

SOUTH AFRICA

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REGIONAL OVERVIEW

Introduction

South Africa has a population of 40 million people and is a diverse and exciting society. As a young democracy, it has yet to shake off the apartheid legacy of inequity, violence and exclusion despite the fact that it has been nearly ten years since it made its remarkable political transition. Race continues to play a determinant role in the society with most black people experiencing lives of acute hardship and poverty. A small black elite has successfully managed to accumulate significant personal wealth but this is highly concentrated and most ordinary people still find it difficult to participate in economic activities in any real way.

South Africa recognizes 11 official languages (although more are spoken) and this is an indication of how seriously diversity is regarded in the country. Transformation and development are key concepts in the society and many government programmes are structured around supporting these objectives. Public funds are increasingly targeted towards socially oriented programmes but have not yet had the intended effects, often as a result of inexperience and an organizational culture that is resistant to progressive efforts.

Strategic Philanthropy in South Africa

During apartheid, civil society in South Africa was distinctively highly politicized and organized, successfully drawing a wide range of people in to oppose the state and implement alternatives. Civil society during this period comprised:

- community based organizations (CBOs) - usually membership based and seen as important representatives of disadvantaged communities
- non-governmental organizations (NGOs) - more sophisticated, formal structures better resourced than CBOs and usually organized around providing development-related services and
- The traditional welfare sector - comprising charities and similar organizations.

Philanthropy during this period was forced to support activities that were not controversial, such as feeding schemes and traditionally welfarist projects. Addressing more fundamental issues inevitably led to politics and had the potential to lead to conflict with the authorities.

After democratization, civil society became markedly less influential and important for a number of reasons. Skilled and experienced leaders were drawn into government where they were offered opportunities to participate in supporting change while many international donors shifted from supporting communities to supporting the state, leaving many civil society organizations without access to resources. In other cases, civil society organizations have not been able to adapt to the new environment and have become increasingly irrelevant.

More recently civil society has started to become slightly more active, often using new strategies and approaches. Community Foundations, for example, are a new type of civil society organization that combine the legitimacy and credibility of CBOs with a solid financial and technical base by putting secure (albeit relatively modest) endowment funds in place for use in community development in the long term.

In other instances, partnerships with government and local authorities and participation in income generating activities have provided organizations with a renewed vigor. Lobbying and advocacy has become an important activity for many civil society organizations. Opposition to government policy (for example in its management of the AIDS epidemic and its restructuring of state assets) has also energized the sector to some degree, providing some structures with a clear rallying point and programme of action.

Recently described in the government's "10 Year Review" as "vigorous but shallow," civil society still plays an important role in meeting the needs of marginalized disadvantaged people and in articulating their perspectives, but it often goes unrecognized.

Civil society organizations often operate at a very modest level, helping poor communities gain access to resources to meet their basic needs. They often involve faith-based or traditional organizations that are overlooked and which have their importance underestimated.

Philanthropists in South Africa have also changed: in many instances corporate philanthropy is undertaken by specially created partnership institutions that address specific issues, such as the arts (Business and Arts South Africa) or crime (Business against Crime). Generally, a wider scope of issues is addressed and there is often a more varied, dynamic approach to the kinds of projects that are supported.

Despite having the Gross National Product of a middle-level economy, South Africa remains characterized by serious poverty, especially in the countryside. Even though it has grown at a respectable rate of around 3% for the past few years, much of this has been in high-tech, low labor-absorbing sectors and joblessness remains a major problem especially in rural areas and townships. Gender discrimination, crime and violence and the world's highest HIV infection rate (at around 24% of the population) are some of the most pressing challenges facing the country.

Strategic philanthropy in support of social development

In order to analyze strategic philanthropy it is important to understand what the concept means in a South African context. Strategic philanthropy can be regarded as operating purposefully and systematically in order to achieve clearly defined philanthropic goals.

In the US and elsewhere, strategic philanthropy has also become a fashionable way of describing corporate social investment and is in many instances presented as a business tool. Proponents of this approach see employee volunteerism and in-kind donations as part of an overall strategy that seeks to link a company in consumers' minds with well-intentioned, socially oriented initiatives. The approach is somewhat different in South Africa, and is not so clearly linked to philanthropists' business interests.

