indicate the typical period covered by a funding agreement. The question aimed to find out the duration of a particular contract without ruling out the possibility of repeat contracts, and was based on the assumption that longer-term contracts make it easier for the recipient organisation to plan ahead, and also avoid the need to spend time on new applications and negotiations each year.

Ten donors were not able to provide a single set period in answer to this question. Reasons for this inability included that the duration of a funding agreement could be determined by the size of the grant (larger grants tended to be allocated over a longer period of time) or that the length of the contract depended on the organisations' need for funding or the donor's commitment or obligation to fund, which was in some cases determined by the organisations' performance. Two donors noted that the duration of a funding agreement was sometimes influenced by the availability of funds.

Table 25 reveals that about half of all the donors interviewed, mainly national trusts, foundations, NGOs or national private business donors, noted 12 months as the typical period covered by a funding agreement, while about half of this number entered into agreements for as long as 36 months. Those with longer agreements were mainly national private business donors or bi- and multilateral donors.

Table 25. Period of time covered by funding agreements

	12 months	24 months	36 months	Other	Total
Bilateral or multilateral donor	1	3	4	3	11
International NGO	2	0	0	1	3
International foundation	3	0	0	4	7
National private business donor/trust	6	0	5	1	12
National trust, foundation or NGO	10	0	1	1	12
Government-related development fund	0	1	0	0	1
Total	22	4	10	10	46

Child-related services funded in the last financial year

Table 26 shows that about two-thirds of the donors funded child-related services in KwaZulu-Natal and Gauteng in the last financial year. More than half of donors interviewed invested in child-related services in Eastern Cape and Western Cape in the last financial year. Given that KwaZulu-Natal, Gauteng and Eastern Cape have the largest populations, and Northern Cape and North West the smallest, this is not a surprising picture. Western Cape's relatively high percentage could reflect the fact that historically the province has, relative to its population, proportionally more NPOs than other provinces.

About one-quarter of donors provided at least some funding that did not go to a specific province, but instead was allocated for national funding, for example, to a head office.

Table 26. Provinces funded for child-related services in last financial year

KwaZulu-Natal	32
Gauteng	31
Eastern Cape	27
Western Cape	24
Limpopo	21
Free State	20
Mpumalanga	20
Northern Cape	16
North West	13
Not province-specific (e.g. give to head office)	13

We asked respondents about the kinds of child-related services that they had funded in the last financial year. The pre-specified categories related to different service areas of the Children's Act. For each of the different services respondents specified whether funding went to government, NGOs, or both.

As evident in Table 27, more than half of the donors funded home- and community-based care and support for orphans and vulnerable children, child and youth care centres, programmes that help families become self-sufficient, programmes assisting families to access information and ECD services. NGOs received the most funding for these services. Donors that funded government mainly invested in formal primary and secondary education services. Secondary education services are for the most part not covered by the Children's Act. Policy development and related activities were the least likely to be funded, followed by diversion services for children in conflict with the law.

Table 27. Types of child-related services funded

	Government	Non-government
Child protection services (including foster care and adoption investigations and placements)	2	21
Child and youth care centres	2	28
Home- and community-based care and support for orphans and vulnerable children	1	36
Child and/or family counselling and family preservation services	1	24
Diversion for children in conflict with the law	2	14
Programmes that provide families with information on how to access government and NPO services	2	27
Programmes that assist families to obtain basic necessities	2	28
ECD	2	27
Formal primary and secondary education services	6	19
Policy development, research, M&E in respect of children	4	12
Other	4	11

When asked about the amount of funding that they had donated in general and the amount provided for child-related services in the last financial year, nine donors were not able to specify any amounts. One of these was a conduit organisation that did not know how organisations it had funded distributed this money among their activities. Three donors funded children as part of a broad target group and were not able to provide amounts that reached children. Two donors said that they were bound to strict confidentiality and anonymity policies and could not disclose amounts. Another two donors did not fund child-related services or organisations in the last financial year. These organisations were included in the research because they had funded child-related services in previous years. We encouraged donors that faced challenges in providing exact amounts for the pre-specified categories to provide estimates. All these caveats must be taken into account when reading the analysis below.

Of those who could provide estimates, 38 could do so for overall funding and 33 for child-related funding.

Findings are reported in means and medians. The mean represents the total amount of funding from all reporting donors divided by the number of reporting donors. The median represents the mid-point amount – the donor half-way down the list of donors ranked from highest amount contributor to lowest. Unlike the mean, the median is not affected by “outliers”, i.e. by very small or very large amounts in the sample.

Estimates reveal that the donors that responded to these questions provided an average (mean) of R65.4 million towards all types of activities and R16 million on average, for child-related services in the previous financial year. The medians were R13.9 million and R6.6 million respectively. For the 38 donors reporting overall funding, the total was R2 485 million, while for the 33 donors reporting child-related funding the total was R529 million.

The estimates above are based on different numbers of donors, which makes the comparison unreliable. Table 28 presents a more accurate comparison that is restricted to the 32 respondents who provided estimates for both overall and child-related funding. The estimates for child-related services change only slightly from those reported above for the 33 donors. For overall funding, the mean is now R72.7 million and the median R13.9 million, while total funding is R2 328 million.

Table 28. Funding allocated in the last financial year (R million)

	Overall	Child-related services
Mean	R72.7	R16.2
Median	R13.9	R6.4
Total amount	R2 328	R518

Donors were asked to estimate the amount of funding that they were likely to allocate to child-related services in the current and the next financial year. About a third (15) of the donors were not able to provide this information for the current financial year and almost half (21) were not able to do so for the next financial year. One respondent gave an estimate of zero, as they were stopping their funding. Five of the donors that could not provide estimates noted the amount would be determined on the basis of their organisations' priorities or ensuing strategic planning. Four donors said it was impossible to predict these amounts; it could depend on the availability of funds, demand for child-related funding, or "developments" in the children sector. One donor said it was difficult to predict because they had limited funds due to the economic recession.

Table 29 shows that six of the 33 respondents funded less than R1 million for child-related activities in the current financial year. A further 11 respondents estimated their child-related contribution as more than R1 million but less than R10 million in the current financial year. Four of these respondents represented national private business donor/trusts and a further three represented international foundations. Fourteen respondents reported amounts of R10 million or above but under R100 million for child-related funding in the current financial year. Four of these respondents represented bi- or multilateral donors, four were from national foundations, trusts or NGOs, two each were from international foundations and international NGOs and one each from national private business and a government-related development fund. Finally, the two donors that projected R100 million or more were bi- and multilateral donors.

Table 29. Estimated funding for child-related services in the current financial year

Amount	Number
R100 000 or less	2
R100 001 - R999 999	4
R1 000 000 - R9 999 999	11
R10 000 000 - R99 999 999	14
R100 000 000 or more	2
Total	33

Table 30 shows that of the 27 donors that projected child-related funding for the next financial year, one – an ODA donor – expected zero funds to be allocated, although this funder had allocated for the current year. Five gave estimates of less than R1 million. These included three national foundations and two national businesses. Four of the 10 donors that specified amounts between R1 million and under R10 million were international (four foundations and one NGO) and the remaining five consisted of three private businesses and two national foundations. Five of the 10 donors with estimates of R10 million or more but under R100 million were bi- or multilateral donors, two were international NGOs, and there was one international foundation, one national business, and one national foundation. The donor reporting funding of R100 million or more was an ODA donor.

Table 30. Estimated funding for child-related services in the next financial year

Amount	Number
R0	1
Less than R1 000 000	5
R1 000 000 - R9 999 999	10
R10 000 000 - R99 999 999	10
R100 000 000 or more	1
Total	27

On average, the 33 donors estimated that they would allocate R28.7 million, using the mean, to child-related services in the current financial year. The median was much lower at R9 million. The mean estimated amount for the next financial year for the 27 donors that provided this information was R20.2 million, and the median was R6.8 million. In total, R1 036 million was estimated for the current year and R545 million for the next year.

As before, however, estimates for the two years relate to a different number of donors and could therefore be misleading. Table 31 reports results restricted to the 26 donors that could provide estimates of funding for both the current and next year. The table suggests a marked decrease in total funding available from these donors, from R838 million in the current year to R580 million in the following year. This decrease is also reflected in the mean (from R32.2 million to R20.4 million) and median (from R9.6 million to R5.4 million). These estimates suggest a serious decline in funding for child-related services.

Table 31. Estimated funding for child-related services in the current and next financial year (R million)

	This year	Next year
Mean	R32.2	R20.4
Median	R9.6	R5.4
Minimum	R0.1	R0
Maximum	R329	R280
Total	R838	R580

Of the 26 donors that provided estimates for both years, six gave the same amount for both years, 12 provided a higher amount for “next” year, and eight provided a smaller amount for “next” year.

Two donors ascribed their predicted decrease in funds to the impact of the economic recession. Another reason for the anticipated decline was possible shifts in funding priorities. One of the bilateral donors was planning to gradually decrease funding by 10 percent annually over the next five years because they had reached their funding plateau in South Africa and the number of countries that they were supporting had increased.

Donors were asked for a breakdown of funds allocated to the various types of child-related services in the most recently completed financial year. Five donors were not able to do this because they did not use the same categories as the questionnaire or some of the categories overlapped. Four donors said that they funded child-related organisations rather than services. Four donors noted that this information was not readily available and that they were attending to more urgent priorities at the time. Some of the reasons provided for the lack of information echoed those discussed in the previous paragraphs.

Table 32 shows the number of donors that provided information for each of the service areas, the mean and median amount reported, and the total overall amount from the donors that reported. The table suggests that the largest amounts of Children’s Act-related funding were allocated to services for orphans and vulnerable children. This service area was also funded by the largest number of reporting donors. Of the Children’s Act-related service areas, child and youth care centres received the least donor funding, apart from services for children in conflict with the law. This could be because donors expect government to cover all or most of the costs of these centres, and some donors prefer non-residential care options. Ten respondents referred to services that were not on the pre-coded list and were categorised in “other”. These services included child literacy programmes, emergency medical and nutritional support, peer education, primary health care, sport development, buildings and infrastructure (local organisations adding classrooms to government school buildings), employee child financial assistance, HIV/AIDS prevention and youth development. Most of these “other” areas do not fall under the Children’s Act.

Table 32. Estimated amounts provided to child-related services in last financial year (R thousands)

	Number	Mean	Median	Total
Child protection services	11	R1 112	R300	R12 231
Child and youth care centres	13	R2 210	R500	R28 724
Home- and community-based care and support for orphans and vulnerable children	18	R8 595	R565	R154 716
Child and/or family counselling and family preservation services	13	R2 901	R210	R37 717
Diversion for children in conflict with the law	5	R609	R300	R3 045
Programmes that provide families with information on government services	12	R5 916	R375	R70 996
Programmes that assist families to be self-sufficient	11	R4 813	R280	R52 946
ECD	14	R4 389	R1 722	R61 449
Formal primary and secondary education services	10	R2 544	R800	R25 440
Policy development, research and M&E	6	R5 950	R3 860	R35 697
Other	10	R5 600	R898	R56 004

In addition, donors indicated what proportion of the total funds allocated to child-related funding went to the various types of organisations and/or institutions that they were funding. Overall, only 32 donors were able to answer this question.

As shown in Table 33, these donors allocated a proportion of their funding to NGOs/NPOs. Eight of these 32 donors were national private business donors and another eight were national trusts, foundations or NGOs. Seven were bi- or multilateral donors and six were international foundations.

Fourteen donors reported that a proportion of their budgets was allocated to CBOs, and 11 donors funded FBOs. Six of those who funded CBOs or FBOs were national trusts, foundations or NGOs and four were national private businesses. However, the numbers reported for CBOs and FBOs are under-estimates, as eight donors regarded CBOs and FBOs as NPOs and included their allocations in the NGO percentage.

Five donors funded national government, three allocated funds to provincial government, and two to local government. In line with the earlier pattern, bilateral and multilateral donors were more likely than other donors to have allocated a proportion of their child-related funding to national or provincial governments in the last financial year.

