

**IMPACT MEASUREMENT: ITHUBA TRUST  
GRANTMAKING STRATEGY TOWARDS POVERTY  
ERADICATION AND SUSTAINABLE DEVELOPMENT**

**By**

**JOYCE MMULE MATUBE**

**Submitted in Partial Fulfillment of the Requirements**

**For The Degree**

**DOCTOR PHILOSOPHIAE**

**(Social Work)**

**In The**

**Faculty of Humanities**

**Department of Social Work**

**At The University of Pretoria**

**Promoter: Prof. Dr. A. Lombard**

**May 2005**

**“IF THE SYSTEM DOES NOT WORK FOR THE  
POOR, IT WON’T WORK FOR ANYONE.”**

**Phumzile Mlambo-Ngcuka**

**Minister of Minerals and Energy Affairs**

**(Cited by De Ionno, *Reaching Out*, 2002:80)**

## **ACKNOWLEDGEMENTS**

**“For nothing is impossible with God.”**

**Luke 1:37**

**To my father, my greatest educator, and my mother, my greatest integrator.**

**To my promoter, Prof. Dr. A. Lombard, thank you very much for believing in me.**

**To my spiritual friend and colleague, Salome Rapulane and her husband, Hosea, your sacrifices were Christlike.**

**To Frieda de Beer, the backbone behind this finished product, may God reward your generous heart.**

**To Ntebatse, Tracey, Mabatlane, Mmusetji, Rameloane Jr, and Thari, this is your inspirational legacy.**

**DEDICATED TO MY HUSBAND, TINO, WITH LOVE AND RESPECT**

## ABSTRACT

Social work as a science and profession, particularly through its social work research, has always concerned itself with the verification of the impact of its interventions. However, in practice, formal systematic impact studies have lagged behind. Grantmaking, which is fast becoming a career, is also under scrutiny regarding the measurement of its funding impact.

The aim of the study was to measure the impact of Ithuba Trust's financing policy and operations for access to its funds. Data was collected by means of a literature review on poverty and inequality and an empirical study. The empirical study was conducted in two stages. During the first qualitative study, data was collected by means of a series of focus group interviews. Mailed questionnaires and document analysis of the sample files kept at Ithuba Trust offices were used to collect data in the second quantitative phase.

The research findings revealed that Ithuba Trust funding policy and operations facilitated access to its funding as a contribution towards poverty eradication. Notwithstanding, the organization was found lacking in narrowing the gap between developed and under-developed communities. This discrepancy was ascribed to Ithuba Trust's adherence to the past apartheid laws which were in force at the time and favoured developed communities. Poverty eradication is about partnerships. This study concluded that the uneven distribution of Ithuba Trust's funding is a microcosm of the uneven trade relations in the global poverty eradication initiatives, which involve partnerships between the poor and the rich. Due to barriers such as digital divide, globalization and access to markets, which favour the rich and powerful, poor people become marginalized from such skewed partnerships, reinforcing the increasing levels of poverty as resources get misplaced.

The contribution of the study lies in sensitizing development practitioners on the significance of impact studies in intervention programmes in order to ensure that the poor people's interests are defended and protected for their ultimate development.

The outcome of the study was a Community Ownership Market Development Strategy to be presented to the Ithuba Trust Board of Trustees as a recommendation for consideration regarding their intended amendments to the existing funding policy and procedures.

