Final Report

IRISH AID/ RURAL EDUCATION ACCESS PROGRAMME (REAP)

What constitutes good donor-recipient relationship practice?

Lessons from the Irish Aid/REAP partnership

Lynette Catherine Maart

on behalf of the

Community Development Resource Association

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ABBREVIATIONS

BSP	Ireland Aid Bursary Support Programme
CAFOD	Catholic Overseas Development Agency
CCFD	Comite Catholique contre la Faim et pour le Developpement
CDRA	Community Development Resource Association
CEAP	Catholic Education Aid Programme
CIE	Catholic Institute of Education
CPP	Career Preparation Programme
CSI	Corporate Social Investment
DCI	Development Cooperation Ireland
EAS	Education Assistance Scheme
FET	Further Education and Training
GDP	Gross Domestic Product
Irish Aid	Brand name for the Overseas Development Assistance programme of the Government of Ireland
NGO	Non-Governmental Organisation
NSFAS	National Student Financial Aid Scheme
REAP	Rural Education Access Programme
RAD	Research and Academic Development
SACBC	Southern African Catholic Bishops' Conference
UNC	University of the Northern Cape
USAID	United States Agency for International Development

CONTENTS

1. BACKGROUND

1.1 The assignment

Irish Aid (previously known as Ireland Aid and Development Cooperation Ireland) has funded the Rural Education Access Programme (REAP) since its establishment in 2001. It also funded REAP's predecessor the Catholic Education Aid Programme (CEAP), a bursary programme for black South Africans, from 1996.

The partnership between REAP and Irish Aid is coming to a close at the end of 2010. REAP appointed the Community Development Resource Association (CDRA), with funding from Irish Aid, to conduct a review to assess and report on what constitutes good donor-recipient relationship practice, with specific reference to the Irish Aid/REAP partnership.[1]

The process as outlined in the Terms of Reference includes i) studying background material to identify sub-themes and frame the research questions; ii) structuring a one day conversation or, alternatively, conducting individual interviews with Irish Aid and REAP employees (see Appendix A) around the sub-themes; and iii) compiling a 20 page report for submission to Irish Aid/ REAP which may, with permission, be disseminated to a wider audience. CDRA works in a developmental manner that is aimed at enhancing REAP's capacity and integrity.

Heartfelt appreciation to Glenda Glover (Acting Director, Programmes) of REAP for her stewardship of this review project, Irish Aid for their generous financial contribution, and all those who granted interviews on relatively short notice on their experiences of an extraordinary donor-recipient relationship.

1.2 Report structure

The report is structured around an introduction, followed by three case studies reflecting on the key turning points in the relationship between Irish Aid and REAP. These moments are: the establishment of REAP; the Irish Aid planned 2006 exit; and the research project during 2007/8. We use the case studies to extrapolate lessons for good donor-recipient partner relations.

2.   INTRODUCTION

2.1 Irish Aid Bursary Support Programme

Between 1994 and 1997, 17 South African organisations received a total of 955 000 Irish pounds in bursary support through the Ireland Aid Bursary Support Programme (BSP). The BSP, seeking to expand access to education and achieve educational parity, provided financial support to disadvantaged students at both secondary and tertiary institutions who were pursuing subjects relevant to South Africa's development.[2]

The Irish Aid contribution increased to 2 million Irish pounds for the period 1998–2001, allocated through 6 organisations.[3] Tertiary level support was channelled through the government agency National Student Financial Aid Scheme (NSFAS), as well as two Southern African Catholic Bishops' Conference (SACBC) projects, the Catholic Institute of Education (CIE) and the Catholic Education Aid Programme (CEAP). Some CIE funds were disbursed to: (i) a private school in Johannesburg, which had supported non-racial education during the latter part of the apartheid era; (ii) the Career Preparation Programme (CPP) and LEAF College (whose name later changed to the National Access Consortium), which provided bridging support to students who were not able to meet the entrance requirements for tertiary education; (iii) Catholic religious order Marist Brothers, which administered CIE funding to disadvantaged communities in the Northern Cape; and (iv) financial support to enable junior academics based at the University of the North (UN) to undertake post-graduate studies in order to develop institutional capacity. A review carried out in October 2001 recommended that Irish Aid continue to fund the programme for an additional two years, phasing out some programmes and initiating a new programme component.

A review in 2002/3 for the period 1997 to 2001 supported the BSP's focus on the development needs of the country and on prioritising disadvantaged persons and women. It was recommended that the programme be streamlined by phasing out support to entities no longer requiring funding or not meeting the objectives contained in the Irish Aid country strategy. Other recommendations included: i) addressing challenges to meeting gender equity targets; ii) improved tracking and monitoring of bursary recipients; iii) continuing with programmes supporting rural students' access to tertiary education; iv) phasing out funding to students in the basic education phase, as legislation passed from 1996 makes provision for free basic education; and v) providing funding for bursary support to the Further Education and Training (FET) sector, which was considered key to transformation. After the review, Irish Aid agreed to continue to fund REAP, NSFAS and LEAF College.

In 2004, Irish Aid made the decision to close the BSP and withdraw funding from remaining partners, including REAP, by 2006/7, as this activity was no longer aligned with the Ireland country strategy for South Africa. The exit from REAP is explored in Case Study 2 below.

By 2006 various bilateral agreements were in place between the Government of Ireland and a number of countries including South Africa, Zambia, Tanzania, East Timor, Ethiopia, Mozambique and Lesotho. Irish Aid supported various focus areas for intervention, including governance, education, health, HIV and AIDS, water and sanitation, agriculture, civil society, private sector and rural development.[4] The programme was implemented through national government and at the regional, provincial or district government levels. The Irish Aid focus in South Africa following consultation with National Treasury was to have a particular focus in one province, namely Limpopo, and to focus largely on basic education. In 2007/8, REAP benefited from a further Irish Aid grant in order to conclude a research project. The purpose and rationale for this intervention is explored in Case Study 3.

2.2 Irish Aid's financial contribution

2.2.1 CEAP: 1996 to 2001

During the 1996–2001 period, Irish Aid contributed R1 317 441 (or 6.9%) of the R19 170 628 CEAP was able to raise. Irish Aid contributed R100 000 in 2001 to the one-year REAP pilot. Figure 1 reveals a small but steady increase in the Irish Aid proportion of CEAP income from R101 882 (2.4%) in 1996 to R237 363 (10.2%) in 2001. What is also evident is that CEAP funding on the whole was on the decrease – a total of R4.2 million in 1996 compared to R2.6 million in 2001.

Figure 1: Irish Aid / Total Grants 1996-2001
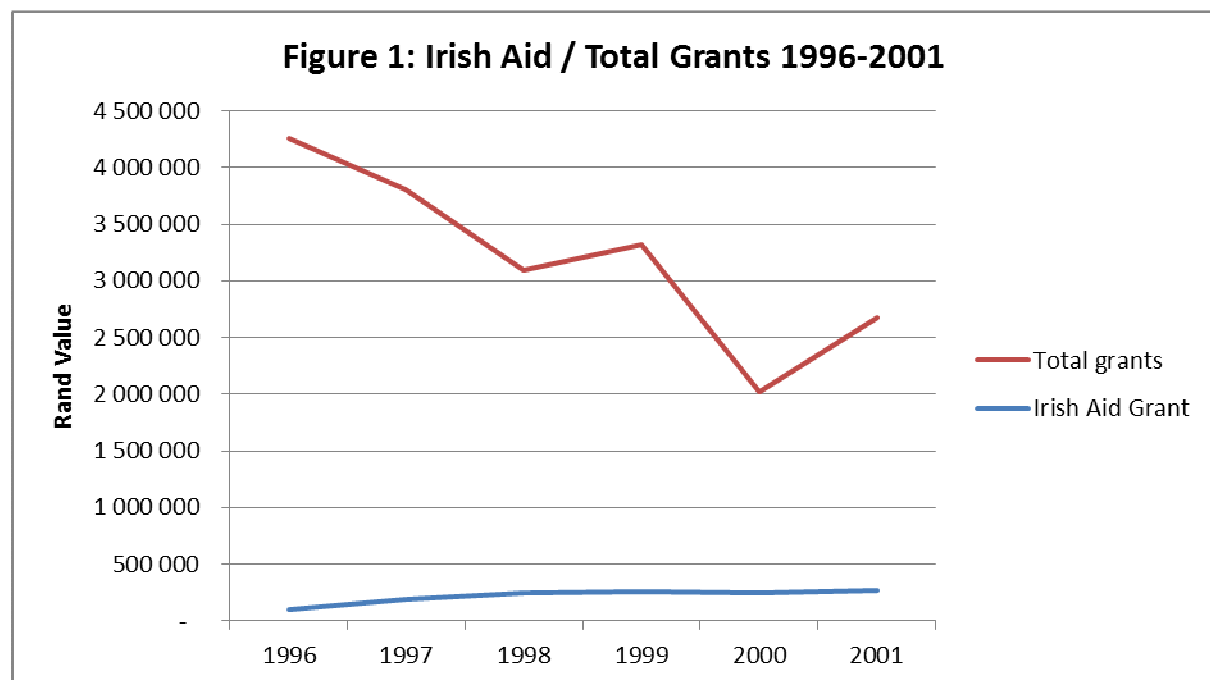
Source: Information provided by REAP, 2010

2.2.2   REAP: 2002 to 2010
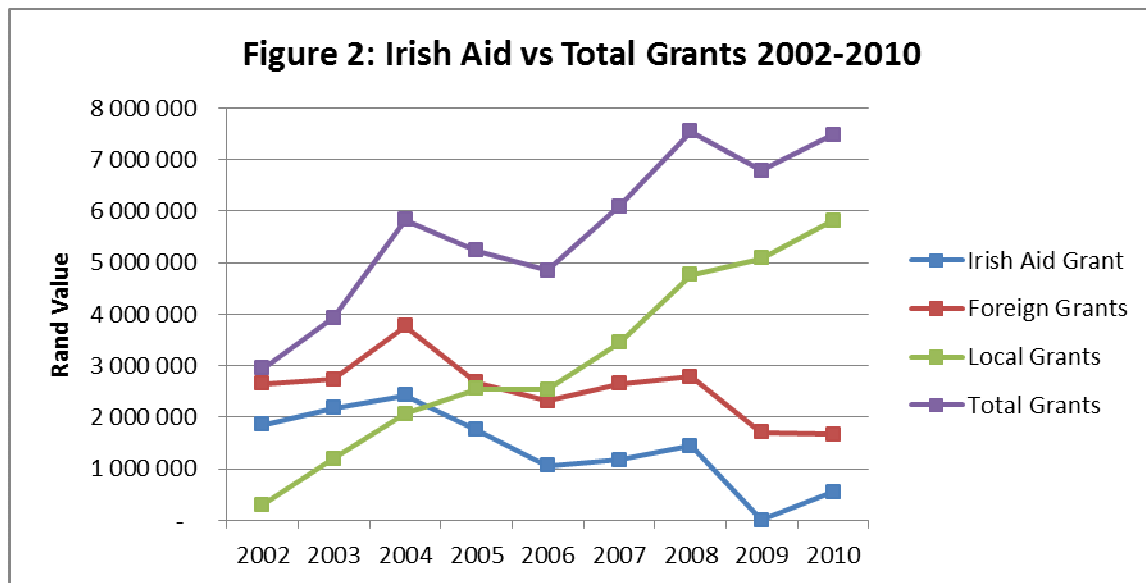
Figure 2: Irish Aid vs Total Grants 2002-2010

The Irish Aid financial contribution to REAP in 2002 was R1.85 million or a staggering 63% of the R2.95 million raised. The proportion of money raised from Irish Aid decreased by approximately 9% a year between 2004 and 2009. In general, it follows the same downward trend of a decrease in funding from foreign sources since 2002.

