

Positioning South Africa in the Global Economy



Civil Society Confronting Ideological Trade Liberalisation



Duke Project

WORLD TRADE ORGANISATION – IDEOLOGICALLY DRIVEN MARKET ACCESS - A DISASTER IN THE MAKING

THE CONSEQUENCES FOR SOUTH AFRICA – DRAWING CHALLENGES AND RESPONSES FROM CIVIL SOCIETY

(FROM RELIEF AND RECOVERY TO REFORM)

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1. Introduction

The intention of this paper is to look at the recent trends in development that have resulted from increased global relations and the impact thereof on developing and developed countries, to determine if it is an inevitable and neutral process that provides equitable outcomes.

Firstly the particular focus of the paper is economic global relations with a specific focus on the World Trade Organisation and its programmes that impact on Industrial tariff liberalisation, liberalisation of Public Services and the Agricultural regulations.

Secondly to examine the challenges that emerge in developing countries because of the low intensity democracy that is promoted in relation to the parliamentary process, with a particular focus on South Africa and the responses that have emerged from civil society and the common lessons that it presents to us. Focussing also on more effective coordination amongst organisations so as to confront the systemic.

Thirdly to examine examples of best practice responses and collaboration that exist in Civil Society in South Africa and the institutional mechanism that exist and the global precedent that provides a framework. The need to examine global funding opportunities and practices and the need to develop organisational best practices and some kind of peer review mechanism that promotes greater accountability.

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3. The statement of the problem

3.1 Introduction

The development of society across the world during the course of the last century has seen increasing levels of inequality amongst countries in the north and the south. This increase in inequalities have also been a feature of the development model within countries where the gap between rich and poor communities have grown wider. The development model that is driven by the World Bank and the International Monetary Fund is referred to as the Neo Liberal agenda or the Washington consensus. The key feature of this system is the imposition of global regulations that are primarily in the interest of developed countries and multinational Corporations. The effect of this is the undermining of the nation state and the promotion of low intensity democratic practices in countries, with a special emphasis on developing countries.

The features of this model are¹ defined below

- Privatisation of public owned companies and public services
- The deregulation of the labour legislation
- The minimisation of the role of the state
- The cut in public expenditure and the budget deficits
- The liberalisation of trade and finance markets
- The global institutions that oversee the implementation of Neo-Liberalism
- The focus on inflation targeting as a fundamental priority
- Fiscal discipline
- Tax reform (to lower marginal rates)
- Interest rate liberalization
- A competitive exchange rate
- Liberalization of inflows of foreign direct investment
- Deregulation (to abolish barriers to entry and exit)
- Secure property rights

The political economic features are

The effect of this has increasing proportions of the national and international income being concentrated amongst fewer of the emerging National elites and global elites. This has also been accompanied by the increase of the average number of people who have been integrated into the global market place and who have become global consumers. But the absolute number of the impoverished - of the destitute and near destitute – has also increased rapidly and the gap between the rich and the poor in global society has been widening since the 1970's.

The relationship between global multilateral organisations and the increasing and deepening crisis of legitimacy is reflected in the increasing levels of protest that is taking place across the globe to the following features of globalisation

- i. Rise of transnational capitalism and the integration of every country into the global production and financial system.

- ii. Secondly, the appearance of a transnational capitalist class, who are located in new global markets and circuits of accumulation, rather than national markets and circuits.
- iii. Thirdly, the rise of a transnational state, a loose but increasingly coherent network of global political and economic institutions. They penetrate national states and ensure that they advance the global interest over the National interest.
- iv. Fourthly, the appearance of new levels of inequality in the global society

3.2 International context

We must situate our social activism and our struggle for deepened democracy in any country or region within the global political and economic context. If we are to understand the political issues and social struggles of our time, the matters of war and peace, social justice, democracy, cultural pluralism and sustainable development we must analyse the underlying structural dynamic that drives these processes around the world².

The global multilateral regulations have reduced the role of the nation state in policy formulation, subordinating it to greater global interest that is driven by global corporate interest. The Bretten Woods institutions play a central role in this new regulatory environment, with the World Trade Organisation, whilst including an un-democratic mechanism for consultation being the most far reaching.

The growing global inequalities are reflected in the following table that details world income and distribution differences over defined periods³

Share of world income 1965 to 1990

Population	1965	1970	1980	1990
Poorest 20 %	2.3	2.2	1.7	1.4
Second 20 %	2.9	2.8	2.2	1.8
Third 20%	4.2	3.9	3.5	2.1
Fourth 20%	21.2	21.3	18.3	11.3
Richest 20%	69.5	70	75.4	83.4

Global income distribution - percentage of world incomes

Population	1988	1993	Difference %
Top 1%	9.3	9.5	0.2
Top 5%	31.2	33.7	2.5
Top 10%	46.9	50.8	3.9
Bottom 10%	0.9	0.8	-0.1
Bottom 50%	9.6	8.5	- 1.1
Bottom 85%	41	37.1	- 3.9

The World Trade Organisation

The World Trade Organisation is negotiating a detailed agreement based on the very unfavourable framework negotiated in the Hong Kong WTO Ministerial Conference. The Doha round of WTO talks started with a solid promise that this would be a 'development round'. Over the last year, we have become absolutely convinced that a number of governments, particularly from the European Union, together with the United States, are paying lip service to this commitment. Instead, during the trade talks, they are offering a terrible trade-off to developing countries: increased access to the markets of developed countries for agricultural products in return for significant market liberalisation in developing countries, particularly in industrial products.⁴

However, it is not only South Africa, as a developing country, that will suffer. Many other developing countries will face the same fate. This threat is widely acknowledged by researchers around the world. For example, Mr Mehdi Shaffaeddin, (who had formerly headed UNCTAD's Macroeconomics and Development Policies Branch), recently argued that: "The application of the proposed Swiss formula (in the WTO's non-agricultural market access negotiations) has a significant detrimental long-term effect on industrialization of developing countries, besides their loss in government revenues".

In a paper, "Does trade openness favour or hinder industrialization and development?" Shaffaeddin said the industrial sector of most developing countries is underdeveloped, thus they need to apply higher tariffs to some of their industries than developed countries. "The low tariffs rates, as proposed by developed countries, will make them lose an important policy tool for upgrading their industrial structure. Further, binding of tariffs at low levels would not allow a developing country to raise them beyond a certain low level when it faces balance of payments problems". Evidence has shown that increased liberalisation poses a threat to industrialisation. For example, according to Mehdi Shaffaeddin, an UNCTAD study on 50 developing countries showed that half the countries that liberalised imports experienced deindustrialisation. Only 10 of the 50 countries expanded their manufacturing value added.

To make matters worse, developed countries are reported to be shifting back the goal posts in the NAMA negotiations and placing intense pressure on developing countries to liberalise. At the same time, they have frustrated developing countries by refusing to move substantially on the agricultural negotiations. Any outcome under these conditions can only favour developed countries and be a severe blow to development for developing countries.