## **KEY TERMS**

Empowerment

Globalization

Grantmaker

Human development

Impact measurement

Non-government organizations

Partnerships

Poverty

Social work

Strategy

Sustainable development

## TABLE OF CONTENTS

Description	Page
<b>ACKNOWLEDGEMENTS</b>	ii
<b>ABSTRACT</b>	iii
<b>CHAPTER 1: GENERAL INTRODUCTION</b>	1
1. INTRODUCTION	1
2. PROBLEM FORMULATION	7
2.1 Current trends	8
2.2 Measurement reforms	11
2.3 A framework for action	12
2.4 Formal problem statement	14
3. RESEARCH PURPOSE, AIM AND OBJECTIVES	14
3.1 Purpose of study	15
3.2 Aim of study	16
3.3 Objective of study	16
3.4 Research questions	16
4. RESEARCH METHODOLOGY	17
4.1 Research approach: Two-phased triangulation	18
4.2 Type of research: applied research	22
4.3 Research design: Evaluative one-shot case study	23
5. DATA COLLECTION METHODS	25
5.1 Literature review	25
5.2 Empirical study	26
5.2.1 Qualitative focus group interviews	28
5.2.1.1 Population, sampling and sampling method	28
5.2.1.2 Data analysis	31

<b>Description</b>	<b>Page</b>
5.2.2 Second quantitative phase	31
5.2.2.1 Self-administered mailed questionnaires	31
5.2.2.2 Document analysis	34
5.2.2.3 Data analysis	34
6. ETHICAL CONSIDERATIONS	35
7. DEFINITION OF KEY CONCEPTS	40
7.1 Development and sustainable development	40
7.2 Non-government organisation (NGO): Ithuba Trust beneficiaries	41
7.3 Impact measurement	43
7.4 Donor or grantmaker	44
7.5 Strategy	46
8. LIMITATIONS OF THE STUDY	46
8.1 Period under review: 1989 - 1999	46
8.2 Multiple funders	47
8.3 Funders' influence on voice of the poor	47
9. PRESENTATION OF THE RESEARCH REPORT	48
<b>CHAPTER 2: ITHUBA TRUST PROFILE</b>	<b>49</b>
1. INTRODUCTION	49
2. THE CONTEXT OF ITHUBA TRUST'S EMERGENCE	49
3. SOUTH AFRICA'S ENABLING LEGISLATIVE FRAMEWORK	52
3.1 The National Economic Development and Labour Council (NEDLAC)	52
3.2 Reconstruction and Development Programme (RDP)	54
3.3 Growth, Employment and Redistribution (GEAR) Policy	56
3.4 The role of the Non-governmental Organizations Sector (NGO Sector)	57
4. THE ESTABLISHMENT OF ITHUBA TRUST	59
4.1 Description	59

<b>Description</b>	<b>Page</b>
4.2 Institutional history	59
4.2.1 Phase One (1989 – 1999): Ithuba Day	59
4.2.1.1 The concept Ithuba and Ithuba Trust logo	60
4.2.1.2 Harassment by government	62
4.2.1.3 Founding Trustees	62
4.2.1.4 Founding principles and values	63
4.2.1.5 Funding strategy	64
4.2.1.6 The event: Ithuba Day	66
4.2.2 Phase Two (1992 – 1997): The scratchcard gambling industry	70
4.2.2.1 Impact of the scratchcard industry	70
4.2.2.2 The South African gambling legislature framework	70
4.2.2.3 Ithuba Trust’s repositioning strategy to distribute proceeds of the National Lottery	71
4.2.3 Phase Three (1997 to date): Ithuba Investments	72
4.3 Ithuba Trust funding policy and procedures	73
4.3.1 Fundamental principles	73
4.3.2 Core values: Ithuba Trust Funding Policy [Sa]	74
4.3.2.1 Innovation	74
4.3.2.2 Integrity	74
4.3.2.3 Reward for commitment	75
4.3.3 Additional technical criteria: Ithuba Trust Funding Policy [Sa]	75
4.3.4 Funding cycle: Ithuba Trust Funding Policy [Sa]	76
4.4 Profile of Ithuba Trust beneficiaries	80
4.5 Impact measurement	83
4.5.1 Design of application form	83
4.5.2 The National Consultative Summit/Workshop	84
4.5.3 Project of the Decade Competition, 1999	86
4.5.4 Current relevance of Ithuba Trust	87
5. SUMMARY	88
 <b>CHAPTER 3: POVERTY, INEQUALITY AND SUSTAINABLE DEVELOPMENT</b>	 89
1. INTRODUCTION	89