Financial contributions by Irish Aid to REAP in 2007, 2008 and 2010 were for research (including tracking of students), dissemination of research findings, programme development and capacity building initiatives.

Figure 3: Irish Aid income as a percentage of total grants 2002-2010

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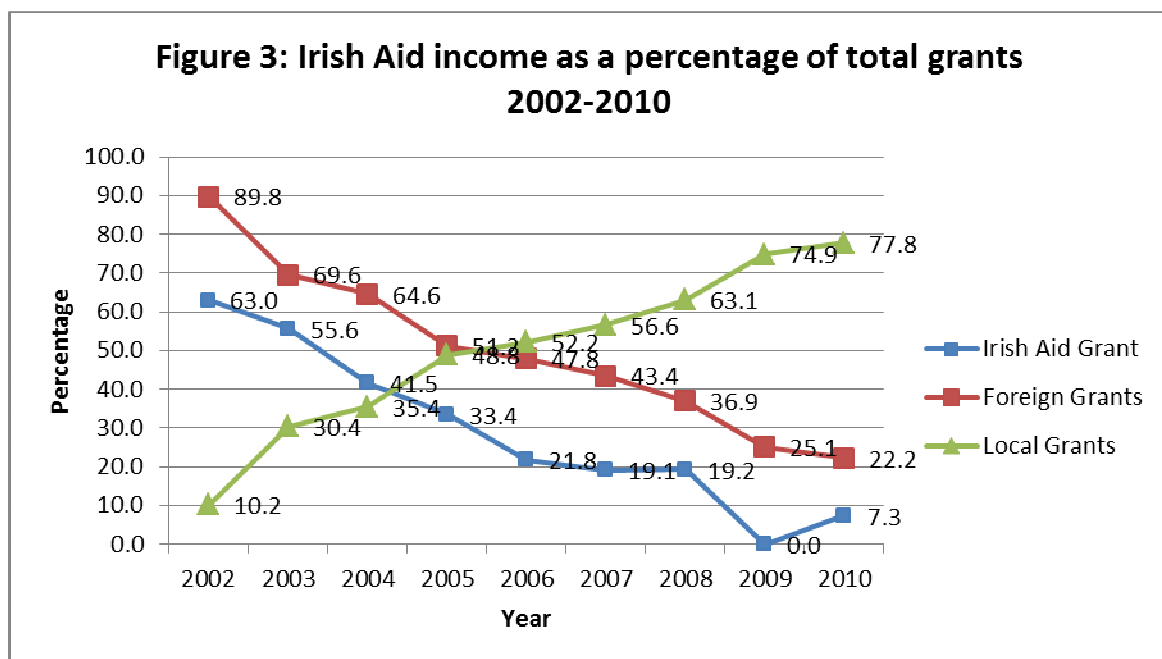
The decrease in foreign funding meant that REAP had to work diligently to secure local funding. Over the period 2002-2010, REAP has managed to increase the contribution of local donors significantly from a mere R302 000 (or 10.2%) of total grants secured in 2002 to R5.82 million (or 77.8%) in 2010, with foreign funding now comprising only 22.2% (Figure 3).

Figure 4: REAP: Local grants vs foreign aid: 2002 -2010

- 22 939 663 45% — Total Foreign Aid
- 27 762 263 55% — Local Grants
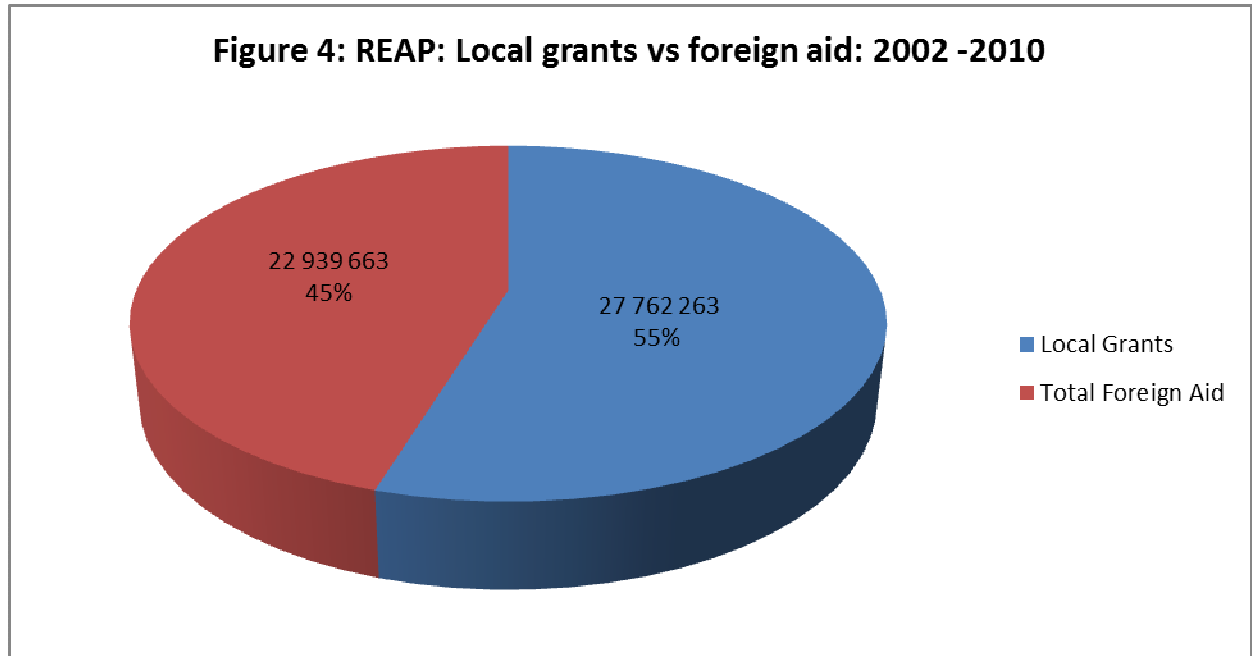
Source: Information provided by REAP, 2010

Between 2002 and 2010 REAP received R22.9 million in foreign funding and R27.7 million in local funding.

Figure 5: Irish Aid income as a proportion of total grants 2002-2010

- 12 430 656 , 24% — Irish Aid Grant
- 10 509 007 , 21% — Balance of Foreign Aid
- 27 762 263 , 55% — Local Grants
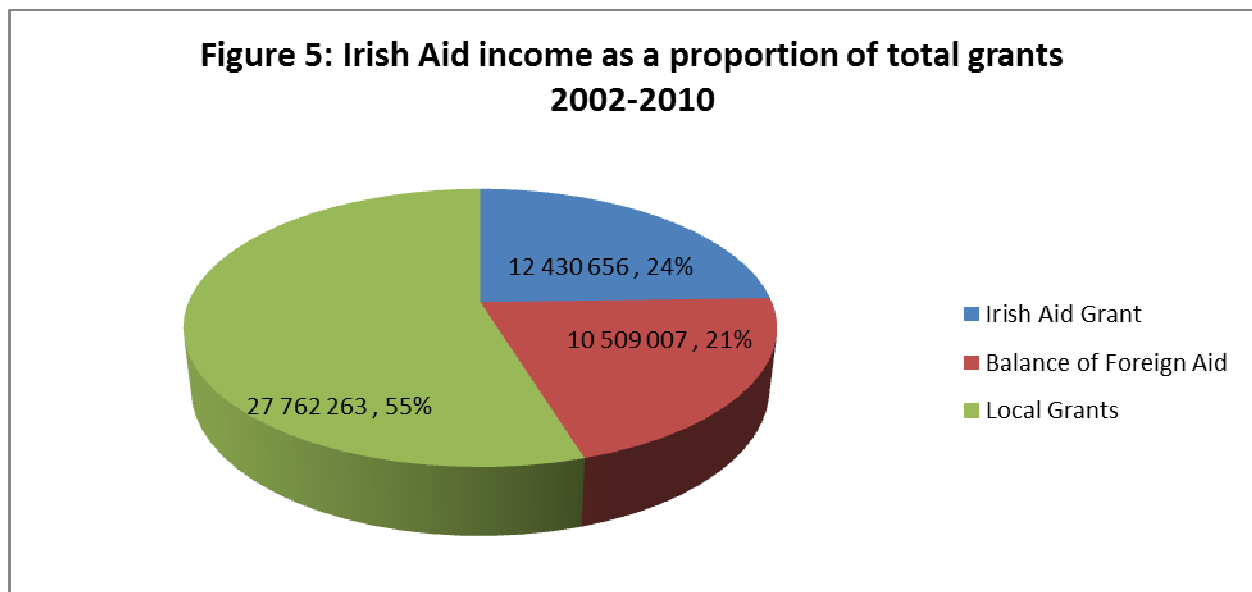
Source: Information provided by REAP, 2010

Of the 45% of REAP's income that was secured through foreign funding between 2002 and 2010, Irish Aid's contribution amounted to 24% of the total income or more than half of the foreign income for the period. Irish Aid clearly made a considerable financial contribution to assisting REAP in becoming an ongoing concern and sustainable entity.

Irish Aid grants to civil society organisations like REAP are embedded in bilateral agreements with the South African government, which determines the country's strategic funding priorities.[5] Unlike in many African countries where foreign aid can account for up to 60% of a country's gross domestic product (GDP), in South Africa foreign aid accounts for 1% or less of GDP. Those interviewed suggest that South Africa does not lack for financial resources. Rather the difficulty lies with government's lack of capacity to deliver, particularly at local and provincial levels. Foreign aid to South African civil society organisations, particularly those focused on service delivery, will continue to decrease. REAP has successfully anticipated this trend.

