

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

1. INTRODUCTION

The purpose of this chapter is to make the conclusions and recommendations emanating from the literature and empirical research on the impact of Ithuba Trust funding policy and procedures for access to its funds whose recipients were involved in poverty eradication and sustainable development. A summary of the key findings and related conclusions will be presented first and the recommendations will conclude the chapter.

The purpose of the study was to evaluate whether Ithuba Trust, as a civil society resource organization, was able to distribute its funds towards poverty eradication and sustainable development, according to its funding policy and procedures. The outcome of this study was intended to provide Ithuba Trust with scientific evidence for consideration in their planned review of their existing policy and procedures for better quality service delivery to its beneficiaries.

2. GOAL AND OBJECTIVES OF THE STUDY

2.1 Goal of the study

The goal of the study was to measure the impact of Ithuba Trust grantmaking strategy, policy and procedures for access to its funding towards poverty eradication and sustainable development initiatives. The significance of access to any resource, irrespective of whether it is funding or not, is overemphasized by the Ubuntu National Welfare and Development Trust [Sa], a consortium that positioned itself for the distribution of the National Lottery Distribution Trust Fund, stating: “A key requirement for a Distributing Agency is the question of accessibility. An effective mechanism for access to lottery funds is emphasis on simplicity, time and effective communication inclusive of, amongst others, measurement on effect of mainstream government policy.”

The study revealed the value of access and impact measurement regarding policy development and the implementation of such policies by achieving the study's objectives.

2.2 Study objectives

The objectives of the study were:

- To conceptualize poverty eradication and sustainable development within the Ithuba Trust framework.
- To measure the impact of Ithuba Trust financing policy and procedures on beneficiary organizations' strategies for poverty eradication and sustainable development.
- To identify social indicators for poverty eradication and sustainable development towards the development of best practice grantmaking strategies.
- To develop, based on the findings of the study, a grantmaking strategy for use by Ithuba Trust, for their contribution towards poverty eradication and sustainable development.
- To make recommendations to the Ithuba Board of Trustees with regard to amendments to Ithuba Trust funding policy and procedures based on the grantmaking strategy that emerged from the study.

The conclusions on these objectives will be presented below, based on the findings from both the qualitative and quantitative analyses of the research data as integrated with the literature.

2.2.1 Objective 1

To conceptualize poverty eradication and sustainable development within the Ithuba Trust framework.

Based on the following key finding, this objective was achieved.

Ithuba Trust was found to be an indigenous resource organization and a force to be reckoned with. However, its funding policy and procedures were found lacking in

narrowing the gap between resourced and under-resourced sectors of communities that were involved in poverty eradication and sustainable development. For example, rural, farm and village communities were the least supported by Ithuba Trust funds, compared to the services supporting affluent suburbs.

Ithuba Trust's inability to narrow the gap between the resourced and under-resourced communities was found to be Ithuba Trust's adherence to the past apartheid laws which were in force at the time, in particular the past Fundraising Act (No 107 of 1978) (see Chapter 5: sub-theme two, section 2.4.1.2). This legislation, like all the previous apartheid laws (see examples presented in Chapter 4: section 2), favoured the most resourceful and skilled organizations which were further empowered, compared to the rural and impoverished townships (compare Mbeki in ANC, 2001:14 and SANGOCO, 1993:3, cited in Chapter 2: section 2). The impact of these past discriminatory laws was found to have led to the uneven development of communities in South Africa to such an extent that baseline needs were revealed as priorities for poverty stricken communities. These needs were information, food security, skills development and organizational development.

From the above key finding, it can therefore be **concluded** that Ithuba Trust, as an indigenous public benefit organization which operates under the South African government's enabling legislative framework to deal with the transformation needs and challenges of poverty and under-development through its financial resource base, initially and not by choice, aligned itself to the past discriminatory laws and as a result, failed to make fundamental transformation in the lives of the beneficiaries it intended to support regarding poverty eradication and sustainable development.

2.2.2 Objective 2

To measure the impact of Ithuba Trust financing policy and procedures on beneficiary organizations' strategies for poverty eradication and sustainable development.

This objective was achieved by means of the literature and empirical study.

