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BRIDGING THE GAP BETWEEN COMMUNITY BASED ORGANIZATIONS AND DONORS

The Ikhala model

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This article looks into why Community Based Organisations face difficulties to access funding and introduces an alternative funding model aimed at overcoming those obstacles, which teaches CBOs how to play “the funding game” without losing their unique insider position within communities.

Discussions about development work often focus on major development agencies and organisations. Still, people living in poverty themselves carry out a large majority of the actual poverty mitigation work. They are ordinary people, getting together and responding to the needs around them. However, since they lack the formal education and skills required to write applications and document the impact of their work, they often struggle to access funding. This article, based on a study carried out amongst CBOs working with HIV/AIDS issues in Eastern Cape, South Africa, between January and March 2007, looks into why Community Based Organisations (CBOs, from now on) face difficulties to access funding and describes an alternative funding model that aims at overcoming those obstacles and teaches CBOs how to play “the funding game” without losing their unique insider position within communities.

Although recent HIV data suggest that the HIV prevalence might be stabilizing, South Africa is still the country with the largest HIV epidemic in the world. Approximately 5.7 millions -almost one in five adults- are living with HIV and everyday 1000 persons die in AIDS or AIDS-related diseases (UNAIDS, 2008). In the absence of sufficient governmental responses, small grassroots organisations play a vital role in meeting the needs of poor communities and addressing the epidemic. Locally based initiatives, which carry out most of the mitigation work, struggle to obtain funding and often have to work with very limited recourses or use their members' own scarce income.

As part of the study five representatives from the intermediate grant-maker **Ikhala Trust** and representatives from twelve CBOs were

interviewed. Most of the CBO interviewees expressed severe dissatisfaction with the funding situation and especially with what they consider an unequal competition for funds between CBOs and Non Governmental Organisations (NGOs). Often, CBOs and NGOs are treated as if they were the same kind of organisations. Sometimes referred to as Civil Society Organisations (CSOs), they are seen as equal representatives of the civil society and voices of the poor communities. However, there are a number of important differences between the two types. In “The Cinderellas of Development? Funding CBOs in South Africa”, Nhlanhla Ndlovu¹ (2004) investigates the situation and reaches the conclusion that “NGOs and CBOs are doing completely different work and their personnel have different levels of knowledge and skills. They also operate at different levels with unequal budgets and dissimilar outcomes.”

NGOS VERSUS CBOS

Several interviewees argued that the requirements from government and donors when organisations are applying for funding make it difficult for CBOs to compete with NGOs for money. Often calls for proposals are advertised only in major newspapers that are not common in poor and rural communities. A fee might be requested for tender documents and sometimes CBOs need to travel to attend compulsory debriefings. Most CBOs lack both transport and money. NGOs more often have the resources required to apply for funds. NGOs also have structures that are more formal and are seen as more professional. There are several reasons why donors prefer to work with NGOs (Ndlovu, 2004), including:

1. NGOs often have employed staff who are experts and have time and resources to fulfil the requirements from donors.
2. NGOs know how to respond to call for proposals and fill in applications correctly.
3. NGOs know how to report, use budget in time, log frame, etcetera.
4. NGOs are capable of handling and account for large grants, which makes the overhead costs for the donors lower.
5. NGOs often have their offices located outside the communities where they are working and do not face the same environmental difficulties and thus are seen as easier and less risky to fund.

A severe consequence of CBOs not getting access to funding is that the money might not reach the people most in need. According to Nhlanhla

Ndlovu's study (2004), "the sector that received most of government's funds were characterised by well-developed NPOs [Non Profit Organisations], which tend to be more active in established working-class and middle-class communities than in poorer communities".

In the CADRE (Centre for AIDS Development, Research and Evaluation) publication "[Community Perspectives on Systems Effects of HIV/AIDS Funding in South Africa](#)" (2005), Kelly, Birdsall, Tshose, Banati and Low-Beer confirm this picture and write that "there is a great need for increased funding for HIV/AIDS response to reach structures working at community level". Besides being present in the poorest communities, CBOs are often better suited to reach the people most in need. They know a lot about the local context; the environment in which they operate, the needs of people and specific difficulties in the community. They are constantly present in the communities and "appear to be responding quickly to the epidemic's changing dimensions [and] their position at community level may allow grassroots groups to see quickly and clearly where action is needed, as well as to anticipate the direction in which needs are evolving" (Birdsall and Kelly, 2005).