2.3 CEAP/ REAP model and strategy

The CEAP model, as evolved between 1996 and 2001, offered students from poorer communities in the Western Cape (including Boland) and Eastern Cape, regardless of religion, support to obtain a relevant educational qualification at high school and tertiary educational institutions.[6] The CEAP Student Support Service Programme included individual counselling; peer group support; workshops on topics such as career guidance and decision-making; English literacy/reading skills to improve academic performance, examination preparation and time management; mental health and stress management; substance abuse prevention; and life skills including education regarding HIV and AIDS, living with AIDS and healthy sexuality. CEAP also provided funding for students to access medical, dental and optical services. In addition CEAP ensured that students on their programme obtained NSFAS loans.[7] In 2000, the NSFAS loan allocation to CEAP increased.[8]

In 2001-2 REAP was established, drawing heavily on the CEAP model. REAP is a national organisation focussing on providing access support to rural disadvantaged students studying at tertiary institutions. In 2002, REAP started to recruit students from provinces other than the Western and Eastern Cape. Adjustments had to be made to the REAP model for implementation on a national scale, such as having advisors operate over the telephone instead of through face-to-face contact with students, establishing structured relationships with tertiary institutions in other provinces, and running orientation workshops in other provinces that would require REAP staff based in Cape Town to travel.[9] REAP will open an office in Gauteng in 2011.

REAP defined its mission in 2008 to provide higher education opportunities to marginalised rural students and to provide holistic, yet tailored, developmental support so that these young people may overcome inherent economic, academic and social hurdles in order to realise their potential.[10] Through the development of skills and empowerment of community-conscious graduates, REAP seeks to reduce poverty and make a contribution to securing peace, social economic justice, development, freedom, dignity and integrity for individual South Africans and the wider communities to which they belong. REAP offers assistance to carefully selected matriculants from poor rural communities to obtain higher education through access to NSFAS loans and a small non-refundable grant for books, equipment, travel, food, accommodation and other expenses associated with full-time study. Apart from addressing the financial needs of its target group, REAP provides a holistic support programme consisting of face-to-face or online counselling; development approach to problem-solving; a social and academic skills programme; information and support on HIV/AIDS; and academic performance monitoring. REAP's core model has remained much as it was from the outset, but has developed depth over time.

Figure 6: REAP Irish Aid Students vs Total: 2002-2010
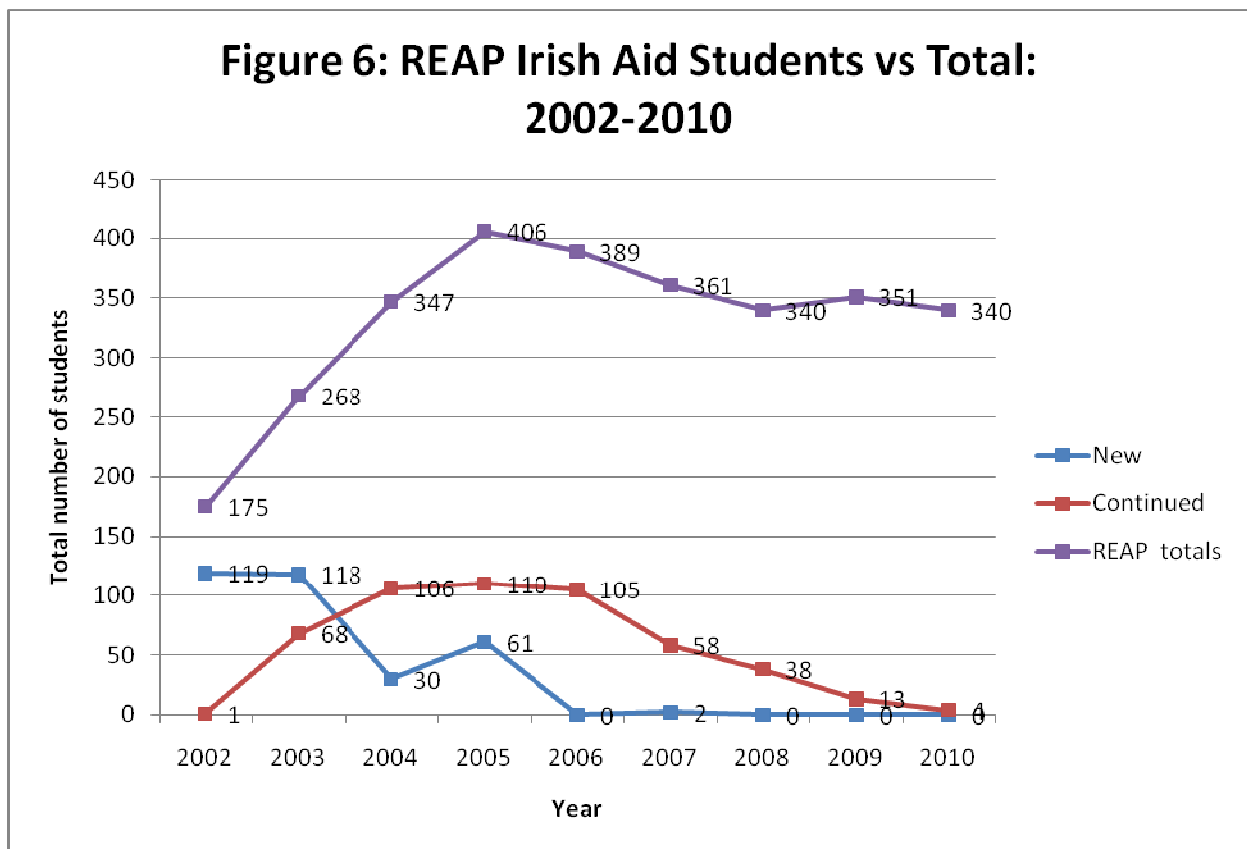
Source: Constructed with information provided by REAP, 2010

It is very important to note REAP does not support all students through to graduation. Students receiving other bursaries, once they have accessed tertiary education with REAP's assistance, leave the programme as do others for a range of reasons. The total number of students supported by REAP increased steadily from 175 to 406 per annum between 2002 and 2005. The trend then went down to approximately 340 students per annum. The intake of new Irish Aid-supported students showed a decrease from 119 in 2002 to 0 in 2006, in line with the agreement not to provide any support to new students. The number of students continuing to receive support also declined. REAP offered an interpretation of what these statistics mean. In some cases students were supported by other funders or only by NSFAS loans in their first and second years of study and then allocated Irish Aid funding. New student intake figures linked to Irish Aid funding will therefore not always stay in step with the number of students continuing to receive support. This was particularly relevant in 2006 when a number of continuing REAP students were allocated support from Irish Aid.

Figure 7: Reap Students: Gender Comparison 2001-2010
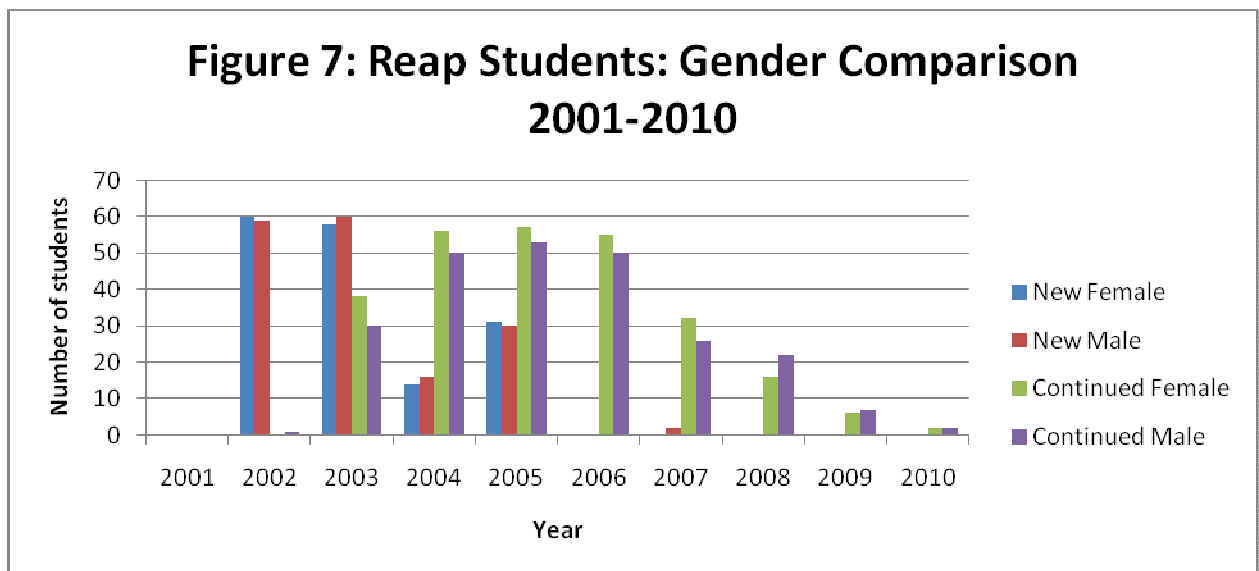
Source: Constructed with information provided by REAP, 2010

REAP as far as possible strived for equal representation of female and male tertiary students.

2.4 Tracking and impact

REAP conducted two tracking studies, the 2002 cohort in 2005 and the 2005 cohort in 2010.

In 2010, with Irish Aid funding, REAP commissioned a study to analyse what happened to the REAP 2005 cohort with the intention of identifying success factors for future recruitment and selection practice. School-leaving grades were analysed to establish a correlation between these results and how the students performed at university.

In her report Ngidi[11] predicts a social and economic breakdown due to the external educational context challenges such as the national school dropout rate that remains very high[12], a low rate of participation in higher education among black South Africans in the 18-25 age group (12%, compared with 60% of whites) and a higher education dropout rate of 50%.

Sixty-three of the 143 students of 2005 were telephonically interviewed to explore the reasons for their success or failure. The study revealed:

- A graduation rate of between 57% and 70%, as 13% of the students were still studying in 2010. Eleven had pursued post graduate studies. The 2002 REAP cohort showed a potential graduation rate of 57% to 66% against a national overall graduation rate of 40% at the time;
- Fifty percent of the 2005 cohort sample group completed their studies in the minimum time. Changing courses and institutions are the primary reasons for students taking more than five years, with law students taking the longest to complete;
- More students (47%) graduated from technikons than universities, in line with the intake distribution between these two types of tertiary institutions;
- 40 students were employed, with the majority earning between R8 000 and R11 000 per month, of which 50% is contributed towards their families;
- 12 out of the 16 unemployed students were graduates. The unemployment time was for a period of up to two years. Most of the unemployed remained in the city to be close to resources and opportunities;
- Command of English, as language of instruction and style of teaching, at institutions of higher education remains a major challenge for many students. Other challenges are the lack of suitable accommodation and emotional issues on the home front;
- Success is individualised with intricate and nuanced determinants. Family support, REAP's financial support, support from REAP's student advisors and hard work on the part of the student contribute to success.