This matter is so serious that unless action is taken at the highest level, we face the likelihood of a WTO agreement that will spell the end of any prospect that South Africa can seriously combat poverty and unemployment. We will truly be condemned as basket cases that require charity for many decades in future.

A number of developing countries have put up a brave fight against the NAMA negotiations. On behalf of the Nama 11 (comprising Argentina, Brazil, Egypt, India, Indonesia, Namibia, Philippines, South Africa, Tunisia, and Venezuela), on 20 March 2006, Mr Faisal Ismail,⁵ described the recent proposals of the developed countries to cut developing countries' tariffs in NAMA as "totally disproportionate". The "painful

structural adjustment for many developing country economies" in the industrial sectors will be far more burdensome, compared to the "relatively insignificant adjustment" that the developed countries will make, Ismail said.

This shows more than any empirical evidence the credibility crisis faced by the World Trade Organisation as a result of their policies not promoting sensitivity to sustainable development. To make matters worse, he declared, "developing countries are being called upon to reduce the tariffs from their applied rates with limited space to manage the adjustments in their sensitive labour-intensive sectors".

3.3 National context in SA

South Africa has been implementing the policy prescriptions as outlined in the Neo Liberal framework since 1996 that has seen negative effects on the development programme. This may have led to a growth rate of around 5% but it is neither sustainable or in the longer term interest of job creation or poverty reduction, the key priorities in South Africa. This growth is driven in part by the exports of raw materials into China, denying the development of the industrial base of SA, which would link the raw materials and the abundance of labour into a coherent economic development programme. This export operates side by side with the import of high value added products from China and other low cost producers, which drives the conspicuous consumption that is a feature of the new elite in SA. These imports have seen the loss of millions of manufacturing jobs in SA and the increasing impoverishment of the working class. The SA government is pursuing this trade liberalisation programme in the hope that it would integrate us into the global economy and attract foreign direct investments.

Industrial Tariffs

What this means for a country like South Africa is that we will be seriously de-industrialised, lose a significant part of our manufacturing sector, tens of thousands of jobs and become simply a producer of primary products and a destination for tourism. The proposed tariff cuts will cut very heavily into our labour-intensive sectors. For example, using the tariff cutting formula proposed by the developed countries (the so called Swiss formula) with a coefficient of 30 (the variable they propose that influences how steep the tariff cuts will be):⁶

- Tariffs in passenger vehicles would be cut from the current applied rate of 34% to a rate of 18.8%. This represents a real decrease of a massive 45.5%
- Tariffs in clothing would be cut from the current applied rate of 40% to a rate of 18%. This represents a real decrease of a massive 55%.
- Tariffs in televisions would be cut from the current applied rate of 25% to a rate of 15%. This represents a real decrease of a massive 40%.
- Tariffs in furniture would be cut from the current applied rate of 20% to a rate of 12%. This represents a real decrease of a massive 40%.
- Tariffs in final plastic products would be cut from the current applied rate of 20% - 25% to a rate of 12% - 13.6%. This represents a real decrease of a massive 40% to 46%.

- Tariffs in auto components e.g. brake pads and linings, would be cut from the current applied rate of 30% to a rate of 15%. This represents a real decrease of a massive 50%.

Developed countries have argued that developing countries should not be concerned about the tariff cuts as they will be allowed some flexibility though excluding 5% of their tariff lines from tariff reduction or allowing 10% of tariff lines to take a smaller reduction than proposed by the formula. The reality is that these flexibilities will not sufficiently protect workers and light industry in South Africa and many other developing countries.

To take a South African example, clothing tariff lines alone account for nearly 5% of all tariff lines. The vulnerable sectors of clothing, textiles, footwear and leather (combined) account for 15.3% of tariff lines. This means that not even these vulnerable sectors alone would be protected by the 5% exclusion. Furthermore, there would be no further space to even think of protecting automotive and components, plastics, furniture, downstream metals and the range of other labour intensive sectors.

Using the formula to reduce our tariffs will also not allow South Africa to industrialise in the future as we will not be allowed to raise tariffs to a sufficient level to protect developing sectors or labour intensive sectors. This will condemn us to being providers of raw materials for exports.

To an extent the approach that favours less consideration of the promotion of the productive capacity of South Africa, in favour of the exports of raw materials is an approach that favours the Mining, Energy and Military complex in South Africa that was so prevalent in setting policy in SA under apartheid.

Effect on Civil Society

The job losses and poverty that are consequential to these Trade agreements and the reduction in tariffs are being responded to by Civil Society organisations, most notably by the Trade Unions as they try and stem the huge job losses. The challenge confronting the Trade Unions however is, that the best endeavours at a plant level will have no impact in alleviating the problem and that they have to have a response that focuses globally also. The National policy that drives these developments of trade liberalisation is prescribed by global policy defined by global institutions

Public Services

The public services are also affected by the World Trade Organisations negotiations that has systematically brought about the reduction of social services both globally and in South Africa. The need for public services in South Africa and globally continues to be a key demand for working class communities as a means of delivering public services.

Public services are a central function of the state and central elements in the development of communities, nations and economies. The history shows how public services are based on the use of political power to meet political, social and economic objectives; how political institutions have developed and delivered these services; and

how their finance has been based on politically contentious redistribution through taxation.

The reality in South Africa is that in line with the governments' policy of liberalisation, they have also embarked on a range of privatisations and commercialisation models. This has entailed the privatisation of municipal services and social wage areas, as well as a number of state owned enterprises that could have played a central part in speeded up service delivery. What we should have been focussing on in South Africa, in an era that followed massive social deprivation under apartheid, was to follow the kinds of state roles that we have seen in other social democracies like the Scandinavian model that is reflected on below⁷

The strongest model of modern welfare states is the Nordic model, as found in Sweden, Finland, Denmark and Norway. It has a number of features: a large scope of social policy, covering social security, social and health services, education, housing, employment, etc; an emphasis on full employment, accompanied by active labour market policies; universalism, whereby all citizens are entitled to basic social security benefits and services, regardless of their employment status, supplemented by earnings-related benefits.

Services are financed mainly through taxation, without high user fees, and supporting significant transfer from rich to poor, so there is a high level of taxation and spending as a percentage of GDP. Public employees are a high proportion of employment. The systems are successful, measured by low poverty rates, equal income distribution and progress in gender equality. Finally the point to be considered is that the Nordic welfare states enjoy much broader public support than all other social systems⁸

Effects on Civil Society

The reduction in Public services has had the effect of reducing the quality of life of the working class and in many instances leading to a environment that is dangerous. This has been graphically illustrated in SA by the cut in public expenditure on public transport and the privatisation of water that had the effect of the cutting off of water to poor communities that contributed to the outbreak of disease that led to deaths. The Civil Society organisations that were responding to this challenge found that they were only dealing with the consequences of the problem by engaging the local authorities. They had to ensure that their focus included challenging the national policy and standards imposed as a result of global policy and prescription.

