



SOCIAL CHANGE ASSISTANCE TRUST

Evaluation of the
Fundraising Incentive Scheme

FRIS



SOCIAL CHANGE ASSISTANCE TRUST

VISION Vibrant and sustainable communities in rural South Africa

MISSION To empower the rural poor, to strengthen civil society and promote social change

- We do this by
- Supporting local agencies working for development and human rights in rural communities
 - Working in partnership with those whom we fund
 - Offering support in organisational development and capacity building
 - Mobilising and facilitating access to resources
 - Respecting existing rural resources and appreciating the diversity of our partnerships

Evaluation of the Fundraising Incentive (FRIS)	Scheme
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SOCIAL CHANGE ASSISTANCE TRUST

Prepared for Scat by
ORGANISATION
DEVELOPMENT
AFRICA (PTY) LTD

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FOREWORD

After more than ten years as a grant-making organisation, the Social Change Assistance Trust (Scat) trustees came to the conclusion that many non-government organisations (NGOs) in South Africa, and particularly our local development agency (LDA) partners, were becoming dependent on grants and this was putting them in a vulnerable position if these grants were withheld. The trustees therefore decided to initiate a new strategy to encourage the broadening of the fundraising base of these organisations. Over eight years ago, this evolved into the Fundraising Incentive Scheme (Fris) in which Scat would grant R5 for every R1 raised within the communities the LDAs served.

From the outset it was decided that the R5-R1 allocation would not be granted for amounts given by other funding organisations or government or big business. It would only be granted for the verifiable profits from fundraising events in those communities.

Initially, Scat encountered reluctance, even resistance, to the scheme and few LDAs took it up. Administrative problems were also encountered. However, gradually these difficulties were overcome.

Never in their wildest dreams did Scat's trustees and staff imagine that Fris would take off in the way it has and it would encourage community participation in the manner it has done.

Towards the end of 2003, the trustees decided it was time to evaluate Fris to make sure that it was achieving what they set out to do and Martin Nicol of Organisation Development Africa (ODA) was commissioned to do this. His report on Fris is published here.

It shows that Fris, the unique scheme initiated by Scat more than eight years ago, is playing a powerful and supportive role within those poor, rural communities in which Scat-supported LDAs are operating. Indeed, Martin Nicol's powerful and convincing evaluation is confirmation that Fris should be expanded and be given more financial support. The Scat trustees are determined to ensure that this takes place.

Barry Streek
Convenor of Scat's board of trustees.

LIST OF ABBREVIATIONS

AGM	Annual General Meeting
ANLAC	Aliwal North Legal Advice Centre
CBO	Community Based Organisation
DFT	Development Fund for Training (Scat special fund)
Fris	Fundraising Incentive Scheme
ILDA	Interchurch Local Development Agency, Uitenhage
LDA	Local Development Agency – many formerly called Advice Offices
LED	Local Economic Development
NADO	NababEEP Advice and Development Office
NGO	Non Government Organisation
NPO	Non Profit Organisation – registered under Act No.71 of 1997
RADCEN	Rivieronderend Advice and Development Centre
SAPS	South African Police Service
Scat	Social Change Assistance Trust
SMME	Small, Medium and Micro Enterprise

EXECUTIVE SUMMARY

The Fundraising Incentive Scheme (Fris) is a grant-making mechanism that rewards Scat partners with R5 for every R1 they raise from fundraising events in the local community.

Fris has demonstrably succeeded in its primary aim of reducing the dependence of Local Development Agencies (LDAs) on grant funding.

A quarter of the LDAs claiming Fris rewards earned more than their total core grant in Fris incentive payments in 2002. Very few LDAs that make use of Fris raise less than 5% of their Scat core grant locally.

Over the last eight years, Fris has had a dramatic effect on the financial profile of Scat's partners: more LDAs are raising funds locally, they are raising increasing sums of money and more of the income LDAs get through Scat is backed up by funds raised within each community.

To start with, only half the LDAs applied for Fris rewards, now participation is around 80%. For the first 5 years, Fris rewards were mostly less than a third of the core grant.

By 2002, LDAs active in local fundraising were claiming rewards that were well over half of the core grant.

In 1996, Fris rewards were only 12% of core grants – by 2002 they made up 56%.

Fris pays the highest rewards to LDAs which are identified by Scat's field team as being the best performers overall.

In 2002, the average annual reward to an established LDA was more than double the average paid to struggling or developing LDAs.

Fris has led to the mobilisation of local resources to support LDAs.

Scat's partners raised almost R400 000 in local fundraising efforts in 2002. The most successful users of Fris raise in excess of 10% of their total basic budget locally (where we compare local fundraising with the total of the Scat core grant, the Fris rewards and the claims upon which they are based).

Fris has had a significant and positive impact on LDAs and on the communities they serve. This is realised first by the impact of the local fundraising activities themselves and second by the impact of the expenditure of the funds and the five-fold reward contributed by Scat.

RAISING FUNDS – MEANS AND IMPACT

Conclusions on the raising of funds are based on an analysis of 167 Fris claims over the period January 2000 to November 2003. The sample covered over 27 000 contributions by community members to the finances of LDAs and about one third of the total amount of Fris rewards paid by Scat in this period.

A wide range of activities is used to raise funds. From dances and sports days to meat sales and donation lists. The average Fris event involves between 160 and 200 community participants and raises about R2 000.

In general, Fris distributes the highest rewards to events with the greatest community participation. Choral events, beauty/talent contests and raffles – together the most participatory local fundraising activities – recorded the highest average amounts per event.¹

One sixth of funds raised came from events which involved partnerships between LDAs and other organisations in the community – such as churches, schools, sports clubs, youth groups and projects to create jobs and generate income.

SPENDING FUNDS – DECISION AND IMPACT

There is usually no separate accounting for the use of Fris money so it was not possible to quantify reliably the way that the rewards were spent. For this reason, it is also not possible to measure the impact of Fris separately from that of each office itself. No such attempt is made in this evaluation.

In most cases, funds raised and the rewards earned are absorbed by each LDA into its general running expenses.

Decisions on spending are made by the LDA committee. Scat receives monthly financial reports and the books of the LDA are subjected to an annual audit.

Scat's core grant, now in the region of R6 000 per month, is dedicated towards meeting the basic costs of an office – two field workers, rent and telephone. Fris provides an attractive incentive for offices to be active in the community to raise funds and increase the resources available for their work.

Offices use Fris rewards to spend more mainly in three areas:

Operational expenditure: Higher salaries and more money for rent, phone and transport allow offices to increase their level of service to the community. They allow offices to engage more staff and to pay honorariums to volunteers. The last Fris event each year is commonly used to pay '13th cheques' and bonuses to recognise the work performed by the office staff, whose monthly salaries are very modest.