Figure 8: REAP Graduates: Male vs Females 2002-2010
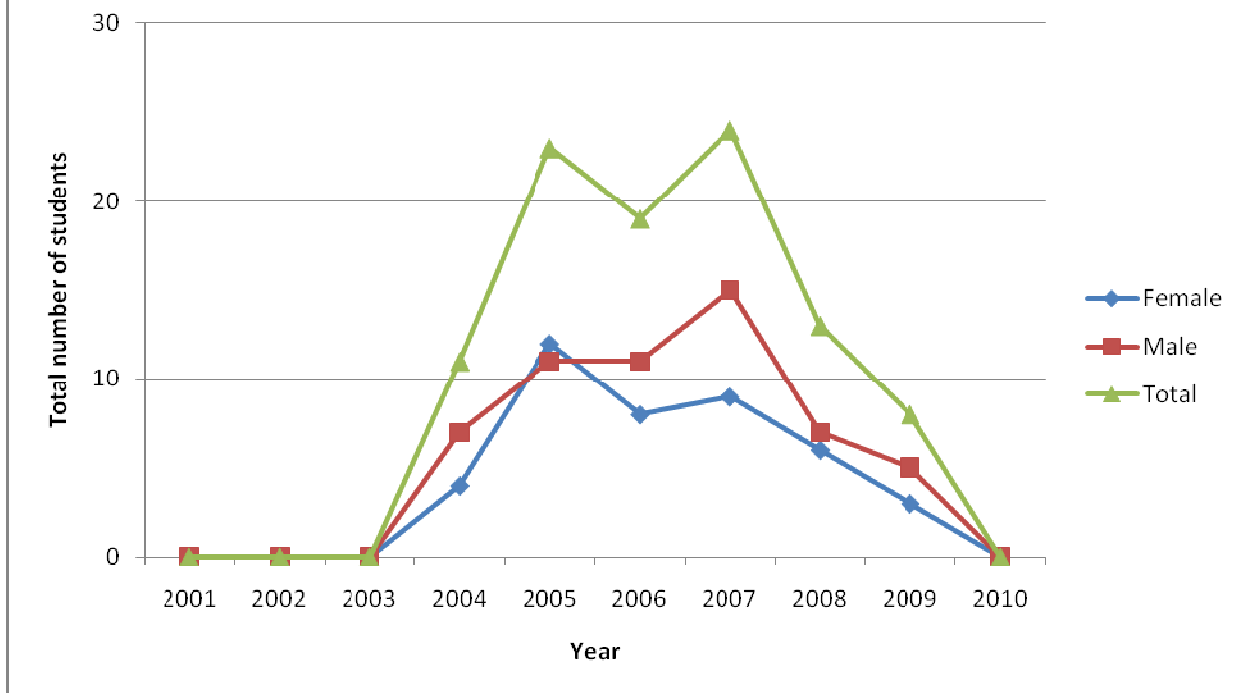
Source: Constructed with information provided by REAP, 2010

Between 2003 and 2009 over 100 tertiary students successfully completed their studies at a university or technikon. The graph indicates slightly more male than female graduates, particularly in 2006, 2007 and 2008.

The tracking study of the REAP 2005 cohort underscores the value of the REAP holistic model in helping students to successfully complete their studies. Every rural/ disadvantaged student able to find employment, with a decent income, embodies broad-based social and economic empowerment in South Africa.

3. TURNING POINTS IN THE IRISH AID/ REAP RELATIONSHIP

3.1 CASE ONE: THE BIRTH OF REAP

This case study explores changes in the external environment before and after 1999 that led to the birth of REAP.

Background

Between 1989 and 2001, support for tertiary education was channelled through government institutions and civil society organisations including non-governmental organisations (NGOs). The National Student Financial Aid Scheme received 560 000 Irish pounds and a grant of 120 000 Irish pounds was made to CEAP for a four year period, released at the rate of 30 000 pounds per annum.[13] An amount of R100 000 was allocated to the REAP one-year pilot in 2001, included in the CEAP grant.

Context changes

By the second democratic election in 1999, the South African government had in place education legislation and policy frameworks with considerable budgets allocated to tertiary education and loans, in spite of threats of budget cuts.[14] Irish Aid's emphasis therefore shifted to ensuring that these policy frameworks were being implemented. A number of external contextual issues had a direct bearing on CEAP/ Irish Aid funding during the late 1990s and early 2000s.

Tertiary education loans/ bursaries: NSFAS provides low interest loans to disadvantaged tertiary students without security. Up to 40% of the loan can be converted into a bursary. The maximum allocation, changing on an annual basis, covers tuition fees, residence, books and meals. While a large number of disadvantaged tertiary students benefited from TEFSA/NSFAS loans, student debt at tertiary institutions reached R700 million by the end of 2000.[1]

Skills development: Legislation and policies are in place to improve skills development for both horizontal and vertical mobility. However, the implementation of the Skills Development Act (1998) and the Further Education and Training Act (1998) were progressing at a slow pace. Further Education and Training (FET) colleges were to get a R100 million cash infusion from government.

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[1] Apart from the high cost attached to Higher Education, the drop out from studies and the consequent lack of employment may be a significant cause of student debt. REAP's success in improving graduation rates could contribute to some relief of student debt as graduates find professional employment within a reasonable timeframe.

Access and academic support: It was necessary to improve access to tertiary institutions for under-represented groups such as blacks, women and the disabled, along with appropriate support mechanisms to ensure their academic success. Academic support is not being offered at many tertiary institutions, and where it is offered, such support remains marginal and is not being mainstreamed. Two types of academic support were offered: i) support to first year students, focusing on study skills and additional tuition; and ii) bridging programmes for those prospective students not meeting entrance criteria for admission to tertiary institutions. In 2000/2001 the national Department of Education earmarked funds for academic development and support, particularly for students who do not meet admission criteria.

Tertiary institution restructuring: Under the leadership of Minister of Education Kader Asmal, South Africa's tertiary education system underwent dramatic restructuring with several tertiary institutions facing amalgamation, integration or closure. The intention was to reduce 36 institutions to 21 over the period 2002 to 2005. The sustainability of historically black universities was being eroded, due to the growth in student debt and a decrease in enrolment figures. The national budget for tertiary institutions (universities and technikons) was cut by 11%.[15]

High school education: Outcomes-based education was to be "Curriculum 21" by adopting a new approach and time-frame for implementation. International high school mathematics and science evaluation placed South African students second to last out of a cohort of 24 countries tested.[16]

CEAP argued that, despite the availability of government loans and bursaries, tertiary students from disadvantaged backgrounds were not likely to succeed academically without access to academic support. Despite South Africa's classification as a middle income country, the colonial and apartheid legacies left a significant skills gap and an enormous disparity in the distribution of resources that perpetuates high levels of inequality between rich and poor. Many black people remained poor. HIV and AIDS were on the increase.

The immediate challenge in 1999 for civil society organisations like CEAP and Education Assistance Programme (EAP) was a radically reduced prospect of foreign funding as governments reassessed their relationship with the South African government and civil society. A considerable number of foreign donors terminated funding to South Africa, radically reduced their financial commitments, or continued funding but channelled it through government-to-government bilateral arrangements.

Where donors continued to operate in the country, they often did so with reduced capacity, and operations became more strategically focused and aligned to the government's priorities, with stricter compliance criteria. The EAP faced closure as European donors gave due notice of their intention to exit by 2000. The United States Agency for International Development (USAID), a substantial foreign donor, gave notice of its intention to terminate its long-standing relationship with CEAP. [17]

A fork in the road: change in strategic emphasis

CEAP/ EAP were at a crossroads: closure or direction change? Responding to the external environmental challenges[18], a new entity, REAP, was established in 2002[19]. It drew heavily on the CEAP holistic student support model,[20] including the already established partnership with NSFAS and the Education Assistance Scheme (EAS) national social network/ infrastructure. The REAP designers firmly rooted the organisation within a credible network, directly accountable to the Southern African Catholic Bishops' Conference (SACBC). REAP's primary constitutional focus is i) *access to tertiary education* ii) *for rural students* regardless of religious affiliation. The new entity was to operate iii) *nationally* using the Catholic network[21] to reach potential candidates and working with tertiary institutions throughout South Africa. Irish Aid contributed to REAP's definition of 'rural' – that is, students from former homelands, smaller towns and farms. Glenda Glover recalls that finding students from farms presented a particular challenge due to sparse populations spread over vast areas on private land. REAP instead started to target high schools used by potential students from farms.[22] REAP also introduced a score card system with a bias towards students from farms.

External evaluation

In June 2001, CEAP was informed by Irish Aid that it intended to conduct an external evaluation of the bursary programme for the period 1997–2001.[23]Recommendations of the evaluation conducted by Dr. Adele Gordon determined Irish Aid's response to REAP's 2002 funding proposal.[24]

Irish Aid decided to continue to support: i) NSFAS, the national student loan scheme; ii) REAP, to facilitate access for students to tertiary institutions; and iii) CPP and LEAF college, which give students a second chance to enrol at tertiary institutions.

At the end of 2002 Irish Aid and REAP signed a new funding contract.[25]/[26] REAP also benefitted from an additional once-off grant of R94 498.14 to support the programme of financial assistance for bursaries to disadvantaged rural students.

Change implementation

A large proportion of REAP's funding came from foreign sources (see Figures 2 and 3). After the loss of USAID funding covering full cost bursaries, REAP intensified efforts to increase its South African funding yield. Approaches were made to First National Bank, Standard Bank, Pioneer Foods, Nedcor and Mercedes Benz. However, the yield, with even more stringent compliance requirements, could not replace the size of foreign donor contributions. Apart from the fact that NGOs were competing for a limited pool of funding, corporate social responsibility (CSR) allocations were often tied to business strategies and a corporate value base.

At the time of direction change in 2002, Irish Aid contributed 62% of REAP's budget (R1 856 722 out of total funding of R2 948 172). John Davids said that Irish Aid was a mature donor with a

very good grasp of the strategic implications in effecting the institutional changes from CEAP/EAP to REAP. He said that it was not necessary to visit Ireland to explain the rationale behind the strategic changes, as was the case with other European donors such as Swiss Development, Comité Catholique contre la Faim et pour le Développement (CCFD) and Catholic Overseas Development Agency (CAFOD).

It took a while for REAP to implement the national rollout of the model and to navigate the changes in the funding environment. REAP initially appointed a fundraiser who was not very effective. Glenda Glover replaced John Davids as REAP director at the beginning of 2003. REAP experienced a temporary 'financial crisis', with funding secured only until September 2003.[27] In hindsight, the crisis was a direct result of poor donor relationship management on the part of REAP.[28] Apart from the reduction of staff that was implemented in 2002 and which left a core team of only three student advisors to serve 268 students, benefits such as medical aid had to be reduced and working hours curtailed in some instances.