Chapter 4: section 8.1.6 stated the following success factors against which the impact of Ithuba Trust policy and procedures could be measured:

- Mission statement, aim and objectives
- Grantmaking procedures

- Grantmaking impact
- Corporate governance

With regard to the **mission statement, aim and objectives**, Ithuba Trust was found lacking in communicating its policy and procedures effectively to its beneficiaries and the general public. This limitation was due to the following:

- The use of English only in all its official documents at the expense of other languages.
- The lack of on-site visits which provide rich information for the adjudication processes.
- The lack of guidelines for applications and heavy reliance on the application forms which were only in English.
- The lack of information on reasons for protracted adjudications.
- The lack of information on policy changes with the result that prospective beneficiaries were declined due to their adherence to old policies.
- The lack of transparency in terms of the composition of its external adjudication panels who could provide guidance on Ithuba Trust policy and procedures.

From this finding it can therefore be **concluded** that Ithuba Trust, due to its limitations to effectively communicate with its beneficiaries and the general public, failed to empower the disempowered. The disadvantaged communities had limited advantages for funding as the majority had limited English proficiency to express their needs adequately through the medium of the standard application forms. A compounding factor was a lack of explanation, through guidelines and on-site visits for certain requirements which were critical success factors, but beyond the reach of poor communities, for example, the need for expensive audited financial statements. Such requirements intimidated the poor, voiceless and powerless applicants who would ultimately withdraw from applying for financial support, irrespective of their dire need. Protracted adjudications also immobilized applicants into perpetual anxiety, with their applications eventually being declined. As stated by World Bank (2000/2001:15), cited in Chapter 3, poor people are often treated badly by the institutions of state and society and are excluded from voice and power in those institutions. There is a need for authentic communication, by the poor people, for poor people, to express their aspirations in order to affect some influence to the quality of their lives.

With reference to the actual **grantmaking procedures**, which referred to the criteria for funding, accessibility of funding, grant management systems, application forms, adjudication processes and monitoring, notwithstanding the fact that Ithuba Trust's mission statement, aim and objectives failed to empower the disadvantaged, the study revealed that those who consistently benefited from Ithuba Trust found its grantmaking procedures satisfactory, professional, effective, accessible, flexible, reflective of a positive public image and empowering (see Chapter 5: Tables 25 and 26).

From this finding it can therefore be **concluded** that Ithuba Trust and its beneficiaries were partners in poverty eradication and sustainable development. However, this partnership was skewed in favour of the well-developed and skilled sectors of the society. Ithuba Trust funding cycle (see Chapter 2: section 4.3.4) is reflective of the advanced Information Communication and Technological (ICT) systems, which could be accessed by the well-resourced and economically powerful applicants. Although partnerships seem to be a noble idea in poverty eradication and sustainable development, economic powers render them ineffective in terms of the economically disadvantaged.

Poverty is a matter of economic power which is the ultimate strategy towards its eradication.

Referring to the **grantmaking impact** which involved the funding cycle, impact sectors and scale of funding, the findings revealed that:

- Although Ithuba Trust funding policy consisted of two cycles per year with an additional emergency funding in times of crisis, most beneficiaries were unable to receive funding in both cycles and emergency funding.
- Ithuba Trust funded mainly organizations that focused chiefly on the social dimension of sustainable development and less on the economic and environmental dimensions.

The scale of consumers of the services funded by Ithuba Trust reached a total of approximately 11 million clients. However, the most vulnerable groups of society, that is, infants, young children, school going children, youth and older persons were the least served compared to the disabled, adults, black people and women. With reference to the nature of services which demanded the most attention, four areas were identified: Organizational development, embracing

capacity building and infrastructure; skills training; food security; and awareness raising campaigns or information.

Arising from the above findings, it can therefore be **concluded** that, administratively, Ithuba Trust's funding cycle did not meet the needs of its beneficiaries' capacity to apply twice per year as well as for emergency funding.

Regarding the integration of the social, economic and sustainable development dimensions, a low level of involvement by practitioners and poor people themselves in the economic and environmental issues is indicative of a low level of involvement in groundbreaking wealth generating trade relations in poverty eradication initiatives, hence the persistent poverty cycles.