Strategic philanthropy in South Africa is best understood from a historical perspective. Previously, addressing the most obvious impact of apartheid and its ravaging effects on communities provided a clear arena for philanthropy, although as noted above, the challenge was to provide support to people and organizations without incurring the wrath of the apartheid state. Significant official energy was devoted to ensuring that certain political structures did not receive funding and this has created a tradition in South Africa where the receiving of funds is far more regulated than the giving.

As a result, South African philanthropy is diverse, uncoordinated and largely unregulated, and there is limited knowledge of how much is spent, by whom or on what. In recent years, however, a number of initiatives have started making concerted research efforts and a number of long term studies are currently under way. The findings from these research projects will become available soon.

The South African Non-Profit Sector Study recently released a report that estimates that the total operating expenditure of all of South Africa's non-profit organizations was R9,3 billion in 1998, representing 1.2% of the year's GDP, however, these funds would have come from a broad range of sources, including governmental, so this is not a good indication of the scale of philanthropic giving. More detailed figures on the number and scale of philanthropic giving are not presently available.

One of the drivers of research and the development in philanthropy is the South African Grantmakers' Association (SAGA), a representative structure that works to enhance grant-making in the country and improve its effectiveness. SAGA distinguishes between:

- Corporate social investment,
- Government programmes,
- Grant-making NGOs and
- Trusts and Foundations.

SAGA notes that the distinction between them is often unclear. For example, many corporate grant-making structures use the term "Foundation" or "Trust" in their name, making accurate categorization difficult.

Best practice in strategic philanthropy is probably that which seeks to operate developmentally. This is strategic philanthropy that is:

- Oriented toward improving the quality of life of poor people
- Responding to clearly articulated needs, preferably identified by the people targeted through the intervention
- Targeted at achieving long term, specific impacts that can be measured, analyzed and replicated in other situations, and
- Provided in an integrated, holistic fashion.

South Africa is complex and challenging, affected by diverse and contradictory influences. It has many of the features of sophisticated and developed economies while

also being characterized by the poverty and underdevelopment often found in the South. Crime and security, HIV/AIDS and income generation for marginalized people are generally seen as the principle development challenges facing the country.

A long history of poor governance and corruption has created a context in which moral regeneration is prioritized by many groups in society, while improving the quality of public service delivery and creating an environment that facilitates freer economic activity are also recognized as important developmental areas.

In South Africa, efforts to link commodities and brands with a socially responsible or progressive image in the marketplace have been a feature of advertising and marketing strategies for some time, but crass and insensitive claims to good corporate citizenship run the risk of alienating or irritating consumers (or even worse of patronizing them) and are thus usually made with caution.

A Pro-Poor approach

Characteristic of strategic philanthropy in South Africa is a desire to focus on areas that will impact positively on the lives of the poor, without becoming irrelevant or de-linking from the mainstream. Issues addressed thus need to have wide appeal but special significance for the poor.

For example, both the NMCF and the Liberty Foundation concern themselves with issues directly relating to young people, in the form of children's rights and education respectively, while the Liberty Foundation also targets healthcare. Both of these sectors have a broad, strong appeal that can be presented as having broad social benefits, while directly meeting the needs of the poor particularly.

Balancing the competing needs of the society's most vulnerable groups while ensuring a programme has broad based appeal that integrates with a broader strategy is a delicate operation. South African philanthropists are gradually becoming more skilled and effective at getting the balance right.

Responding to Needs

Historically, operating developmentally was seen as having to be response based, so that applications would be received and assessed based on their compliance to certain criteria.

As the need to be creative and imaginative became clearer, this is changing. Both the case studies presented here have chosen a niche area and have made institutional and strategic shifts to become skilled in that particular area and increase the impact of their efforts. This allows them to become proactive and to play a bigger role in setting the public agenda and hopefully increasing their chances of success.

The decision of what area should be focused on is best based on experience. It seems that the choices should only be made once a solid track record has been achieved. The case of the Liberty Foundation shows how it has over the years become increasingly specialized and targeted as it has gathered experience and learnt what it does well.

Impact Measurement and Best Practice Promotion

Traditionally corporate donors and other philanthropic entities were able to operate somewhat opaquely, with limited attention paid to their abilities to measure outcomes or to substantiate their claims of success. More recently, a general concern with assessing

impact has come to characterize the development sector as a whole and this has affected philanthropic organizations too.

Measuring impact, documenting experiences and learning from the lessons of others so that successful programs can be replicated and scaled up has become more of an issue. This is leading to an appropriate increase in the focus on monitoring and evaluation in many different situations.