The Board and the new director took proactive steps to put REAP on a sounder financial footing. REAP asked Irish Aid to pay its grant and an arrangement was made with CIE (also funded by Irish Aid) for an interim cash transfer. REAP had to resuscitate its relationship with an Austrian donor. REAP also had to find alternative sources of funding, and income increased by R1m in 2003. Internal REAP financial management systems had to be considerably improved to meet new reporting requirements. The new funding agreement and the additional funding from Irish Aid helped REAP continue its work in the new strategic direction. The Irish Aid allocation in 2003 was R2 181 119, a 15% increase from the previous year.

Lessons for donor-recipient relationship

In 1999/2000 the CEAP Board had sufficient foresight to acknowledge that the funding environment, particularly in respect of foreign aid, was changing. It commenced a two year process together with CIE/ EAP to adjust its strategic direction, not in terms of its broad focus on access to tertiary education and the model and services it offered, but to whom and where it would offer such services. It also attached itself to a very powerful network – the SACBC – to increase its profile and visibility. REAP experienced the impact of a decrease in foreign funding. The external funding threat coupled with a commitment to implement its model on a national scale and various internal management weaknesses would take its toll on the organisation. The REAP board appointed a new director with the necessary management and leadership capabilities and the board was capable of steering the ship through troubled waters.

Nicole McHugh was clear that Irish Aid was not influenced by the foreign donor flight that started after South Africa's second democratic election.[29] REAP developed and implemented a unique programme for developing skills among the 'missing generation' of young people from rural areas. While the programme was then considered expensive, the Ambassador of Ireland at the time was very supportive of REAP's unique model. The small core group of Pretoria Irish Aid staff, able to position South Africa as a special case, secured continued funding for the

REAP programme. McHugh's views of the REAP administrative systems were echoed by former director John Davids, who believed that CEAP/ REAP had a solid institutional foundation and integrity with good administration systems. CEAP/REAP was a credible organisation able to draw on a solid and strong social network located within the Catholic Church, but open to all regardless of religious orientation. The expansion to rural areas nationally was made possible through the well-oiled church infrastructure.

McHugh further noted that apart from an innovative model, implemented in partnership with NSFAS, REAP had built a reputation of being a reliable Irish Aid partner, with excellent reports, both narrative and financial, and a good administration system. REAP was a purpose-driven organisation, Glenda Glover a dynamic leader and the REAP staff dedicated and committed to serving their students. The Irish Aid/REAP partnership was therefore on a solid footing before the 2002/3 REAP 'cash flow crisis'. Glenda Glover was adamant that if Irish Aid did not continue to fund REAP it would probably have closed, like many other NGOs particularly in the education sector during this period. REAP was able to communicate its need and Irish Aid responded to the call.

What becomes evident from the separate conversations with Davids, Glover and McHugh is that the relationship between donor and recipient is built on the day-to-day implementation of the grant agreement, and on the dynamic interaction of the people involved. It is important to note, however, that the fundamental building blocks must be in place and working well. In such a situation, when crisis dawns, the parties are likely to be able to find creative solutions and meet each other halfway. Openness on the part of the recipient about the difficulties it is experiencing aids the process of finding common ground.

3.2   CASE STUDY TWO: IRISH AID COUNTRY DIRECTION CHANGES

Background

In August 2004, the Development Cooperation Ireland (DCI) education adviser based in Dublin travelled to South Africa to discuss the planned review with REAP, NSFAS and LEAF and assess the appropriateness of a further two years' support. The Irish Embassy, in line with its country strategy and timeframe, was planning to terminate the tertiary bursary education programme by the end of 2006. The rationale for this decision was:

i.   The South African government was already funding loans to tertiary students on a considerable scale and the Irish Aid contribution had become insignificant;

ii.   DCI, within the education sector portfolio, targets primary education and has limited capacity to engage in tertiary policy dialogue. The new country plan therefore excludes supporting tertiary level institutions; and

iii. DCI's South Africa country strategy for 2004–06 and beyond concentrates on Limpopo, and it is largely there that Irish Aid is able to give support.

The net effect of the new DCI South Africa country strategy meant a closure of the tertiary bursary programme with an exit strategy to be implemented over a two-year period. DCI would continue to support REAP and NSFAS for a further two years (2005–06), while support for LEAF was to terminate in 2005. Efforts would be made to ensure that capacity to address the HIV and AIDS support was sustained.

NSFAS in collaboration with Limpopo Department of Education, was to pilot a bursary scheme for teachers attending the in-service training in maths and science at the University of Limpopo. A portion of the funds could also be used to fund students attending relevant courses in Local Economic Development/ Tourism in the Limpopo province. NSFAS would commit to continue to support teacher training in Limpopo once the DCI funding ceased. At the end of the two year period the pilot would be evaluated.

The **LEAF** programme, which offers a second chance to extremely poor students who have not achieved the requisite grade to access tertiary education, was severely curtailed due to slow reform of the Further Education and Training (FET) sector, which lacked both provincial and national government support. The 2005 funding grant would cover student intake cost and would enable LEAF and False Bay College to examine the future of the programme using insights from reforms needed in the FET sector. At the end of the two year period, 70% of the DCI-supported students gained access to a technikon or university.

REAP would continue to help disadvantaged rural students access tertiary education by making informed course decisions and by providing support via student counsellors throughout the duration of their studies. It would continue to support its existing cohort, with some new student intake. REAP would be assisted in engaging in a strategic planning process. The grant would enable 100 students to continue or complete their undergraduate studies; ensure the REAP Programme is sustainable, strategic, efficient and effective with regards to DCI's exit as a significant supporter at the end of 2006; and to track student progress and advocate in the South African higher education sector for poor rural students, particularly in regard to requirements for entry and sustained tertiary education.

Why the change in strategic direction?

Nicole McHugh, Head of Development, explained that Irish Aid pursued a modality supporting both government and civil society organisations. The exclusive focus on the Limpopo Province (one of the poorest in South Africa) and primary education demonstrated a significant shift in the Irish Aid *programme model to focus on one locality* (area, district and province), with the view to extrapolate lessons for influencing government national policy on a systemic level. Irish Aid was already implementing this model in other parts of the world. Irish Aid already had a special interest in primary education. Irish Aid was also ready for a more direct and active

engagement with grant recipients, unlike the hands-off approach adopted previously with REAP, LEAP or NSFAS which were based in the Western Cape, serving students nationally and thus making follow-up and support difficult.

Mandla Msimanga, Irish Aid Financial Manager, notes that it is important to contextualise the relationship between Irish Aid and civil society organisations in the context of the bilateral agreement between the governments of South Africa and Ireland. He was of the view that in the spirit of bilateral agreements, the South African government to some extent determines the support by the Irish government. The South African government has a responsibility to ensure that foreign aid is not concentrated in one province or on a single issue or sector. Imagine if all foreign aid is channelled in the direction of the HIV and AIDS sector. Often, poorer provinces lacking resources and with limited civil society organisation support are unattractive to foreign donors. The South African government has to facilitate an even spread of resources across provinces and sectors and was keen for the government of Ireland to concentrate on the Limpopo province.

McHugh recognises that civil society organisations cannot completely operate without funding from external sources. However, "it was not good donor practice to continue *funding an NGO indefinitely*"[30]. By the end of 2006, CEAP/REAP would have received funding for Irish Aid for a period of 10 years. While the Irish Ambassador to South Africa and Irish Aid staff were supportive of the innovative REAP rural tertiary education access model and the successful results of equipping young people, it became difficult for the Pretoria office to sustain the "South Africa special case" (colonialism and apartheid continues to create inequality) argument and the justification for a very costly tertiary programme.

Msimanga was of the view that NGOs had to demonstrate that they were a 'going concern' worth investing in. He echoed McHugh's view that many civil society organisations cannot operate without external funding. He noted that foreign aid to South Africa was decreasing on two accounts: the funds available for foreign aid from home countries like Ireland have shrunk dramatically over the past two years, and as South Africa evolved as a functional democracy, it is not a priority investment area.

Irish Aid realised that it had to negotiate an appropriate exit strategy upfront with substantial lead time in order for REAP to make the necessary adjustments and secure alternative sources of funds. A series of conversations ensued between Glover and McHugh about alternative sources of funding. Irish Aid knew that REAP had a good accounting and administrative system, a critical building block for attracting and securing other donors. McHugh made attempts to network REAP with the Irish business community. There was also awareness on the part of McHugh that REAP would have to find its own alternative sources of funding. Glover attended the annual St. Patricks Day celebration in Cape Town as a guest of the Ambassador and used the event as a networking opportunity, as it assembles a large number of significant role players from the local Irish community and government and civil society partners.

REAP: Managing the change

For Glover, the immediate challenges for REAP were to stop taking on new students (with Irish funds) while continuing with those in the system already, and find a new cohort of donors or, alternatively, increase the contributions of existing donors. Engagements with Irish Aid made REAP realise that it needed to raise its public profile in order to continually attract funding and mobilise resources, particularly from local sources.

According to Glover, by the end of 2006 REAP had successfully navigated the transition and stabilised the operations, doubled the staff size and fine-tuned the model for successful implementation on a national scale. At the end of 2006, 21% of REAP's funding came from Irish Aid, compared to 62% in 2002 when it was established. REAP has worked hard to increase its local funding base, adjusting considerably well to the changing environment.

Lessons for donor-recipient relationship

- Donors which derive their funding from government sources have their own criteria that change from time to time, subject to changes in the political agenda of the country of origin and country-specific bilateral agreements. It is therefore inevitable that donors will change strategic emphasis and/or priorities in the medium to long term. Civil society organisations should factor this risk into their planning processes and fundraising strategies. Civil society organisations reliant on government based foreign donors which are in turn reliant on tax payers' money in their home country should monitor issues such as election trends, economic swings and social spending, and where possible monitor bi-lateral agreements between the foreign country and the South African government.
- Open and transparent communication on the part of the donor on the implications of such a strategic change for the recipient organisation is essential. Advance notice, preferably two to three years, is desirable and funding is needed to help the partner.
- Recipient organisations should put in place a turnaround strategy, particularly where the donor contributes a sizable chunk of the budget, say more than 40%. Over-reliance on one funder can expose the civil society organisation to risk. For sustainability purposes it is best for civil society organisations to have several core donors and reduce reliance on a particular funder.
- Donors can support the recipient organisations by connecting to other resources, making resources available for strategic planning including contextual scan. Donors can help with profiling the civil society organisations.
- Well-functioning financial and administrative systems with integrity are a key building block for drawing potential funders.
- Civil society organisations also need to remain at the cutting edge of their sector. An innovative recipient partner with capacity enables donors to make confident recommendations.