Agricultural Products

The area identified as presenting the greatest opportunity for exports for developing countries is the export of agricultural products in the markets of developed countries. The specific markets identified have been the United States of America and the European Union who provides significant demand for this type of produce. This opportunity was however significantly undermined by the billion dollar subsidies that the USA and EU both provide to these products and to meat and dairy produce. The subsidies have in some cases been so extensive that products from developed countries markets have been dumped on developing countries markets and this has led to lost production capacity and the related jobs. In this area clearly the notion of trade

and its link to development has to be questioned in relation to the effect on the domestic economies and society.

Effect on Civil Society

The local rural economies have become depressed leading to unemployment and poverty in these areas. Civil society organisations trying to respond to these challenges have found that they are only dealing with the consequences of National policy that is prescribed by Global policies and Trade Agreements. This again raises the need for these Civil Society organisations to organise and respond globally.

4. Background to the problem in South Africa

The challenge facing South Africa is to build a society that is able to overcome the ravages of apartheid, whilst at the same time advancing an agenda that builds greater equality and social justice. The obligation the government has is to do this within the framework of the Reconstruction and Development Programme (RDP) and the Freedom Charter. This is the basis on which people gave the ANC its overwhelming mandate. Many in the society today reject this as populism, arguing that all we need do is apply the Washington consensus to South Africa. This new form of policy making entails bowing at the altar of free market fundamentalism, as reflected in the Growth Employment and Redistribution (GEAR) policy, which incidentally do not reflect the values of the RDP and the Freedom Charter. These policies are more aligned to the DA than to the ANC, and eight years later it is the Democratic Alliance constituency who has been the main beneficiaries of government economic policy. The white elite has benefited handsomely along with the black elite who tries to use their struggle credentials to give legitimacy to the apartheid ownership structure. This brand of black economic empowerment is a crude attempt at building a middle class to legitimate government policies, whilst it marginalises and excludes the majority of black South Africans.

The policy choices of Government as contained in GEAR has brought us to the point where the stability and jobs it was meant to achieve eludes us still, as reflected in an evaluation of the outcome of the policy below :

- The unemployment rate has risen from 20% in 1996 to close onto 36% in 2004
- The levels of inequality has increased , with the bottom 60% of the society today earning nearly 7% less of the national wage than they did in 1996
- Even though the Government has increased its social delivery in many respects , the absolute levels of poverty has increased
- The cuts in taxation has seen nearly R60 billion rand being given to upper income earners and corporations in the form of tax cuts. These tax cuts come in the face of a steadfast refusal from government to spend R30 billion to provide a basic income grant of R100.00 per month to the unemployed people who we cannot provide employment for as a society. What is it that drives us to cut taxes on suntan lotion as a priority, when we desperately need funds for areas the state must intervene in, where the market failure is obvious.
- Trade liberalisation has happened in a way that has seen thousands of jobs lost due to tariff cuts , import parity pricing , and bilateral trade agreements,
- The lack of a coherent industrial strategy has seen us losing manufacturing capacity in areas where the demand is growing, due to other government

programmes like electrification. The sad thing in the electrification drive was that even though demand for electrical goods were growing around 12% per annum we were importing many of these products due to the closure of our manufacturing capacity .

- The lifting of exchange controls helped those companies who made their wealth through South African raw materials move their primary listing to London and the New York stock exchange. What a boost for investor confidence that must have been to see our own companies not having the confidence to maintain their primary listing on the local stock exchange.
- The privatisation programme has seen the loss of jobs as well as a loss of capacity to provide basic services that the population needs. The government is now making more funds available to infrastructure, but all you need do is check the area of housing delivery in Cape Town to appreciate the problem. The construction boom in the City has seen all of the skilled workers who are supposed to build the houses taken into employ in the private sector, so even though the money is available there are too few artisans. The municipal capacity that built large section of Mitchells Plain is privatised or outsourced and so we see the type of houses we are building now, and the quality thereof.
- The high interest rates that were designed to keep inflation low was in part the reason for the high cost of capital domestically, as well as the impact on the strengthening of the rand which had a negative effect on exports

We may have been worse off if we did not implement GEAR, but it is hard to say conclusively. The objective of GEAR was to stabilise the economy, and send a good signal globally. Well the truth is, the Rand has both appreciated and depreciated by more than 25% in the last 20 months. The investment we got, was in the main speculative, whilst we lost funds abroad through foreign listings. We always run the risk of making mistakes as we try and improve the economy and the lives of our people. But surely it is infinitely better to err on the side of caution, the side that sees to the needs of the majority of SA citizens first, rather than to pursue this approach that benefits the wealthy first with the vague hope that the benefits will trickle down to the poor.

This new approach is also defined as the modern efficient state that is driven by technical competence rather than political considerations. The modern political machinery is also presented as requiring formal academic qualifications as the only measure of the suitability for leadership at this level of government. The other type of leader not having the prestigious school background is seen to be naïve and unsuitable for these positions, because African culture comes a far second in today's' ruthless competitive climate.

The conception of the modern state in South Africa by the technically proficient is similar to the developments in Britain under Blair, the main focus of the policies of the UK is to minimize the role of the state in the economy. Driving down the level of protection in the labour market and privatising the key areas of social delivery, and reducing the social security provided for by the state. This may have relevance in a developed economy with low levels of unemployment, but it is not as appealing in an economy with the problems that we have. The additional feature of the modernisation is the attempts to restructure the political machinery into a modern political party with greater centralisation of power.

The Modernist in the Government is seen to be sending contradictory messages though, in respect of the choices Government should be making. On the one hand they talk of the need to increase the role of the state in the economy and on the other they still pander to market forces and investor confidence in a uncritical way. The biggest dilemma government has is that the policy choices they have taken, has been the failure at responding to employment that was predicted, and so they cannot continue with business as usual. These great technically proficient leaders have not got it right and so the question must be asked as to the suitability of their proficiency in the SA context.

The greatest leader SA ever had was Madiba (Nelson Mandela), who grafted a new way, not opting to adopt some dogmatic prescription to respond to the challenges. The approach, vision and foresight that were applied to the political situation should equally have been applied to the economic situation. The choices you have in the economy are various, but the one thing you always need is political legitimacy and credibility. The technocrats are short on this at the moment, given their delivery track record. The majority of South Africans are in favour of pursuing an alternative development path that includes them in the process, the modernists who have directed the events this far might not get a chance to steer the new ship. Their fall from grace with the masses has been speeded up by the complete opposition they display to the basic income grant as a means to alleviate the plight of the most marginalised. This new political and economic elite are getting more bold everyday that is why they can say, they did not join the ANC to be poor. Well we did not join the ANC to be wealthy; we joined it to build a better life for all our people. The measure of the success of any nation is not what it does for the wealthy, but what it does for the most marginalised within the society.

