

In the face of looming funding cuts, NGOs need creative survival plans

JENNIFER CROCKER

THE Social Change Assistance Trust (Scat) celebrates its 25th anniversary this month. But if NGOs don't practise good governance, careful financial management and have a clear strategy, they could find themselves in a funding crisis.

Executive director Joanne Harding said the celebration marked 25 years "of contribution to rural development and democracy through its support of 66 community-based organisations (CBOs) in 60 communities in the Eastern Cape, Northern Cape, Western Cape, and North West Province".

Operations manager Mark Volmink said "2008 was another year of positive growth for Scat, there was a 5 percent growth in fun-

der income and an 11 percent growth in overall income. Good stewardship of money has positioned Scat as a preferred partner with funders".

Harding warned that the global financial crisis is affecting "the poor, women, and children in rural areas. We expect donor funding to decrease and South African businesses to cut social responsibility budgets".

Scat has operated as an independent, Cape Town-based fundraising and grant-making development agency since it was established in 1984.

The trust has won a number of awards over the years, and can boast 25 years of unqualified audits. It is "one of the few organisations with this kind of track record and has contributed R23.8 million in grants to community-based organisations

in rural areas and has spent R9.1m on capacity-building in the past five years", said Harding.

For Scat, good governance is an important part of its success.

"When Scat was founded, good governance and clean bookkeeping was one of the founding principles... and this principle has led to 25 years of unqualified audits, something that Scat can be proud of," said Gordon Young, founding trustee and financial adviser for the Ditikeni Investment Company.

If NGOs want to remain sustainable during these tough economic times, they need to conduct their affairs in a professional manner. This caution comes from Scat operations manager Volmink.

Harding said: "Scat is not an endowed organisation, we raise all of the money we spend each year

However, the organisation does have a well-developed sustainability strategy which includes investment in Ditikeni Investment Company, which was set up by 24 NGOs 10 years ago. Scat is the majority shareholder."

She said Scat has had to re-examine its funding model as "in the past the NGO sector has largely relied on international NGOs and governments for financial support, but over the past few years this funding has started to decrease. This, coupled with the global economic crisis, which contributes to reduced amounts available from the corporate sector, means that NGOs will increasingly be looking to the state for their survival.

"Strong governance, excellent financial and organisational management, coupled with well-planned

creative initiatives and concerns for the communities in which we work are necessary to ensure NGOs' survival."

Scat has been active in addressing concerns about funding from the two government agencies set up to ensure the sustainability of the NGO sector - the National Lotteries Distribution Fund and the National Development Agency.

Scat has joined four other NGOs to address concerns that the two bodies are not meeting their legal mandates.

"The scope of their funding is limited and beneficiaries appear to have no say in the strategies of these agencies. The group believes that any action taken by civil society needs to be based on the facts established through research and analysis. The group plans to use its find-

ings about the National Lotteries Distribution Fund and the National Development Agency and to make them known so that other organisations can use the information in order to get funding from these state organisations," said Harding.

What makes Scat different is "our approach to rural development which includes financial support, capacity building, and mentorship to local development agencies. We support people so that they can do things themselves and we see our role as being one of support and enhancement".

While most local development agencies are primarily involved in justice and human rights education, Scat has also supported local development agencies involved in addressing issues such as HIV/Aids, gender and unemployment.

"The target groups are mostly women, children, youth, the unemployed, disabled and pensioners," said Harding.

"Scat believes that civil society plays a critical role in an effective democracy and should be taken seriously as an important actor in shaping the type of world we, as citizens, want to live in. Besides its contribution to service delivery and its role as a safety net for the poor and vulnerable, civil society also plays a critical role in promoting an active citizenry that holds centres of power accountable, being the watchdog of the state and, in doing so, supporting the state to meet its goals; providing creativity and innovation that generally emerge from the outer spheres of society and acting as the voice of people who are not powerful."