Capital expenditure: Offices are renovated to improve their attractiveness, usefulness and efficiency. More space and better furniture and equipment increases the value of the office to the community. In some cases, LDAs have saved up their Fris rewards to buy a building which will house the office and yield rental income.

Project support and poverty alleviation: Fris rewards allow sponsorship for particular projects, local institutions and poverty relief efforts.

The proportions of rewards devoted to these three uses vary between offices, but the greatest emphasis is on operational expenditure, particularly payments to staff and volunteers.

When we consider the impact of Fris on community mobilization, it is necessary to bear in mind how extremely varied the impact must be, given the great differences in the financial contribution Fris makes to particular LDAs.

JOINT FUNDRAISING VENTURES

Partnerships in fundraising between LDAs and other community bodies are a significant feature associated with Fris. This strategy has encouraged wider interactions between advice offices and local organisations and institutions. Fris has helped to ensure that LDAs are better networked into their communities.

There are great variations in the structuring of these partnerships, though in most cases -two out of three- written agreements are entered into. The requirement in the Fris Guidelines that the LDA should monitor the spending of any shared Fris reward by the partner organisation is rarely complied with, unless the LDA itself purchases items on behalf of the partner.

There are inconsistencies in whether Fris rewards are available to funds that come from various income generation projects associated with LDAs. If office staff and committee members are involved in the work, Fris rewards are usually available to the LDA.

CLAIMING THE REWARDS

The most urgent issue that emerges from this evaluation relates to delays in the claiming, processing and payment of Fris rewards.

Although the bulk of claims are paid promptly, the minority that are delayed create tensions between Scat and LDAs, and between field and finance staff that have a disproportionate impact on the smooth running of the scheme.

LDAs cannot plan for the wise use of Fris in their budgets if they are uncertain when and whether they will receive the reward payments. Responsibility for the delays varies between claims and can occur at every stage. The rules for Fris claims are simple and clear. The process is logical. But some claims are of great complexity and offices sometimes lack the discipline and skill needed to assemble the documentation correctly.

The scrutiny given to Fris claims by Scat is, in general, reasonable. This is undertaken primarily by the field workers, who have an intimate knowledge of the context within which each LDA operates. Care is always taken to see that the claims are properly signed by 2 committee members. The finance team at Scat then check the claim for completeness, verify the financial calculations and review the documentation. Clarifications may be requested of the LDA – by fax or by phone – before a claim is passed for payment.

The survey of Fris claims shows that between January 2000 and November 2003, three quarters of claims were paid within four weeks of their first receipt by Scat. Half were paid within three weeks. This rate of turn-around is commendably swift and provides a strong base for further improvement. (Fris payments were subjected to unusual delays in the second half of 2003 due to difficulties in the implementation of the electronic payment system.)

THE KEY ROLE OF THE SCAT FIELD TEAM

The success of Fris is not related simply to the financial incentive. It relies crucially on Scat's system of field support - field workers and trainers who work with LDAs consistently to help them improve their paralegal, development and management skills.

Fris is effective because it is linked with the core grant – which gives LDAs a certain base – and with field support, which offers advice and guidance. The field team perform a key role in encouraging LDAs to claim from Fris, in discussing the reasons they need to raise funds locally and the methods they can use to do this.

Fieldworkers occupy a difficult structural position within Fris as they are required to perform three related but essentially different functions, as Fris coach, Fris referee and LDA mentor. This creates tensions which are not easily resolved and which can limit the ability of an individual field worker to be critical of the way Fris is used in a community.

Some fieldworkers do not feel empowered when it comes to influencing how the Fris rewards are spent. They find it difficult to give direction in the context of Scat's strong tradition of requiring LDA committees to make the financial decisions.

OVERALL FINDING

Fris emerges from this evaluation as a successful and innovative grant-making strategy that has a major developmental impact on the work of its partners. Fris is able to achieve this result because of Scat's comprehensive system of project support and core funding.

Scat has built the Fundraising Incentive Scheme carefully and consciously. Fris now has a substantial eight year track record and has contributed demonstrably to promoting sustainable organisation in the rural areas of South Africa. This evaluation presents Fris as a creative grant-making model that encourages social action.

Three problem areas may be identified from this report.

- 1 With its focus on fundraising, and Scat's emphasis on LDA responsibility for all budget decisions, Fris has been a less sure instrument in shaping the efficient spending of Fris rewards. This is an area of concern which arises because of the increasing resources available to LDAs through local fundraising and the associated Fris rewards. The most important question posed in this evaluation is: "What steps should Scat take to assist LDAs to ensure that Fris rewards are wisely spent?"
- 2 The spending of Fris rewards is often not reported in sufficient detail for purposes of accountability, both to Scat and to the community.
- 3 Worthy LDAs in needy communities who are not successful local fundraisers stand to become marginalized as Scat's grant-making moves to emphasise Fris.

The problems identified are the problems of success. Their clear identification suggests a direction for the Fris model in future. Fris is a unique South African development tool that should command greater attention from grant-makers.

RECOMMENDATIONS

1. Scat should "recalibrate" Fris to take full advantage of its success to date and to continue its development as an innovative and challenging grant-making mechanism.

Allocation:	Allocate Fris claim targets for LDAs with reference to the quality of their past planning, reporting and fund use and not just on their Fris claim record.
Claims:	Deal with issues to make the "claims pipeline" more efficient and to eliminate payment delays as an irritant.
Reporting:	Create an environment in which LDAs improve the way in which they report to Scat and the community on how Fris rewards and locally raised funds are spent.
Spending:	Provide training support and incentives to encourage LDAs to plan the spending of their additional income carefully and with regard to sustainability and development impact.
Recognition:	Fris is a successful and unique grant-making mechanism. It can be used to leverage more resources for LDAs - and for Scat itself.
Monitoring:	Initiate an annual cycle to analyze and compare the use LDAs make of the scheme.
Fundraising:	Tighten up scrutiny of Fris events to deal with some identified questionable practices.

2. Separate consideration should be given to the situation of needy non-claimers of Fris rewards who are not able to reap the benefits of participation in Fris.
3. A new goal should be adopted for successful users of Fris. Established LDAs that are now expert at local fundraising should be assisted to leverage their Fris achievement into financial support from donors other than Scat.
4. Secondary recommendation: Introduce a lower, one-for-one reward ratio for community fundraising after a particular level of Fris rewards has been claimed.