With reference to the less attention paid to the vulnerable groups, society relatively respond to people who have the ability to articulate their need for help as compared to the identified most vulnerable groups who lack such articulation skills.

A further **conclusion** of the abovementioned findings on the grantmaking impact is that Ithuba Trust's scale of impact reached almost a quarter of the South African population and had highlighted the fundamental critical success indicators in poverty eradication as baseline needs characteristic of poor communities, and the urgency of addressing the needs of vulnerable groups of society.

Regarding **corporate governance**, Ithuba Trust was found to have had no visible public mechanisms or information about the measures it had put in place to prevent mismanagement of funds, other than regular annual auditing, adherence to statutory obligations, the existence of a Board of Trustees and external provincial adjudication panels.

From this finding it can therefore be **concluded** that Ithuba Trust is in need of a more transparent public mechanism towards the detection of any fraudulent practices in order to avoid possible corruption.

2.2.3 Objective 3

To identify social indicators for poverty eradication and sustainable development towards the development of best practice grantmaking strategies.

This objective was achieved by means of the literature and empirical study.

The study revealed that Ithuba Trust's dimension for measurement of its contribution towards poverty eradication was only funding. However, the study also revealed that cash alone, against the backdrop of a complex multi-dimensional phenomenon of poverty and inequality, is not a good measure of impact in poverty eradication and sustainable development strategies. Other social indicators for the formulation of best practice grantmaking strategies were identified in the study. These are: Circumstances necessitating intervention; objectives of such a policy; priorities for intervention; human rights; coordination of resources; research-based intervention; impact measurement; and an enabling environment.

The study revealed the following as key social indicators for successful poverty eradication:

- An enterprise owned by poor people for poor people.
- Knowledge system institutions that would ensure the integration of indigenous and modern knowledge systems such as ICT and the elimination of conceptual biases.
- Enterprise developers who will develop opportunities for the enterprise through globalization.
- A coordinating body which will ensure an orchestrated network of all key stakeholders and the management of institutional relations inclusive of the promotion of human rights, the institutionalization of impact studies and the defense of the poor against hostile competitors.
- The distribution of all profits towards poverty eradication and sustainable development (compare Hallak, 1990 and Jacobs, 1998).

It can therefore be **concluded** from this finding that Ithuba Trust's cash contribution need to be broadened to include social indicators that reflect a more sustainable development approach to poverty eradication. Such indicators should incorporate the following:

- Common understanding of the concepts poverty and inequality, empowerment and sustainable development.
- Target groups, that is, infants, young children, school going children, youth and older persons.
- Target communities, that is, impoverished townships, informal settlements, rural and farm communities.

- Priority needs, that is, information or awareness-raising campaigns, skills development, organizational development and food security.
- Accessibility or an enabling environment, that is, effective communication and consultation channels, quality interaction amongst the partners, the promotion of human rights and pro-poor policies and operations.
- Financial stability.
- Indigenous knowledge.
- Expected outcome, that is, an indication of the expected outcomes and how they will be determined.
- Impact studies, that is, the expected outcomes should be subject to impact studies which become a condition for intervention.
- Duration of intervention, that is, time estimates should be incorporated in the contracts.

2.2.4 Objective 4

To develop, based on the findings of the study, a grantmaking strategy for use by Ithuba Trust for their contribution towards poverty eradication and sustainable development.

The premise for a grantmaking strategy towards poverty eradication and sustainable development lies within partnerships. It was discussed in Chapters 3, 4 and 5 that poverty eradication and sustainable development generally involves outside help leading to a partnership between the poor and external resources. The involvement of various role players - including the poor - in addressing the complex and multiple dimension of poverty, place partnerships at the centre of poverty eradication and sustainable development. In order to prevent the development of problematic and generally prohibitive skewed partnerships, it is a prerequisite that the parameters for such partnerships, which would lead to the customization of any intervention strategy, should first be defined by both the poor and the other role players involved in the partnership.

The parameters for the partnerships should be contextualized within the framework of the social indicators of the grantmaking strategy for Ithuba Trust, namely:

- Partnerships whose conditions would ensure the poor people's freedom from exploitation and corruption and the institutionalization of mechanisms that will ensure the poor people's legitimate representation.