Six donors noted a proportion of their child-targeted funding went to conduit organisations. Two of these were representatives of national foundations and two were representing national private businesses.

Table 33. Types of recipients named as receiving a proportion of the child-related funds

National government	5
Provincial government	3
Local government	2
NGO/NPO	32
CBO	14
FBO	11
Conduit organisation	6
Other	3

Combining responses for NGOs, CBOs and FBOs reveals that all but one of the 32 donors that provided proportional breakdowns of their funding reported that 60 percent or more of their child-related funding went to these organisations, 26 reported that 90 percent or more of the funding went to these organisations, and 21 said that all their funding for child-related services went to these organisations. These estimates are low because they exclude the money going to conduit organisations, much of which would also be channelled to NGOs, CBOs and FBOs.

All but four of the donors answered a question about the types of costs (line items) of recipient organisations that they covered for child-related services. About three-quarters of donors noted that they funded costs related to (a) management, administration or overheads and (b) organisational development of funded organisations, as shown in Table 34.

More than three-fifths of donors funded costs associated with staff, volunteers, goods and services (such as transport, water and electricity). Many donors did not fund these essential

costs of service delivery. To a lesser extent, donors funded policy development or the development of norms and standards for children. One of the national donors (a national trust) clarified that they did not fund the purchasing of assets, such as buildings or vehicles, but did fund operational costs of assets, such as maintenance.

Table 34. Costs covered for child-related services

Management, administrative and overhead costs	36
Organisational development of funded organisation	34
Delivery of services-costs of staff	31
Delivery of services-costs of goods and services	30
Delivery of services-costs of volunteers	30
M&E	25
Advocacy	22
Delivery of services-costs of infrastructure	21
Policy development, including norms and standards	18
Other	10

Donors were asked to specify the number of NGOs, CBOs and FBOs that they had funded in the last financial year for child-related services (excluding formal primary and secondary education services and policy development). Organisations that were funded through another conduit organisation through which the donor channelled a proportion of its funding were also excluded. On this basis, the responses could be regarded as an under-estimate.

Nine donors could not provide this information. One donor said they funded too many projects to be able to provide a count, while another noted that they had not funded any organisations in the last financial year. One donor said that they funded organisations that did not solely focus on child-related services, and so they could not answer the question.

Table 35 shows that the remaining donors funded on average 43 organisations for child-related services. Again, however, the fact that the median is so much smaller than the mean reveals that the mean is skewed upwards by a few large amounts. For example, as shown in the table, one donor funded 350 organisations. Nine donors reported that they funded five or fewer organisations.

Table 35. Average number of organisations supported in the last financial year

Mean	43
Median	18
Minimum	1
Maximum	350

Future funding of child-related services

We asked donors how they anticipated their current level of child-related funding would change, if at all, over the next five years. As noted above, child-related services were defined to exclude formal primary and secondary education services and policy development related to the children sector.

Six donors were not able to respond directly to this question because decisions were yet to be made. They noted that:

- The decision would be informed by management strategies.
- Budgets were allocated annually which made it difficult to speculate.
- The term of office of the decision-making body of one of the government-related development funds was set to end in 2011 which made it impossible to provide this information.
- This depended on “applicants’ needs” and the proposals approved.
- This depended on shifts in government policy priorities.

As shown in Table 36, there was not a consistent pattern in the responses of national private business donors on the relative size of future funding of child-related services. About half of these donors speculated that the current level of funding would remain unchanged, while the other half anticipated an increase in funding over the next five years. In contrast, most donors representing national NGOs did not expect a change in their child-related budget in future. Overall, 23 donors expected the amount of funding to remain more or less constant, 11 expected an increase in funding, and four expected a decrease. Three donors expected to stop funding child-related services by 2015. These included a bilateral donor and two national foundations, trusts or NGOs.

Table 36. Anticipated level of funding over next five years

	Continue with constant amount	Continue with increased level	Decrease this area of funding	Stop this area of funding	Total
Bilateral or multilateral donor	3	1	2	1	7
International NGO	3	0	0	0	3
International foundation	5	1	1	0	7
National private business donor/trust	6	5	0	0	11
National trust, foundation or NGO	6	3	1	2	12
Government-related development fund	0	1	0	0	1
Total	23	11	4	3	41

Among the four donors that reported the largest amounts of funding for child-related services for the current year, one planned to stop funding child-related services in the next five years, another planned to decrease funding, one was planning a constant level of funding, and one was planning an increase.

We asked donors if over the coming five years they planned to change the funding split between government and NGOs for child-related services. A respondent from a government-related development fund was not able to speculate because the term of the decision-making body was ending. Another donor felt unable to answer because their funding was not solely targeting children. Five donors (government-related development fund, national

foundation, international NGO and two international foundations) did not respond because they were only funding NGOs at the time of the study. Basically, these funders were saying there would be no change. In addition, a further 26 donors did not anticipate changing the proportional allocation between government and NGOs. Most of these were national foundations, trusts or NGOs, as shown in Table 37. Three bi- and multilateral donors were the only ones who anticipated a greater allocation to government compared to NGOs over the coming five years. Of the 10 who did not answer the question, five were national private business donors/trusts.

Table 37. Funding split between government and NGOs for child-targeted services

	No change	Greater share to government	Greater share to NGOs	Don't know	Total
Bilateral or multilateral donors	5	3	0	3	11
International NGO	4	0	0	0	4
International foundation	6	0	0	1	7
National private business/trust	4	0	1	5	10
National foundation, trust or NGO	11	0	0	1	12
Government-related development fund	1	0	0	0	1
Total	31	3	1	10	45

When asked if they were planning to provide support for any new types of service areas over the coming five years, about half of donors did not anticipate this, as evident in Table 38. Most of the bilateral or multilateral donors (7) did not plan on supporting new child-related services over the coming five years. However, national private business donors and national foundations or NGOs were divided – half of each indicated that they planned on funding new services while the remaining half said they were not planning to do so.

Table 38. Support of new services over next five years

	Yes	No	Don't know	Total
Bilateral or multilateral donors	2	7	2	11
International NGO	1	2	1	4
International foundation	4	3	0	7
National private business trust/donor	5	6	0	11
National foundation, trust or NGO	5	7	0	12
Government-related development fund	1	0	0	1
Total	18	25	3	46

Table 39 shows the areas in which donors anticipated providing support for new types of services over the coming five years. Overall, 18 donors were likely to fund new service areas. New service areas frequently noted by donors were programmes that assisted families to become self-sufficient, ECD centres, or programmes, and policy development, research and M&E in respect of children. Two donors were in the process of deciding new service areas at the time of this study. Two donors specified services related to youth, which we placed in the “other” category. Child health and nutrition and child rights were additional areas specified under “other”.

Table 39. New service areas for which support would be provided

Programmes that assist families to obtain basic necessities	4
ECD centres or programmes	4
Policy development, research and M&E	4
Child protection services	3
Home- and community-based care and support for orphans and vulnerable children	3
Child and/or family counselling services	3
Programmes that provide families with government information	3
Child and youth care centres	2
Diversion for children in conflict with the law	2
Formal primary and secondary education services	2
Other	7

We asked donors if over the coming five years they planned on ending support of any of the child-related services that they were funding at the time. A bilateral donor said speculation was not possible because their way forward would be determined by shifts in policy. A respondent from an international NGO said their future funding would be informed by the findings of a review scheduled for 2012.

More than half the donors (29) were not planning to stop supporting child-related services over the next five years, as indicated in Table 40. These were mainly national foundations, trusts or NGOs (10) and national private business donors/trusts (9). In contrast, most of the bilateral/multilateral donors (6) were planning to stop funding certain services areas over the next five years.

Table 40. Donors that planned to end support of certain child-targeted services

	Yes	No	Don't know	Total
Bilateral or multilateral donor	6	4	0	10
International NGO	1	1	1	3
International foundation	2	4	0	6
National private business donor/trust	2	9	0	11
National foundation, trust or NGO	2	10	0	12
Government-related development fund	0	1	0	1
Total	13	29	1	43

The areas which certain donors planned to stop funding and the reasons provided are summarised in Table 41.

Table 41. Areas for which donor funding would be stopped

Donor	Child-related service	Reason for stopping funding
Bilateral donor	The donor planned to stop their funding to a conduit organisation and CBO providing home-based care targeted at child-headed or granny-headed households.	The donor organisation faced a financial crisis and had to review funding areas.
Bilateral donor	Civil society development fund.	The donor said South Africa was considered a middle-income country which discouraged donor investment. The donor had shifted from bilateral to multilateral cooperation agreements (i.e. channelling money through multilaterals rather than directly to the South African government) and the multilateral agreements determined where funding would go.
Bilateral donor	Social skills development.	The donor noted that this initiative was only for the duration of the 2010 Soccer World Cup.
Bilateral donor	Emergency grant intervention for a specific organisation in specified locality.	The time frame for the grant had lapsed.
Bilateral donor	Basic education.	The donor noted that funding to South Africa would be drastically reduced in coming years and said that funds would rather be directed toward skills and higher education because the South African government prioritised basic education.
Bilateral donor	Specific education-related projects such as food and school uniforms and infrastructure-related costs at children's homes and places of safety.	The donor intended to shift its focus to educational outcomes because funding of infrastructure was not their speciality.
International NGO	Operational costs of funded organisations and infrastructure-related costs.	The donor noted that these were not sustainable and were covered by government.
International foundation	The foundation was in the process of a three-year phase out of their work in South Africa.	This was due to worldwide downsizing of the foundation's operations.
International foundation	Orphans and vulnerable children.	Grants are time-specific and continued funding is based on performance and availability of funds.
National private business donor	The donor planned to stop funding specific education-related projects and programmes.	These were not considered measurable or sustainable.
National private business donor	Arts, culture and sport.	According to the donor, funding for this area was provided through Golden Arrow's community transport support programme.
National South African foundation, trust or NGO	Areas where local or provincial government mandates were unclear.	The donor said that municipalities in their integrated development plans were not reflecting readiness to take responsibility for particular services for children.
National South African foundation, trust or NGO	Organisations that provided orphans and vulnerable children-related services.	The main funder of the donor redirected focus to avoid duplication.

Non-financial support

The sections above have all focused on financial support for services. Donors were also asked if they provided any non-financial support to government and/or NGOs for child-related services. One of the donors did not respond to this question because their funding targeted children as part of a broad target group. The majority of donors (31) said that they provided non-financial support, as shown in Table 42.

All respondents from national trusts, foundations or NGOs and the two government-related donors provided non-financial support to organisations or government. International NGOs were less likely than international foundations to provide non-financial support. Half of the private business donors/trusts provided non-financial support.

Table 42. Non-financial support provided for child-related services

	Yes	No	Total
Bilateral or multilateral donor	4	7	11
International NGO	3	1	4
International foundation	5	2	7
National private business donor/trust	5	5	10
National foundation, trust or NGO	12	0	12
Government-related development fund	2	0	2
Total	31	15	46

We asked the 31 donors that had provided non-financial support to specify the nature of this support and to indicate whether it targeted government or NGOs or both. Seventeen donors said that they had built the capacity of the organisations, as shown in Table 43. Both NGOs and government benefited from this training. The capacity-building sessions covered M&E, facilitation of strategic planning sessions, financial literacy or the King III principles for corporate financial governance. Twelve donors noted that they had made in-kind donations mainly to NGOs. They provided computers, furniture, clothing, blankets, books or food parcels. Six donors facilitated opportunities for information sharing and partnerships between organisations. Four donors provided advice or mentoring support to organisations they had funded. Other forms of non-financial support included emergency relief, project design support or volunteer support services.

Table 43. Nature of non-financial support

Capacity building or training	17
In-kind donations	12
Information sharing and partnerships	6
Mentoring and advice	4
Other	9

Donor collaboration and consultation

Donors indicated if they were members of forums or groupings in which they:

- Met with other donors that funded child-related services
- Met with NPOs that delivered child-related services
- Participated in government-initiated forums which focused on child-related services.

The paragraphs below report on the organisations named for each category. We report on the organisations as named in the interviews, rather than reclassifying organisations based on our own understanding of which stakeholders they include and/or who leads them.