3.3 CASE STUDY THREE: ENABLING REAP TO MOVE BEYOND SERVICE DELIVERY

Background:

In 2007, Irish Aid made available a supplementary grant of 100 000 Euro to enable REAP to engage proactively in advocacy work. While REAP developed an innovative tertiary education access model enabling rural students to succeed at tertiary academic institutions, it had become necessary to back these claims with rigorous research if it was to influence educational policy decision-makers at tertiary institutions and in government. The research project, according to Glenda Glover, was first mooted by Irish Aid in 2004/5. REAP was contacted at the end of 2006 about available funding and in January 2007 Irish Aid extended an invitation to submit a proposal by 12 February 2007.[31]

REAP realised the enormity of the task and constituted an independent research team, under the leadership of Dr. Sharman Wickham of Research and Academic Development (RAD), comprising Barbara Jones, Gondo Coetzee and Tracy Bailey. RAD helped REAP conceptualise the research proposal[32] and budget for submission to Irish Aid. REAP and the research team also ensured full buy-in from the NSFAS director, Allan Taylor. The research project sought to investigate the factors that enabled the REAP target group of disadvantaged, rural students to succeed at tertiary studies as well as to examine the factors that hamper such success. The sample group comprised undergraduate students with NSFAS loans and support from REAP and a control group students with NSFAS loans but no support from REAP.

The research study covered five case studies of work done by tertiary institutions. These were the Nelson Mandela Metropolitan University, the University of the Western Cape, the University of the Free State, the University of Cape Town and the Durban University of Technology. Annalize Fourie, an Irish Aid educational specialist, was actively involved in the design of the research concept and proposal, the selection of tertiary institutions and students and, together with Glover, she monitored the research project execution. She brought to bear her own expertise, experience and passion for the disadvantaged in South Africa. The research team made a presentation of the study and research findings to REAP and Irish Aid on 28 November 2007.

Research findings and Recommendations

- Students on the REAP access support programme are more likely to complete their studies in a shorter time than a student from a rural background with inadequate financial resources and support. The research study validates the REAP model of access to tertiary education.
- High drop out and failure rates in higher education systems, but particularly first year students, is a phenomenon in South Africa and worldwide.

- In South Africa, disadvantaged students face challenges on three fronts, namely financially, academically and socio-culturally, that are felt more intensely without immediate support. Rural students have the added burden of having to navigate an unfamiliar city environment and worry about a variety of financial problems on the home front, which on the whole reduces their ability to concentrate on their studies.

- There is a need to break down academic barriers through programmes such as improved career guidance/subject choices, preparation and orientation for the academic environment at school, improved English literacy, and life skills training that enables students to work unsupervised and function as independent thinkers.

- While a number of systems, mechanisms and interventions are being implemented to respond to the financial needs of students, there are still difficulties. Registration and tuition fees remain the big financial barriers. In many cases the NSFAS loan allocations do not adequately cover all the needs of students. Students, however, need financial support to live above mere survival mode, so that they can engage fully in academic and campus life. On an institutional level, there is ongoing debate as to whether the loans currently offered by NSFAS should be smaller to cover more students or cater more comprehensively to fewer students.

- A literature review suggests that traditional institutions of higher learning in South Africa are *unprepared* for the new cohorts of disadvantaged students in what has been described as a "clash of cultures" [citing Stephen (2003) and Mandew (2003)]. Positive interaction and relationship with academic staff is essential for academic integration, while social integration is facilitated by engagement in extra-curricular activities and interactions with peers.

- Some form of academic development support exists at all five institutions, shaped by government funding rather than educational logic. The lack of funding for this work is a major challenge, as tertiary institutions tend to fund core business activities such as teaching, learning and research rather than academic support. Student support services need to be inclusive and ought to take greater cognizance of diverse social and cultural issues in the types of services on offer.

Some of the challenges for replication are:-

- For many tertiary institutions there is a gap between vision and mission, and implementation and practice – institutional systems and processes are not in place to address the needs of disadvantaged students.

- Support services to disadvantaged students require an institutionalised response – "a coherent set of well-coordinated responses structurally embedded within the institution and well communicated to both academic staff and support staff and to the students themselves".[33] The institutionalised response has to be accompanied with an on-line business intelligence system acting as a diagnostic, planning, tracking and monitoring tool for the institution as a whole. For the system to work optimally, staff must be fully

competent in the adopted system. These difficulties the authors argue cannot be resolved quickly by institutions of higher learning.

- Wider dissemination of the report and intensive discussion on the issues highlighted would be required by ambassadors for disadvantaged students – individual and organisations such as REAP – and the development of on-going partnerships in both the schooling and higher learning sectors.

Dissemination

Following the release of the research report REAP undertook a series of dissemination activities. In October 2008 REAP reported that 300 hardcopies, 100 CDs and 200 summaries were disseminated via partners and academic conferences. 350 electronic copies were disseminated to people in the education sector. An article was published in the Mail and Guardian and the University World News Africa Edition. REAP in partnership with Higher Education Institutions hosted two seminars, one in Cape Town and one in Johannesburg, on the findings of the research and presented at a number of conferences during 2009.

Simultaneously REAP started to enhance partnerships with a selected number of institutions of higher education, for the benefit of students. Targets were University of KwaZulu/Natal, Durban University of Technology, University of Pretoria, Tshwane University of Technology, University of Free State, Central University of Technology, University of Western Cape, Nelson Mandela Metropolitan University, Rhodes University, University of Witwatersrand, and University of Johannesburg. The focus has been primarily on financial and counselling services. This, however, requires expansion to academic departments and other programmes such as employment offices. Higher Education Institutions tend to be bureaucratic and function autonomously – relationship building is therefore an on-going exercise.

From the Actors' perspective: Reflection on the REAP/ Irish Aid partnership

Annalize Fourie said that the research study placed REAP in a position to document its tertiary access model (working in collaboration with NSFAS) and test independently which components worked. While the research affirmed the viability of the REAP model, only a few tertiary students were currently benefitting. It was time to scale up implementation of the REAP model to a broad cohort of students and work towards its mainstreaming and systemic integration into the tertiary education system for long term sustainability. For this to happen though, decision-makers in the Department of Education and the institutions of higher education needed to buy-in or adopt the model or aspects thereof and integrate this into core functions. While the research process opened doorways to influencing policy, it was only the beginning.

Frank Kirwan read the research report and participated in a dissemination workshop. The research was rigorous, he argues, and provided a good argument for critical access support necessary if students from a disadvantaged background are to succeed academically,

particularly in their first year of tertiary education. The independent RAD research report, compiled by a team of experienced academics, issued reasonable recommendations and came at a very appropriate time, when the issue of student access to tertiary education was under consideration at academic institutions and in the public arena. The intended outcome of the research initiative was that the findings would be shared, and that tertiary educational institutions consider integrating some aspects into their practices and systems. Kirwan continues that the Irish Aid was adding value to the partnership in that the research results placed REAP in a better position to argue for improved service delivery to disadvantaged tertiary students and to influence policy at a national and institutional level. REAP, a relatively small NGO, started to argue for systemic intervention. Irish Aid, through REAP, was supporting civil society to influence government policy. Education is a key component to breaking the cycle of poverty.

Glover acknowledged that Irish Aid planted the seed for actively advocating for the incorporation of the REAP model into the tertiary education system. "Why are you not putting the REAP model into the higher education Institutions? Why do you operate outside the educational system?" were questions that Irish Aid posed to REAP. Glover said that this was a very daunting proposition for a small civil society organisation when confronted with these huge tertiary institutions. The Irish Aid research grant and outcomes placed REAP in a position to move beyond just service delivery towards advocating for the replication of the entire model or critical aspects of it. The growing NSFAS student debt is an indication of how financial aid alone is insufficient for academic success. The research stimulated further investigation into the area of access support to tertiary students. There is a growing body of research knowledge and evidence that cannot be ignored. Some academics are arguing that the kind of support needed by disadvantaged rural students could easily apply to 70% of students in their first year. While REAP as a small organisation did not have the capacity to engage the tertiary education sector, the research team with their academic credentials and contacts helped to open those doors to decision-makers. The timing of the research project was perfect. The Irish Aid grant helped fund the research project, which in turn helped raise REAP's profile with new donors and new funding agreements.

Irish Aid/ REAP donor-recipient practice

A rationale presented by Irish Aid when it undertook to exit from REAP and the Bursary Scheme (including NSFAS) in 2006, was its lack of capacity and inability to sustain dialogue with the tertiary education sector (this was apart from the fact that Irish Aid would focus solely on the Limpopo and primary education within the province). The allocation of research grants in 2007 renders this claim now absolute, as the process initiated an important dialogue within the tertiary education sector.

The research study introduced a new element to the Irish Aid/REAP relationship. Those interviewed described it as changing the donor-recipient relationship into what felt like a "real partnership". The Irish Aid investment till this point was focused on operational cost. The

funding for operational costs such as bursaries and access cost was phased out, while the allocation to advocacy, dissemination and product development costs was increased in 2007 and 2008. Although Irish Aid continues to carry the purse, both partners at this juncture could initiate discussion on what content to fund. Donors like Irish Aid often have a bird's eye view of a particular sector and can bring this understanding to bear in the donor-recipient relationship. Irish Aid, apart from having a good grasp of the South African educational legislation and policy terrain, also brings to bear a global understanding of civil society/government relationship and the educational function, among others. REAP, a relatively small civil society organisation, was challenged to take on a project of a different magnitude including engaging at an academic research level. The new task requires both parties to operate beyond operations and "accounting for how the funds were spent". Both parties, not just Irish Aid exclusively, could initiate and/or sustain the dialogue with government and tertiary institutions around the educational content area such as access for disadvantaged students to tertiary institutions. REAP, given the necessary support and capacity, could also be capacitated to influence and lobby for policy changes. Irish Aid was bold enough to consider positioning of its civil society organisation partner to initiate and sustain a dialogue in the tertiary education sector for a more sustainable, and hopefully a more lasting, effect.

The funding enabled REAP to position itself in the national tertiary education sector as a player with a valuable contribution. The research gave weight to the underlying assumptions and claims of the REAP access model, presented in a palatable manner to the academy. While it will take a while for tertiary institutions to integrate the results and recommendations, the research certainly made a contribution to the access of disadvantage students to tertiary institutions.

Lessons for donor-recipient relations

Donors are not only financial but also strategic partners, with a vast array of intellectual capital and social connections. The third case study opens the possibility of evolving the relationship between the recipient and donor beyond the "practical detail of implementing the model and the programmatic aspects", the "exchange of money" and ensuring that "funds are accounted for against project plans and budgets": in other words, the regular donor-recipient paradigm. What recipients often do not realise is that donors often have an overview of a particular sector, province, the country and global experience that they can bring to bear in their relationship with their civil society partner. How can recipients and donors best tap into these resources and potentially open up new areas of growth?

Donors and recipients can initiate or make suggestions for programme intervention and advocacy initiatives. An element of give and take is introduced.