Furthermore, community members might feel closer to CBO volunteers who have a similar background, share the same experiences and live in the neighbourhood, and thus find it easier to share their difficulties and problems with them.

Why CBOs do not access funding

Most CBOs do not have access to any funding other than what the members themselves manage to contribute. Lack of sufficient resources was one of the major challenges identified by CBO members in the interviews. The process of applying for funds is often complicated and it is important to write applications in a way that is sufficient in the eyes of the donors. Birdsall and Kelly write that "Although extensive funding is available for HIV/AIDS activities, it can be difficult to access these resources and/or to meet donor requirements in relation to reporting, monitoring and financial management" (Birdsall & Kelly, 2005).

The CBOs find themselves in a "catch 22" situation where they do not have the expertise, experience and capacity to apply for funding, and are not able to access funding to build the capacity of the organisation either. CBOs are also seen as less accountable because they often do not have employed staff or proper office facilities, but funding is seldom approved for salaries, office accommodation, technical equipment or transportation. To access funds, the CBOs need to have money already, which is seldom the case.

The language used by many donors was also an obstacle mentioned by several interviewees. NGO staff often has a higher level of education than CBO members have, and are familiar with the language used by donors. For CBO members, development terminology is not common knowledge.

According to Vuyo Msizi, a fieldworker from the Ikhala Trust, “When the big organisations go to these communities, the language that they speak, even if they speak English they speak with words which people do not understand and you find when they define their target group, the target group is the poorest of the poor, but the language that they speak is not for the poorest of the poor. Like when they say they need a call for proposals, they [the CBOs] don’t even understand what is a call for proposals? Even the system of reporting is not for the poorest of the poor.”

Some of the CBOs interviewed had been able to receive some funding, but they felt that it was very much on the donor’s conditions. The unequal relationship between donors and CBOs makes it very hard for CBOs to make demands and to access funding CBOs change their missions and find themselves working with other things than what they originally anticipated, sometimes against their own better knowledge. Being community based, working from within, they have unique knowledge and experience, but in the quest for funding, they risk losing that uniqueness.

Why donors do not fund CBOs

From the donors’ point of view, it is reasonable that CBOs do not access funding to the same extent as NGOs. First, money must be handled with care and donors need to make sure that the funds are being used in the most effective and efficient way. Donors themselves need to prove impact and show results, whether to their private/corporate donors, to national development cooperation agencies or to the public in general. Thus, it is important that the recipients of aid are able to account for how funds have been used and what difference they have made. Furthermore, donors wish is to keep overhead costs low, and giving large funding amounts to organisations able to handle them is one way to keep the overhead costs down.

In terms of their contextual and cultural background, NGO representatives often are closer to donors than CBO members are – they tend to have a more similar education background and language, and a common cultural capital. Differences in this sense may result in misunderstandings and misinterpretations that further reduce the CBOs

possibilities' to access funding.

THE IKHALA MODEL: SHARING INFORMATION AND KNOWLEDGE

The Ikhala model is an attempt to bridge the gap between donors and CBOs, making funds available at community level while making sure that donors are able to account for how funds have been used and the results that have been achieved.

Ikhala Trust is an intermediate grant-maker for CBOs operating in the Eastern Cape Province. The organisation functions as a link between major donors and small grassroots organisations, providing grants and building organizational capacity. Ikhala makes it possible for small CBOs to access funds and build capacity without having to make applications or account to several different donors. Most CBOs are too small to be recognised by large donors. Through Ikhala's support, the organisations gather strength and prepare for a future relation of their own with donors or government.

Ikhala Trust was established in 2002 with the purpose “to raise block grants from donor agencies including government that will be effectively and efficiently disbursed to successful, applying community based organizations involved in Social and Economic Transformation.”²

Ikhala has a very small number of employees: the director, one fieldworker and one administrator. Its large network of people and organisations with different competencies is used to link CBOs with service and training providers in different areas. The external service providers include a number of locally based consultants with “extensive experience of development work in their respective communities coupled with connections to NGO and local government networks” (The Project People, 2006). The consultants help Ikhala to find and evaluate applicants as well as to support and monitor grantees.

Today Ikhala has one part time funder and four long-term funding partners, both international and national, that provide block grants. Ikhala ensures that funders receive proper financial reports and evaluations. The idea is to make small grants, between 5,000-30,000 Rand³ to grassroots organisations that are otherwise overlooked by donors. The funding period includes a capacity-building program where CBOs are trained in different matters mainly related to organisational development to make them better suited to apply for funds from other

donors.