Table 44 reveals that half the donors (24) were members of groups or forums in which they met with other donors that funded child-related services. These were mainly representatives from bilateral and multilateral donors (8) and national trusts, foundations or NGOs (8). Most of the private business donors were not members of donor forums. Four donors were members of LINC and three were members of the National Business Initiative. Two donors served on CSI forums. Four donors were members of province-specific forums which included the KwaZulu-Natal ECD Forum, Mpumalanga Education Development Trust, North West Donor Network and KwaZulu-Natal Donor Dialogue. Other donor forums included the Education Training and Policy Forum, the South African ECD Awards Steering Committee, Association for Savings and Investment in South Africa, an internal United Nations (UN) working group, a local branch of the National Welfare, Social Service and Development Forum (an advocacy and capacity-building body for social welfare NPOs), the National Action Committee for Children affected by HIV/AIDS, National Child Protection Committee Task Force and the Coalition for Children affected by AIDS. Surprisingly, none of the interviewees mentioned the National Child Care and Protection Forum, which is supposed to be the main coordinating forum for government donors and NPOs.

Table 44. Membership of donor forums that focused on child-related services

Bilateral or multilateral donor	8
International NGO	2
International foundation	2
National private business donor/trust	4
National foundation, trust or NGO	8
Government-related development fund	0
Total	24

Table 45 shows that fewer donors said they were members of groups or forums involving NPOs that delivered child-related services. National trusts, foundations or NGOs (6) were more likely to be members of forums that included NPOs. Two donors said that they were members of each of the Regional Inter Agency Task Team, the National Action Committee for Children affected by HIV/AIDS and LINC. Three donors were members of Western Cape groups, namely the Western Cape Disability Forum, the Western Cape Children’s Forum and the Western Cape Forum for Intellectual Disability. Other forums involving NPOs included the South African National AIDS Council, Child Rights Training Forum (regional), Southern African Network to end Corporal and Humiliating Punishment, South African Institute of Fundraisers, National Moot Competitions, ABSA Dialogue Group, Nelson Mandela Children’s Fund Advocacy Initiative and the Gauteng Mental Disability Advocacy Group.

Table 45. Membership of forums involving NPOs that delivered child-related services

Bilateral or multilateral donor	3
International NGO	3
International foundation	2
National private business donor/trust	3
National foundation, trust or NGO	6
Government-related development fund	0
Total	17

Table 46 shows that even fewer donors (13) were members of government-led forums which focused on child-related services. Donors that were members of such forums were mostly bilateral or multilateral donors or representatives from national foundations, trusts or NGOs (4). Seven donors referred to the National Action Committee for Children affected by HIV/AIDS and three noted the National Child Protection Committee. Three donors were members of the National Child Care and Protection Forum. Other forums included the South African National AIDS Council, Mpumalanga Education Trust, the Education Training and Policy Forum and the South African ECD Awards Steering Committee.

Table 46. Membership of government-led forums which focused on child-related services

Bilateral or multilateral donor	4
International NGO	2
International foundation	1
National private business donor/trust	2
National foundation, trust or NGO	4
Government-related development fund	0
Total	13

We asked donors if they consulted beneficiaries or other stakeholders on the kinds of services to fund. As shown in Table 47, the majority of donors (33) said that they consulted either beneficiaries or other stakeholders regarding the types of child-related services that required funding. National private business donors were less likely than other donors to consult on this.

Table 47. Consultation regarding kinds of services to be funded

Bilateral or multilateral donor	9
International NGO	4
International foundation	4
National private business donor/trust	7
National foundation, trust or NGO	8
Government-related development fund	1
Total	33

Table 48 shows that most donors (24) consulted the organisations that they were funding or specialists in the service or geographic area(s) that they were funding. Eleven donors consulted local or community-level stakeholders, such as learner representatives, representatives of governing bodies, community-based workers, and political or traditional leaders. The same number of donors (11) consulted various government departments, including the DSD, and Departments of Health and Education. In terms of methods, donors frequently consulted stakeholders through meetings. Other methods of consultation included surveys, evaluations, conferences and workshops, and engagement in local processes such as integrated development plans.

Table 48. Parties consulted regarding funding of child-related services

Beneficiaries and experts	24
Local stakeholders	11
Government	11
Other	8

We asked donors whether they would want to have closer collaboration with other donors, government and NGOs, CBOs or FBOs that delivered child-related services. Table 49 indicates that the majority of donors expressed interest in closer collaboration with other donors in the field.

Table 49. Desire to collaborate more closely with other donors

	Yes	No	Total
Bilateral or multilateral donors	8	3	11
International NGO	3	1	4
International foundation	4	0	4
National private business donor/trust	10	1	11
National foundation, trust or NGO	12	0	12
Government-related development fund	2	0	2
Total	39	5	44

Table 50 shows that even more donors expressed interest in collaborating more closely with government.

Table 50. Desire to collaborate more closely with government

	Yes	No	Total
Bilateral or multilateral donors	11	0	11
International NGO	3	1	4
International foundation	4	0	4
National private business donor/trust	11	0	11
National foundation, trust or NGO	11	1	12
Government-related development fund	2	0	2
Total	42	2	44

Table 51 shows that the majority of donors also expressed interest in collaborating with organisations that delivered child-related services.

Table 51. Desire to collaborate more closely with NPOs/NGOs

	Yes	No	Total
Bilateral or multilateral donors	9	1	10
International NGO	3	1	4
International foundation	3	1	4
National private business donor/trust	11	0	11
National foundation, trust or NGO	12	0	12
Government-related development fund	2	0	2
Total	40	3	43

The majority of donors expressed interest in receiving more information about the Children’s Act and related services, which is evident from Table 52. International foundations were the least likely to express interesting in receiving further information.

Table 52. Interest in receiving more information

	Yes	No	Total
Bilateral or multilateral donor	9	2	11
International NGO	4	0	4
International foundation	4	2	6
National private business donor/trust	11	0	11
National foundation, trust or NGO	12	0	12
Government-related development fund	1	1	2
Total	41	5	46

The tables in this section should be treated with some caution. The responses show an interest in greater collaboration and in receiving information. These are, however, questions to which people will tend to respond in the affirmative, as collaboration is considered a “good thing”. However, it is not clear how much effort donors would be prepared to put into collaboration, or into reading more information.

Donor concerns about funding of child-related services

We asked donors if they had any concerns related to funding of child-related services. Donors’ open-ended responses to this question were coded and categorised and are presented in Table 53. Fourteen donors said they had no concerns.

Thirteen donors said that the government was not providing leadership in funding of child-related services. There was a concern that there were no clear policy guidelines or measures for the implementation of the Children’s Act (although, in reality, a substantial amount of work has gone into developing policy, norms and guidelines). According to some donors, lack of government direction or leadership resulted in an incoherent response to funding of the sector, which manifested in duplicated funding of certain services, geographic areas or beneficiaries. A respondent from one of the government-related development funds noted that the Department of Education and DSD were not clear regarding their responsibilities and their efforts were poorly coordinated. Some donors recommended improved collaboration, especially between government and civil society organisations that delivered child-related services.

Twelve donors expressed concern about limited funds allocated to child-related services. One respondent attributed limited funding to the withdrawal of international donors from funding services in South Africa because it was considered a middle-income country and not perceived as “interesting” to fund anymore. Another view was that donors were more likely to enter into shorter funding agreements (usually 12 months) with smaller organisations which could affect project or programme sustainability. Donors said that without clear priorities, funds were often spent on administrative costs rather than more directly on services to children. Two donors were concerned that organisations were becoming increasingly dependent on donor funding despite the lack of guaranteed funding. Another concern was that donor funding was not correctly targeted (geographically) because international donors were often not familiar with local contexts.

Twelve donors raised a concern that child-related funding was not prioritised. This view was in some cases informed by concerns about limited funding allocated to the sector as previously discussed. Four donors saw a lack of transparency as a major challenge, as it fuels corruption, “exploitation” and “commercialisation”. Six donors expressed concerns about ineffective M&E of the flow of funds within the sector.

Finally, two donors referred to inefficiencies in the provision of government funding. Government funding was described as erratic, insufficient, cumbersome and delayed. The political leadership change in the Western Cape from African National Congress (ANC) to the Democratic Alliance (DA) was mentioned by a donor that explained that certain organisations’ funding was stopped because of differing priorities between the ANC and the DA in this province.

Table 53. Concerns regarding child-related funding

Government not providing leadership	13
Limited funding	12
Children’s services not prioritised	12
Other	16
No concerns	14

Donor recommendations for achieving adequate and reliable funding for child-related services

Donors suggested how adequate and reliable funding could best be achieved for child-related services. Ten donors did not make any suggestions. The recommendations offered by the remaining donors were coded and are presented in Table 54.

Fifteen donors emphasised the need for improved collaboration and consultation to improve coordination. These donors favoured the establishment of good working relationships between all stakeholders including government, NPOs and donors. Some donors noted the importance of sharing information and resources among partners. Others encouraged sharing of good practice or lessons learnt. In this respect, there were several requests for feedback on this research study. A representative of a South African foundation who had previously attended a government-facilitated meeting complained that the meetings lacked continuity because different government representatives attended each meeting and there was often no defined mandate for donors.

Eight donors said that government should provide leadership in terms of funding of the children’s sector and implementation of the Children’s Act. According to two donors, government should contribute the largest proportion of funds for the delivery of child-related services.

Five donors said funding needed to be targeted or needs-based. Similarly, some respondents suggested that donors conduct needs-based assessments, situational analyses or enable communities to provide input. Two donors said that child-related services should be thoroughly costed and budget allocations must be better prioritised. Three donors suggested basket funding, pooled funding or co-funding, options which are sometimes used by bi- and multilateral funders. One donor referred to Uganda, Australia and the Joint Assistance Funding in Zambia as examples of good practice in this regard. Another suggestion was for core, long-term funding instead of once-off performance-based funding.

Funding could also be allocated directly to service delivery organisations instead of through conduit organisations.

Five donors suggested increased investment in M&E to determine the impact of funding and to improve transparency within the sector.

Table 54. Recommendations for adequate and reliable child-related funding

Improved collaboration and consultation	15
Government leading	8
Improved coordination	7
Targeted funding	5
Improved M&E	5
Pooled funding	3
Other	12
No recommendations	10

Findings of the survey of non-profit organisations

Nature of organisations

Table 55 shows the type of organisations that formed part of the sample for this study. The names of the organisations interviewed are listed in the appendix. As explained above, we interviewed key larger NGOs dealing with children's issues, most of which have a national scope. We also interviewed representatives of nine child and youth care centres, one from each province, and 10 smaller, grassroots-level NGOs or CBOs that were selected randomly from among members of ACCESS. In selecting these members, we excluded those based in Gauteng, KwaZulu-Natal and Western Cape to balance the provincial profile of the larger national organisations.

Table 55. Type of organisations

Larger NGOs	11
Child and youth care centres	9
Small NGOs/CBOs	10
Total	30

Where organisations had more than one office, respondents were asked whether their responses in the rest of the questionnaire would cover the whole organisation or only part of it. Respondents who said no were asked to explain which offices, programmes or projects their answers would cover and to answer all questions only in respect of these activities. More than half the organisations (19), including nearly all smaller organisations and child and youth care centres, did not have multiple offices and therefore the question did not apply. Eight of the larger NGOs and one of the smaller ones had multiple offices and said that they would answer further questions covering all of their offices. Two respondents (from a larger NGO and child and youth care centre respectively) said they would not cover all of their offices in the study. One of these noted that while they had offices in two provinces, they ran programmes in only one of the provinces. The responses would therefore only cover the province with programme activity.

Most respondents occupied senior positions within their organisations, and the majority were either managers (16) or directors (8). One of the respondents classified as a manager was a member of the board. The six remaining respondents included an orphan and vulnerable children coordinator, two social workers, one caregiver, a finance person, and an executive assistant. Overall, the respondents were in a good position to provide the requested information.