Integrated, Holistic Delivery on a Partnership Basis

Compared to the massive investment of funds into social programs, South Africa's efforts to roll back poverty are having a limited and rather disappointing result. In many instances this is the result of dispersed and poorly coordinated programs operating independently of each other, as well as a failure to take account of the full range of needs in a particular context. As a result, there is an increased focus on seeking synergy between development partners and their programs, so that more can be achieved using the same resources.

This is a welcome development: historically governmental, corporate and state sources, even since the transition to democracy, have not collaborated effectively, and indeed, a high degree of tension and mistrust has characterized relations.

The Mindset initiative led by the Liberty Foundation is a good example of cooperation and collaboration between different players from diverse sectors, and has delivered a high quality result that draws explicitly on the strengths of the various partners. Future initiatives in strategic philanthropy should take this as an example of best practice and explore and unpack the relationships and processes that made it possible.

Securing a Strong Financial Base

An important feature in South African philanthropy is the desire to secure an independent financial base of the sort provided by a substantial endowment or a guaranteed income stream. While not every philanthropic institution is fortunate enough to be able to secure such a base, it is widely recognized as an important step in the process to becoming able to be independent and to plan a long-term future role.

Relying on corporate support, international donors and even government is widely regarded as creating an undesirable element of dependency and reliance that prevents philanthropic organizations from identifying long term goals and working towards them systematically. A major reason for this is the need to constantly adapt plans to donors' and sponsors' priorities.

The Nelson Mandela Children's Fund has worked hard to secure an impressive endowment and is now well placed to implement the strategic decisions it has made to become more oriented towards making an impact on the field of children's rights and policy and practices around young people and children. The Liberty Foundation by contrast has no need to secure such an endowment since its future income is guaranteed as a set proportion of Liberty Life's post-tax earnings.

Defining a Niche

A growing trend amongst philanthropic organizations that seek to operate strategically is the decision to focus on a particular area rather than to try to meet every need.

While there was a time in South Africa when the provision of small grants to a wide range of organizations was appropriate, this is no longer the case, especially for agencies with limited financial and human resources.

This drive to focus programs and to expect more clearly defined results allows professionalism and coherence, but does risk constraining the institutions in the long term if their choice of niche turns out not to have been a wise one. It would appear that the key lies in drawing on their own experiences to make specific choices but to also allow flexibility and room to maneuver in the long term.

It also seems important to choose an area that has a strong emotional appeal (like children or education), since this is likely to be enduring and to help with long-term relevance and survival.

Technology

Strategic philanthropy in South Africa is becoming increasingly technologically oriented and reliant. While the Mindset Initiative is an extreme example of this, in many other instances knowledge management and technological enablers of performance improvement are increasingly considered as key strategic issues.

On-line applications and communication by email are widespread and common, and are valuable in the instances where access to infrastructure and hardware has been addressed. Unfortunately in many instances people do not have the technological access required and are once again excluded from a range of development opportunities by their poverty.

Conclusion

South Africa has traditionally offered philanthropists few incentives, such as tax relief. Tax laws were very strictly framed to channel such support almost exclusively to educational initiatives. Recent legislation has widened the definition so that non-profit development institutions also qualify, although the requirements remain very stringent. However it is likely that new, creative projects will start to be supported, which bodes well generally.

New types of support are also emerging: for example, the Charities Aid Foundation (South Africa) has promoted the Non-Profit Partnership that has developed schemes to support the sector generally and is also starting to promote workplace giving programmes.

The challenges facing South African society will remain, so the opportunities for philanthropy that is thoughtful, strategic and impactful seems likely to grow as well. Based on its track record, it seems likely that strategic philanthropy will respond appropriately.

South African society has changed dramatically: freedom has created space for new and exciting initiatives. In many instances these have been supported and made possible by strategic philanthropy that has facilitated and enabled a blossoming South African society. Grinding poverty remains a reality but with the support of philanthropists and others, South African society has developed many positive features, the most important of which is a new respect for human rights and the dignity of ordinary people.

Many strategic philanthropists have responded energetically to the challenge to operate developmentally and are successfully balancing their own strategic objectives with those of the poor. As a society undergoing rapid and fundamental changes, strategic philanthropy plays an important role and is building up a solid record of working flexibly and pragmatically.