The methods used are participatory, since “Ikhala Trust believes that the only way to make a meaningful difference in the lives of the poor and marginalised is to have them involved as major stakeholders. They best understand their needs and challenges and can ultimately offer solutions to many of the problems they experience.”⁴ Ikhala works closely with the grantees during the whole grant period and has an on-going dialogue with the CBOs about budgeting, capacity building needs and other challenges. During workshops and conferences arranged by Ikhala, the participating CBOs take part in deciding what should be discussed, and sharing of knowledge and experiences amongst organisations is viewed as an important tool for learning.

SMALL GRANTS TO BUILD CAPACITY

Ikhala Trust provides small grants for CBOs, but most CBO members interviewed seem to agree that money is not the most important element. It is how the small grants are used that is innovative: “People have said to us ‘you don’t have to give us the money, but could you please just continue to talk to us the way you do and help us and guide us and advice and come and visit’” (Bernie Dolley, Ikhala’s director). Several CBOs expressed similar views: “It’s not only the money, but everything related to the program. Everything that they can help us with”.

According to Bernie Dolley, the money is what initially might attract CBOs, but they often know about the work of Ikhala and the methods used when they apply for funding. Ikhala does not advertise their money or ask for proposals. All CBOs are found through recommendations and referrals from other organisations and people within the Ikhala network. In that way, Ikhala avoids the work of going through loads of application, but more importantly, makes sure that the CBOs that apply are appropriate for the model.

If a CBO is believed to fit the requirements, Ikhala is supportive already at the application stage. Ikhala Trust consultant Melanie Preddy explains: “The small organisations write letters and not really applications. That’s why Ikhala has an application form. It is much easier to be guided, to answer questions and write down your motivation.” Often someone from Ikhala sits down with the CBOs and helps them write the applications.

The grants are then used to build the capacity of the CBOs. When an organisation receives a small grant, it enters what could be called ‘the

Ikhala Trust capacity-building program', which lasts a year and includes two project development workshops, at least two visits from the field worker, feedback on monthly reports and the possibility to get support, advice and mentoring from the Ikhala Trust staff via telephone.

Bernie Dolly explains that while funded, CBOs will be part of a capacity-building program facilitated by Ikhala to ensure that they are able to run their projects, to account for funding received and to develop their strengths. In that way, once the funding stops, they will be able to sustain what they have started and to access other resources.

The support and mentoring are very important aspects of the Ikhala model. According to Kelly et al, "training needs to be complemented by institutional and infrastructural support, such as mentoring and support systems, which funders appear to be more reluctant to provide" (2005).

All CBOs funded by Ikhala are at a level where other donors do not want to approve funding due to the risk that money will not be used appropriately. "But Ikhala is saying 'we understand the risk, but we are going to risk money, we are going to trust you. We are going to take you on a certain journey and we are going to provide you with skills. We are saying 'if you give these people capacity, they are on their own going to raise issues'", says Bernie Dolly.

Although capacity building is the focus, access to funding also helps the CBOs to meet some of the challenges related to poverty and lack of resources. Unlike many donors, Ikhala is open to funding being used for e.g. equipments and stipends when necessary.

CAPACITY DEVELOPMENT

Learning to work with budgets

Ikhala uses the small grants as a way for the CBOs to learn about budget managing. In the first workshop, which is compulsory for new CBOs to attend, they talk a lot about budgeting and about how to manage funds. Ikhala uses a pre-printed form that the CBOs should fill in every month for reporting. The form makes it easier for the CBOs to understand and learn what elements should be included. If there is a problem with the report, the fieldworker or administrator will contact the CBO and discuss how to improve the reporting. The CBO is also welcomed to phone Ikhala staff for support on budgeting, report writing or other issues.

Ikhala Trust is also open to the possibility to discuss the approved budget after the funding period has started. If the CBO has good reasons and proves to be trustworthy, Ikhala might be open to changes in how the money is used, as long as they are always consulted before the money is used. Ikhala believes that its role is to support rather than to control. “What I like about them is that when they donate money to you it’s not like they are breathing down your neck, but they come visit your organisation, check up on you to see if there is anything they can help you with. Other funders don’t do that”, says an CBO interviewee. Ikhala believes that CBOs themselves should be drivers of the projects: “We don’t want to push people. We want to capacitate people and they move on their own”, says Ikhala fieldworker Vuyo Msizi.