Table 56 shows the start month of the financial year of the service delivery organisations. More than half of representatives (19) reported that their financial year started in April, corresponding to the government's financial year. In contrast, as seen above, close on half of the donor organisations specified the calendar year as their financial year. Almost all organisations that received some funding from government said that their financial year started in April, while very few of those who did not receive government funding had a financial year starting in this month.

Table 56. Start of organisations' financial year

January	2
March	5
April	19
June	1
August	1
September	1
October	1
Total	30

We asked each respondent to indicate the provinces in which the organisation had offices as well as those provinces in which they were running projects or programmes that targeted children. A “not province-specific” option was offered for cases in which services did not target specific provinces. Respondents who indicated multiple offices had to specify the province in which their head office was located. Table 57 shows that respondents were more likely to name Limpopo, KwaZulu-Natal and Gauteng than other provinces as the location of their offices and their child-targeted projects or programmes. In cases of multiple offices, these three provinces were also most often noted as the location of the head office. The unexpected prevalence of Limpopo is explained by the fact that four of the grassroots organisations selected randomly from the ACCESS database were in Limpopo. This is partly the result of our decision to exclude Gauteng, Western Cape and KwaZulu-Natal provinces when selecting organisations from the ACCESS database.

Table 57. Provinces where organisations were operating

	Office/s	Projects/programmes	Head office
Eastern Cape	8	8	
Free State	6	8	
Gauteng	10	10	5
KwaZulu-Natal	10	10	2
Limpopo	12	12	1
Mpumalanga	5	7	
Northern Cape	8	9	
North West	6	7	1
Western Cape	8	8	
Not-province specific	0	1	

Respondents indicated all the types of child-related services that they were providing at the time of the study, using pre-specified categories related to the Children’s Act. Table 58 shows that more than half of respondents were delivering home- and community-based care and support for orphans and vulnerable children (22), child and/or family counselling and family preservation services (19), child protection services (18), programmes that assisted families to become self-sufficient (16) or programmes that provided families with information that facilitated access to government or NPO services (16). About half the organisations that provided child protection services or programmes that provided service delivery information to families were larger NGOs. As expected, seven of the child and youth care centres reported that they were a child and youth care centre. In addition to providing residential care to children, these centres were most likely to report providing family preservation services (presumably related to reunification of the children in their care) and child protection services (which could include caring for and organising the placement of abused children). Neither of the remaining two centres said that they were providing child and youth care centre services. One of these was a foster care centre that had encountered difficulties in renewing their child and youth care centre registration with the department. The second saw itself as a “transition” home for orphans and vulnerable children aged 0-6 years.

Table 58. Child-targeted services that organisations were providing

	Large NGOs	Child and youth care centres	Small NGOs/CBOs	Total
Child protection services	9	5	4	18
Child and youth care centres	2	7	2	11
Home- and community-based care and support for orphans and vulnerable children	10	3	9	22
Child and/or family counselling and family preservation services	7	6	6	19
Diversion for children in conflict with the law	2	0	3	5
Programmes that provide families with information on how to access government and NPO services	9	2	5	16
Programmes that assist families to obtain basic necessities	7	2	7	16
ECD centres or programmes	6	4	1	11
Education services other than ECD	4	2	3	9
Policy development, research or M&E	6		2	8
Other	3	0	3	6

Respondents described, in their own words, the types of services that they were delivering under each of the categories that they had selected in Table 58. This was done both to ensure that they were categorising correctly when responding to the previous question, and to get a sense of the nature of services offered.

Table 59, based on post-coding of the open-ended responses, shows that respondents frequently noted that child protection services entailed liaising with partners (social workers, South African Police Services, Department of Home Affairs or communities) to link children or their families with important services such as identity documents, birth certificates, grants, shelter or free utilities. Three respondents said they had spread awareness about the South African Schools Act 84 of 1996, regarding child rights and the right to be exempt from paying school fees. There was thus an overlap here with programmes providing families with information on how to access services. Three respondents mentioned placement of children in foster care. Others noted that child protection services involved counselling or therapy for children who were victims of abuse. Services that were not often referred to by respondents and categorised under “other” in the table below included programmes that aimed to reintegrate street children into the community, monitoring of school attendance, programmes aimed at preventing abuse or preparing children in conflict with the law for court cases. A respondent who represented one of the large NGOs noted that they facilitated succession planning and memory work for orphans and vulnerable children and their caregivers.

Table 59. Description of child protection services

Liaison to promote access to services	8
Foster care	3
Counselling/therapy	6
Other	18

Table 60 describes the services provided by organisations that delivered child and youth care centre services. As expected, respondents frequently referred to children’s homes or shelters for street children. Two respondents noted that in addition to shelter, children were provided with basic necessities such as food and clothing and counselling services.

Six other organisations – three large and three small – provided services in the area of child and youth care centres, although they were not classified as such. One of the small NGOs/CBOs provided training for staff of children’s homes. Another small NGO was involved in the placement of foreign children. The third small NGO provided counselling to children in child and youth care centres. One of the large NGOs ran shelters which were non-residential and provided services such as after care, general educational support, homework supervision and nutrition. The second large NGO ran a “resource centre” for children and they provided for their basic needs, such as shelter, clothing and food. The respondent from the third large NGO said their members provided child protection services.

Table 60. Description of child and youth care centres

Children's home	7
Shelter for street children	6
Other	3

Table 61 shows that, when asked to describe their home- and community-based care services, respondents frequently referred to home visits to child-headed households. One respondent noted that they were visiting registered children. Three respondents reported that home visits were conducted by caregivers. In one instance a nurse conducted home visits, while in another organisation 36 volunteers supervised child-headed households in eight villages and towns. Home visits included identifying the needs of orphans and vulnerable children and taking care of children's basic needs such as bathing, clothing and feeding, as noted by six respondents. Four respondents said that during home visits psychosocial support and/or counselling would often be provided to orphans and vulnerable children. One respondent said home visits entailed helping orphans and vulnerable children to access services such as grants or to register for school. Three respondents offered support to organisations or caregivers by providing infrastructure or training to home- and community-based care organisations; child and youth care workers conducting "life space" work in children's homes; and providing training and psychosocial support to caregivers helping orphans and vulnerable children in rural areas. Three respondents referred to after-school educational support programmes which help orphans and vulnerable children with their homework. Responses categorised as "other" include reintegrating vulnerable children into society and teaching children life skills. One respondent noted their participation in the Asibavikele (let's protect) programme which focused on HIV/AIDS and Isilo Labantwana (eye of the child) which focused on abuse, care and training.

Table 61. Description of home- and community-based care and support for orphans and vulnerable children

Home visits	11
Support to organisations	3
After-school programmes	3
Other	5

In the case of child and/or family preservation services, 17 of the organisations said that they provided counselling, including three that counselled children and their families as part of efforts to reunify children with their parents. One respondent provides counselling for "juvenile offenders" and their families. Four respondents offer play therapy or trauma counselling for children who underwent abusive or traumatic experiences. Counselling was provided by trained counsellors, social workers, trained volunteers or, in one case, a pastor.

Table 62 shows that diversion services entailed negotiating placement of children in conflict with the law into diversion programmes to prevent repeat offences or imprisonment of child offenders. One respondent noted that it involved monitoring children who had been placed in the custody of their parents. Three respondents said it involved counselling child offenders and/or their parents while two organisations provided HIV/AIDS-related education to children in conflict with the law.

Table 62. Description of diversion services

Placing children in diversion programmes	5
Counselling	3
HIV/AIDS Education	2

Table 63 shows that programmes that provide service delivery information mainly target communities and aim to raise awareness about important issues including abuse, violence at schools or child rights. In some cases, these messages were communicated through media, such as door-to-door visits conducted by volunteers, peer education programmes, weekly circulars, radio or community talks, workshops or pamphlets. Six respondents helped orphans and vulnerable children, other children or caregivers to apply for grants or identity documents or to access health services. One respondent had facilitated access to important documentation through home visits and school-based jamborees.

Table 63. Description of services related to programmes that provided families with information on accessing government and NPO services

Raising awareness	8
Link orphans and vulnerable children and families to services	6
Other	2

Table 64 shows that half the respondents (15) referred to income-generating projects while elaborating on programmes that help families become self-sufficient. Ten respondents made specific reference to food gardens, and other projects were related to sewing, beadwork or catering. Six respondents noted that they either taught children life skills or they equipped caregivers or parents with adult basic education and training or the skills that would enable them to become self-sufficient.

Table 64. Description of services related to programmes that assisted families to become self-sufficient

Income-generating projects	15
Skills development initiatives	6
NA	2

Table 65 describes ECD-related services. Eight respondents referred to different aspects of child learning or development that were addressed by these services. One respondent noted that children were assessed on a daily basis to determine their learning needs. Other respondents used ECD programmes to develop children’s writing or language abilities or to reintegrate the child into the community. The latter suggests some overlap with family preservation. Two respondents said ECD centres were hosted within children’s homes, but did not specify the type of service offered. In one instance, children attended the ECD centres for four to six months before they were placed in foster care. Two respondents provided training to pre-school teachers or ECD staff. One of these respondents noted that the training was accredited. Other specific activities were “clamber clubs” and utilising safe parks for ECD purposes during the morning. Two respondents mentioned M&E, one in relation to implementation of governance systems at pre-schools, and the second, a large NGO, said that they monitored, assisted or took over the running of struggling centres and government funded the organisation to provide this kind of support.

Table 65. Description of services related to ECD

Teaching children	8
ECD programmes or projects	2
Training	2
M&E	2

Table 66 describes services in the “other” category. Eight respondents mentioned projects or programmes that were related to HIV/AIDS or reproductive health or life skills. Three respondents noted that they had assisted children with the payment of school fees, educational trips or school uniforms. Two respondents were involved in policy development and/or research related to children. These descriptions suggest that some of these services would not fall under the Children’s Act. The “other” category in the table included organisational support to CBOs, for example, proposal writing, moral regeneration and advocacy.

Table 66. Description of services referred to in “other”

	Number
HIV/AIDS, reproductive health and life skills	8
Education-related support	3
Policy development	2
Other	8

Staff working on child-related services

Respondents indicated the number of people in their organisations who were working on child-related services at the time of the study. They were asked to distinguish between full-time and part-time workers, with the latter defined as those who worked less than 35 hours a week. In addition, we asked that full-time workers who worked only part-time on child-related services be categorised as part-time for the purposes of the survey.

Table 67 shows that five organisations (three large NGOs and two small NGOs/CBOs) had an average (mean) of 559 part-time, regular volunteers who received stipends. The means and medians shown in the table are recorded only for those organisations reporting a particular category of worker. Eight organisations (three large NGOs, three small NGOs/CBOs and two child and youth care centres) reported an average of 219 part-time regular volunteers who did not receive stipends.

An average of 351 part-time workers per organisation, in contrast with an average of 179 full-time workers, was involved in child-related services at the time of the study. This suggests that the majority of staff work on child-related services on a part-time basis. However, only 13 organisations report part-time workers, while 25 report full-time workers. Stated differently, two organisations had only part-time workers, while 15 organisations had only full-time staff.

The fact that the medians are so much lower than the means suggests that the means have been skewed by a small number of organisations with large staff. For the medians, the pattern is reversed – the full-time median is larger than the part-time median. These conflicting patterns suggest a very diverse pattern of staffing across the different organisations.

Table 67. Full-time and part-time staff involved in child-related services

	Number of organisations	Mean	Median	Minimum	Maximum
Full-time regular paid employees	25	116	21	2	1 382
Part-time regular paid employees	6	16	5	1	70
Full-time regular volunteers who receive stipends	11	66	12	1	520
Part-time regular volunteers who receive stipends	5	559	24	5	2 000
Full-time regular volunteers without stipends	7	135	5	3	481
Part-time regular volunteers without stipends	8	219	51	5	1 400
Total workers: full-time	25	179	34	2	1 382
Total workers: part-time	13	351	18	1	3 400

Across the organisations, there were a total of 4 562 full-time and 4 639 part-time workers. Of the 4 562 full-time workers, over half (2 813) were regular salaried workers, 729 stipended volunteers and 945 unpaid volunteers. Of the 4 639 part-time workers, only 23 were regular salaried workers, while 2 793 were stipended volunteers and 1 753 were unpaid volunteers.