South African indicators

The key indicator	Percentage in 1996	Percentage in 2004
Unemployment	16 %	41 %
Percentage of national income		
Richest fifth		10 % up
Poorest fifth		7% down
Inequalities	Gini coefficient	Gini coefficient

United States indicators

THE Key Indicator	1968	2005
Unemployment		
Percentage of national income		
Richest fifth	42.8	50.1
Poorest fifth	4.2	3.4
Inequalities		

5. Civil Society responding to the challenge

5.1 Definition of Civil Society

Kumi Naidoo⁹ from Civicus the global civil society institution - defines Civil Society as follows:

“Attempts to define civil society are often contested, but one way to think of it is in terms of activities that are undertaken for the public good by groups or individuals in the space between the family, the state, and the market. This means that we must look today not only at non-governmental organisations (NGOs) – often taken as synonymous with civil society – but also at a rich array of heterogeneous civic elements that include trade unions, foundations, faith-based and religious groups, community-based organisations, social movements and networks, and ordinary citizens who are active in the public sphere”.

Rajesh Tandem of CIVICUS said-

Democracy should not be reduced to the singular act of casting a ballot once every four or five years. Even in societies with longstanding democratic traditions, democracy is under threat, with high levels of citizen disillusionment and loss of faith in public institutions. More and more, citizens active in various global alliances are challenging basic notions of governance and democracy, including the very nature of the nation-state.¹⁰

5.2 Challenges to Civil Society

Civil Society is playing a mayor role in demanding greater accountability from national governments and global institutions in relation to their constituencies. Accordingly, civil society is attracting a new level of scrutiny in its role as a major public actor. It is being forced to grapple with both external and internal challenges, from those who are seeking to make civil society stronger and more credible, as well as from those who question its right to play certain roles.

The following 5 areas outline the key challenges confronting civil society organizations¹¹

1. The first is a challenge of power and power imbalances within civil society. The sector is vibrant and extremely diverse. It encompasses both major transnational NGOs with multi-million dollar operating budgets and tiny citizen-based organisations with highly constrained resources, access to information and capacity. It embraces highly structured groups such as trade unions alongside loose issue-based social movements. While this diversity adds to the sector's richness, it also throws up fundamental questions about whose voices are heard and in which venues, how resources are accessed and distributed, and who is speaking for whom.
2. The second challenge internal to civil society is about bridging narrow interests and broader goals. Many civil society actors are committed to advancing a specific issue, whether this involves protecting rainforests, promoting fair labour practices,

or advancing women's rights. While recent civil society activity has been noteworthy for the alliances that have been formed among groups with different areas of interest, there remains a type of 'silo mentality' which prevents CSO's from working across areas of specialty, toward common goals. The dichotomy between the world of volunteering and the world of social activism remains an area of weakness and divide.

3. A third internal challenge for civil society is to articulate a coherent vision for a more just and equitable global system. One of the frequent criticisms of the so-called 'anti-globalisation' movements is that it is against everything imaginable, but not for anything discernable. Although many within the movement are working proactively for social and economic justice, civil society is challenged to move beyond debate and ad hoc mobilizations and to formulate a strategy for achieving its vision. The worlds' powerful governments appear unwilling to engage with this alternative vision because they seek to redress power imbalances, and such visions are often rejected.
4. The fourth challenge is one that emanates from outside civil society. The allegation is made that citizen activism threatens to undermine democratic systems by 'short-circuiting' established procedures for decision-making. We must resist the notion that elections equal democracy. To reduce democracy to the singular act of voting once every four or five years is clearly an error. Civic activism complements democratic practices and makes them more effective by drawing citizens more fully into public life and providing a constant check on official accountability. Clearly, it does not make sense for political leaders to deprive themselves of the policy knowledge that civil society actors acquire from working directly with vulnerable communities. Engagement with citizen voices leads to more effective policies that better address the concerns of primary and secondary stakeholders, that integrate innovative ideas and knowledge from the local level, and that result in greater impact and ownership within communities.
5. The fifth challenge is perhaps the most complex of all, and is heard both inside and outside civil society. Here I am referring to the challenge of legitimacy, and the related issues of transparency, representation and accountability. Questions are often asked as to whose interests are represented by the NGO and to whom they are accountable.

These are commendable criteria, and if the WTO applied it rigorously to its member governments, WTO membership would be significantly smaller. Issues of legitimacy run both ways. Legitimacy cannot be taken for granted and must continuously be earned. And civil society groups are taking up this challenge head-on. Self-regulation mechanisms such as codes of ethics and standards of excellence have been adopted at the national level by civil society in several countries; a culture of transparency in governance structures is also gaining strength across the sector. Civil society groups continue working towards deriving mandates and legitimacy for their activities. It is important to appreciate that the issue of civil society legitimacy is a valid one – particularly when it is voiced with an eye to building up the long-term credibility and effectiveness of civil society as an actor. All too frequently, however, the critique is lodged by those who would dismiss the right of civil society groups to give voice to citizen concerns and to engage in decision-making processes.

5.3 Responses from Civil Society to identified areas

Budgeting processes

The budget is one of the key tools that governments have to respond to the needs of the communities and ensure service delivery. The budgeting processes are generally very removed from the oversight and influence of communities and civil society. Civil society organisations are generally pursuing the issue of more participatory budgetary processes, South Africa is running a process called the peoples budget that engages in this area. One of the best examples however is the one referred to below which provides a global benchmark.

Below is an example taken from a paper by David Hall at Cornell in October 2006 that examines the Brazilian experience in Porto Alegre. It provides a good framework for Civil Society across the world to examine.

Participatory budgeting in Porto Alegre, Brazil

The Participatory Budget process (*Orçamento Participativo*) in Porto Alegre is a form of direct democracy, allowing citizens to participate in the neighbourhood they live in or within a particular thematic area and choose which of their priorities the municipality should implement. It originated in 1989 when a new local government was elected, committed to a programme of tax reform and expenditure, which started using public meetings to ensure broad support for the implementation of this programme. The OP has significant effects in increasing municipal revenue. Unlike most municipalities in Brazil today which are dependent on national government resource allotments, municipal revenue in Porto Alegre constitutes more than 50% of the total. This has come mostly from easier identification of where the taxes would specifically come from. OP is a deliberative and transparent process; decisions made are documented, published and strictly implemented. The internal rules of the OP are established by participating citizens, making the process self-regulating. These features of the OP had fostered the emergence of a non-state public sphere.

As in many poor countries, state institutions in Brazil including banks and state corporations, have historically attended mostly to private and particularistic interests, and not to the general public welfare. now the number of people that participate in the OP is growing year after year, and the number of Associative and Resident Entities registered in the OP process today number about a thousand..... Priorities became more reflective of the needs of the communities, which is a direct opposite of priorities established by previous governments. It is one reason why 99.5% of Porto Alegre's population now enjoy treated water, and 84% - the highest in Brazil - are connected to sewerage. The system has been described as meeting three key public objectives: people's need for a sustainable service, the acquisition of a concern for the sustainable use of the natural resources, and the permanent engagement of citizens in the management of public funds".¹

Health care

The health care system is disjointed in that the public service that serves 85% of the population only receives 20% of the total health care spend in South Africa from both public and private sources. The private health care system consumes 80% of the health spend in SA and only serves 15% of the population. This kind of disregard to public health needs appear to be the underlying approach that is leading to a crisis in the management of the HIV/AIDS pandemic.