Tackling organisational challenges

Building organisational capacity is what Ikhala mainly works with, by training CBOs in budgeting, report writing and governance. However, the CBOs also need to increase their capacity to tackle other challenges within the organisation, and are given strategies to do so.

During the workshops, Ikhala discusses the importance of choosing board members carefully and helping them understand and fulfil their obligations. CBOs are encouraged to formalise their relationship with volunteers by writing contracts with them, and to make them stay longer by offering them psychosocial support and involving them in the organisation, not only as cheap labour, but also as important stakeholders. Ikhala talks about the importance of ‘caring for the carers’, and helps CBOs contact organisations that provide training within the field or offer assistance.

CBOs also need training within areas not directly related to organisational development, but identified as weak by the CBOs themselves. To meet those needs, Ikhala links the CBOs with suitable expert organisations working with similar workshop methods and sharing its same vision. For example, St John’s Ambulance does different levels of Home Based Care Training and FAMSAs (Family and Marriage Society of SA) provides psycho-social training in trauma debriefing, bereavement counselling as well as personal growth and development.

Ikhala has several contacts and plans to build a formal database with information about organisations, consultants and capacity builders that work according to their same participatory, open-ended principles. Preferably, the trainers should be based locally, so that they know the language and understand the environment.

Working with other donors

One of the main purposes of the organisational capacity building of CBOs is to make them more attractive for other donors to become their funders. Organisations should be able to do fundraising on their own when they exit the Ikhala program and preferably have at least one new funder. However, Ikhala encourages CBOs only to accept money from a donor if they can live with the strains attached, and not to accept everything merely to get money. The relationship with a donor should build on common understanding and mutual interests, and the donor should provide capacity beyond money in order to contribute to the development of the organisation.

Addressing CBOs at a workshop held in January 2007, the facilitator, Melanie Preddy, stated: "A partnership should be equal. You should have an agreement with your partner organisation. What they do is look at the financial management, they should not decide on activities. It should be like a mentorship. They should leave something behind. Not only spend money and then leave you with no new learning... Mentorship is working together on a job, not just go to training. You should have an agreement with your partner/mentor. Before you write the agreement, make sure they have something to add."

Sometimes the real problems within an organisation start when money arrives, which creates mistrust and disagreements. Ikhala tries to prepare the CBOs for difficulties that might occur when funding is approved. In the above-mentioned workshop, Melanie Preddy explained: "Good organisations can be destroyed by conflict over money. It's not because of corruption or greed, but because people are desperate. To avoid conflicts it is important to keep records, have finance committees, spend according to approved budget and communicate what you have got funding for".

BEING CLOSE TO THE FIELD

Ikhala is based in the Eastern Cape and has the possibility to act ad hoc and respond to urgent needs very quickly. Since it has few employees, everyone is close and easy to get in contact with quickly. Decisions can be made without much bureaucracy. The CBOs know that if they need quick advice they can just call someone at Ikhala's office. The director, the field worker and the administrator often go on field visits, and are thus very aware and informed about the actual conditions on community level.

The Ikhala staff knows the CBOs personally; they are not just names on a paper. They know who the leaders are, where they are located and what the conditions in the community are. Most CBOs contacted in the course of the study seemed to be very open about their problems and not afraid to share things that were not going as well as expected. They were not worried about losing the funding, but wanted support to counter difficulties.

PARTICIPATORY WORKSHOPS

All CBOs take part in project development workshops arranged by Ikhala. These workshops are open ended, i.e. the participants are very involved in deciding what to discuss. There are certain important issues, like budgeting, report writing and governance, which are always covered, but otherwise the training and discussions are based on the participants' own experiences and questions.

Plenty of time is reserved for the CBOs to discuss issues they find important, and group work and experience-based learning are important elements. Problems and questions that come up are discussed among participants, and the facilitator is not expected to have all the answers.

Facilitator Melanie Preddy stated: "I think people learn much more from each other actually than from the facilitator and I feel my job is asking the right questions and giving people a framework in which to view what they already know and what they are already doing... At the end of this workshop that we just have done in January, they actually said; we know this stuff, but we didn't know that we knew it".