Until this point the civil society partner served effectively as a very successful incubator to develop and grow the tertiary access model for rural/disadvantaged students. The research project intervention seemed to target the long term sustainability of the civil society partner's

model (beyond its current incarnation) and its integration into particularly the tertiary education system for wider benefit and impact, which is far beyond the operation of a single civil society organisation. If a civil society partner's innovative work is to survive in the long term, it had to break free from the boundaries of a small civil society organisation and place its work up for intellectual and academic scrutiny in an unfamiliar tertiary education market place. The transformation of a tertiary educational system that is perceived on various accounts to be "hostile" to the needs of disadvantaged students is a very risky undertaking. However if the risk pays off a substantial number of disadvantaged students can potentially benefit. It is not often that donors make these conceptual leaps and avail resources to ensure that it becomes a reality.

It is also not often that a civil society organisation is game for an exploration that pushes beyond its cosy and defined boundaries. For REAP to project itself into the tertiary educational environment meant having to cultivate new partnerships to augment existing capacities. Missing from its range of capacities was that of academic research, essential to making the business case but also for continuing the tracking of the student cohorts (an objective REAP had difficulty implementing). REAP also had to orient the tertiary access model to speak into the tertiary education environment, establishing which elements of the current REAP model would work where. Joint projects like this open up new areas for growth and development.

4. CONTRACTUAL AND FINANCIAL OBLIGATIONS

Contractual agreements between Irish Aid and REAP have always been subject to negotiation. From the correspondence and interviews, REAP always gave extensive input into the draft contracts before these were finalised. The donor-recipient relationship from all accounts was constructed as give-and-take, and not a one-way street. There are a range of requirements that CEAP/REAP needed to adhere to in terms of the grant agreement. The consultant decided to focus on three such categories.

4.1 REPORTING

Most of the grant agreements reviewed specify that semi-annual narrative reports were to be submitted, highlighting what had been planned for that period, what was accomplished and the variances, if any, between planned and actual activities. Progress reports should give details of each student who was granted support out of funds provided by the Embassy of Ireland; their field of study; their gender; their year of study; the amount of funding received and the results of all academic examinations taken.[34]

Beva Runciman experienced Irish Aid during her tenure from 1996 to 2000 as, on the whole, a very "undemanding" donor.[35] The reporting system was kept simple and uncomplicated, strengthening what already existed rather than adding additional burden.[36]

Annalize Struwig said that during her tenure, 2005 to 2008, the Paris Declaration became prominent in managing donor-recipient relations. A central question being explored was the extent to which aid was effective. European donors became more result-and-outcome-oriented, emphasizing impact. For REAP, these questions would translate into: How many students completed their tertiary qualifications? To what extent have students who completed their tertiary qualifications secured gainful employment? To what extent is completion of tertiary qualifications corollated with reduction of poverty? REAP was already subjecting itself to rigorous performance management. European donors also pursued a framework of harmonization and work within the systems and procedures of partners, rather than imposing new or additional systems. In other words it worked within the partners' systems. The REAP systems, particularly the financial system, were already sufficiently robust. There was no need to implement other systems. Glover said that in order to ensure greater financial and governance compliance, a large percentage of donors have increased the reporting burden by introducing more sophisticated forms for completion by the recipient organisation. Struwig said that REAP met all the reporting requirements and supplied the relevant information. She was quick to add that there is always room to grow. Most of the interviewees agreed that the Irish Aid narrative reporting format was simple and dovetailed well with the REAP organisational

reporting system. Educational advisor Rose Machobane concurred with Struwig's view that REAP's reports are very comprehensive. Machobane said that it gave a complete overview of REAP's work activities and outcomes, not only those aspects funded by Irish Aid. REAP's narrative reports were exceptional and went beyond what is required in terms of the contractual obligations. All those interviewed said that REAP submitted both the semi-annual narrative and financial reports on time. REAP was never required by Irish Aid to submit supplementary information.

According to McHugh, Irish Aid made project visits initially once and then twice a year. Irish Aid did not only meet the director or only those involved in fundraising or accounting, but the entire REAP staff. Glover said that REAP staff looked forward to these gatherings with the Irish Aid representatives. The Irish Aid staff never adopted a 'superior attitude'. REAP student advisors would sit around the table and explain their experiences of the context within which the students operate and what was required to make a difference. Irish Aid staff met the students and were genuinely interested in their experiences. Irish Aid staff planted seeds and stimulated critical thinking, helping REAP to think beyond the existing boundaries and paradigm. In most cases these conversations bore fruit. Irish Aid contributed to creating an empowering environment that encouraged honest and open discussion even around difficult issues. This kind of engagement is what makes Glover term the relationship between Irish Aid and REAP a partnership of equals, with respect as an important underpinning value. She added that Irish Aid had sufficient confidence in REAP's capabilities and never interfered in the detail of implementation.

Most of the interviewees were of the view that REAP had evolved a very good sustainability strategy. REAP is not dependent on a single donor. It has the support of several donors, which makes the organisation attractive to other donors from an investment perspective. REAP works in partnership with a number of government and civil society partners in the education sector and plays a complementary role. These partners include NSFAS and the financial aid units at tertiary institutions. It does not only operate in one locality. It has successfully evolved a national profile. REAP is well connected in the education sector. It has developed the profile and capacity to stimulate thinking and influence policy, as well as create models of delivery at the tertiary sector level. Irish Aid has contributed in a significant way to REAP's thinking about sustainability (of both organisation and product) and has made resources available to help the organisation to implement the framework incrementally.

Irish Aid educational advisor Rose Machobane said that she experienced the Irish Aid/REAP relationships as very open. For example the two organisations discussed the final exit strategy and what to do with the remainder of the funds. Glover was requested to think of something that would be useful for REAP. Glover returned with the proposition to explore the relationship between Irish Aid/REAP as a case of best donor-recipient relationship practice. Irish Aid accepted the proposal.

4.2 FINANCIAL MATTERS

Runciman said REAP's accounting for the funds was always rigorous.[37] Where deficiencies in the system were detected, REAP responded with integrity and moved in a systemic way to fix the difficulties. Machobane said that REAP's financial statements and reports have always been in order. The financial system functions well and is aligned with the planning, monitoring and evaluation systems.

At no stage did REAP receive a qualified financial audit report. This is a very good indication that REAP is able successfully to manage its funds.

REAP, in accordance with the contract, always applied in a timely manner for the transfer of interests. Both Struwig and Machobane noted that REAP sometimes did not spend its allotted funds or that there were delays in utilisation of allocated funds and interest in the period after 2007. REAP was, however, always able to offer a reasonable and valid explanation which satisfied its funders.

Both Runciman and Glover said that grant allocations from Irish Aid were always paid on time.

4.3 INTERNAL AUDITS

For the period under review, CEAP/REAP participated in three compliance audits conducted during 2000, 2004 and 2006.

Case 1:

And what about compliance?

An audit conducted by Price Waterhouse Coopers in 2000 noted that CEAP was in breach of the gender condition as defined in clause 3.2.238 of the funding agreement with Irish Aid. The reason for the breach was that only three out of eight new female students benefitted from Irish Aid bursaries. While women comprised 54,7% of participants in the programme, the explanation offered by CEAP at the time was that a Dutch funder made available additional funding for bursaries targeting females at tertiary institutions in the fields of Commerce, Science and Technology. CEAP moved the females on its books to meet the requirements of the Dutch funder. The director noted in his correspondence to Irish Aid that it was difficult for CEAP at this late stage (September) to address the gender imbalance. [39] Other queries raised in the audit were that CEAP was benefitting from a 24% administration fee; the shift from Generally Accepted Accounting Principles (GAAP) to cash basis accounting; and the fact that CEAP did not have sight of the audit letter prior to its submission to Irish Aid. There was a difference of opinion between Price Waterhouse Coopers and CEAP around the interpretation of the administration fee – 12% goes to administration and 12% for student support. From the correspondence it appears as though CEAP staff members were irate about the lack of consultation by Price Waterhouse Coopers.

Subsequent to the 2000 internal audit, CEAP sharpened its student administration systems. The system was further developed after 2003/4 and tied to a score card system if the applicant is female.

In 2006, a rather "personable and charming" REAP bursary advisor siphoned off funds (approximately R22 000) intended for student bursaries[40]. The Bursary Advisor was part of the social network and knew the Irish Aid staff, Nicole and Annelize.

The REAP team of bursary advisors who operated up till that point as a very close knit unit felt extremely betrayed. Two resignations followed unrelated to the incident. The incident was very unsettling for the core team that valued service and adhered to a strong ethical code.

The REAP director and board decided that it was essential to be upfront and for donors to be kept abreast of developments. McHugh said that Irish Aid had confidence in the ability of REAP staff and human resource and financial management systems to deal with the issue at hand. As in the case of the research project REAP knew when it did not have the capacity to undertake certain responsibilities and brought in their auditors to quantify and verify the loss.

The bursary advisor was dismissed and the missing funds recovered from his pension contributions. Criminal charges were laid by the REAP board.

Irish Aid, in 2006, commissioned a financial and system audit[41]. The audit was to:

- Review total spent on funded projects and establish existence of related limitations
- Review existence and strength of financial systems in place
- Ascertain whether Irish Aid funds have been audited
- Obtain latest Management Issues (Audit Findings) raised by auditors and determine level of compliance with recommendations
- Documents: Policy and Procedure Manual (internal controls and financial systems; latest audited financial statements, management letter, vouchers and request forms).

The audit was to include a rigorous examination of the system of internal controls, including organisational structure, authority levels, staff competence, accounting records and supporting documents, separation of duties, monitoring arrangements. Where certain controls are impracticable, appropriate compensating controls should exist.

The auditor should plan the audit so that there is a reasonable expectation of detecting material misstatements in the accounts resulting from fraud, error or non-compliance with laws and regulations as may be necessary.

According to Mandla Msimanga,[42] the internal audit helped to identify high and medium level risks to the financial and human resources systems. While Irish Aid did not prescribe specific policies, it would, with the help of external auditors, review the detail of policies and procedures to ensure that the formulation is sufficiently comprehensive and monitor compliance by the recipient to their own policy.

The 2006 external review identified the following high risk areas in the REAP financial systems: i) students could request payments from their bursary allocation by telephone. No paper trail was kept of these conversations. The potential risk for REAP was that amounts could either be incorrect or non-existing requests could be made by bursary advisors. In other words, the system lends itself to fraud. ii) Furthermore support documentation was not supplied to REAP

financial staff. iii) Financial records were not stamped "paid" and could result in several payments being made using the same source documents. Medium risk issues were that iv) students were not informed when the budgets were revised and were not required to sign a form indicating this. This became particularly problematic when the amount needed had decreased, as REAP bursary advisors could hypothetically pocket the difference. REAP did not have a staff rotation system in place. v) The internal audit also found that REAP's asset register was incomplete as individual items were not tagged and so REAP were not able to keep track of its assets. The condition of the assets was not always indicated in the register, so it was not possible to estimate replacement cost.