Response from Civil Society

The mobilisation that has been led by the Treatment Action Campaign for a more coherent approach and funding to health care has challenged the government policy. This campaign is supported by global funding institutions as well as a variety of SA Civil Society organisations who have won popular support in the society.

Local Municipal Planning

The focus of planning, land use and land reform has often been driven technically by government to the exclusion of communities, this has led to the failure to adequately respond to the needs that confront communities.

Response from Civil Society

The examples in South Africa are being promoted by the Municipal Structured Act and the vibrancy of Civil Society, but below we reflect on the example in India.

Kerala (India): Participative Planning

One country where such approaches are being applied is India, which has a distinctive history of participative democratic structures. An outstanding example is the state of Kerala, in south India, where a new structure, based on massive public participation, has been developed ¹.

This has been acclaimed even by the World Bank, which produced a report stating that: "Kerala's decentralisation programme is probably the largest of its kind in the world. Three million people (10 per cent of the State's population) take part in meetings. This is a far-reaching, innovative and courageous new approach to rural development and local governance... It reflects a profound commitment to a total change in which governments govern to empower disadvantaged groups to voice their demands, and to make institutions responsible and accountable to them." The system includes massive devolution of funds to local meetings, which are required to draw up plans for deploying them, combined with a systematic effort through publicity to maximise public attendance, which has resulted in the remarkable public turnout. The state devolved 40% of its budget, organises skilled professional support to the local panchayats, and provides training for every one of the thousands of councillors elected under this system

Democratic principles are central to the structure itself, not added on. The eight key principles include: "*maximum direct participation of the people; accountability*

(continuous social auditing of performance) and transparency through the right to information.” The danger of corruption, which was a problem before the new system, is dealt with by a total commitment to transparency and openness of all documents and decisions: “Total transparency is the only way to check the danger of decentralisation degenerating into decentralisation of corruption. All documents on beneficiary selection, reports and minutes of meetings and all documents on works undertaken by the local bodies through contractors and beneficiary committees including bills and vouchers are public documents. Copies are available on payment of a fee.”

Privatization campaign

Water Meter

The City of Cape Town is initiating the introduction of pre-paid water meters. Essentially this means that where people have no money they will be disconnecting their own water supply. This is entirely inappropriate as water is a basic need and the instances of illness and discomfort that could be generated by terminating water connections could have a detrimental effect on poor communities. The water usage of poor communities is in any event minuscule when compared to the water consumption of the wealthy and it is one area that we should insist that poorer communities who have no income continue to have access to. An important victory was secured as a result of this campaign in the sense that government has now put a moratorium on the roll-out of these pre-paid water meters. This victory should be guarded and extended to other Municipalities.

Regional Electricity Distributors

The introduction of Reds is part of government's attempts to introduce greater efficiency and management into Eskoms' electricity distribution system. The dangers posed by this however, is that it could be the initial commercialization that would lead to privatization. It also effectively removes the capacity of many municipalities to use revenue generated through electricity sales to subsidize other services to poorer communities.

Civil Society response

This campaign continues and we are presently engaging with the municipalities as Civil Society organizations, to ensure the advance of the strategic objectives of using the State at a local level to improve the lives of our people.

Public Education

The deepening crisis in education remains unresolved, 11 years since the advent of democracy that encapsulated the spirit of the Freedom Charter Declaration that confirmed that the doors of learning and culture will be open to all. Clearly there are different doors at different institutions that are opened to different sectors of the South African population. With the elite going through one door and poor children who cannot afford model C schools going through another door.

One of the most glaring weaknesses of the democratic transition in SA is the fact that the levels of inequality has increased between the wealthy and the poor. It is this inequality that does not only determine the educational experience and outcomes of the learner during the 12 years but also fundamentally impacts on his/her employability in a modern labour market predicated on information and communication technology. This means that in the labour market that is unable to absorb all of the new entrants every year that the outcome of this competition for jobs is heavily biased in terms of the learners emerging from the wealthier schools. And so the notion that education is meant to be the greater equaliser or the one means by which poor communities can break out of the cycles of poverty is exposed as fraudulent.

No credible budget is presented at either a national or a provincial level that urgently closes this gap of inequality. No plan or programme is put forward by the provincial MEC that provides the children from the Cape Flats with the hope that soon the educational resources, educational spend and the educational experience and opportunity will be similar to those who attend school in the shadows of Table Mountain in Claremont or Constantia.

The government would argue that it cannot close the gap because it does not have the funds, yet the revenue department has this year announced that there has been between R40 and R50 billion rand over collection in taxes. These monies could and should be used to immediately close the educational gap and the opportunity divide. Should the government not use it for these purposes, then society as a whole should raise their concerns at the delay in equalising educational opportunities. Should the government as declared by some economist use this money for further tax cuts to the wealthy it will mean that they, the wealthy, would be able to spend so much more on their individual children's education, while the relative gap is exacerbated because there is less money in the fiscus to respond to this urgent need. The patience that is demonstrated by poor communities is surprising given the disregard shown to their children and the lack of empathy demonstrated by politicians. It is a fact that 90% of the children of the new black political and business elite attend the ex model C or ex white schools and this surely must add insult to injury. The children of working families in under resourced schools will have a relative disadvantage in the outcomes of the education as is demonstrated by most studies in this area. They will as a result struggle to gain access to the labour market or the potential bursaries that are available for tertiary education.

These disadvantages are essentially contributing to a second lost generation in South Africa, this time however the divide is economic and not racial, so there will not be some special affirmative action measure to undo the obvious prejudice suffered by children attending poorer schools.

If learners are to have the rights enshrined in the constitution applied to their lives they are going to have to raise their voices and demand it now. There will no doubt be difficulties and successes as we transform the public education system, we must celebrate our successes and work together to overcome the difficulties in respect of the opportunities of all learners, but as we address some of the adhoc difficulties we must also challenge and address the systemic crises within the educational system if it is to be one of the key drivers of greater social justice in South Africa. For if we do

not change the systemic divides within education then a large section of our society will continue to be educated to be the carriers of water and the huers of wood, whilst the elite are educated to manage and own the economy. Let us remind ourselves that our historic mission is to open the doors of learning and culture to all, to disregard this is to perpetrate a fraud on our emerging nation.

The closing of schools and the under funding of repairs has been an ongoing problem in many of the township schools. This is taking place absent a coherent strategy to respond to the educational needs of a defined area, this then leads to market forces distorting the educational resources required for different areas. Cosatu has run successful campaigns designed to ensure the maintenance of certain schools as well as stopping the closure of other schools.