Expenditure on child-related services

We asked respondents to provide us with the amounts they had budgeted for child-related services both in 2008 and 2009. Seven respondents were not able to provide the amounts for both years. Of these, one was able to give an amount (R300 000) for 2009, but not for 2008. Of those who could not provide the information, one noted that their finance person had this information but was overseas at the time of the study. Another respondent was not able to disaggregate the amounts for child-related services as their focus was on families which benefited children indirectly. Similarly, another respondent said they did not deliver “child-focused” services.

Table 68 shows that on average there was an increase of R390 408 in the mean amount budgeted for child-related services between 2008 and 2009. This represents an increase of 4 percent, which is less than inflation. If only the 23 organisations that provided information for both years are included, the mean in 2009 increases to R9 448 217, and the difference between 2008 and 2009 is larger. Fourteen organisations reported a larger amount for 2009 than 2008, four reported the same amount for both years, and five reported a smaller amount for 2009 than 2008.

Table 68. Amounts budgeted for child-related services in 2008 and 2009

Financial years	2008	2009
Mean	R8 676 633	R9 067 041
Median	R1 798 014	R1 100 000
Total	R199 562 553	R217 608 985

Respondents provided reasons for the increase or decrease in the organisations’ child-related budgets between 2008 and 2009, disregarding inflation-related increases. Re-coding of open-ended responses revealed that respondents generally substantiated increases in budgets by explaining why costs increased. Table 69 shows that seven respondents had to increase budgets because the cost of doing the work increased. Respondents mainly referred to a rise in labour-related costs because more staff had to be employed due to an increased workload. Three respondents said that the number of beneficiaries increased. Five had introduced new projects or programmes which necessitated an increase in budgets.

Of the four respondents who gave reasons for a decrease, one ascribed the decrease to the fact that their budget was determined by the number of children in the shelter at the time. Another respondent said that since 2009 they had to claim funds per child as opposed to receiving bulk funds as was previously the case. The third respondent said that their budgets fluctuated according to government's priorities. The fourth respondent noted that the contract with one of their big funders came to an end.

Table 69. Reasons for increases in child-related services budgets

Cost of doing the work increased	7
Diversified service provision-introduced new projects/programmes	5
Increased donor funding	4
Number of beneficiaries increased	3
Other	7

We asked respondents how they expected the overall size of their budget for child-related services to change within five years subsequent to the study. More than half the respondents (16) – mainly smaller NGOs (8) or child and youth care centres (6) – expected their budgets to increase, as shown in Table 70. Larger NGOs were more likely to expect a decrease. In contrast, smaller NGOs and CBOs were much more likely to say that their budget would increase.

The answers to the open-ended questions that followed suggests that some of those who indicated an increase gave this answer because they felt they needed more funding, rather than that they were confident they would secure it.

Table 70. Expectations of future budgets for child-related services

	Large NGO	Child and youth care centres	Small NGO/CBO	Total
Decrease	4	0	0	4
Stay same	2	3	1	6
Increase	2	6	8	16
Don't know	2	0	1	3
Total	10	9	10	29

We asked respondents who anticipated an increase or decrease in their budgets by 2015 to explain the reason for their expectation. Table 71 shows that 10 respondents anticipated an increase in their child-related budgets because of increasing need or demand for service delivery. One respondent referred, in particular, to the increasing number of orphans and vulnerable children. Two respondents said that more resources would be required for the implementation of the Children's Act. Another two anticipated growth and expansion in their programmes and/or service delivery which would require more resources. Five respondents expected their budgets to increase due to an increase in the costs of service delivery, such as the rising cost of labour or living due to inflation. Four respondents anticipated an increase because they were hopeful that they would secure more funding from donors.

Of the four respondents who expected a decrease in their child-related budgets by 2015, one attributed this to the withdrawal of a major bilateral donor (USAID). The second respondent said that their funding from an international NGO would be stopped by December 2010 and they had to work on securing alternative sources of funding. The third respondent was in the process of scaling down projects over a two-year period to one per province. The fourth respondent attributed the anticipated decline in budget to a decrease in donations and the fact that their contracts with international donors were coming to an end.

Table 71. Main reasons for expected increases in child-related budget

Increasing needs or demands	10
Cost of living and other increases	5
Expecting more funding	4

The majority of respondents (22) said that administration, management or other overhead costs associated with the delivery of child-related services were mainly covered by funders, whether government or donors. This is encouraging, as it is unrealistic for funders to fund only direct project or service costs and expect organisations to find others who will fund the overheads. However, while this is the most common response, the fact that six organisations said that only one or two donors covered these costs suggests that some other donors are not prepared to do so. There are also several organisations that are forced to cover these costs by other means, such as fundraising or charging for some services. The danger with the latter is that it could exclude those in most need of services if not done in a targeted manner.

Table 72. Expenditure on overhead costs related to child-related services

	Number
The costs are mostly covered by the funders	22
The costs are mostly covered by one or two funders that fund the service delivery	6
We fundraise separately for these costs	3
We cover these costs by charging for some services	2
Other	5

Sources of funding

We asked respondents to specify the proportion of total funding received for child-related services that came from each of the various funding sources. Table 73 indicates the number and percentage of organisations receiving a proportion of their funding from each source. The table shows that about three-quarters of the respondents (23) received at least some part of their child-related funding from government. Nine of these respondents represented child and youth care centres, eight were from larger NGOs and the remaining six represented smaller NGOs/CBOs. Twelve respondents – eight from larger NGOs – received funding from national private business donors/trusts. Five respondents (three small NGOs/CBOs and two child and youth care centres) said 100 percent of their child-related funding came from government. Four respondents – from two larger NGOs, a child and youth care centre and a smaller NGO/CBO respectively – received less than 10 percent of their child-related budget from national private business donors/trusts.

Eight of the 10 respondents who received child-related funding from bi- and multilateral donors were from larger NGOs and the remaining two were from small NGOs/CBOs. Five of these respondents (three large NGOs and two smaller NGOs/CBOs) received 60-100 percent of their child-related budget from bi- and multilateral donors. None of the organisations reported receiving funds from the NDA, and only three reported receiving funding from national trusts, foundations or NGOs.

Table 73. Number of organisations receiving funding from different types of donor

Government	23
National private business donor/trust	12
Bi- or multilateral donors	10
NLDTF	7
International NGO	6
Fundraising activities	6
International foundations	5
National trust, foundation or NGO	3
Charging for services	2
NDA	0
Other	6

The 23 organisations that received funding from government departments indicated the sphere (national, provincial or local) and department of government that provided the funding. In addition, we asked them to list the different parts of government from the highest contributor to the lowest for the last financial year.

Table 74 reflects the number of mentions of different spheres and departments. For example, if an organisation said that it received funds from both the provincial DSD and the provincial Department of Health, this would add two to the province count. Table 74 shows that provincial departments accounted for about three-quarters of the mentions, while national and provincial DSD together accounted for more than four-fifths of the mentions. Overall, more than half of the mentions (15) related to provincial DSD. One of the child and youth care centres received money from national DSD social grant money (foster care grants) directly from the South African Social Security Agency for six of the children in their care. This is recorded as national DSD because the South African Social Security Agency is fully funded in the national DSD budget.

Table 74. Part of government that provided the most funding in last financial year

	Social development	Health	Total
National	4	2	6
Province	15	1	16
Total	18	3	22

Respondents named the five main funders (in monetary terms), including government, who funded their child-related services in the last financial year. They were asked to list the funders in order from those who had given the largest amount to those who gave the fifth largest amount for that financial year.

Table 75 shows the three funders, or funder categories, that emerged as the most frequent large contributors from analysis of open-ended responses. Government emerged as the most frequent large funder, with half of all interviewed NPOs (15) reporting government as one of their three top funders. Of the 15, nine noted government without specifying further, and four specifically named DSD. One respondent referred to a “government grant” and another to the national Department of Health. The second most frequently named funder was the NLDTF, which was named by five respondents. Private business, including De Beers, South African Breweries, Telkom and Tiger Brands, was the third main type of funder listed.

Table 75. Funders named most frequently as having funded the largest amounts for child-related services in last financial year

Government	15
NLDTF	5
National private business donor	6

Fundraising for child-related services

We asked respondents if they struggled to raise funds for any type of services for children or expenses. Table 76 shows the majority of respondents (24) said that this was the case.

Table 76. Difficulty in raising funds for child-related services

Large NGOs	8
Child and youth care centres	7
Small NGOs/CBOs	9
Total	24

Table 77 shows that seven respondents said that it was difficult to raise funds for food and a similar number said it was difficult to raise funds for services for vulnerable children. Vulnerable children include orphans and vulnerable children or child-headed households, children with special needs, street children and children in conflict with the law. One respondent said that it was difficult to raise funds for food because of the perception that it created dependency among families. Three respondents said that their donors did not fund food parcels. One said that donors regard the provision of food and shelter as the government's responsibility. According to another respondent, some donors regard funding of food parcels as unsustainable and duplication of the government's school feeding programmes.

One respondent noted that they did not make provision for orphans and vulnerable children in their proposal submitted to the donor and therefore had not received funds. Another said that street children did not "touch the hearts" of donors as much as small children. One respondent said that children with special needs, such as hearing disabilities, often broke their hearing aids and funders were not keen to fund replacements. Another respondent said that counselling for children who abused drugs was not covered by their grant.

Five respondents found it difficult to raise funds for salaries or stipends of staff who deliver services. Two simply ascribed this to donors' reluctance without elaborating further, while another two said it was due to limited donor funding. Another said that donors preferred to fund "things" rather than employees.

Four respondents noted that donors directed funding toward services rather than overhead costs because they felt that children benefited only indirectly from the latter.

Two respondents noted that donors were reluctant to fund infrastructure or buildings because their priority was funding of services. Another respondent noted that donors were hesitant to fund advocacy or lobbying for the same reason.

Table 77. Types of services difficult to raise funds for

Food	7
Vulnerable children	7
Salaries	5
Overheads	4
Clothing	3
Other	15

Respondents indicated the various methods that they had applied in the current financial year to solicit funding for child-related services, and specified for each method whether they were successful, partly successful or not successful at all. Partial success could indicate that some of the donors or government departments that were approached did allocate money, or that donors or government allocated only part of the funds solicited.

Table 78 shows that more than two-thirds of organisations submitted proposals to donors and the same number submitted funding applications to government. Eleven organisations were completely successful in their applications to government, in contrast with the four successful organisations that submitted proposals to donors. Fewer organisations that submitted proposals to government (10) as opposed to donors (17) were partly successful. However, very few in each category reported that they were not successful at all.

Table 78. Effectiveness of methods used to solicit funding for child-related services

	Successful	Partly successful	Not successful at all	Total
Submitted proposals to donors	4	17	2	23
Submitted proposals to government	11	10	2	23
Approached by donors interested in funding our activities	5	7		12
Approached by government interested in funding our activities	4	4	1	9
Other (describe)	1	38	3	4

Twelve organisations, of which seven were large NGOs, said that they were approached by funders interested in funding their activities (see Table 79). Table 80 shows that nine were approached by government. Organisations were successful in less than half of these cases in securing all the money for which they applied in response to the approach.

Table 79. Organisations approached by donors for funding

	Successful	Partly successful	Total
Large NGOs	4	3	7
Child and youth care centres	1	2	3
Small NGOs/CBOs	0	2	2
Total	5	7	12

Table 80. Organisations approached by government for funding

	Successful	Partly successful	Not successful at all	Total
Large NGOs	3	1	0	4
Child and youth care centres	1	1	1	3
Small NGOs/CBOs	0	2	0	2
Total	4	4	1	9

Respondents specified the number of staff members who worked on fundraising (including marketing of the organisation, writing proposals or reporting to funders). We asked for each person's position within the organisation and an estimate of the percentage of their time in an average month spent on fundraising. Table 81 shows that the majority of respondents (25) said that fewer than 10 staff members (1-8) worked on fundraising. Two larger NGOs had more than 10 people fundraising. One of the respondents from a child and youth care centre said that no one in the organisation worked on fundraising because they depended on the government subsidy that was available to all registered shelters. Another respondent, also from a child and youth care centre, said that volunteers were the only ones involved in fundraising. Sixteen staff members spent 10 percent or less of their time on fundraising and the majority of these people (9) were based in small NGOs/CBOs. Twenty staff members spent 50 percent or more of their time on fundraising. Thirteen of these people were based in large NGOs.