The audit revealed deficiency in the REAP policies and systems that required tightening up. Recipients of donor funding should have a continuous review of their financial and human resource management systems for effective and good corporate governance. Irish Aid also at this juncture introduced the pre-assessment tool. Any new partner would partake in a pre-assessment review of the governance, financial and human resources system.

REAP commissioned Cathy Masters to help the organisation make a risk assessment that was to address the deficiency in the financial, administration and human resources systems and build the capacity of staff to meet the challenges. REAP was able to learn from this experience and make the necessary adjustments.

Lessons for donor-recipient relationship:

- The foreign and local donors have become more stringent with regard to compliance adherence. Governance and financial and resource management systems and procedures have become areas of surveillance.
- Irish Aid, while it remains committed to working within the recipient systems, introduced a pre-assessment mechanism that enables the donor to anticipate potential financial, administration and human resource management risks. A system is then put in place to monitor such risks and check whether recipients have addressed these issues. In this way there is assurance that the financial system issues in particular are continuously on radar. Recipients have to ensure that their systems are water tight.
- Openness and transparency are required on the part of the recipient when it experiences theft, fraud, mismanagement or laundering of funds. Notify the donors immediately when an incident materialises and continue to keep them abreast of developments. The NGO should remain open to advice.
- Apply the necessary financial, administration and/or human resource policy and procedures. Take disciplinary action and, where appropriate, register a criminal case.
- Use the incidents/or risk that has materialised to assess the adequacy of the financial systems and make the necessary adjustments to protect the NGO from future such risks.

5. CONCLUSION

This study started with the question, "what constitutes good donor-recipient relationship practice?"

Both the donor and recipient have to view the other as improving society through their respective contributions. Civil Society Organisations need sufficient strategic leadership and management capacity to navigate the challenges from an ever changing external environment and to remain at the cutting edge of their discipline or area(s) of intervention (as seen in Case Study 1). Civil Society Organisations are also required to run their organisations as independent entities with their own strategies for sustainability, which could include support from several donors, strategic partnerships, and strategic location in the sector with the ability to influence policy on a provincial or national scale (as seen in Case Studies 2 and 4). This could lay a solid foundation for an equal partnership as both partners bring 'capital' to the relationship.

Civil Society Organisations need to develop an appreciation of donors as strategic partners, with vast social networks, expertise and experience behind them (as demonstrated in Case Study 3). They need to shift their mindset of donors as merely financiers carrying cheque books in the back pocket. The resources including the strategic thinking capacity offered by foreign donors like Irish Aid should be actively utilised. Donors can act as development facilitators, engaging partners not only on compliance issues but the content of their work, sustainability, replication and long term impact. Donors who have sufficient confidence in the model and work of their partners should be encouraged to invest in research and product development, not only operational costs, for wider benefit. Joint knowledge production ought to become a key area of exploration.

Civil Society Organisations should ensure good corporate governance and need robust yet simple financial, administration and human resource management systems that protect the organisation from key risks such as theft, fraud and financial mismanagement. Continuous updates of policy, systems and procedures are essential. Donors can become obsessed with their systems and forms, all under the guise of compliance, and could learn to work within the system of the recipient partners and to strengthen these. Avoid creating additional procedures that become cumbersome to implement, ensuring the recipient is protected from key risks.

At the point of exit donors should allow for adequate time for winding up the relationship. Recipient partners need time to find alternative sources of funds and adjust their sustainability models. The time is dependent on the donor's contribution to overall budget of the recipient.

The Irish Aid /REAP relationship has equality as a fundamental principle. In other words, the power relation is not exercised in a hierarchical fashion, with a "patriarchal" donor who has the ultimate authority. The principle of equality is evident in the practices. The input of the "recipient" is valued and taken seriously into contractual agreements. The relationship

encourages honest and open discussion and dialogue, even around difficult issues. The donor respects the competence of the recipient and does not interfere in the operations or decision-making on a micro level. Both parties make suggestions and put content issues on the table for implementation. While the parties both have their respective strategic agendas there is not an overarching commercial or compliance imperative that unduly influences the workings of the relationship. Despite all the compliance issues, respect for the person and what the organisation does takes centre stage.

APPENDIX ONE: LIST OF CEAP/REAP AND IRISH AID STAFF INTERVIEWED

CEAP/ REAP staff:

Davids John: Director (2000 - 2003)

Glover Glenda: Director (2003 – 2010)

Runciman Beva: REAP Director (1996 –1997)

Irish Aid staff:

Kirwan Frank: Development Specialist (2008 to date)

Machobane Rose: Educational Advisor (2009 to date)

McHugh Nicole: Head of Development (2002 – 2006)

Moran Cait: Current Head of Development

Msimanga Mandla: Financial Manager (2002 – to date)

Struwig (Fourie) Annalize: Education Programme Manager and Health Programme Adviser (2006 – 2008)

[1] Contract between CDRA and REAP, dated 30 August 2010.

[2] Ireland Aid Bursary Support Programme: 2002/3

[3] Ireland Aid Bursary Support Programme: 2002/3.

[4] Terms of reference of External Audit commissioned by Irish Aid, dated 31 December 2006.

[5] Interview with Mandla Msimanga, 24 November 2010.

[6] Fax from John Davids to Dr. Adele Gordon dated 25 July 2001.

[7] Prior to the establishment of NSFAS, CEAP students benefited from Independent Development Trust loans, which later became TFSA.

[8] CEAP narrative report to Irish Embassy for Irish Aid Bursary Support for the period 1 January 2000 to 31 December 2000, prepared by John Davids, 1 March 2001.

[9] Interview with Glenda Glover, 11 November 2010.

[10] REAP: Factors that facilitate success for disadvantaged higher education students, prepared by Barbara Jones, Gonda Coetzee, Tracy Bailey and Sharman Wickham, June 2008.

[11] Tracking the 2005 REAP Cohort, researched and written by Wendy Ngidi, July 2010.

[12] In 2009, just under 36% of the 1.55 million people who started school in 1998 registered for Grade 12 (Taylor 2010).

[13] Letter addressed to Steve Bhana, CEAP Coordinator from Nicole Brenna, Programme Officer, Irish Aid – South Africa, dated 17 February 1998.

[14] Interview with John Davids, 5 November 2010.

[15] Ireland Aid Bursary Support Programme: 2002/3.

[16] Ireland Aid Bursary Support Programme: 2002/3.

[17] Interviews with Glenda Glover, 11 November 2010 and Beva Runciman , 13 November 2010.

[18] A team comprising Beva, John, Janus and Barbara worked consistently over a period of two years to forge this new vision and ensure acceptance by the respective institutional players – CEAP, CIE, EAP and the SACBC.

[19] after a one-year pilot in 2001.

The REAP 2001pilot started with 32 students from the Dioceses of Umtata and Aliwal North. The recruitment drive was later extended to Bloemfontein and Durban Dioceses. Twenty, of the 32, were studying at technikons and 12 at universities. Eighteen of the students were female and 14 male.

At the end of the CEAP 2001 pilot year, apart from confirming the needs and requirements of rural students when entering tertiary institutions, it concluded (not in order of priority) that: i) high school level career guidance and forward planning intervention was crucial; ii) a large number of students who enrolled at technikons should be attending a technical college (FET) that could serve as a bridging year; iii) students should be encouraged to apply early for admission to a tertiary institution and accommodation; iv) thorough screening and selection was key to finding students who could benefit from tertiary education; and v) pre-orientation programmes that better prepared and facilitated student integration into tertiary institutions was a critical success factor. At the closure of CEAP at the end of 2001, the support programme to high school learners was phased out. Tertiary students were encouraged to apply for bursaries elsewhere and/ or approach NSFAS for loans through tertiary institution financial aid bureaus.

[20] The academic results achieved by the CEAP were phenomenal. During 2000 CEAP was supporting 520 bursary holders. 282 were females and 208 from rural areas (Boland and Eastern Cape). Of the 520 bursary holders 114 were scholars at high schools, 70 at Technical Colleges, 91 Technikon students and 125 at universities. CEAP achieved a high matric pass rate of 89.8% while the national and the Western Cape pass rates were 57,9% and 80,6 respectively. The CEAP university pass rate was 83.1%, the Technikon pass rate 80,7% and the Technical College rate 72,6%.

[21] Instead of focussing on a few urban areas in Western Cape (with the highest matric pass rate), REAP moved away from working only with Cape Town- based tertiary institutions.

[22] Interview with Glenda Glover, 11 November 2010.

[23] Correspondence from Nicole McHugh, Programme Officer to Angela O'Brien, REAP fundraiser, dated 21 June 2001.

[24] Correspondence from Nicole McHugh, Programme Officer, to Angela O'Brien, REAP fundraiser, dated 21 June 2001.

[25] Project agreement signed on 19 November 2002.

[26] REAP agreed to: i) Ensure that the funds provided by the Embassy of Ireland are given to economically disadvantaged students with academic potential; ii) Ensure, as much as possible, that the students selected will come from three different contexts: commercial farms, the former homelands and small towns and that the selection process is non-denominational; iii) Ensure that at least 50% of the funds provided by the Embassy of Ireland are granted to female students; iv) Ensure that the fields of study undertaken by students awarded bursary support from the funds provided by the Embassy of Ireland will contribute to the development needs of South Africa; and v) Establish a tracking programme for the students who receive bursaries out of the funds provided by the Embassy of Ireland in order to ascertain the impact of the bursary support programme.

[27] Interview with Glenda Glover, 11 November 2010.

[28] Interview with Glenda Glover, 11 November 2010 and Interview with Beva Runciman, 13 November 2010.

[29] Interview with Nicole McHugh on 17 November 2010.

[30] Interview with Nicole McHugh on 17 November 2010.

[31] Email correspondence between Glenda Glover and Emer O'Brien, 8 and 16 January 2007.

[32] Working Document: An investigation into the factors that facilitate success for higher education students supported by the Rural Education Access Programme, undated, sent to Emer O'Brien, on 13 February 2007.

[33] Factors that facilitate success for disadvantaged higher education students, Executive Summary, prepared by Barbara Jones, Gonda Coetzee, Tracy Bailey and Sharman Wickham, June 2008.

[34] Grant agreements concluded in 2003 and 2004.

[35] Interview with Beva Runciman , 13 November 2010.

[36] Interview with Rose Machobane, November 2010.

[37] Interview with Beva Runciman, 13 November 2010.

[38] Project Agreement (1998-2001) between Irish Aid and CEAP: clause 3.2.2 – ensure that at least 50% of the funds provide by the Embassy of Ireland (Irish Aid Section) are granted to female students.

[39] Correspondence from John Davids, Director, to Nicole McHugh dated 1 September 2000.

[40] Interview with Glenda Glover, November 2010.

[41] See correspondence between Mandla Msimanga, Irish Aid Financial Manager, and Michelle Patel, REAP's Accountant, during October and November 2006.

[42] Interview with Mandla Msimanga on 24 November 2010.