CASE ONE

The Liberty Foundation

Origins of the Foundation

Liberty Life was founded during the 1960s by South African entrepreneur Donald Gordon and has since grown into what it calls “a highly focused, entrepreneurial group of financial services companies that is committed to creating and unlocking wealth for its shareholders and policyholders.” The group is a South African success story that has managed to prosper even in recent years, despite the global economic slowdown.

The company’s successes enabled the creation of a charitable foundation in 1971, originally called the Liberty Life Community Growth Fund. Funded from post-tax profits (set in 1996 as 1,5% of after tax income) the Fund, now the Foundation, set out to support development projects as a corporate response to the high levels of need and deprivation found in South Africa.

The Foundation’s original focus was strongly welfare oriented and sought to address the situation of vulnerable groups within society, particularly the aged, disabled and children in need. This was mainly a result of the very clear and visible need in the sectors, so the support was to have a visible impact and be supported by Liberty Life’s stakeholders. A desire to avoid coming into conflict with the apartheid government of the day by choosing a relatively non-political sector was possibly another factor in the decision.

Since the creation of the Fund, which has since been renamed the Liberty Foundation, a companion institution, the Donald Gordon Foundation was created to address related but separate concerns. As the Liberty Foundation came to focus on a narrower set of issues, the Donald Gordon Foundation has been able to provide support to worthy initiatives that have not met the Liberty Foundation’s stringent criteria.

The Liberty Foundation has made a very conscious effort to grow and change according to the context in which it operates. This was a result of its enlightened corporate leadership’s ongoing strategic thinking. This has seen it make concerted efforts to operate more strategically and mindfully as the South African situation changed. During the early 1980s, in response to changes in the South African social landscape, the Foundation moved away from general welfare support to focus more clearly on educational initiatives of various sorts. Education was seen as offering the best returns on social investments, since the state at the time was investing so little in the area.

Later, during the 1990s, the fund provided extensive support to civil society organizations, even to some not involved in education, as it recognized the importance of the sector in supporting and promoting a peaceful transition to a democratic society. Risky and controversial at the time, the position taken by the Foundation was politically courageous and allowed support to be provided to many initiatives that would simply not have survived otherwise. Once again the reasons for its decision to play this role appear related to the nature of leadership in the institution.

Over its lifetime, the Foundation has taken a bold and visionary approach to its work, often funding initiatives that were unpopular with the apartheid government of the day and steadfastly adopting a perspective that was constructive and positive. During the early to mid-1990s, the Foundation became involved in corporate responses to the national political transition and provided extensive support to various different kinds of

bridge-building initiatives often enabling participation by representatives of groups who would otherwise have been excluded from important national and local processes.

Since South Africa's successful democratic transition, the Foundation has grappled with the need to undertake a major paradigm shift. It has, for example, recognized that it is no longer appropriate to provide black children with bursaries to study at private schools, when the democratic state provides free education to those who need it.

It has recognized that it is far more important to ensure that the education provided is useful and effective, and it has sought creative and innovative ways of doing this. This has required a sensitive and balanced approach: while working with the state, the Foundation has made it clear that it does not seek to provide things that should be provided by government, but rather aims to supplement and enhance what is available.

The Liberty Foundation has a continuing tradition of making difficult, visionary decisions that respond creatively and humanely to a rapidly changing context. This is a result of the fact that its Director, a son-in-law of the founder of Liberty Life, and his senior staff have been provided with space and support by its Board. The Board of Trustees is drawn from Liberty Life executives and other business leaders who share a relatively progressive perspective and this has ensured support from the institution's highest governance levels.

Mission and Vision

The Foundation supports social development initiatives that have a tangible and clear benefit to South Africans in need.

As a result of its changing and responsive nature, the mission and vision of the Foundation are not definitively stated but have adapted and changed along with the Foundation's operational strategies. Since 1990, the Liberty Foundation has invested more than R320 million in social development work throughout South Africa.

The Foundation has four main objectives:

- To provide funding for effective educational, social developmental and charitable endeavors;
- To promote individual empowerment and sustainable economic development;
- To encourage community organizations to harness their skills and expertise in order to generate economic activity that will create new jobs and build capacity, and;
- To identify strategic development opportunities and to help to make them achievable.

Programmatic Approach

The Liberty Foundation's budget in the preceding financial year was R24 million, a slight reduction on previous years but in keeping with its general expenditure record.