- The institutionalization of a dedicated communication strategy within organizational policies and procedures to ensure that the appropriate languages are used, cultural diversity is respected, policy changes and guidelines are communicated to stakeholders and corporate governance adhered to.
- Focus areas to be inclusive of organizational development (embracing infrastructure development and capacity building); skills development (embracing ICT, indigenous knowledge systems and the incorporation of economic and environmental dimensions of sustainable development); food security; and awareness campaigns for enrichment in information.
- Financial stability and donor coordination should supercede all the other requirements. Although the research findings revealed that cash alone will not guarantee success in intervention efforts, the respondents' interpretation of sustainable development as financial stability renders financial stability indispensable if poverty has to be addressed at all.

Within the context of the above parameters for partnerships and the proposed components for a grantmaking strategy for Ithuba Trust from a theoretical perspective (see Chapter 4: section 9.4), it can be **concluded** that, in order to address poverty and sustainable development, Ithuba Trust needs a Community Ownership Market Development Grantmaking Strategy. This strategy is outlined in Figure 12.

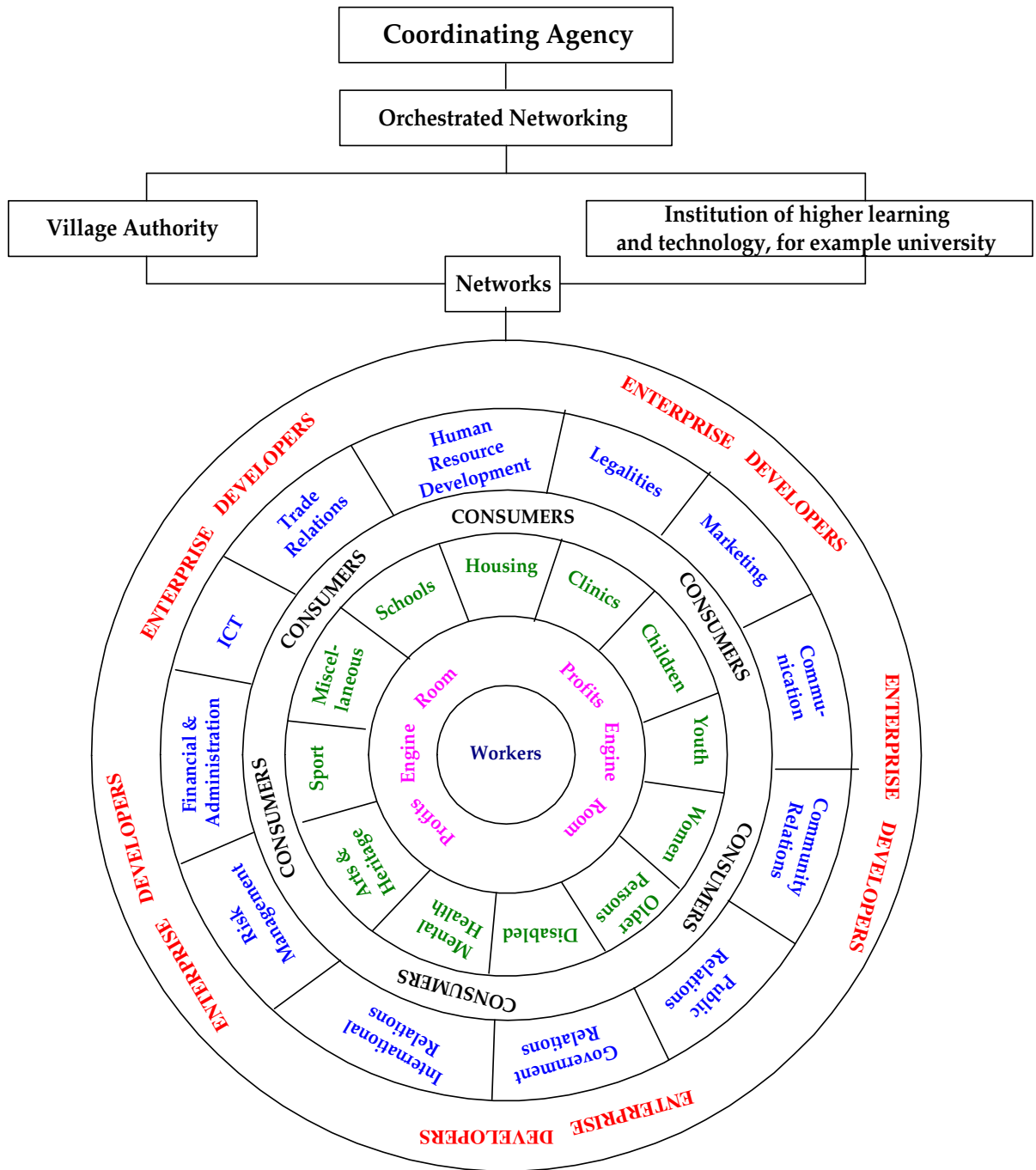


Figure 12: Community Ownership Market Development Grantmaking Strategy

Figure 12 represents a job creation business enterprise which could be set-up in an impoverished community and whose prime objective is to generate revenue to address the needs of this community as a poverty eradication strategy. The enterprise consists of a variety of specialist units with different functions to generate profits earmarked for distribution into the community. The ownership of this enterprise lies with the target community and such profits are held in trust by the Board of Trustees which serves as a coordinating body. The functions of the different units are explained below.

Workers who would be poor members of a poor community in which an enterprise operates. The workers, who earn wages, work to generate revenue intended for poverty eradication in the same community.

Enterprise developers as specialist units that develop opportunities for the enterprise and ensure the protection and promotion of the consumers' rights, particularly against hostile competitors.

The village authority that would coordinate and foresee the entrenchment of indigenous knowledge and the promotion and presentation of cultural diversity. It is of significance that it represents the voice of the community.

The institution of higher learning that may be a technikon or university, coordinating the integration of modern ICT with indigenous knowledge for the development and growth of the enterprise.

The coordinating body such as Ithuba Trust that would ensure an orchestrated networking of all the key stakeholders and the distribution of profits generated by the workers into the community needs.