The civil society response

The various organisations that work in the area of education, from parent associations, student bodies and teachers union, have coordinated their efforts to provide relief in the short term as well as mobilising for reforms in this education policy in South Africa.

Housing

The housing delivery circumstances can only be described as bleak in the present period of deepening homelessness and lack of delivery. We see growing descent being demonstrated by various sectors of our communities and general inability from government to respond to the cries. We list below a variety of areas that we believe is essential to respond to the housing challenge, but would advise that absent forced integration between provincial and local government progress will be difficult.

For Civil Society the issues are:

1. The need for a clear policy for housing in the Western Cape that reflects and accommodates considerations from national, provincial and local government. This should be located within the new national comprehensive housing plan and its focus on building sustainable human settlements.
2. The focus of the housing plan must reduce and remove both racial and geographic discriminations that are a legacy of apartheid planning. This attempt to confront discrimination must also actively engage communities so as to minimise the potential for conflict amongst competing communities.
3. There should be defined collaboration with the different levels of government as we respond to the urgency.
4. We should jointly define a clear communication strategy with all communities so as to ensure that there are clear plans and time frames that communities are part of, that they embrace and that they would jointly implement.

The civil society response

There should be a housing summit convened, that plots a solution to the shortcomings in a comprehensive way setting clear timeframes. The pre summit processes would be

dedicated committee engagements on the key legs of a housing strategy. This engagement would happen in a focussed way between the various civil society organisations. Government has indicated an inability to effectively respond to the delivery of this key social service. The engagements on the aspects of the policy would be between business, labour government and communities with special representation from the affected communities.

Civil Society ideological response to the public service

The civil society response is both specific to the sectors, but also to the setting in place of the following overall framework to position the role of the State in a more progressive role.¹²

- One political principle underlying public services is that of community solidarity. It is the practical expression, in a social context, of principles of fairness and justice¹, the way in which human beings express material support for each other.¹
¹ However complex, large and globalised society may be, this mutual support can be delivered in practical forms – from communal arrangements in villages, through public services in a city or country, to international solidarity with groups of people in other countries, through aid or political action.
- A further principle is that of general risk-pooling, risk-sharing and protection of all against the hazards of ill-health, unemployment, homelessness, floods and drought. The role of the state in public services is to accept and carry all these risks, and redistribute the burden of them through public finance mechanisms.
- Public finance is key to public services because it is based on the compulsory collection of taxes and the deliberate redistribution of this money for the benefit of people who have less. This is a political function involving an element of compulsion. This distinctive feature of public finance is an important advantage in raising capital as well as in funding the resources for providing the recurrent costs of providing the service.
- Since both the services and the finance depend on political power, public legitimacy is both necessary and valuable for public services. Accountability and transparency positively strengthen the possibilities for public services, by ensuring this legitimacy and thus increasing the possible levels of taxes (or charges) which can be levied and so of the services which can be supported.

Jobs and poverty campaign

The third great threat that is consequential to the GEAR development path that has been chosen has been the deepening levels of inequality across society. This has seen workers' proportion of the national income decline by 7% from what it was in 1996. This is in part because of the huge job losses but it is also related to the practises of labour broking, outsourcing and casualisation. This practise has seen workers swap relatively decent paid jobs with medical aid and pension benefits for the lower paid insecure forms of work that has seen the rise in BEE benefited companies and rise in profit levels of many if not all of the big companies listed on the Johannesburg Stock Exchange. The growing sectors of the economy has seen retail workers and other service sector industry workers paid low, low wages and apartheid style industrial relations practises. The effects of this practise in the security industry should be a

wake up call to the entire society, where the rejection of poverty wages and conditions of employment has been accompanied by growing levels of violence..

The wealthier classes who have benefited from the transition as well as the emerging black middle and upper classes completely disregard the interest of South African manufacturing workers through their consumption patterns that is fuelling nearly 50% of GDP growth. This consumer boom sees the purchase of foreign televisions and radio sets, foreign clothes and imported leather shoes and nearly half of the South African car market being imported foreign cars. Now if all of these foreign products were swapped for locally produced products that may be slightly more expensive, we would increase the number of manufacturing workers by at least 25% or 1,5million workers. What is clear is that it is much more important to buy a foreign article that can be an after dinner discussion point than displaying a sense of patriotism and empathy for South African workers that contributes to economic growth, social stability and nation building. The other 50% of GDP growth in the main comes from an increased export of South African raw materials into China and other raw material absorbing economies. This means that the export of our steel, gold, aluminium, diamonds, coal, platinum etc in an unprocessed form only benefits the profits of big corporations like Anglo American, De Beers and many of the other multi-nationals. We should have a sector strategy in place that forces companies to add value to these raw materials in South Africa and in that way create jobs. This may be slightly less profitable for Anglo America but in the longer term the jobs that would be created would in a sustainable way promote South Africa's economic and social development ambitions. The redistribution of the wealth in these companies is much better served by creating employment opportunities for thousands of black workers than by creating shareholding opportunities for a few of the usual BEE suspects. The *Jobs and Poverty Campaign* is an economic campaign to improve the income levels of black workers and black communities through the raising of the aggregate levels of income and improved possibilities for local economic development. This local economic development can be baking cakes, running a hairdresser or repairing a car but all of this only becomes possible when the aggregate levels of income in those communities are raised. The granting of a basic income grant of R100,00 per month to each unemployed person as a means of extending the social security net can also be a huge contribution to alleviating poverty.

This campaign however is also profoundly political because it is about the political choices that government makes in the policy arena and how those choices are consciously designed to benefit the wealthy whilst it is known that an inevitable consequence will be the further impoverishment of working class communities. Thirdly this campaign is also about reasserting the values of the liberation struggle, the notion of social solidarity, of servant leadership that promotes the spirit of *ubuntu* and the rejection of conduct driven by only material desire and greed. The campaign raises a number of complex issues that goes to the root of the kind of society we want to build. These issues have been raised in various ways with government since 1998 with the Presidential Job Summit to no avail. The strike actions that accompanied this campaign is a huge sacrifice made by lowly paid workers to ensure that these questions occupy the national agenda. But the options that are open to us are protest or deepening poverty. The only way to sustain the transformation agenda in SA is to shift the policy choices to promote greater equality that builds a better life for all people.

The question of the absence of industrial policy is a huge area of concern for all the manufacturing unions, this impacts on the various industries in a variety of ways

The difficulties of the unions can briefly be described as the lack of coherent strategies in the key manufacturing sectors in the economy as well as cuts in public service employment levels in the society, this went along side outsourcing and reduction in general conditions of employment in the retail and service sectors.

Category	1995	2002
Employment	9 557 185	11 157 818
Unemployment	3 883 819	7 288 833
Labour Force	13 441 004	18 446 657

The civil society response

The Civil Society organizations worked together in a coordinated fashion to highlight the immense problems arising from the job losses and general levels of unemployment. Civil society organizations are collaborating and coordinating an effort that challenges both the macro economic framework as well as the specific areas that are having the effect of exacerbating the problems that confront sectors of the society and the organizations.