Table 81. Number of staff who worked on fundraising

No one	3
1-3 staff members	15
4-6 staff members	9
7-9 staff members	1
10-13 staff members	2
Total	30

Table 82 shows that in most cases managers (22) or directors (15) worked on raising funds. Care workers (9), including social workers, caregivers, outreach workers and orphans and vulnerable children coordinators, also worked on fundraising. Officers, including public relations officers, administration officers, resource mobilisation officers, policy and communications officers and fund developers, were frequently named as staff involved in fundraising.

Table 82. Positions of staff members who worked on fundraising initiatives

Manager/director	37
Care workers	9
Officer	8
Fund developer	7
Finance person	4
Personal assistant or secretary	4
Chairperson or board member	4
CEO	3
Other	5

We asked respondents if there were expenses, besides staff time, that they incurred in their attempts to raise funds. Close on half of respondents (13) listed daily operation costs, such as fax machines, computers, telephone costs or stationery, as shown in Table 83. Twelve respondents noted costs related to transport or travelling, particularly overseas trips to meet with current or potential funders or to network. Eight respondents said that it was difficult to finance fundraising events which involved catering expenses or fees for experts. Seven organisations referred to marketing-related or promotional expenses such as printing of pamphlets or t-shirts and website development.

Table 83. Non-staff expenses incurred in fundraising

	Number
Transport and travel	12
Overheads	13
Fundraising events	8
Marketing and promotions	7
Training	3
No	6

Non-financial support for child-related services

The majority of organisations (25) received non-financial support from donors for child-related services (see Table 84). All the larger NGOs that participated in the survey received this kind of support.

Table 84. Non-financial support for child-related services

	Large NGO	Child and youth care centres	Small NGO/CBO	Total
Yes	11	6	8	25
No	0	3	2	5
Total	11	9	10	30

Table 85 shows that organisations mainly received food and clothing donations from donors. In addition, nine respondents were provided with staff training for those involved in child-related service delivery and another nine received office equipment. Other types of non-financial support less frequently referred to and categorised in “other” in Table 85 included transport, marketing support and volunteer services.

Table 85. Nature of non-financial support received for child-related services

Food	12
Clothing	9
Training	9
Equipment	9
Toys	3
Other	17

Table 86 shows that about half of respondents said they received non-financial support from national (South African) private business donors/trusts. Six donors received assistance from bi- and multilateral donors and national (South African) trusts, foundations or NGOs.

Table 86. Donors that provided non-financial support

Bilateral or multilateral donor	6
International NGO	3
International foundation	3
National private business donor/trust	16
National trust, foundation or NGO	6
NDA	0
NLDTF	3
Other type of national (South African) donor	3
Other	9

Conduit organisations

The majority of respondents (23) said that they did not act as a funding conduit for smaller NGOs or CBOs, as shown in Table 87. Half of the larger NGOs (5) served as conduit organisations.

Table 87. Number of conduit organisations

	Large NGO	Child and youth care centres	Small NGO	Total
Yes	5	0	1	6
No	5	9	9	23
Total	10	9	10	29

Respondents whose organisations served as conduits for smaller organisations explained how the funding worked. Two of the organisations were managing conduit funding for defined programmes in which more than one other organisation participated. One of these organisations noted that they were no longer engaging in national fundraising for the programme, and most of the activities in the smaller organisations were now funded by government. Other organisations channelled money on a more ad hoc basis.

Two respondents noted that smaller organisations often approached them for help in soliciting funding for their initiatives either through joint or separate proposals which they developed in consultation with the smaller organisations. Another respondent explained that they only served as a conduit in cases where organisations' registration as NPOs was not finalised or donors were wary about the latter's governance or internal systems. One respondent explained that government channelled funds for nutrition to three CBOs in the area through their organisation.

One organisation received funding from an international NGO which they channelled to smaller organisations and then assisted these organisations to manage and report on the funds. A respondent from another large NGO explained that organisations applied to them monthly with a "liquidity plan" showing planned expenditure in relation to a set of existing costs specified for the umbrella project for which funds were channelled. The respondent added that they had to adhere to strict reporting requirements.

Conduit organisations were channelling funding for orphans and vulnerable children, food security and nutrition, childcare facilities, skills development and HIV/AIDS. One of the respondents said that as a conduit organisation, they decided which services would be funded. One respondent noted that organisational development rather than services was funded.

Respondents specified the number of smaller NGOs/CBOs for which they were channelling money from donors. Table 88 shows that the six conduit organisations channelled funding for an average of 40 organisations each.

Table 88. Number of smaller NGOs/CBOs funded by conduit organisations

Mean	40
Median	50
Minimum	5
Maximum	80

Representatives of conduit organisations described how the amounts of money for which they acted as a conduit had changed over the past three years. Table 89 shows that three respondents said that the amount had increased, two said it decreased, and one said it had remained the same.

Table 89. Nature of change in amounts provided to conduit organisations

Decreased	3
Stayed the same	1
Increased	2
Total	6

Table 90 shows that, according to respondents, it was mainly bi- and multilateral donors and international NGOs that channelled money to smaller NGOs through conduit organisations.

Table 90. Donors that channelled funding through conduit organisations

Bilateral or multilateral donor	3
International NGO	3
National private business donor/trust	1
Other	3

Advantages and disadvantages associated with different donors

We asked all respondents about the advantages and challenges associated with the various types of donors. Their responses did not need to be restricted to donors that had funded their own organisation. Responses could also be based on what they had heard about the funder, or experienced when applying unsuccessfully for funding.

Table 91 gives the number of advantages and disadvantages for each type of donor. For most donor types the number of organisations naming disadvantages was similar to the number naming advantages. However, disadvantages were noticeably more commonly cited for government, while advantages were noticeably more common for national private business donors/trusts. The table also reveals that few comments were received about the NDA, non-private national trusts, foundations and NGOs, and international foundations.

Table 91. Number of organisations naming advantages and disadvantages for each type of donor

	Advantages	Disadvantages
Government	23	26
Bi- and multilateral donors	14	13
International NGOs	10	11
International foundations	4	5
National private business donor/trust	17	12
Other national trust, foundation or NGO	3	3
NDA	2	2
NLDTF	9	10

Table 92 shows that seven respondents felt that they had good working relationships with government, because government provided support for training and the establishment of CBOs. Four respondents noted that government funding promoted networking and new partnerships. Six respondents considered government funding as “substantial”, “regular” or “assured”. Responses under “other” were not frequently mentioned and included government’s focus on programmes that were aligned to the Children’s Act and that government was considered easily accessible.

Table 92. Advantages associated with government

Good working relationship	7
Pay-outs	6
M&E	5
Networks and relationships	4
Other	5

In contrast, as shown in Table 93, 18 respondents complained about insufficient and frequently delayed government funding. Three respondents said that government often did not pay the full amount promised to organisations. Nine respondents said that there were often huge delays in payment of government funding. One organisation said that they applied for government funding on 31 May 2010 and had not received feedback from government at the time of this interview, which took place on 25 August 2010. Six respondents described government’s application process as tedious and characterised by “red tape”. One respondent complained about the need for repeat submissions as a result of lost applications. Five respondents described government as disorganised because reporting requirements were unclear or constantly changed, organisations were not given copies of funding agreements, and provincial application requirements were inconsistent or varied.

Table 93. Disadvantages associated with government

Delayed or insufficient funding	18
Strict application procedures	6
Disorganised	5
Relationship prescriptive	3

Table 94 shows that six organisations praised bi- and multilateral donors for providing adequate, long-term funding. One respondent noted that these donors sometimes funded overhead costs. Four respondents said that these donors had good M&E systems and three respondents described good working relationships, characterised by trust. Two respondents were satisfied with the opportunities for capacity building provided by certain bi- and multilateral donors.

Table 94. Advantages associated with bi- or multilateral donors

Adequate funding	6
M&E and systems	4
Good working relationships	3
Other	9

Table 95 reveals that three respondents had concerns about the complicated and tedious application processes of bi- and multilateral donors. They noted delays in finalising of agreements, referring specifically to the President’s Emergency Plan for AIDS Relief and UNICEF.

Eight respondents raised other concerns related to the funding rules and processes of these donors. One respondent mentioned the delayed release of funds by the European Union. Two respondents noted that these donors were often prescriptive in terms of how funds would be spent and did not, for example, fund salaries. Two noted that these donors dictated to organisations through strict requirements (the US Embassy and the President’s Emergency Plan for AIDS Relief were cited). One respondent said that funding priorities were often influenced by political changes or the economic climate.

Six respondents complained that bi- and multilateral donors had limited understanding of the local context, and were prescriptive or dictatorial. One respondent gave USAID as an example.

Table 95. Disadvantages associated with bi- or multilateral donors

Tedious application process	3
Funding rules and processes	8
Limited understanding of local conditions	6
Other	2

Table 96 demonstrates the advantages associated with international NGOs. Four respondents regarded relationships or partnerships with these organisations as consultative, “equal” or characterised by trust. Five respondents described the funding provided by international NGOs as sufficient, sustainable and prompt. Other positive aspects associated with international NGOs were prompt feedback to reports and good understanding of the children’s sector.

Table 96. Advantages associated with international NGOs (including local branches)

Equal partnerships	4
Timely or sufficient funding	5
Other	6

Table 97 shows that three respondents said that international NGOs often dictated to organisations through their strict requirements or lack of familiarity with local contexts. Another three respondents complained that the application process was tedious as a result of “red tape”. Disadvantages under “other” included reluctance to fund salaries or to commit to multi-year contracts. A respondent complained that international NGOs sometimes deviated from original proposals or agreements. One organisation reported that their funding was reduced by one of the international NGOs because the “principal agent” from the Department of Health was not performing. The application criteria of some international NGOs, such as alignment to the donor’s focus areas or areas of operation, were regarded as restrictive by one of the respondents.

Five respondents listed advantages associated with international foundations. Three said that their funding was long term and sustainable, while another said that the Global Fund provided opportunities for capacity building. One respondent was pleased that the AIDS Foundation, after delays in payments, paid backlogs in staff salaries. One respondent noted that international foundations were more likely than other types of donors to invest in developing countries and they also allocate research money. However, international foundations have a perceived lack of understanding of local contexts, avoidance of grassroots activities, bureaucracy and annual (rather than longer term) agreements that made longer-term planning difficult.

Table 97. Disadvantages associated with international NGOs (including local branches)

Own agenda	3
Red tape	3
Other	6

Five respondents were satisfied with the funding provided by national, private business donors/trusts as shown in Table 98. They noted that amounts were substantial and that business donors were flexible in terms of funding tranches. Three respondents said their working relationships with private business donors were characterised by mutual trust and respect. Two respondents said that certain private business donors were willing to fund staff salaries or capital costs. Other respondents described private business donors as generous or able to contextualise issues, complimenting their often straightforward reporting systems and their accessibility.

Table 98. Advantages associated with private business donors

Sufficient funding	5
Good working relationships	3
Fund additional costs	3
Other	11

Table 99 shows that respondents complained that funding provided by private business donors and trusts was sometimes delayed, inconsistent, limited or short term. Two respondents noted that private business donors often promoted their “own agenda” in terms of service or focus areas that they were interested in funding and that these might not be aligned with that of the service delivery organisation.

Table 99. Disadvantages associated with private business donors

Challenges with funding	5
Own agenda	2
Fund certain projects	2
Other	8

With regard to government-related development funding, one respondent described funding provided by the NDA as “flexible” and “transparent” and another said the agency provided substantial amounts of money. In contrast, another respondent described the NDA’s fund application process as not transparent. Two respondents noted that the NDA was not effectively communicating with beneficiary organisations and seldom provided feedback to queries.