The Foundation has now made a strategic decision to narrow its focus and to concentrate all its efforts on two strategic areas, namely health and education. These were identified as being the areas of greatest need and in which the Foundation's involvement would be most likely to have a sustained positive impact. The Foundation also has a solid body of experience in these sectors and seeks to draw on this to build a coherent and effective program for the future.

The decision to make this shift is the result of a strong desire by the Foundation's leadership to consolidate and focus its energies in order to increase its impact. The sectors

chosen are seriously underdeveloped and have been provided with little in the way of creative interventions. They are also areas in which the Foundation believes its resources can make the greatest visible impact by playing a catalytic and leveraging role.

In partnership with a number of other donors (including the Nelson Mandela Foundation), the Foundation has supported and facilitated the launch of a very exciting and innovative initiative, the Mindset Network. Mindset is a new R225 million multimedia television network launched at the time as Nelson Mandela's 85th Birthday, and presented to him as a birthday gift: health and education are long-standing concerns of the former South African president and these are the areas addressed by the channels flighted on the network.

The network's first channel, called Activate, targets learners in the final three years of school and focuses on English, Science and Mathematics. The approach includes the use of satellite broadcast television, print supplements in the country's major Sunday newspaper and the provision of dynamic and comprehensive support on the Internet.

The integrated and comprehensive approach taken in delivering the learning resources enhances its chances of overall success and creates a number of different ways through which learners can be supported. The supporting website is experiential and interactive, and offers support of a very high standard that can be accessed by learners as well as teachers. Teachers are also supported in developing lessons and lessons plans as well as being directed to links that provide supporting resources.

The initiative also provides equipment, training and support for schools that need it to be able to use the content properly. Kits include a television, a satellite dish, a decoder and a video recorder, while a generator can also be provided to schools without electricity. The content is provided free of charge and the hardware and teacher training can also be provided to economically disadvantaged schools at no cost to them. Activate has already been piloted and tested in 300 schools and will be rolled out to 1,000 schools and 800,000 homes before the end of 2003.

A health channel will be launched later this month and will focus on HIV/AIDS, looking at issues such as voluntary testing and counseling, effective therapy delivery and other issues relevant to people infected and affected by the disease. The channel will be beamed into 7000 clinics and hospitals around South Africa.

The channel will provide basic information and knowledge in the appropriate languages so that viewers will be better placed to absorb and use what is presented. Future plans include supporting the extension of internet services to clinics receiving the health channel and, for example, ensuring that patient data is properly stored and chat facilities are used to put patients and health care professionals in touch with other to provide support as they need it.

The creation of the Network has required the Foundation to direct all its resources to this project, and has meant that it has had to reduce and in most cases conclude, its involvement in other areas. This has been a difficult decision to make, but the Foundation has taken the position that it needs to harness its limited resources for maximum impact. The alternative is to spread itself thinly over a number of different areas without achieving sustained impact in any of them.

An important component of the new programme is an emphasis on monitoring and evaluation. Previously this was undertaken at a relatively basic level, without a conscious effort to assess impact on a sustained basis. The emphasis was essentially on ensuring that funds were used for the activities for which they were provided.

The new initiative is much clearer on the need for effective monitoring and evaluation and has a highly developed strategy in this regard. This includes baseline and longitudinal

studies in pre-selected pilot sites as well as other innovative techniques made possible through the technology. Given the nature of the new programme, which is accessible to anyone who wishes to use it, it has been important to identify partners for the monitoring programme and although some participants have been identified, more is still to be done in this area.

Conclusions

The Liberty Foundation sees the biggest challenge facing it as the need to keep responding creatively and constructively to the changing social context.

The Foundation has identified the need to respond to its internal stakeholders – its shareholders, its policyholders and its staff and customers – in ways that are consistent with what they see as social priorities.

Ensuring that the projects it has started become independent is also seen by the Foundation as an important challenge for the future. Dependency on the Foundation is seen as a least desirable outcome and the Foundation is committed to providing resources to projects that will become sustainable in the future.

In many instances this will be done through its companion institutions, since the Liberty Foundation is committed to supporting the Mindset Network in the medium to long term, and this will consume most of its grant making capacity for the coming years.

Liberty Foundation is fortunate in that it is part of broader set of institutions that are able to respond to issues and pressing needs that fall outside the Foundation's scope. This has enabled it to become strategically more focused and to dedicate its resources to a particular area in which it feels it can have a tangible and sustained impact.