It is not a recommendation that Scat should stipulate that a particular proportion of Fris rewards be spent specifically on “developmental needs” in each community. But the report questions whether LDAs that do not meet Scat’s basic governance criteria should be accorded access to a Fris allocation.

PART **1**

FRIS

The Facts

INTRODUCTION

Organisation Development Africa (Pty) Ltd (ODA) was commissioned to evaluate the Fundraising Incentive Scheme (Fris), a grant-making tool used by the Social Change Assistance Trust (Scat) in its financial support for Local Development Agencies (LDAs).

Fris is a grant-making mechanism which has been used by Scat since 1996. It rewards LDAs for raising money in their community. The intention of the scheme is to reduce dependency, to encourage local community support of partners through mobilising local resources and to increase the funding that LDAs can access from Scat through their own efforts.

The purpose of the evaluation is to:

- Evaluate the Fundraising Incentive Scheme which has been in operation at Scat since 1996 and make recommendations on the future implementation of the scheme.
- Establish the impact of Fris over the past seven years as a community resource mobilisation strategy in the communities where Scat works.

The Terms of Reference required that the consultant undertake the following activities:

- A thorough analysis of the documentation at Scat which relates to Fris;
- Interviews with Fieldworkers and Trainers on the implementation of Fris;
- Interviews with a sample of LDAs which make good use of Fris, have used Fris but not their full allocation and those who struggle to make use of Fris;
- Interviews with management and trustees;
- The preparation of a written evaluation.

The written evaluation was to cover the following:

- A comprehensive report on the history of Fris and the utilisation of Fris as a funding mechanism within Scat.
- The achievements and challenges of Fris as a funding mechanism.
- Trends in terms of the types of activities to raise funds for Fris.
- Trends in terms of the utilization of Fris.
- An analysis of joint fundraising ventures and the use of Fris funds in relation to such ventures.

- The impact of Fris on the development work of the LDAs.
- Perceptions of the Fieldworkers of the possible improvements which can be made to the Fris fund and implementation of the fund.
- Perceptions of the LDAs of the possible improvements which can be made to the fund.
- Perceptions of the Scat Trustees of the possible improvements which can be made in terms of implementation of the fund.
- Recommendations for the future of the FRIS fund.

The evaluation began on 9 December 2003 and had to be completed in time for consideration at a Scat workshop on 7 February 2004. The Scat office was closed over the period 19 December to 8 January and LDAs took their customary annual break between 19 December and 19 January. This dictated the following schedule:

9 – 19 December 2003

- Interviews with Staff, Fieldworkers and one trustee
- Review of Fris claim forms and LDA monthly reports

19 December – 8 January 2004

- Analysis of sample of claim forms and review of Scat annual reports, financial statements and budget recommendations

9 – 19 January

- Interviews with 3 trustees and 3 staff

21 – 31 January

- Visits to and interviews with LDAs
- Draft report prepared and findings canvassed with Scat staff

1 – 4 February

- Preparation of final report

The following strategies were used in the evaluation:

- A detailed review of a sample of 167 Fris claim forms – covering about a third of the number of LDAs and about a third of the total amount of Fris rewards by Scat between 2000 and 2003. The sample covered over 27 000 contributions by community members to the finances of LDAs.
- Interviews with 13 Scat staff members (including 9 fieldworkers) and 4 trustees.
- Visits to 3 LDAs and interviews with members.
- Review of Scat annual reports and financial statements
- Review of internal and LDA reports on Fris.

THE HISTORY OF FRIS

WHAT IS FRIS?

Fris is a funding mechanism developed by Scat for giving support to its LDA partners. It rewards local fundraising by LDAs within their own community. For every clear rand raised through local fundraising, Scat provides a reward of five rand. The Fris incentives are an addition to the core grant towards the organisational running costs which is made by Scat on a monthly or quarterly basis.

Fris was introduced by Scat in 1996, when R396 228 of Fris rewards were distributed, following claims based on locally raised funds of R56 604. By 2003, Fris rewards exceeded R1,9-million and local fundraising approached R400 000.

WHAT WERE ITS AIMS WHEN IT STARTED?

The primary aim of Fris was to reduce the dependence of LDAs on grant funding.

In 1998, Scat formulated a five year vision for the organization in 2003. The plan was that by 2003, the LDAs supported by Scat would “be more self-reliant by generating a growing proportion of their funds from the communities they serve.” In part, this was to be encouraged by an important change in the grant-making strategy, already under way:

*“Scat will take steps to reduce the dependence of LDAs on grant funding as much as possible. The practice of matching funding (as has been started with ... Fris) will be refined and improved. ... The proportion of funding available through Fris will steadily be increased and core grants will be kept the same from year to year, with no inflationary increase...”*²

The secondary aim of Fris was to impel LDAs to develop a new and closer relationship with their community base and, by so doing, to increase their income.³

Fris was soon found to generate additional benefits. The 1997 Scat Annual Report⁴ stated that Fris was “invaluable as it measures the level of community support enjoyed by the

LDA”. As an additional window into the financial affairs of each LDA, the Fris process identified inaccuracies and weaknesses which were not immediately obvious from the standard financial monitoring practice. Fris also made it necessary for LDAs to acquire and improve skills in planning, organizing, implementing and financial management.

THE AIMS OF FRIS HAVE BEEN FORMULATED IN DIFFERENT WORDS:

“In 1995 Scat, concerned that many LDAs were dependent on grant funding, started a new scheme, the Fundraising Incentive Scheme (FRIS), to encourage them to gain the capacity to raise funding in their own communities.”

— Foundation Building Sourcebook, 2000

“Fris – [this] innovative plan encourages rural residents to sponsor fundraising events that generate income to address community needs.”

— former SCAT Director Annemarie Hendrikz, InFocus 4(1) October 2001

“FRIS is an innovative tool for mobilising local resources even in the poorest communities. ...

The aim of the FRIS is to reduce dependence of Local Development Agencies (LDAs) on grant funding.”

— “FRIS: A Local Fundraising Incentive Scheme” (Scat pamphlet, 2002)

“The intention of [Fris] is to reduce dependency, to encourage local community support of partners through mobilising local resources and to increase the funding that LDAs can access from Scat through their own efforts.”

— Scat, Terms of Reference Evaluation of Fris, 2003

FRIS RULES AND GUIDELINES

The Incentive Ratio

In developing Fris, Scat discussed a number of alternative incentive ratios, including a sliding reward scale and different scales depending on community needs or the type of event. Ultimately, it was decided to use one standard for all, but to reward business donations on an equal matching basis.