Institutional structures for civil society engagement

The institutional structures to facilitate the participation of civil society in policy making is facilitated at an international level and a national level in certain countries.

The International environment

The international institution that sets the framework for social dialogue is the International Labour Organisation that at a global level facilitates social dialogue between the social partners. The social partners at a global level is government, labour, and business, there is however an urgent need to include the rest of civil society in this dialogue that sets global conventions that governments have to adopt to promote greater social justice.

The ILO says in its founding declaration that “universal and lasting peace can be established only if it is based upon social justice”¹³ the ILO further concludes that states and societies are the central actors in making globalisation in both the north and the south countries more equitable .

Well governed countries with strong representative voices of workers, employers and citizen organisations are more likely to expand the advantages and avoid many of the risks of globalisation. Inclusion is essential for everyone’s voice to be represented. Sound local and national policies in a democratic setting are crucial to enhancing the benefits for its people of a country’s integration into the global economy”

The ILO is facilitating the inclusion of all social partners in the promotion of greater social justice that includes the collaboration with other multi lateral institutions like

the World Bank, The International Monetary Fund and the World Trade Organisation. This starts to demonstrate an appreciation of the fact that dialogue is not just a way of maintaining social peace, but also a force for social and economic innovation that could pursue the values of equity and social justice.

The National Environment

The national situation examined is the South African experience that is represented through the setting up of the National Economic Development and Labour Advisory Council (Nedlac) that has to consider all legislation and policy with a socio economic impact. This institution at national and provincial level was set up following the Trade Union movement's campaign against Value Added Tax in SA¹⁴

This should have the effect of ensuring that national policies are more aligned to the needs of the National interest and not being lobbied to fit into the global business framework, without any countervailing influence.

The social partners in South Africa came together and decided on how best to give expression to the constitutional imperative of a participatory democracy, as well as accommodating the ambition of civil society to deepen democracy and have an impact on National Government policy.¹⁵ The Nedlac founding document expressed it as follows "given the variety of challenges Government, Labour, Business and Civil Society need to develop mechanisms to address the challenges facing our new democracy to respond to the following challenges".

- Sustainable development
- Greater social equity
- Increased participation in economic decision making

The Provincial Environment

The Provincial or state wide example that is used is the South African model that has legislation that defines the setting up of the Provincial Development Council (PDC).¹⁶ The PDC terms of reference is to get the social partners business, labour, government and communities to engage on social policy that defines or influences the government policy. The PDC is responsible for facilitating the negotiations of a provincial growth and development strategy that should define the provincial governments' plans for the province in respect of how they will deal with the socio economic challenges.

The Local Environment

The Municipal or Regional Governments¹⁷ also have a legislative obligation¹⁷ to consult with the society more broadly on the plans for development that it intends pursuing. This consultation would by implication include Civil Society Organisations

The intention is to ensure that the local economic development plans both reflect the ambitions of the communities, but also that it provides a focus on the key socio economic challenges.

There has to be coherence between the local plans to ensure that the relationships are supportive.

Coherence and integration

1. Government

The realisation that different levels of government are planning based on different priorities means that there has to be integration of their respective plans at some stage to ensure coherence. This intergovernmental coordination has to build linkages and support between the different plans that promote cooperation based on geographic and comparative advantages. This would ensure development plans that are sustainable and not subject to competition that could be skewed by incentives provided by different levels of government

2. Civil Society

The need for coordination amongst civil society becomes essential if their efforts for greater policy influence is to be advanced. They would also have to foster greater cooperation amongst the sector specific organisations as well as across sectors with the intention of promoting a coherent sustainable development plan

Global coherence and integration – international examples of coordinating organisations

ICFTU – International Confederation of Free Trade Unions

Created in 1949, the ICFTU has 215 organisations in 145 countries and territories on all five continents, with a membership of 125 million of whom 43 million are women. It has three major regional organisations and maintains close links with the International Trade Secretariats, which links together national unions from a particular trade or industry at international levels.

CIVICUS –

This organisation coordinates and builds coherence between global Civil Society Organisations. These organisations will no doubt be an important participant in the new emerging attempt to put in place global regulations that provides the reforms needed to promote sustainable development and global justice. The focus of CIVICUS is outlined below as contained in their terms of association.

CIVICUS: World Alliance for Citizen Participation is an international alliance of an estimate 1000 members in about 100 countries that has worked for over a decade to strengthen citizen action and civil society throughout the world, especially in areas where participatory democracy and citizens' freedom of association are threatened. CIVICUS has a vision of a global community of active, engaged citizens committed to the creation of a more just and equitable world. This is premised on the belief that the health of societies exists in direct proportion to the degree of balance between the state, the private sector and civil society. CIVICUS provides a focal point for knowledge-sharing, common

interest representation, global institution-building and engagement among these disparate sectors. It acts as an advocate for citizen participation as an essential component of governance and democracy worldwide. CIVICUS seeks to amplify the voices and opinions of ordinary people and it gives expression to the enormous creative energy of the burgeoning sector of civil society.

The three main objectives that inform our mission are:

- **Civic Existence** - to promote the rights of citizens to organise and act collectively towards defined goals for the public good.
- **Civic Expression** - to increase the effectiveness and improve the governance of civil society organisations, as well as their capacity to set and achieve their individual and collective goals.
- **Civic Engagement** - Engagement - to foster interaction between civil society and other institutions in order to increase the voice of citizens in public life.

United Nations

The United Nations bring together governments across the globe to respond to the various challenges that confront us in the areas of development and peace. The founding terms of the United Nations are defined below and outlines the broad mandate.

The **United Nations (UN)** is an [international organization](#) whose stated aims are to facilitate co-operation in [international law](#), [international security](#), [economic development](#), and social equity. It was founded in [1945](#) at the signing of the [United Nations Charter](#) by 51 countries, replacing the [League of Nations](#) founded in [1919](#).

The UN was founded after the end of [World War II](#) by the victorious [allied powers](#) with the hope that it would act to prevent and intervene in conflicts between nations and make future wars impossible or limited. The organization's structure still reflects in some ways the circumstances of its founding, which has led to calls for reform. The five permanent members of the [UN Security Council](#), each of which has [veto power](#) on any UN resolution, are the five main victors of World War II or their successors: [People's Republic of China](#) (which replaced the [Republic of China](#)), [France](#), [Russia](#) (which replaced the [Soviet Union](#)), the [United Kingdom](#), and the [United States](#).