Distinctive of the Liberty Foundation has been its ability to shift and change as the South African situation has developed. Its effort to operate responsively and creatively is possibly its most valuable practice that other corporate Foundations should seek to replicate.

Focusing on clearly defined sectors and being prepared to take calculated and cautious risks is another practice historically practiced by the Foundation. This is because its operational staff members have always received extensive support from a Board that is made up of members with a shared view of the South African context and the role of the Foundation within it.

Liberty Foundation has played an important role in the South African story by responding creatively and thoughtfully to social and political changes and by being prepared to make strategic and policy shifts as required. Energetic leadership, a supportive governance structure and a clear commitment to making a visible impact allow the Foundation to play its important role and to contribute to strategic philanthropy with a particularly South African approach.

CASE TWO

Nelson Mandela Children's Fund

Origins of the Fund

Former South African President Nelson Mandela is globally recognized as a great and inspiring statesman and leader. He is widely recognized for his interest in vulnerable and marginalized people and it was his concern for the situation facing poor South African children that led him to establish the Nelson Mandela Children's Fund in 1994.

Mandela has displayed outstanding leadership in his role as Founder and Chairperson of the Fund. He contributed a third of his Presidential salary to the Fund and has provided sustained and committed support since it was founded.

Initially structured as a traditional grantmaker providing funds to diverse development initiatives, the Fund is a registered Trust with a Board of Trustees made up of very high profile, prominent and influential South Africans. It has its offices in Johannesburg where it employs 24 people and operates nationally, providing grants to organizations and projects in response to applications received. The Fund also operates offices in Britain, the United States, Canada, the Netherlands, France and Australia, from which funds are raised. The Fund's international offices are also intended to play a strategic role in the promotion of children's rights in the future.

The Fund's target beneficiaries are children and youth under 22 years of age from impoverished backgrounds. It seeks to work with development organizations, government, the private sector and others on a partnership basis. The Fund is guided by five principles and values:

- Partners should seek to eradicate and not just ameliorate poverty
- Partners should implement integrated and holistic approaches that recognise that children are important members of families and communities.
- Target group members should be involved in programme and project planning and implementation and should be empowered to participate meaningfully in decision making
- Partners should facilitate change and enhance the rights of children to reach their full potential
- Partners should promote best practice, act with professionalism and measure the impact of their work.

Mission and Vision

Vision:

The Nelson Mandela Children's Fund will nurture, motivate, and care for the future of children and youth.

Mission:

To support organizations implementing programs and projects that empower children and youth from impoverished backgrounds to improve the quality of their lives. The NMCF places emphasis on creative, innovative, and participatory initiatives that have potential to change the ways in which society responds to children and youth.

Programmatic Approach

In 2002 the Fund made 106 grants amounting to R25.8 million, an increase of R6.7 million from the previous year. By the end of the 2002 financial year the Fund had distributed a total of just under R100 million in its seven year life, which is a major achievement.

In 2001 the Fund calculated its costs as 10.5% of grants made and 7.4% of capital raised. In 2002 the Fund calculated its costs at 10.8% and fund raising at 9.3%.

The Fund prioritises poorer provinces and, for example, has ensured that Limpopo Province and Kwa Zulu Natal (provinces with substantial poverty problems)

have beneficiaries in nearly all the Fund's programs. The Eastern Cape is also a priority province for the Fund.

Applications for support from the Fund are assessed in terms of their relevance, the level of community participation and the intended impact.

The work of the Fund is structured around a number of distinct programs. These are as follows:

- The Early Childhood Care and Development Program gives mothers the skills to be active participants in the education of their children. With the help of home based education, mothers are taught ways to stimulate their children and encourage learning. The program supplements pre-schools and other learning interventions.
- The Leadership and Excellence Program encourages children and youth to aspire to levels of excellence in all spheres and to stimulate leadership that can respond to national and global challenges. This is done by building the capacity of NGOs, promoting volunteerism and supporting the development of talent and skills in arts and culture.
- The Well Being of Children Program aims to promote innovative and community based responses to children in trauma and in need of protection. It supports initiatives that undertake family and community oriented programs that address child abuse and other forms of trauma in order to reduce levels of vulnerability.
- The Children with Disabilities Program promotes the integration of children and young people with disabilities into broader society and encourages initiatives that enhance and emphasize the abilities of disabled children. Support is provided to educational, sports and cultural projects that improve education, promote self-esteem and that advocate for improved access to public facilities for disabled children.
- The Goelama Program is a new area being piloted that aims to create sustainable community based models of care and support for orphans and children affected by HIV/AIDS. It supports community initiatives to plan, mobilize resources and implement support and care. It also supports small business development initiatives by working in partnership with micro-finance institutions. The program also has an advocacy component that seeks to promote policies and procedures that impact on the well being of orphans and vulnerable children.