Fundraising activities	Fris Reward Rate
Local fundraising functions and events (braais, raffles, talent contests etc.) Profit from sales to the community of meat, food, clothing or other items Donations from individual community members LDA membership fees	1:5
Donations from local businesses	1:1
Corporate donations Grants from other donors – including the national lottery, government departments and projects	Zero

The Annual Limit⁵

For budget purposes there had to be a limit on the Fris reward. The initial target was for each LDA to claim up to R25 000 a year. By 1998, as Fris became more widely understood and used, Scat increased the limit to between R25 000 and R50 000, with the higher potential rewards being earmarked for LDAs who had the greatest success in local fundraising. The current Fris limits are between R25 000 and R120 000. The Fris allocation for each LDA is decided annually when the budget allocations are made. The limits are guided by the available funds, the general additional budget needs of most of Scat's partners and the success the LDA has enjoyed in the previous year's fundraising efforts. The trustees may condone the payment of Fris rewards above the allocated figure at the end of the year, if there are funds available. This happens when other LDAs do not make claims up to their full allocation.

The Process

The initial proposal was for LDAs to claim and receive Fris rewards at the end of each year, after their local fundraising claims had been fully substantiated by their annual audit. But such a long interval between effort and reward would be demotivating so it was agreed that rewards would be paid as soon as all requirements were met.⁶ The annual audit is used as the ultimate reference for proof of fundraising and Scat reserved the right to claim repayment of rewards if they are shown to be invalid by the audit.

The process for claiming a Fris reward is as follows:

- 1 The LDA plans an event. The organisers submit the plan and the anticipated expenditure, income and profit to the committee for approval.
- 2 The LDA holds the event. Careful records are kept of all money spent and received. Expenditure is drawn from the bank account and all takings are deposited in the bank. The Fris reward is claimed on the amount deposited into the bank account for the event, less expenditure drawn from the bank account.
- 3 The LDA writes to Scat with a "Fris Story", telling how they organized the event and raised the money and presenting a financial statement with the calculated profit.⁷ The claim has to be signed by two committee members.
- 4 The LDA substantiates the claim by also submitting a copy of the deposit slips, receipts for any cash expenditure and a copy of their month-end income and expenditure statements for the period(s) in which the event took place.

The claim is reviewed and verified by the Field Team at Scat and then sent to the Finance Team for validation and payment. Paid claims are then filed separately with other reports for each LDA.

Scat found that it was a major effort to explain Fris to LDAs. They had become accustomed to receiving increasing or inflation-adjusted grants each year in response to their needs. Fris education became a key part of the task loads of fieldworkers. Fris sessions were included in provincial workshops. Motivating posters, calendars and a pamphlet in simple language were distributed amongst advice offices.

Slowly, the applications began to come in. Initially, one fieldworker was responsible for processing all the Fris claims, but after 1998 each fieldworker was responsible for analyzing claims on a "Fris Claim Form" and sending them on for approval by the field manager and payment.

LDAs often complain that it takes Scat too long to process their claims. Where there are queries and problems with claims, the time between the submission of a Fris claim and the payment of the reward can be as long as 6 months, but this is exceptional.⁸ Where documentation is in order, payment within a month of a claim being submitted is common – a swift turnaround time by any standards.⁹

“In a 1998 report commissioned by the Church of Norway, SCAT was applauded for successfully doing what many government programs often fail to do: disbursing small sums of money to needy rural areas in a rapid and effective manner.”¹⁰

The present evaluation endorses this finding.

A survey of Fris claims between January 2000 and November 2003, found an average four week interval between the date a Fris claim was recorded as being received by Scat and the date it was stamped as being paid. The shortest interval was one day. Three quarters of all claims were paid within a month. Half of the claims were processed within three weeks.¹¹ Payment delays beyond a month nevertheless occasion great anxiety within LDAs, who often have a pressing need for the funds. The exceptional cases where payment is delayed create an incorrect impression of frequent delays.

The LDAs often delay sending in their claims. Claims have to be accompanied by financial statements for the month in question as well as the Fris Story. On average, Scat receives claims more than a month after the event. Sometimes community members are allowed credit and they take time to pay the office. A quarter of claims reach Scat only six or more weeks after the event. Submission delays longer than two and a half months are rare, with ten months being the longest.

The normal interval between the day a fundraising event is held and receipt of the Fris incentive is from seven to nine weeks.

Financial calculations and narratives surrounding events can be extraordinarily complex. It is not always possible for all expenditure to go through the bank account, especially when expenses are paid out of the takings of an event. And many events include donations in kind – of food, prizes, items for sale. Many of the complications are dealt with below, in the section discussing how funds are raised. As a recent Scat summary of Fris has stated:

“In general, the financial reporting requirements for Fris have stimulated significant growth in understanding of financial systems. This has happened at Scat, and even more importantly, at the LDAs. The incentive of the reward has motivated LDAs to comply with Scat’s rather

irritating Fris criteria. The positive spin off has been a growing clarity about the logic and value of careful and timeous financial record keeping.”¹²

The Fris rules cover the raising of funds. The expenditure of Fris rewards is not subject to any Scat rules, beyond the requirement that funds go through the books of the LDA and are disbursed in accordance with each LDA’s own constitution and governance procedures.¹³ The Fris reward is then regarded by LDAs in the same light as are the original donations from the community. Scat pays the Fris money to LDAs ‘without strings attached’. Scat does not tell the LDAs how they may or may not spend the money, in contrast to other support from Scat which is specifically allocated to salaries, administration, the Development Fund for Training (DFT) and/or the HIV/AIDS support project. While fieldworkers may discuss how Fris funds are spent during their normal field visits and give advice on planning, it is accepted that, at present, LDA committees may make unfettered decisions on how to spend the rewards paid by Scat under Fris.

As Fris rewards come to make up an ever larger proportion of the budget of Scat – and of the income of LDAs – a question is raised about whether this lack of detailed accountability to funders for the spending of Fris funds is sustainable. A set of Scat Guidelines for LDAs on the expenditure of Fris rewards – which are, after all, funds raised from donors, distant and local – might be the starting point for such a process. This issue is discussed in the Recommendations, below.

CHALLENGES OVER TIME

From the start, many partners found it difficult to comply with Scat’s claim procedure for Fris.¹⁴ Claims bounced backwards and forwards between the Scat office and LDAs as requests were made for clarifications and additional information.

As the number and complexity of Fris claims increased, Scat began to sharpen its requirements for information to back up the claims.¹⁵ Lists were required of the names of people who bought goods on credit and the amounts owed. Donation lists had to include the names of the donors and the amounts contributed in cash or kind. Grantees were frustrated by all the questions about their claims and accused Scat of “moving the goalposts.” But Scat was not apologetic: “Fris is not a static program ... the goalposts need to move.”