As of [2006](#), there exist 192 [United Nations member states](#), including virtually all internationally recognized independent [states](#). From its [headquarters](#) in [New York City](#), the UN's member countries and specialized agencies give guidance and decide on substantive and administrative issues in regular meetings held throughout each year. The [organization](#) is divided into administrative bodies, including the [General Assembly](#), [Security Council](#), [Economic and Social Council](#), [Secretariat](#), [Trusteeship Council](#), and the [International Court of Justice \(ICJ\)](#), as well as counterpart bodies dealing with the governance of all other [UN System](#) agencies, such as the [World Health Organization \(WHO\)](#) and [United Nations Children's Fund \(UNICEF\)](#). The UN's most visible public figure, and the representative head, is the [Secretary-General](#), currently [Kofi Annan](#). On [13 October 2006](#), South Korean Foreign Minister [Ban Ki-moon](#) was approved by the United Nations General Assembly as the world body's

eighth secretary-general and the first Asian to hold the post since 1971. Ban will assume the title on [1 January 2007](#).

6. Funding possibilities

Civil society organisations fill an important gap in service delivery as well as giving communities an opportunity to respond to the policy environment that defines the socio economic environment. There should be a demand for governments to provide some support and funding.

The additional sources of funding are to be found from global foundations and funding organisations that support particular issue based campaigns. This provides a valuable area of support to local organisations in least developed countries that needs support to respond to the challenges that exist in their countries.

Philanthropy in many of the least developed countries, or newly democratised societies are largely non-existent and needs to be advanced as a means to support civil society in their attempts to respond to the challenges.

Below are some of the addresses of organisations that provide support to civil society organisations.

<http://ec.europa.eu/grants/index_en.htm>

<<http://www.britac.ac.uk/funding/guide/intl/africaap.html>>

<<http://www.dfid.gov.uk/funding/#countries>>

Peer review

The importance of the credibility and integrity of civil society organizations must be guarded jealously to ensure its legitimacy into the future. It should guard against the danger besetting many institutions that have lost their legitimacy through corrupt practices.

Challenges to civil society's legitimacy come from many quarters. They are often voiced by national political leaders, and occasionally by prominent voices at global institutions. It is frequently said that civil society groups don't represent the views of anyone but themselves and that if they are accountable at all, it is usually 'upward' to their funders, rather than 'downward' to those they purportedly serve. Those that offer this critique sometimes evoke a range of derogatory acronyms to describe certain kinds of wannabe NGOs: BONGOs (business-organised NGOs), PONGOs (politically-organised NGOs), BRINGOs (Briefcase NGOS), DONGOs (donor-organised NGOs), GONGOs (government-organised NGOs) MONGOs (My own NGO), and RONGOs (royally-organised NGOs).

There is a need for a number of mechanisms to ensure that the legitimacy and integrity of Civil Society organizations are sustained within the society.

The need for self regulatory mechanisms that ensures voluntary compliance with codes of ethics and codes of conduct expected of NGO's, that range from governance structures, hiring practices and communication policies. Sectors must find ways to promote a set of values that have accountability mechanisms included.

Governing bodies should be comprised of individuals external to the organisation, who would operate in a defined and transparent procedure. They should essentially act as the guardians of the organisations member's interest.

There should also be clear standards for disclosure and public reporting that ensures access to information about the organisations governance and organisational impact.

The oversight should include membership involvement through consultative and participatory mechanisms.

There is an equally important need to ensure that the structures required to support the Civil Society organisations, are facilitating this coordination and accountability that is central to achieving its organisational, socio economic and political challenges. The North Carolina centre for non profits is an important example of what is the kind of function and role that such a coordinating body can play.

North Carolina's nonprofit sector is committed to public service. Hard at work in communities across the state, 501(c)(3) nonprofit organizations are serving our citizens and strengthening our communities.

The success of North Carolina's nonprofit organizations depends upon public confidence and broad public support. Nonprofits are supported by individuals, foundations, and corporations through charitable contributions and volunteer efforts; by government through contracts and grants; by consumers through purchases and fees; and by the general public through state and federal laws that recognize nonprofits' value through tax exemption.

7. Conclusion

The role of the state in delivery of services and social development is an ambition that is absolutely essential as it is the essence of the contest for state power and democratic elections. The ability of the state to act on the issues is limited, given that often they are held hostage by competing interest , the most dominant of whom is Capital or business interest. Whilst capital certainly has a role to play in a modern economy , often there decisions are short term profit driven and not in the promotion of sustainable development. This interest is at its most pervasive at a global level with multilateral institutions setting regulation that constrain or undermine the autonomy of the nation state. But these powerful networks also have disproportionate influence on the local developments inside countries. It is in this environment that Civil society has to more effectively coordinate their response to ensure greater accountability from Government. I have tried to highlight the kinds of events through which the constructs manifest itself at a local level and also provide examples internationally that shows that an alternative response is possible. The global and National coordination of civil society structures has to be made more effective to build the kinds of checks and balances required , but so too is there a need for greater support and accountability. We need to build an environment in which the population on whom this policies has the greatest effect can have their voices heard directly, in addition or in spite of government policy.

It is clear that national alternatives alone cannot be effective in transforming social structures, given the fact that transnational capital uses its power structures to impose its agenda even on countries who do not support its project. The popular mass of humanity must therefore develop a transnational popular project that links the local to the national and the national to the international.

The present trajectory is unsustainable as it breeds marginalisation and poverty, the hope of humanity lies in setting up a system of transnational social governance over the process of global production and reproduction, this should be the first steps in affecting a radical redistribution of power and wealth to poor majorities.

8. References

¹ Extract from global trade negotiations home page / centre for international development at Harvard University

² Social activism and democracy in South Africa, a globalisation perspective – a paper by William Robinson – Idasa Conference August 2003

³ Source-- Milanovic 1999 – Income inequalities – the atlas of inequalities

⁴ Martin Khor – from Third World Network / in an article called benefiting from the swiss formula tariff cuts proposed at the WTO

⁵ Faizel Ismail is the head of the South African delegation in Geneva dealing with the WTO negotiations

⁶ Tanya Van Mellis in a paper in the Cosatu journal in 2005 outlined the drastics effect this would have on South African industry.

⁷ Public Services, unions and the future- a discussion paper for Cornell October 2006 / by David Hall

⁹ Kumi Naidoo in his address to the World Bank on behalf of Civicus in February 2003

¹⁰ Rajesh Tandon / the former chair of CIVICUS

¹¹ The detailed references outlined by Kumi Naidoo in his address to the world bank in February 2003 on behalf of Civicus

¹² The David Hall summary in the discussion paper for Cornell in Oktober 2006 / public sector, unions and the future.

¹³ The ILO reference comes from the world commission on the social dimensions of Globalisation as reported to the 92nd session of the ILO in 2004.

¹⁴ Stephen Gelb / Inequalities in SA – the nature , Causes and responses

¹⁵ The founding document of Nedlac was adopted by the Social partners at the Nedlac Summit held on the 18 February 1995, and sets out the various ambitions and protocols for collaboration.

¹⁶ the PDC act as enacted by the provincial Government defines the relationship between the social partners as well as the obligations that accrue to the parties

¹⁷ Municipal Structures Act sets up the framework for the negotiations of Integrated Development Plans.