“Staying Alive and Staying Free: The Challenges of Non-Profit Governance in South Africa”

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NPO Governance in Context

• There is broad if not universal recognition of the significance of NPOs for civil society even if there is theoretical contestation over the essence of NPO governance.
• Questions also remain about the applicability of this theory across national & socio-cultural domains.
• This presentation makes no pretension to advance theory but hopefully will assist in broadening the case base.
NPOs in South Africa in Historical Context

• Suppression of civil society under Apartheid especially in the 1950s and 1960s.
• Restricted number of NPOs amongst the Black majority (faith based, and sporting associations).
• Amongst the White population a focus on charities, socio-cultural organisations, and a limited number of human rights NPOs.
• In the mid to late 1970s anti-Apartheid mobilisation gained momentum as did NPOs.
NPOs in the Anti-Apartheid Struggle

• In the 1980s a growth in NPOs oriented to political rights and to popular mobilisation (typically around social welfare issues).
• Significant support from foreign donors supporting the struggle against Apartheid.
• The leadership was largely ascriptive although formalistically democratic.
• Governance principles were never encodified and there was considerable secrecy in NPOs.
The Transition to Democracy 1990-1994

- NPOs played a significant role in establishing the parameters for a democratic society.
- Hopes that NPOs would enter into a partnership with the democratic state.
- Some closed voluntarily as they believed their objectives had been fulfilled others closed due to the immediate cut-back in donor funding.
The Advent of Democracy

• A need to redefine state-NPO relationship from an adversarial to a collaborative one.
• A need for a new legislative framework culminated in the Non-Profit Organisations Act of 1997.
• Agencies, in the form of the National Lotteries Distribution Trust Fund and National Development Agency, were established to fund and support NPOs.
• Changes in the donor funding environment.
• Exodus of NPO leadership to the public sector.
Definition of NPOs

The definition of an NPO provided by the Non-Profit Organisations Act is broad:

“A trust, company or other association of persons established for a public purpose and the income and property of which are not distributable to its members or office-bearers, except as reasonable compensation for services rendered” (RSA. 1997, section 1).
Growth in the NPO Sector

• Despite initial cutbacks the number of NPOs has grown (estimated 14% per annum.)
• No data base but an estimated 100 000 to 120 000 NPOs or 1 NPO for every 500 people.
• Perhaps a quarter of these are not registered.
• Considerable variance in types of NPOs ranging from community to national focus (some are merely small businesses).
• Minimal regulation of the sector.
Relationship with the State

• ANC government acknowledged the advocacy role of NPOs in the Apartheid struggle but ambivalent about its role in a democracy.
• An emphasis on NPOs as service providers subcontracted by the government.
• Conforming to New Public Management principles of diminishing the role of the state.
• Rights based advocacy seen as superfluous.
Changing Sources of Funding

• Three types of funding available to NPOs: donor funding, government funding, and corporate funding.

• Foreign donor funding has been cut back dramatically: South Africa classified middle income.

• State funding not keeping pace with grow in NPOs oriented to Arts/Culture, Sports and Charities.

• Corporate funding cut back due to global recession.
NPO Governance Challenges

- Boards obliged by law but most are perfunctory.
- Few adhere to principles of good governance.
- Blurred lines leads to confusion and conflict between Boards and CEOs.
- CEOs unsupported.
- Mismanagement and misappropriation
- Limited strategising to overcome challenges.
A Lack of Professionalism

• Low salaries means a high turn-over of staff.
• NPO sector often seen as an employer of last resort.
• Limited skills base especially in financial accounting.
• A lack of training and capacity building for staff (none for boards).
• NPO Code of Governance just developed.
• No coherence in the NPO sector.
Implications for Advocacy NPOs

- At time when there is growing corruption in the government and weak oversight advocacy NPOs are closing (IDASA, Treatment Action Campaign).
- Advocacy NPOs faced with a Faustian bargain, close or enter into a partnership with the state.
- Mission drift chasing remaining foreign donors as funding fads change.
- In the absence of NPOs people are taking to the streets.
- In 2012/13 there were 13 575 ‘crowd related’ incidents - an average of 32 ‘peaceful’ and five ‘violent” incidents a day.