Tensions over claims remain a problem eight years into the scheme. On the one hand this reflects that the LDAs are continually innovating, finding new ways of raising money and increasing their Fris rewards. On the other hand it reflects the vigilance of the finance team at Scat – who have to temper the scepticism of the insurance assessor with a realistic understanding of LDA capacity.

Fris still highlights the need for ongoing training and assistance with financial management skills. It also provides the motivation for LDAs to acquire the ability to report on their finances and activities at a higher standard.

Some LDAs did not respond to the opportunities offered by Fris. Three years into the scheme, which had been carefully explained to all LDAs by fieldworkers and in training sessions, the seven LDAs that did not engage in local fundraising had their core grants reduced to the minimum. On the other hand, LDAs which claimed up to limit of their Fris reward allocation, had this limit extended.¹⁶ This pressure impelled LDAs to take Scat's local fundraising criteria seriously and has improved annual participation in Fris above 80%.

LDAs raising money for Fris come into competition with neighbourhood schools, churches and community organizations all seeking local financial support. Some LDAs responded to the pressure by entering into fundraising partnerships with other organizations. This was encouraged by Scat as it made local organizations in small towns work cooperatively. But, to begin with, Scat only paid Fris rewards on the portion of the profit to which its partner LDA was entitled, "as it is the party with whom we have a relationship".¹⁷ LDAs challenged Scat on this approach as they naturally would have liked to broker a reward based on the total amount raised with their local partners. Fundraising partnerships have continued to develop. They strengthen networking and collaboration in communities that need to work together to fight poverty.¹⁸ From 1999, Scat adopted a flexible approach, agreeing to reward the total profit from a joint fundraising venture when this was supported by a written profit-sharing agreement¹⁹ (and still within the Fris limit allocated to an LDA).²⁰

By 1998, Scat was registering some concerns about the nature of the fundraising events that were attracting Fris rewards. The 1998 Annual Report noted:

"It takes careful consideration when a funder's values conflict with those of the organization being funded. This situation occurred as a result of some of the sales activities of the LDAs. The exploitation of vulnerable sectors of the community, such as pensioners, through high profit margins when credit is granted are of concern to Scat. LDAs seem not to reflect on the underlying messages or values of particular fundraising activities, such as selling meat on credit to pensioners at huge profit margins, and to having 'beauty' pageants, loaded with gender stereotyping."

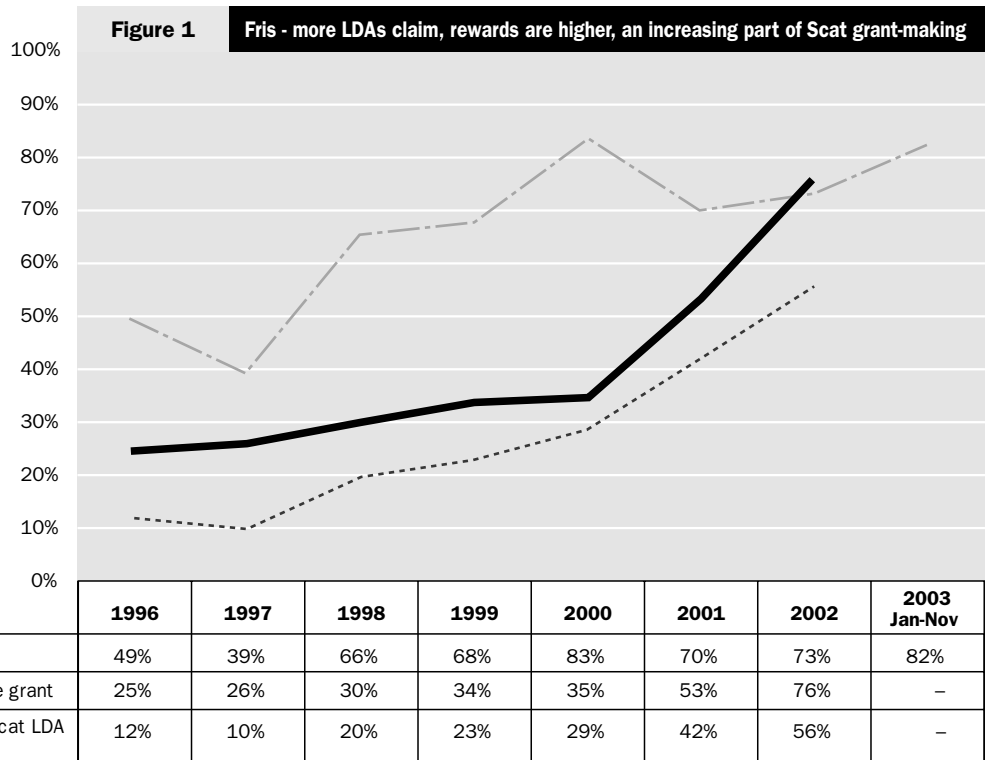
It continued to observe:

"It must be stated that these activities are normal everyday occurrences in the communities in which LDAs are working and would ordinarily not be questioned. In fact, deviation from the norm (such as undercutting the meat prices of the other meat sellers) would or might be severely censured."

Pension day remains a target day for Fris fundraising across all LDAs. In communities where many are unemployed, pensioners are people who have cash – and who can be relied upon to pay when credit is given. If LDAs do not act on pension day, their fundraising is much harder. Profit margins on sales remain very high. Fris provides no incentive to sell below market price! Beauty contests continue to be very popular and well-supported events but it is not only the strong and beautiful who are singled out for community honour - singers, dancers, sharp dressers, the best cook of potjiekos and the woman of the year all feature.

As Scat is a fundraiser itself as well as a grant-maker, it is useful to judge the extent to which Fris has been influential in attracting interest from its own donors.

A large portion of the money for Fris has come from the general funds raised by Scat from a range of donors that include Norwegian Church Aid (from 1996); Danchurch Aid (from 1996-2001); Bilance/Cordaid (from 1998); Charles Stewart Mott Foundation, Diakonia, Sweden as well as from Scat itself. While Fris was obviously an important feature in the funding proposals made to these donors, they did not support Scat specifically because of Fris.



In two cases, Scat secured funds from new donors entirely or partly because of Fris.

Anglo American / De Beers, Scat's first SA-based corporate donors, donated R150 000 in funds for Fris in the Northern Cape in 1998.²¹ Claims were slow in coming in and the funds were spent over a 4 year period.

Grants from the C.S. Mott Foundation over the period from 1999 to 2002 were based on a partial funding of Fris and were the source of R704 540 of Fris rewards.²²

Many benefits may be anticipated to flow from a strategy that compels LDAs

1. to approach the community for financial support, and
2. to make a detailed claim to Scat to claim the Fris reward.