The networks are specialist units whose diverse portfolios provide input and output towards the development of the business enterprise such as marketing, international relations, ICT and globalization and human resource development. In summary, they can be regarded as insurers of the success of the enterprise.

The implementation potential of the Community Ownership Market Development Grantmaking Strategy as illustrated in Figure 12 is high since Ithuba Trust's current revenue generation strategy is investments in business ventures. This strategy puts Ithuba Trust in an opportuned position, coupled with its experience gained in the distribution of funds in sustainable development initiatives undertaken by the NGO sector, to pilot the proposed grantmaking strategy. Since Ithuba Trust, as a non-profit organization, is already involved in trade relations, it is possible for the organization to adopt the social and economic entrepreneurial approaches. The current Ithuba Trust structure, where profits raised are held in trust by the governing Board of Trustees for distribution to good causes, could be regarded as the launching pad for such an innovation. The proposed grantmaking strategy will also address the weaknesses of Ithuba Trust's policies and procedures as identified in the study, namely ineffective

communication with its beneficiaries, irregularities in the funding cycle and stakeholder consultation processes.

2.2.5 Objective 5

To make recommendations to the Ithuba Board of Trustees with regard to amendments to Ithuba Trust funding policy and procedures based on the grantmaking strategy that emerged from the study.

In view of the Community Ownership Market Development Grantmaking Strategy, the following recommendations are made to the Ithuba Board of Trustees:

- The Board should conduct a strategic planning workshop to (1) review the current funding policy and procedures in view of the research findings of this study and (2) consider the Community Ownership Market Development Grantmaking Strategy for adoption.
- The proposed amendments to the current policy and procedures should be adopted at the first Board meeting in the year 2006.
- The Board should identify a pilot community for the implementation of the amended policy and procedures and the identification of particular partners as identified in Figure 12.
- The Board should communicate the results of the pilot project to the funding community and sustainable development practitioners for comments, evaluation and possible long-term partnerships.

Based on the partnership and trade relations characteristics of poverty eradication and sustainable development interventions, it is recommended that further research on the role of partnerships between the state, private sector and civil society, inclusive of poor people themselves, on poverty eradication and sustainable development, be conducted to ensure the promotion of the voice of poor people in matters affecting their lives and equitable distribution of the scarce financial resources earmarked for poverty reduction.