One respondent said that the NLDTF was flexible in terms of how funds should be spent. Another respondent noted that this funder had simpler reporting requirements than other donors and seldom conducted site visits. Another noted that organisations were guaranteed continued funding when reports were submitted promptly to this donor.

In contrast, five respondents complained that the NLDTF’s payment of transfers was very slow. Two respondents said that the processing of applications was often delayed. In one case, the organisation did not receive the approved funds. Three respondents think that the fund’s application or selection processes are not transparent. Another three respondents noted that the NLDTF was not approachable or easy to communicate with. Two respondents said the application process was highly disorganised and complained about application forms that often went missing.

Three respondents said that national trusts, foundations or NGOs usually trust service delivery organisations and understand local contexts or community needs. Complaints associated with national trusts, foundations and NGOs included the fact that focus areas sometimes differed from that of service delivery organisations and that they were constantly changing reporting formats. There were differing opinions as to whether this type of donor provided substantial or small amounts of funding.

Recommendations and additional comments

Respondents recommended approaches to address the identified challenges. Table 100 shows that 10 respondents agreed that inefficiencies within government needed to be dealt with by urging government to address the bureaucracy that resulted in tedious or delayed application and approval processes. One respondent said that there was a need for improved coordination and communication between the relevant spheres or departments of government. Another noted that government needed to consult more with service delivery organisations. Seven respondents said that government needed to increase its funding base and prioritise resources for the implementation of the Children's Act. Six respondents emphasised the importance of effective partnerships between all stakeholders, including government, beneficiaries of funding (service delivery organisations and communities) and other donors to ensure coordinated efforts.

Table 100. Recommendations for overcoming challenges or difficulties

Address government inefficiencies	10
Sufficient funding	7
Partnerships	6
Prompt release of funding	4
Other	13

Some of the open-ended additional comments are summarised in Table 101. Large donors should provide more capacity-building opportunities to smaller organisations and all donors should provide more feedback when rejecting proposals. Four respondents expressed the need for improved standardisation, for example, in donor reporting or proposal formats. Three respondents requested feedback on the findings of this research.

Table 101. Additional information

Standardisation and coordination	4
Research feedback	3
Other	10
No comment	9

Analysis and conclusion

This final chapter highlights some of the main findings of the research and draws together evidence on the adequacy of available budgets when compared to projected costs of implementation of the Children's Act, effectiveness and efficiency of funding, and aid effectiveness.

The Children's Bill costing as an objective measure of adequacy

The costing of the Children's Bill commissioned by government from Cornerstone Economic Research (Barberton, 2006) provides a relatively objective basis against which to assess the adequacy of current funding. The comparison is complicated by the fact that the costing was done several years before the act was passed and came into effect. To get around this complication, as in the CI/CARe research, we take 2009/10 as the first year of implementation on the basis that part of the Children's Act came into effect on 1 July 2007 and the full amended act came into effect in early 2010. We make the necessary inflation adjustments to compensate for the delay in implementation, as 2005 was assumed to be the first year of implementation in the costing exercise.

A further complication is created by the fact that the costing team considered four different scenarios, each with very different estimates of the cost of provincial social development (and other) requirement:

- IP low scenario: R7.5 billion (for the second year of implementation in inflation-adjusted rands)
- IP high scenario: R10.8 billion
- FC low scenario: R30 billion
- FC high scenario: R59.2 billion.

The IP and FC scenarios use different estimates of demand. For the IP scenarios, the costing team asked each department to describe current levels of delivery for each service and how they planned to increase delivery in line with the bill. As a result, these levels do not measure total demand or actual need. Instead, they mainly measure then-current (2005) service delivery. The CI/CARe report notes that examination of the detailed data on which the IP scenarios were based reveals serious discrepancies. For example, Northern Cape reported referring five times more children per every 100 000 children in the population to social welfare services than KwaZulu-Natal. This big difference in the level of need between the two provinces is not possible. The costing report notes that for the first year of implementation, in 2005/06 rands, the estimated per capita expenditure on social welfare services varied between R168.74 in North West and R745.77 in Northern Cape (Barberton, 2006: 97). This means that comparisons across provinces should be treated with great caution. The fact that the estimates are low for KwaZulu-Natal, which is the largest province in terms of child population, suggests that the IP cost will be disproportionately low.

For the FC scenarios, the costing team used other evidence to estimate how many children actually need services. For example, the Actuarial Society of South Africa model was used to find the likely number of orphans. For other issues, the team also looked for the most reliable sources. The FC is intended to provide for equitable distribution of social welfare services and facilities rather than continuing with existing inequitable patterns.

The high and low scenarios reflect different levels of quality of service delivery. The high scenario costs good practice standards for all services, while the low scenario uses good practice standards for services classified by the costing team as important, but lower standards for lower-priority services. The costing team classified services into priority and non-priority categories at a workshop with officials from national and provincial DSDs and

representatives of civil society. One noticeable characteristic of the classification is that the low scenario places much less emphasis than the high scenario on prevention and intervention services.

The costing was undertaken before the norms and standards were developed and published as regulations to the Children’s Act. The costing exercise would thus have had to rely on sources such as international standards for the high scenarios. Although the current norms and standards represent minimum standards, they generally call for a higher quality level of services – and almost certainly more costly – than the “status quo”.

The matrix summarises how the IP/FC and low/high distinctions work together to give the four scenarios.

<p>Implementation plan (low scenario)</p> <p><i>Coverage:</i> some children in need <i>Quality of service:</i></p> <ul style="list-style-type: none"> ▪ Priority services: good practice standards ▪ Non-priority services: lower standards 	<p>Implementation plan (high scenario)</p> <p><i>Coverage:</i> some children in need <i>Quality of service:</i></p> <ul style="list-style-type: none"> ▪ Priority services: good practice standards ▪ Non-priority services: good practice standards
<p>Full cost (low scenario)</p> <p><i>Coverage:</i> all children in need <i>Quality of service:</i></p> <ul style="list-style-type: none"> ▪ Priority services: good practice standards ▪ non-priority services: lower standards 	<p>Full cost (high scenario)</p> <p><i>Coverage:</i> all children in need <i>Quality of service:</i></p> <ul style="list-style-type: none"> ▪ Priority services: good practice standards ▪ Non-priority services: good practice standards

The costing exercise focused on the cost to government, and for this report we focus on the costs estimated for provincial DSDs. This raises the question of whether and how the cost estimates can be used to assess the adequacy of funding for services delivered by NGOs. In discussing this issue, we need to distinguish between statutory services which government is legally obliged to provide (or fund) and those which are optional.

For statutory services (for children who are “wards of the state”), the costing exercise assumed that government had an obligation to provide such services itself or to pay another agency the full cost of providing these services according to the prescribed norms and standards for all children needing this service. The costing report noted that the then-existing situation where government subsidised only part of the cost of NPOs delivering these services was inequitable for the child recipients of these services.

Overall, there seems to be a close match between the provisions in the bill requiring full cost coverage and the services for which the final act stipulated that the government “must provide”. One exception is drop-in centres, for which the costing included the full cost, but which the act states that government “may provide”. Another exception is the prevention and early intervention chapter which the costing assumed as optional, but which Parliament amended to be mandatory.

For non-statutory (“may provide”) services, such as ECD, the costing assumed that government was obliged to register and monitor the services, and that the full cost of performing these functions must be included. However, it assumed that the state was obliged to subsidise only a certain percentage of ECD learners and that subsidies would differ according to whether the care was provided for a full or half-day.

In the case of prevention, the cost was assumed to be a set percentage of the cost of “intervention and protection services”. For the high scenarios, the percentage was set at 5 percent, and at 2 percent for the low scenarios. The costing team was aware that setting the percentages in this way was illogical, as spending on prevention results in savings in the cost of more expensive interventions. However, the costing team followed this route as this was how government was perceived to react in the face of restricted budgets (personal communication: Conrad Barberton, December 2010). As noted above, Parliament amended the bill to specify that government “must provide” prevention and early intervention services, which means that the costing under-estimates the amount that government should be providing for these services.

Overall, the description of the costing approach suggests that the estimates produced by Cornerstone provide a relatively good measure of a lower bound of what is needed by both government and NGOs to deliver the necessary services. It is a lower bound to the extent that it does not cover the full cost of the non-mandatory services, and considers some services as optional which Parliament specified as mandatory.

Assessing adequacy

The CI/CARe research (Budlender & Proudlock, 2010) notes that comparison of the combined DSD provincial allocations for the three Children’s Act sub-programmes with the IP low cost estimates for years one to four (adjusted for inflation) reveals Eastern Cape as the worst performer, with only 30 percent of the year one estimate covered in 2009/10 and an even lower percentage in the next two years. North West performs best at the start of the period, covering 84 percent of the IP low cost estimate for year one but decreasing sharply to 40 percent by year four. Overall, the nine provinces’ allocations cover only 49 percent of the IP low cost estimates for provincial DSD for year one and only 38 percent for year four.

Table 102. Provincial allocations compared to inflation-adjusted IP low cost estimates

	2009/10 vs year 1	2010/11 vs year 2	2011/12 vs year 3	2012/13 vs year 4
Eastern Cape	30	25	21	18
Free State	48	48	47	43
Gauteng	66	59	55	48
KwaZulu-Natal	39	49	49	45
Limpopo	38	29	26	22
Mpumalanga	66	62	58	50
Northern Cape	39	39	41	39
North West	84	61	48	40
Western Cape	47	42	38	36
Total	49	45	42	38

The above comparisons use the lowest of all four of the costing exercise's estimates. If we compare allocations with the highest estimates of the costing exercise, the FC high, the picture is even more worrying. Eastern Cape, KwaZulu-Natal, Limpopo and North West plan to cover only 3-4 percent of the estimated costs of implementation throughout the period. Northern Cape performs best, but still only reaches between 13 percent and 14 percent of the estimated costs of implementation. Overall, the combined nine provinces cover only 5 percent of the FC high costs for provincial DSD in year four.

Table 103. Provincial allocations compared to inflation-adjusted FC high cost estimates

	2009/10 vs year 1	2010/11 vs year 2	2011/12 vs year 3	2012/13 vs year 4
Eastern Cape	3	3	3	3
Free State	9	9	9	8
Gauteng	11	10	11	10
KwaZulu-Natal	3	4	4	4
Limpopo	4	4	4	3
Mpumalanga	5	5	5	5
Northern Cape	13	13	14	13
North West	4	4	4	3
Western Cape	13	11	10	10
Total	6	6	6	5

Across the nine provinces, the provincial DSD allocations for the three sub-programmes that relate directly to the Children's Act amount to 3.4 billion in 2010/11. This includes money used to fund government service as well as money transferred to NPOs for service delivery. The amount is equivalent to about 45 percent of the IP low cost estimate for year two, and about 5 percent of the FC high cost estimate for the same year.

This R3.4 billion can be compared with the R0.9 million reported by the 33 donors that provided an estimate of the amount allocated to government and NGOs for child-related funding (excluding formal education and policy development) in the current financial year (usually 2010 or 2010/11). If we assign the geometric mean (of R6.1 million) for the 33 donors that reported funding amounts to the 15 with missing information, the total allocation for the 48 donors alone would be R1.0 billion. (The geometric mean counters the effect of the skew distribution.) The amount of R1 billion from donors, when combined with the R3.4 billion from provincial DSD, is R4.4 billion. This combined total is equivalent to 59 percent of the budget required in the IP low scenario for provincial DSD for year two (R7.5 billion). It is equivalent to 41 percent of the IP high scenario (R10.8 billion), 15 percent of the FC low (R30 billion), and only 8 percent of the FC high scenario (R59.2 billion).

This is the most optimistic interpretation of the adequacy of available budgets, because the costing estimates ignore part of the cost of non-mandatory services, including the important service area of ECD in terms of both ECD centres and ECD programmes more generally. It also assumes that all donor funding to NPOs should be used to cover costs for the services that government should be paying for, ignoring other important work that NPOs should be doing.