<b>Description</b>	<b>Page</b>
2. THE THREATENING NATURE OF POVERTY AND ITS EVOLUTION	90
3. POVERTY CONCEPTUALIZATION FRAMEWORK	92
3.1 The contextual background	92
3.1.1 Global context	95
3.1.2 South African context	96
3.2 The conceptual framework of poverty	97
3.2.1 Poverty measurement	98
3.2.1.1 Economic indicators	99
3.2.1.2 Measures of income poverty	100
3.2.1.2.1 Income share	100
3.2.1.2.2 Absolute poverty	100
3.2.1.2.3 Poverty gap	101
3.2.1.2.4 Income gap	101
3.2.1.2.5 Wealth gap	101
3.2.1.2.6 Gini coefficient	102
3.2.1.2.7 Consumption poverty	102
3.2.2 Geography of poverty	102
3.2.2.1 Head count	102
3.2.2.2 Case poverty	103
3.2.2.3 Collective poverty	103
3.2.2.4 Concentrated poverty	103
3.2.2.5 Widespread poverty	103
3.2.3 Cyclical (structural) poverty	104
3.2.3.1 Cyclical poverty in traditional societies	104
3.2.3.2 Cyclical poverty in industrial societies	104
3.2.4 Poverty as social exclusion	104
3.2.4.1 Culture of poverty	105
3.2.4.2 Historically disadvantaged population groups	105
3.2.4.3 The socially excluded	105
3.2.5 Poverty as a subjective phenomenon	105
3.2.5.1 Relative poverty	106
3.2.5.2 Subjective poverty	106
3.2.6 Quality of life dimension	106
3.2.6.1 Physical Quality of Life Index (PQLI)	106
3.2.6.2 Level of Living Index (LLI)	107
3.2.6.3 Index of Social Progress (ISP, WISP)	107
3.2.6.4 Human Development Index (HDI)	107
3.2.6.5 Human Poverty Index (HPI-1)	107
3.2.6.6 Human Poverty Index (HPI-2)	108

<b>Description</b>	<b>Page</b>
3.2.7 Core indicators for measuring development Progress	108
3.2.7.1 Gender-related Development Index (GDI)	109
3.2.7.2 Gender Empowerment Measure (GEM)	109
<b>4. POVERTY ERADICATION BARRIERS</b>	<b>110</b>
4.1 Lack of a common understanding of the concept development	111
4.2 Confusion regarding the concept empowerment	114
4.3 The impact of information communication technology and globalization	122
4.3.1 Digital divide	122
4.3.2 Globalization	130
4.4 Skewed partnerships	132
4.4.1 Background to African Renaissance	134
4.4.2 The New Partnership for Africa’s Development (NEPAD)	138
4.4.3 World Summit on Sustainable Development (WSSD)	144
4.4.3.1 Background to WSSD	144
4.4.3.2 Poverty eradication and WSSD	145
<b>5. THE VOICELESS POOR</b>	<b>154</b>
5.1 The South African campaign	155
5.2 The role of non-profit organisations (NPOs) sector in development and poverty eradication	159
<b>SUMMARY</b>	<b>165</b>
<b>CHAPTER 4: SOUTH AFRICAN POVERTY INTERVENTION STRATEGIES</b>	<b>167</b>
1. INTRODUCTION	167
2. CONTEXT AGAINST WHICH POVERTY ERADICATION STRATEGIES ARE FORMULATED	167
3. THREE KEY STATE POVERTY ERADICATION STRATEGIES	173
3.1 The Human Resource Development (HRD) Strategy	174
3.2 The Skills Development Strategy	176