Despite appearances, the benefits do not flow automatically from the Fris formula. They are engineered into existence by the criteria for LDA governance set by Scat, by Scat's location-sensitive system of field support and core grants and by the active way in which LDAs have responded to the incentive.

As a funding mechanism, Fris has become an established feature of the relationship between Scat and its partners. Scat describes Fris as innovative. It allows LDAs a scope for organic, self-directed development that they would not otherwise have. But it is also bold. It requires a high degree of trust as it opens Scat to the risk of paying fraudulent claims. And it appears to be unique. Matching funding is a

common (and criticised) grant-making mechanism – but a five times reward is unknown in the literature.

A HISTORY IN FIGURES

Over eight years, Fris rewards have become an increasingly significant part of the grants made by Scat to its partners.

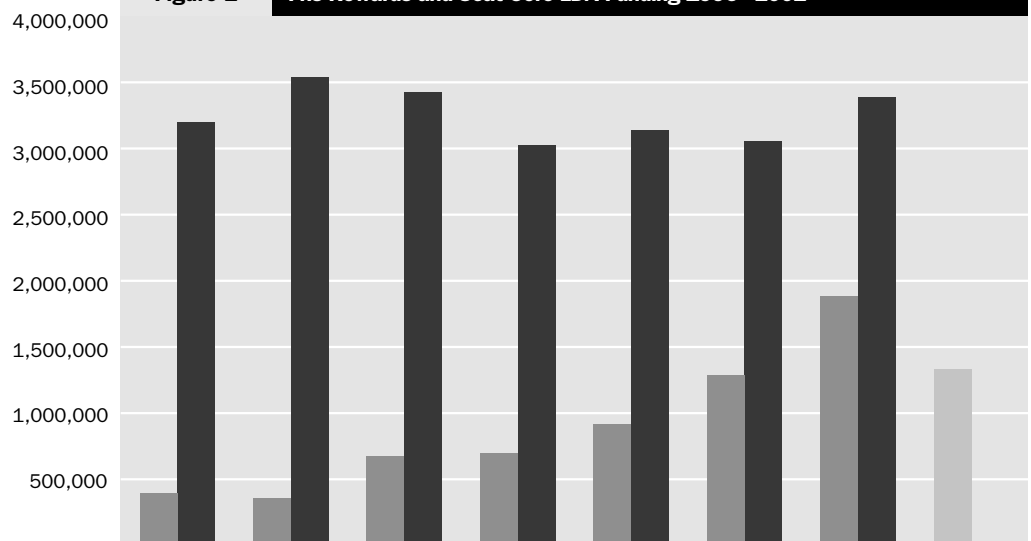
In the first year of the scheme, 35 LDAs held fundraising events and claimed Fris rewards of R396 000, some 12% of the total amount disbursed by Scat as core grants to support the Advice offices.

By 2002, 46 LDAs were claiming Fris rewards of R1,9-million that amounted to 56% of Scat's core LDA funding.²³

For the first four years of the scheme, about half of the number of offices supported by core grants made use of Fris each year. But from 2000, between 70% and 80% of Scat partners engaged in local fundraising each year and claimed Fris rewards.

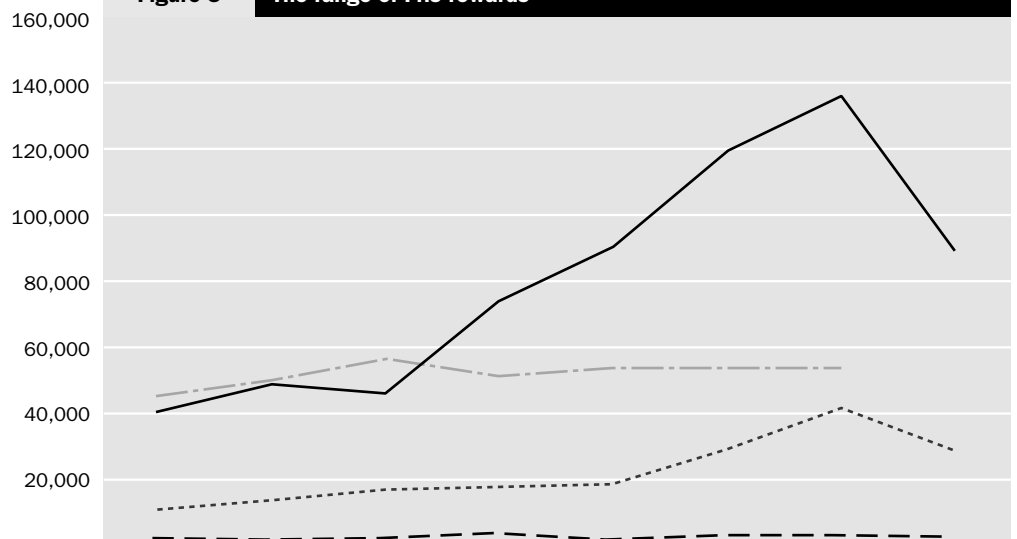
The result has been that Fris rewards and local fundraising have become an increasingly important component in the income of most LDAs. For the first five years of the scheme, Fris rewards made up between a quarter and a third, on average, of the core grant. But in 2001, the average Fris reward for the year was 53% of the average core grant. In 2002, the figure reached 76%.