To address the second aspect of the problem, we can develop an alternative comparison with the Children's Act costing estimates that includes the government-related development funds (NLDTF and NDA) and bi- and multilateral donors (ODA) but excludes other donors, which have no obligations under the Children's Act. The government-related development funds are included because they represent government funding. The bi- and multilateral

donors are included on the basis that they generally see their funding as assisting the recipient government to fulfil its functions.

Unfortunately, one of the two government-related funds and four of the 11 bi- and multilateral donors did not provide a funding estimate for child-related services in the current year. Across the eight agencies for which information is available, current year estimates amount to R0.7 billion. If we apply a crude imputation based on the geometric mean for the eight donors that provided information to each of the agencies for which information is missing, the total is R0.8 billion. (If the geometric mean across the full sample that provided responses were used, the sub-total for bi- and multilaterals and the government-related funds would be R0.7 billion.) Adding the R0.8 billion to the DSD provincial allocations (R3.4 billion) totals R4.2 billion. This combined total is equivalent to only about 56 percent of the IP low estimate for provincial DSD for year two, 39 percent of the IP high, 14 percent of the FC low, and 7 percent of the FC high estimate.

This worrying picture is exacerbated by indications that donor funding could decrease over time. This is suggested by the estimates shown in Table 31 and the accompanying discussion which reflect a serious decline in funding of child-related services between the current year and following year, even after correcting for differing numbers of donors providing information for the two years. After correction, the mean per donor for the current year is R32.2 million, with a median of R9.6 million, while the mean for the following year is R20.4 million, with a median of 5.4 million. Added to this are indications that some donors – including some bilaterals – might discontinue funding.

Although the Children's Bill costing exercise forecast an increase in needed funds with each subsequent year as Children's Act services are rolled out, financial estimates suggest that funding sources might well decrease.

The responses to questions covering the next five years gave a more positive picture. Table 36 reveals that 23 donors expected the amount of funding to remain more or less constant, 11 expected an increase in funding, and only four expected a decrease. On the downside, three donors expected to stop funding child-related services by 2015. In addition, Table 40 reveals that more than half of the bi- and multilateral donors were planning to stop funding certain services areas over the coming five years.

Because many donors could not provide estimates of current and future funding of child-related services, the calculations above must be regarded as indicative rather than as absolute "fact". It is significant that the inability of many donors to provide these estimates is mirrored in the inability of many donor agencies to assure beneficiary organisations that they will continue to receive funding in the future. There is a similar situation in government funding of NPOs, because of the annual nature of government budgeting, although some provincial governments are now trying to move to a system whereby the contracts undertake to provide funding in future years but do not stipulate the amount beyond the current year. This uncertainty in both donor and government funding is destabilising for the NGOs as it frustrates attempts to plan sustainable service delivery. This, in turn, has negative implications for children's welfare.

Effectiveness of funding

The responses from both donors and NGOs suggest that all of the Children's Act service areas are covered to some extent by current funding. This is unsurprising as the sampling method attempted to ensure coverage of all service areas. Unfortunately, there are several reasons why we cannot comment with any confidence on the appropriateness of the spread of finances across the service area. Reliable funding estimates by service area from sufficient donors are not available because many donors were not able to provide accurate information on funding amounts per service type. There are also no financial breakdowns by service area from NGOs and it is unclear how much is needed for each service area.

Table 27 reveals that more than half of the donors interviewed funded home- and community-based care and support for orphans and vulnerable children, child and youth care centres, programmes to help families to become self-sufficient, programmes helping families to access information and ECD services. These categories include both mandatory and non-mandatory services. Policy development and related activities were the least likely to be funded, followed by diversion services for children in conflict with the law.

In terms of amount, Table 32 suggests that the largest amounts of Children's Act-related funding were allocated to programmes that help families to become self-sufficient, ECD, and programmes that provided families with information on government services. Of the Children's Act-related service areas, child and youth care centres received the least donor funding. This could be because donors expect this "statutory" area to be funded by government. Some donors might also prefer to fund non-institutional options rather than residential care.

It was encouraging that nearly all NGOs seemed to have a correct understanding of where their activities fitted into the Children's Act-related service areas, and all seemed to be offering services that fell firmly within the ambit of the act.

Efficiency

The proportion of funds spent on service delivery versus the amounts spent on management and administration is a possible efficiency indicator. This aspect is not easy to evaluate. A disproportionate amount of an organisation's funds should not be spent on management and administration. However, an organisation without solid management and administration is unlikely to be sustainable, and is also unlikely to deliver good quality services.

About three-quarters of donors noted that they funded costs related to (a) management, administration or overheads and (b) organisational development of funded organisations. It seems that the remaining quarter of donors expect NGOs to find the money for these important functions from elsewhere. Equally worrying, while more than three-fifths of donors funded costs associated with each of volunteers, goods and services (such as transport, water and electricity) and staff, the remaining donors did not fund these core costs of service delivery. Just over half of the donors covered M&E costs – the lowest number after policy development, advocacy and infrastructure. In reality, M&E should not need to be covered by all donors if they agree to "harmonise" their requirements and ensure that the associated costs are covered by their combined funding.

The majority of NGO respondents said that management, administration and other overhead costs were mainly covered by funders, whether government or donors. However, the fact that six organisations said that only one or two of their donors covered these costs suggests that in these cases other donors are not prepared to do so. Several organisations are forced to cover these costs with small-scale fundraising activities or charging for some services. The danger with the latter is that it could exclude children in most need of services if not done in a targeted manner. Together with DSD's efforts to target the poorest by applying

strict means tests for beneficiaries, this could result in organisations becoming more dependent on fees for other children who could still be categorised as poor.

Echoing the findings from the donor interviews, five NGO respondents said that it was difficult to raise funds for salaries or stipends of staff who deliver services. Four respondents noted that donors directed funding toward services because they felt that children only benefited indirectly from funding overhead costs.

A further indicator of efficiency is the amount of time and effort that NGOs spend on fundraising and on subsequent reporting to donors. All except one NGO (a child and youth care centre that received all of its funding from government) devoted some staff time to fundraising. Larger NGOs tended to have more staff spending more time on fundraising. In most cases it was high-level (and thus “expensive”) staff, such as managers and directors who spent time on fundraising. The amount of time devoted to fundraising tends to increase when contracts are short term, as short-term contracts require more frequent applications to donors.

In terms of funder “maintenance”, several of the NGOs commented that repeated changes in reporting requirements, and differences in reporting formats and requirements across donors, added to the time spent on fundraising and report-writing, taking staff away from primary service-delivery tasks. Four respondents expressed the need for improved standardisation, for example in donor reporting or proposal formats.

Aid effectiveness

Aid effectiveness is a concept that relates primarily to bi- and multilateral donors. It is an issue that has received increasing attention over the last decade. In particular, the Paris Declaration on Aid Effectiveness of 2005 commits donors and recipient country governments to the five key principles of:

- National ownership – the recipient country government should determine the policy priorities
- Alignment – donors should align their funding with the recipient-determined policy
- Harmonisation – donors should collaborate with each other and the recipient country to avoid duplication and ensure coverage of needed services
- Results – donors and the recipient country should focus on achieving results
- Mutual accountability – between donors and the recipient country.

The research interviews allow us to explore the first three of these principles.

The enactment of the Children’s Act could be seen as a sign of national ownership, which leaves the question of whether the other Paris Declaration principles are being observed in ensuring that the commitments of the Children’s Act are realised.

In terms of harmonisation, all donors were asked whether they were members of various types of groups or forums. Overall, representatives from bilateral and multilateral donors and national trusts, foundations or NGOs were more likely than representatives of private business donors to report that they were members of donor forums. However, only four of the 11 bi- and multilateral donors said that they were members of government-led forums. Other donors might well meet with government on a one-to-one basis, but this would not address the principle of harmonisation.

All 11 bi- and multilateral donors said that they would like to collaborate more closely with government, as did all but two of the other type of donors. Thirteen donors, in response to an open-ended question about their concerns, said that government was not providing leadership in terms of funding of the children’s sector. Some noted that lack of government

direction or leadership resulted in an incoherent response to funding of the sector, which in turn resulted in possible duplication of funding of certain services, geographic areas or beneficiaries alongside underfunding of others.

Six NGO participants described bi- and multilaterals as “prescriptive” or “dictatorial”. If these agencies are requiring NGOs to align service delivery to their own priorities rather than South Africa’s nationally agreed priorities, then they could be seen as contravening the principles of national ownership and alignment.

Finally, we note that Eyben (2010: 218) suggests that the third of three “vices” of the “new orthodoxy” of harmonisation is that the Paris Declaration’s emphasis on providing aid through government tends to result in reduced support for civil society activities. In South Africa, NGOs are providing substantial services, which is detrimental not only to the organisations but also potentially to beneficiaries.

Overall assessment

The funds available for Children’s Act-related services are clearly inadequate when measured against the best objective standards available. The inadequacy revealed in terms of government funding is far from adequately compensated for by the additional funding available from donors, even for the lowest available estimate of the cost of provision of Children’s Act services.

The research findings confirm the difficulties that service delivery NPOs face in raising funds to deliver Children’s Act-related services, and also highlights the challenges faced by donors in providing predictable funding. Many donors would welcome more coordination and collaboration in the sector. There was a call, in particular, for more leadership from government for the funding of Children’s Act-related services. Several donors recommended improved collaboration between government and civil society organisations that delivered child-related services. NPO respondents also called for more collaboration within the sector, but generally placed the responsibility for ensuring adequate funding for Children’s Act-related services firmly within government’s court.

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Appendix A: Donors interviewed

Absa Bank
Alexander Forbes Community Trust
Bernard van Leer Foundation
Breadline Africa
Canadian International Development Agency
Coca Cola
Community Chest Buffalo City
Community Chest Western Cape
DG Murray Trust
Danish International Developmental Agency
Department for International Development
Discovery
Deutsche Bank
Elma Philanthropy Services
Eskom Development Foundation
European Union
FNB and Momentum Fund
Foundation for Human Rights
French Embassy in South Africa
General Electric
Gesellschaft für Technische Zusammenarb
Hollard Foundation
Hope HIV
Hosken Consolidated Investments
Irish Aid
Kindernothilfe
Mondi (forestry)
National Development Agency
National Lottery Distribution Fund
Nedbank Group Foundation
Nelson Mandela Children's Fund
Open Society Foundation for South Africa
Pietermaritzburg and District Community Chest
Raith Foundation
Royal Netherlands Embassy
Sanlam
Save the Children - Sweden
Save the Children - UK
Starfish Greathearts Foundation
Swiss Development Agency
The De Beers Fund
The Global Fund
Transnet Foundation
Ubuntu Community Chest
United Nations Children's Fund
United States Agency for International Development
VW Community Trust
Vaal Region Community Chest

Appendix B: Non-governmental organisations interviewed

Akanani Care Centre
Amukelani Resource Centre
Child Welfare Cape Town
Child Welfare Johannesburg
Child Welfare South Africa Kokstad
Child Welfare South Africa (including the national Asibavikele programme)
Childline
Family and Marriage Association of South Africa
Heartbeat
Hlanganani Malamulele Society for the Aged
Hlokomela Wa Heo
Wozobona Early Childhood Community Services Group
Isikhondlwana Community Development
Keep the Dream 196
Lifeline
Love Life Douglas Aids Action Group
Millennium Home of Hope
Networking AIDS Community of SA
Nakelelisizwe Sibambisene Network
National Association of Child Care Workers (including the national Isibindi programme)
Nurturing Orphans of Aids for Humanity
Olive Leaf Foundation
Ophonolweni Youth Development Initiative
Panami Home-Based Care/ Pepps ECD Training
St Francis Child and Youth Care Centre
Siyakhula Shelter
Street Wise Pretoria Shelter
Suid-Afrikaanse Vroue Federasie Atameleng Shelter
The Pines Christian Care Centre
Verenigde Gereformeerde Kerk Kinder Herberg Trust