	<b>Description</b>	<b>Page</b>
3.3	The Integrated Sustainable Rural Development (ISRD) Strategy	179
4.	EXAMPLES OF ENABLING LEGISLATION	183
4.1	The Reconstruction and Development Programme Fund Act, No 7 of 1994	183
4.2	The National Economic and Labour Council Act, No 35 of 1994 (NEDLAC)	183
4.3	Growth, Employment and Redistribution (GEAR) Policy 1998	183
4.4	The National Small Business Act, No 102 of 1996	184
4.5	The NonProfit Organisations Act, No 71 of 1997	184
4.6	The National Development Agency (NDA) Act, No 108 of 1998	184
4.7	The Income Tax Act, No 58 of 1962	185
4.8	The Value Added Tax Act, No 317 of 2000	185
4.9	Special Investigation Units and Special Tribunals Act, No 74 of 1996	185
4.10	The Lotteries Act, No 57 of 1997	185
5.	INDIGENOUS STRATEGIES	186
5.1	Stokvels	186
5.2	Spaza shops	187
5.3	Hawkers	189
5.4	The taxi industry	190
5.5	Shebeens	190
5.6	African farmers	191
6.	THE ROLE OF THE BUSINESS COMMUNITY	192
6.1	Global Reporting Initiative (GRI)	194
7.	POLICY FORMULATION ELEMENTS	196
8.	IMPACT MEASUREMENT FRAMEWORK	200
8.1	Proposed impact measurement model	202

<b>Description</b>	<b>Page</b>
8.1.1 Finsterbusch (1980:23) Model	202
8.1.1.1 Impact on individuals and households	202
8.1.2 The Department of Welfare: Strategic Funding Model (1999)	203
8.1.3 Rochester (1997:263-267) Model	203
8.1.3.1 Impact on individuals and families	203
8.1.3.2 Impact on groups	203
8.1.3.3 Impact on organizations	203
8.1.4 Contribution by the business community	204
8.1.4.1 Community issues	204
8.1.4.2 Stakeholder consultation	204
8.1.4.3 Management and information systems	204
8.1.4.4 Developing action plans	204
8.1.4.5 Reporting	204
8.1.5 Contribution by Ithuba Trust	205
8.1.5.1 Relevancy/Needs	205
8.1.5.2 Transformational goals	205
8.1.5.3 Development goals	206
8.1.5.4 Equity	206
8.1.5.5 Efficiency/Cost benefit analysis	206
8.1.5.6 Organizational development	206
8.1.6 Criteria used in this study for the impact analysis of Ithuba Trust	206
<b>9. SUSTAINABLE DEVELOPMENT MODELS</b>	<b>207</b>
9.1 Community enterprise development	208
9.1.1 University – Industry linkages	209
9.1.1.1 The Mondragon Cooperative Corporation, Spain	210
9.1.1.2 New Dawn Enterprises, Cape Breton Island	210
9.2 Small and Micro Enterprises (SMEs)	211
9.3 Group-based Shared-Risk Lending Model	213
9.3.1 Strategy of model implementation	214
9.3.2 Results of model implementation	216
9.3.3 Sustainability of model implementation	216
9.4 Evolving theoretical grantmaking strategy	217

<b>Description</b>	<b>Page</b>
9.4.1 Theoretical grantmaking guideline: Community ownership development	221
SUMMARY	224
<b>CHAPTER 5: EMPIRICAL STUDY AND FINDINGS</b>	<b>225</b>
1. INTRODUCTION	225
2. RESEARCH METHODOLOGY	226
2.1 Research approach: Two-phased triangulation	226
2.2 Type of research: Applied research	227
2.3 Research strategy: Evaluative one-shot case study	227
2.4 Data collection and analysis	228
2.4.1 Qualitative phase: Focus group interviewing	228
2.4.1.1 Population and sampling	228
2.4.1.2 Research findings: Qualitative phase	231
2.4.2 Quantitative phase: Mailed questionnaires and study of official records	244
2.4.2.1 Quantitative data analysis and interpretation	245
2.4.2.2 Sustained organizational existence	247
2.4.2.3 Operational areas for programmes	248
2.4.2.4 The triple bottom-line application	249
2.4.2.5 Population served	252
2.4.2.6 Scale of impact: Number of direct and indirect beneficiaries	253
2.4.2.7 Scale of Ithuba Trust funding	256
2.4.2.8 Poverty issues	262
2.4.2.9 Impact measurement issues	265
2.4.2.10 Document analysis	274
3. SUMMARY FINDINGS	278
<b>CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS</b>	<b>280</b>
1. INTRODUCTION	280
2. GOAL AND OBJECTIVES OF THE STUDY	280
2.1 Goal of the study	280
2.2 Study objectives	281