Figure 2 Fris Rewards and Scat Core LDA Funding 1996 - 2002

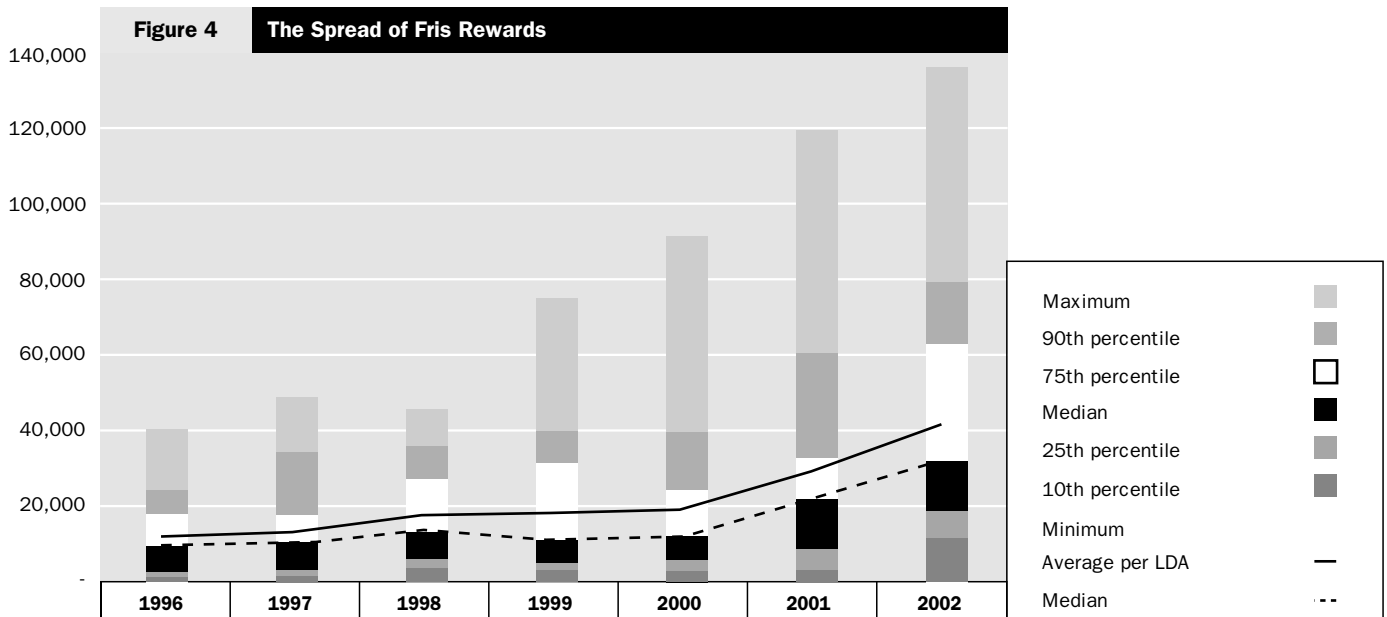


	1996	1997	1998	1999	2000	2001	2002	2003 Jan-Nov
Total Fris rewards	396,228	364,636	681,175	705,275	918,735	1,296,374	1,902,685	1,341,552
Scat "core grant"	3,233,739	3,565,777	3,445,716	3,055,681	3,173,549	3,081,034	3,418,972	-
Number of LDA's receiving a core grant	71	71	61	59	59	64	63	57
Number of offices claiming Fris rewards	35	28	40	40	49	45	46	47

Figure 3 The range of Fris rewards



	1996	1997	1998	1999	2000	2001	2002	2003
Highest reward total	40,231	49,000	45,870	74,768	90,904	119,407	136,193	89,759
Average reward	11,321	13,023	17,029	17,632	18,750	28,808	41,363	28,544
Lowest reward total	600	300	425	1,250	800	1,065	1,505	1,210
Average Core grant per LDA	45,546	50,222	56,487	51,791	53,789	54,053	54,269	72,000



These averages convey the trends – more LDAs are raising funds locally, they are raising increasing sums of money and more of the income LDAs get through Scat is backed up by funds raised within each community.

Local fundraising now accounts for 8% to 10% of the basic budget²⁴ of the most active Fris applicants – rising from zero in 1996.

After 1996, it was the intention of Scat to hold core LDA funding constant while encouraging offices to claim additional support through Fris. Figure 2 (pg.8), although influenced by changes in the number and identity of Scat’s partners, shows that total core funding remained in a range between R3,1-m and R3,6-m, while total Fris rewards increased, especially after 1999.

The averages indicated in Figure 3 (pg.8) are necessary reference points, but they hide variation. And fluctuations and variations are a key feature of Fris rewards. Unlike the core grant, which Scat sets at a level to accommodate the basic needs of an LDA and endeavours to hold constant every year (if in rand terms), the Fris rewards show great volatility. Even LDAs with a Fris claim history do not claim every year. While 91% of the LDAs which received funding from Scat between 1996 and November 2003 succeeded with at least one Fris claim, the greatest proportion of offices that have claimed successfully in any one year is 83%. And the annual amounts garnered by offices vary significantly – from a low of R300 to a record maximum of R136 000.

(Core annual grants also vary, up to a maximum of R89 000, but mainly in the narrower range of R30 000 to R75 000)

Figure 3 (pg.8) sets important reference points for LDAs that claim each year: the average, the maximum, and the minimum. But the history of Fris is better revealed by a more detailed look at how rewards are distributed between LDAs.

Figure 4 divides the list of ordered Fris rewards into bands based on the median and percentiles.

For each year, the median divides the list of LDA rewards in half. Half of the LDAs receive rewards above the median (shown by the dashed line) and half of the rewards are below the median. The average is indicated as a point of reference by a solid black line. The average is consistently above the median. This means that in every year, more than half of the LDAs earned Fris rewards that were below the average.

The conclusion is that relatively few LDAs earn very high Fris rewards.

The black and white bars together show the range of Fris rewards claimed by the “middle” half of the LDAs. So in 2002, half of the LDAs earned Fris rewards between R18 000 and R63 000. One quarter earned above R63 000 and one quarter earned below R18 000.

Table 1 Annual Fris reward totals per LDA

	1996	1997	1998	1999	2000	2001	2002
Average per LDA	11,321	13,023	17,029	17,632	18,750	28,808	41,363
Maximum	40,231	49,000	45,870	74,768	90,904	119,407	136,193
90 th percentile	24,441	34,353	36,431	39,965	39,144	60,121	78,887
80 th percentile	21,156	20,922	29,166	32,668	28,170	35,924	72,520
75th percentile	17,890	17,283	27,215	31,540	23,660	32,880	62,944
70 th percentile	16,871	15,986	25,334	23,288	21,644	32,228	55,499
60 th percentile	12,937	14,220	18,321	16,598	20,353	26,078	40,663
Median	9,339	10,358	13,505	11,089	11,580	21,700	31,609
40 th percentile	4,797	4,434	8,965	8,276	8,707	19,477	25,650
30 th percentile	3,848	3,041	8,075	6,517	6,306	11,714	20,625
25th percentile	2,435	2,844	6,438	4,775	4,935	8,172	18,407
20 th percentile	2,288	2,266	4,205	3,546	4,440	6,360	15,750
10 th percentile	1,651	1,338	3,496	2,724	2,300	3,360	11,423
Minimum	600	300	425	1,250	800	1,065	1,505

The graph shows that for half of the LDAs claiming Fris, the annual reward was below R13 500 for the first five years of the scheme. This reflects local fundraising that is one fifth of this amount – less than R2 700.

In the period up to 2000, 90% of LDAs claimed below R40 000 a year. In 1996, R40 000 was the maximum claim.