Last year the Fund's Board made a decision to shift from its original charitable grant making role to becoming a development catalyst for development and community based initiatives. This shift includes efforts by the Fund to become more programmatic and to monitor and evaluate its work more systematically. The decision to shift was apparently based on findings from a comprehensive evaluation that clearly showed that the Fund would achieve greater impact if it focused on providing targeted and sustained support to fewer strategic areas.

The Fund's monitoring and evaluation processes had previously consistently highlighted the difficulty associated with making a sustained impact using one-off small grants. Driven by senior staff, the shift in emphasis has been supported by the Board and has already started to be implemented. The Fund's energetic and proactive response to its evaluation is encouraging and should be noted as a good practice.

The Fund recognizes that while its resources are significant, they alone are not sufficient to change the quality of South African children's lives. Using the Fund's resources to

achieve a sustained impact will require careful selection of the areas in which to be active and the kinds of activities to be supported.

As part of its shift to playing a more developmental role, the Fund is targeting the area of national policy and practice regarding children and young people. It intends to use its experience in funding practical initiatives to inform the development of reforms and improvements that will have a meaningful impact. Ultimately the Fund intends playing a leading role in the area of children's rights, including policy and advocacy as well as research and development.

Monitoring and evaluation is seen by the Fund as an important element of its work. It has an ongoing programme focusing on monitoring and evaluation although its analysis is not particularly strategic and is recognized by the Fund as needing improvement. Long-standing difficulties in monitoring the effects of small grants have forced the Fund to reconsider its strategy and it is currently working at developing a new approach that will assist it in measuring and assessing its new programme.

Conclusions

The Fund has traditionally raised and disbursed funds but has made a strategic decision to secure an endowment that will enable it to operate independently without having to be constantly investing resources in raising funds. The insecurity and vulnerability associated with having to raise funds constantly was seen to undermine the ability of the Fund to play a long term, strategic role, and having a secure endowment will allow it to plan for the future in a far more systematic and considered fashion. The Fund intends playing the kind of philanthropic role in its own particular niche that agencies like the Ford and Mott Foundations have traditionally played in theirs.

In terms of the difficult task of raising capital for its endowment, the Fund has succeeded admirably: it has already successfully raised R200 million of its target of R250 million, and seems likely to raise the remainder fairly soon. The Mott Foundation recently made a US\$2 million contribution to the endowment fund.

Nelson Mandela's continued support has provided extremely effective and valuable, although the Fund's management has also clearly responded well to the challenge. Its success in securing such a substantial endowment is unusual in the South African context and does seem to have built very effectively on the unique and special appeal of the Fund's founder.

The Fund also faces a number of major challenges in terms of its ability to make its intended shift to becoming a development agency. Building its own capacity requires that the Fund builds its staff's skills and dynamic management and leadership also need to be in place. The Fund is committed to institutional development and is putting measures in place so that it will be able to meet the demands of the future. Improving its monitoring and evaluation programme is another challenge for the Fund.

The Fund is looking into the development of a user-friendly knowledge management system that draws from the experiences of its projects extract policy and practice insights. This will ensure that the lessons learned from the Fund's program; the system will also help to are captured and recorded and can be used for advocacy and other purposes.

Documenting experiences, identifying best practice and extracting lessons for others are new areas of activity that will increasingly occupy management and staff of the Fund. Improved knowledge management and best practice identification and promotion will allow the Fund to increase its policy impact as well as assist with ensuring that projects have better chances of achieving their objectives.

Finding people with the necessary skills and experience is another challenge for the Fund, particularly in a context where development skills are scarce and greatly sought after especially by government. The Fund expects recruitment and human resource development to continue to be challenges for the future, especially once the Fund has fully and successfully implemented its strategic shift.

The Fund has also successfully drawn together a very influential Board that offers special access to influential decision makers in South African society. This innovative use of a special leader's unique ability to gain access to powerful people is a creative and constructive practice that benefits poor children throughout South Africa.