<b>Description</b>	<b>Page</b>
2.2.1 Objective 1	281
2.2.2 Objective 2	282
2.2.3 Objective 3	285
2.2.4 Objective 4	287
2.2.5 Objective 5	291
<b>BIBLIOGRAPHY</b>	<b>292</b>

#### LIST OF APPENDICES

- Appendix 1: Impact Measurement Probe Guide
- Appendix 2: Ithuba Trust Total Beneficiary Population
- Appendix 3: Ithuba Trust Application Form
- Appendix 4: Ithuba Trust Progress Report Format
- Appendix 5: Focus Groups Interviewing Guidelines
- Appendix 6: Questionnaire
- Appendix 7: Ithuba Trust Beneficiary Profile During the First Year of Operation
- Appendix 8: List of Respondents in the Quantitative Phase of the Research

## LIST OF TABLES

<b>Description</b>	<b>Page</b>
Table 1: Ithuba Day Collection Boxes	67
Table 2: Funding Cycle	77
Table 3: The Ripple Effect (ICT)	125
Table 4: Areas of Work Undertaken by NPOs	161
Table 5: Focus Groups Demographic Profile	232
Table 6: Example of Coding Procedure	246
Table 7: Sustained Organizational Existence	247
Table 8: Operational Areas for Programmes	248
Table 9: The Triple Bottom-line Application	249
Table 10: Projects Supported by Ithuba Trust	251
Table 11: Population Served	252
Table 12: Scale of Impact: Number of Direct and Indirect Beneficiaries	254
Table 13: Initial Funding Year	257
Table 14: Number of Years Funded by Ithuba Trust	258
Table 15: Funding Frequency	259
Table 16: Reasons for Not Being Funded Twice Per Year	259
Table 17: Receipt of Emergency Funding	260
Table 18: Need for Emergency Funding	261
Table 19: Causes of Poverty by Categories	263
Table 20: Causes of Poverty Weighted	263
Table 21: Comments on Causes of Poverty	264
Table 22: Opinions on Impact Measurement	265
Table 23: Reasons for Failure to Conduct Impact Measurement Studies	266
Table 24: Comments on Experiences with Impact Measurement	267
Table 25: Ithuba Trust Policy and Procedure Indicators	268
Table 26: Impact of Ithuba Trust Policy and Procedures	269
Table 27: Impact on Respondents' Aims and Objectives and Financial Independence	270
Table 28: Changes Brought About by Ithuba Trust Funds (Service Delivery)	271
Table 29: Reasons for Consistent Approach to Ithuba Trust	272

Description	Page
Table 30: Positive Experiences with Ithuba Trust	273
Table 31: Reasons for Maintaining a Relationship with Ithuba Trust	273
Table 32: Official Records Content Analysis	275
Table 33: Official Records Content Analysis Ratings	276
Table 34: Recommendations for Ithuba Trust Policy Changes	277
Table 35: Specific Recommendations for Change to Ithuba Trust Funding Policy and Procedures	277



## LIST OF FIGURES

<b>Description</b>		<b>Page</b>
Figure 1:	Research Methodology	24
Figure 2:	Ithuba Trust Logo	61
Figure 3:	Ithuba Day Fundraising Structure	64
Figure 4:	Ithuba Promotions Fundraising Structure	66
Figure 5:	Ithuba Promotions Marketing Structure	69
Figure 6:	Ithuba Trust Funding Cycle	79
Figure 7:	The Three-legged Sustainable Development Strategy	82
Figure 8:	The Relationship Between Business and Society	199
Figure 9:	Group-based Shared-Risk Lending Model	215
Figure 10:	The Priority Target Group	252
Figure 11:	Business in the Community Impact Measurement Framework	205
Figure 12:	Community Ownership Market Development Grantmaking Strategy	289