Ikhala believes it is important that not only the CBO leaders participate: one more representative from the CBO is invited to take part in the workshops in order to increase the likeliness that new knowledge will be shared within the organisation and to encourage greater participation.

At the end of each year, a weeklong grantees' conference is arranged paying attention to issues and needs that grantees have expressed during the year, inviting experts in different fields and giving CBOs the opportunity to come together and discuss matters they find important. There is an ongoing discussion within Ikhala about reassigning the money used for this yearly conference to more locally based activities, bringing the capacity building closer to the field and making it possible for more people to attend.

LANGUAGE

In the Eastern Cape, the main languages used are English, Afrikaans and Xhosa, but most of the CBOs are Xhosa speakers and feel most confident and comfortable expressing themselves in their mother tongue. Thus, it is very important that Ikhala's field worker and administrator both speak Xhosa. Furthermore, Ikhala has developed a dictionary with the most common words in the development vocabulary translated into English, Afrikaans and Xhosa.

The importance of language is also recognised during the workshops. Group work and experienced based training in groups are important elements, and participants are welcome to do some presentations in Xhosa.

Melanie Preddy explained: "I understand some Xhosa, but I can't present the training in Xhosa or facilitate in Xhosa. I have to be much more conscious of, and that's probably a good thing, group work and letting people do much of experienced based learning with each other because that's an opportunity when people can speak in the language they are most comfortable in... I think that is actually one of the positive aspects of not being able to be fluent in the local language: it makes me more accommodating and makes more space for people and real experienced based learning and make people spending lots of time with each other speaker their language".

PARTICIPATORY MONITORING AND EVALUATION

As regards monitoring and evaluation (M&E), Ikhala is in many ways working according to the method called Participatory M&E, including the CBOs in the evaluations and stressing that they themselves should gain something from the process. According to Kelly et al. (2005), "There appear to be few organisations working to support CBOs in developing M&E capacity, and it would clearly serve funder interests to support CBO capacity-building organisations to work in this area. Mentoring relationships between support organisations over a period of time would be most appropriate".

After the one-year funding period, an assessment is carried out to decide if the project should exit or be refunded for another year. However, even if a CBO is exited, contact usually does not stop there. Many organisations continue to ask Ikhala for advice and support long after the actual funding period has ended. All CBOs were witnesses to the effectiveness of this

strategy, even those organisations that had been supported by other donors, pointed out how unique they find the model to be.

CONCLUSION

Through Ikhala Trust, small CBOs are able to access funding to improve their resources and obtain training and capacity building. At the same time Ikhala's funding partners, the donors, are provided with sufficient reports. The CBOs are supported during the whole process and Ikhala acts as a mentor rather than a controller. The CBOs are strengthened and become more professional, but are at the same time encouraged to stay close to their roots and appreciate what makes them unique and different from more formalised NGOs.

By actually listening to the CBOs, Ikhala is responding to real needs in terms of resources, training and mentoring. CBOs are also strengthened by coming together to discuss their work, and help each other. They are encouraged to include all important community stakeholders in their work as a way to become stronger. By becoming more professional in their contacts with target groups, volunteers and board members, they are also better suited to make use of their resources. The CBOs are provided with skills in different areas and Ikhala helps facilitate contacts with other organisations with similar views.

The main weakness of the Ikhala model is perhaps the lack of a next level. The huge gap between CBOs and the formalised professional NGOs that receive the majority of the funds for CSOs is rarely bridged in full after a year of Ikhala funding, and there is a major risk that CBOs will continue to struggle without resources and acknowledgement for their work. If leaders and volunteers who were active in the CBO during the Ikhala funding period were to leave the organisation, the knowledge might get lost and the CBO would be back to where it started.

Another problem is that the Ikhala model is resource demanding, and its overhead costs might discourage many donors. According to Kelly et al, "Small-scale funding is often path breaking in the sense that it builds the capacity and experience of new organisations, but this type of developmental support is intensive to roll-out and manage" (2005). However, looking at the long-term effects this model may still be more cost effective and sustainable, in how it makes use of the assets within the communities and builds local knowledge and capacity.

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1. Formerly Manager of the AIDS Budget Unit at the Institute for Democracy in South Africa (Idasa).
2. Retrieved from www.ikhala.org.za/purpose.htm (18.01.2008).
3. Approximately 380-2,300 Euro, according to rates from January 2008.
4. Retrieved from www.ikhala.org.za/overview.htm (18.01.2008)

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