Beginning in 1999, some LDAs began to lead the way and break out of this band. The maximum claim started to climb. In 2001, the median began to climb as well. By 2002, the latest year for which complete results are available, half of the LDAs got Fris rewards above R32 000 and a quarter got over R63 000.

The increasing height of the bars shows that the differences between the size of the Fris rewards earned by the LDAs is increasing. The core grants in 2002 were mainly between R40 000 and R75 000. The variations in income granted by Scat under the Fris scheme covers a much wider band – between about R12 000 and R75 000, to use approximate figures, for 80% of the claims. Others are still higher – and lower – than these amounts.

■ **Did the best LDAs make most use of Fris?**

Every LDA is different. Scat's partners are not like a KFC where the ideal is to provide exactly the same menu of services in every location. Scat has a developmental aim and respects the need for independent community organizations to take responsibility for their own decisions. But comparisons between offices can be useful in discerning trends and problem areas. In each case, however, it is important to consider the context of each office before rushing to judgement.

Scat evaluates its relationship with its partners on a regular basis. LDAs are loosely graded as struggling, developing or established. It is hoped that there is a progressive movement along this continuum, but in reality LDAs move in both directions between the categories.

An established LDA regularly meets all of Scat's criteria for governance, reporting and financial accountability. A developing LDA has weaknesses in some areas, but strengths in others and shows the potential for becoming established. A struggling LDA is unable to meet Scat's criteria at the present time.

The Fris Model	
Traditional grants	Fris
Organisations gear their funding requests to meet the perceived preferences of the funder. (Bailin 2003)	An LDA can decide how to spend the funds based on their perceptions of community and office need and the programmatic strengths of the LDA

Fris was intended to channel additional resources to the best-performing LDAs. But all LDAs, whatever their level of functioning, are encouraged to raise funds locally and to apply for Fris rewards.

This leads to some anomalies. The Paarl Advice Office was funded by Scat from 1986. The organization recently lost focus and was downgraded to struggling status. Yet it received generous Fris rewards from Scat in 2002 and 2003.²⁵

Scat knows a lot about its partners. It has the experience of working very closely with many of them over an extended period of time. Scat has an active and continuous engagement with LDAs through each year. This includes at least three visits from a dedicated regional fieldworker as well as the opportunity for the LDA to nominate representatives to participate in regional or national training events and workshops. The monetary assistance of the core grant has always been accompanied by varying forms of non-monetary assistance. The focus here is on building the strength, accountability and sustainability of LDAs as well as on improving their effectiveness in assisting clients. In addition to the core grant, Scat allows partners to draw allocations from specific budgets for HIV/AIDS support and for expenses related to training for staff, committee members and volunteers.

Fris, then, provides additional resources in a very special context. This is defined on the one hand by ongoing monitoring, support and advice through the work of the Scat field and training teams and on the other hand by grant funding which is tied to particular uses. The assumption is that Fris gives additional resources to high-performing LDAs – those which are well-respected in their local communities and which are able, as a result, to raise financial contributions from them.

The “Fris Model” also assumes that Fris resources are better spent, because the needs are defined by the LDA and the community, not by the funder.

“Give the good performers more, but make them work for it”

Fris intends to give most extra funding to LDAs that are already performing above the norm. So, in 2002, Fris rewards averaging R64 475 for the year went to 13 ‘established’ LDAs which today meet Scat’s criteria in all respects. The average rewards for ‘developing’ and ‘struggling’ LDAs was less than half this level, being R27 324 and R24 737 respectively.

The well-established relationship of trust between Scat and its partners is an essential building-block for Fris. It gives Scat confidence that abuse of the scheme will be less likely.

Fris has a galvanic effect on LDAs. They have to build their internal organizing and implementing capacities in order to raise funds locally. And then they get the Fris rewards which support their programmes in a material way.

LDAs that are most successful with Fris are developing organizational strength, building capacity, and improving sustainability. The solid evidence is the money they raise, the range of fundraising events and the number of local people who participate in the functions. This report is able to present indicators and measures of this success.

But it has proved far harder to demonstrate empirically that service improvement has followed the expenditure of Fris rewards. This is largely because disaggregated data on spending is not available – it is not collected and there are no reliable estimation methods.²⁶

■ **Five Fris Histories**

Each LDA has its own individual history with Fris. It is useful to bear this in mind when considering the trends in Fris claims between provinces and between the different ‘grades’ of LDA.

Five short examples illustrate different aspects of the history of Fris. The tables use two measures to judge the impact of Fris on an LDA:

- What is the size of the Fris reward relative to the core grant?

One of the Scat criteria for support is that within two years an LDA should claim 5% of the value of its core grant as a Fris reward.

This is not an 'objective measure' - it is determined by the level of the core grant.

(To find the percentage of local fundraising relative to the core grant, divide this figure by five.)

➤ **What percentage of the total budget is made up of local fundraising?**

(The Fris reward itself is not counted as local fundraising)

This is an 'objective measure' that is influenced by variations in the core grant but not determined by it. This measure reaches a theoretical limit at 16,7% under the present Fris rules.

(To find the percentage of Fris rewards in the basic budget, multiply this figure by five.)

Table 2: Swellendam has earned more in Fris rewards since 1996 than any other LDA – despite not making any claims for a whole year, in 1997. This LDA has collected more than 10% of its basic budget every year for the last five years from Fris rewards, which have risen steadily each year and are regularly greater than its core grant.

Table 3: Xalanga has been getting support from Scat only since 1998, but it claimed Fris rewards right from the start. These were very small to begin with, but the office increased its efforts every year and for the last two years has maintained local fundraising above 5%.

Table 4: Spoegrivier is a poor community. A large number of Fris events, and increasing success, eventually have allowed it

to raise over 5% of the value of its core grant from local sources. But, despite the effort, it has not found it possible to reach the higher benchmark of raising 5% of its total income locally.

Table 5: Tshatshu ranks number seven in the list of big reward earners, yet it is classified as a 'struggling' LDA. Its Fris income fluctuates considerably from year to year.

Table 6: Lesedi receives one of the largest Scat core grants, but its record in local fundraising is weak and erratic.

When we consider the impact of Fris on community mobilization, it is necessary to bear in mind how varied the impact must be, given the great differences in the financial contribution Fris makes to different LDAs.

Table 2		Swellendam - Value Leader							
Swellendam	1996	1997	1998	1999	2000	2001	2002	2003 Jan-Nov	Sum
Core grant	38,000	36,150	45,000	45,000	72,000	72,000	72,000	72,000	452,150
Fris	4,575	-	43,099	74,768	84,456	85,945	118,200	89,759	500,802
Fris fundraising	915	-	8,620	14,954	16,891	17,189	23,640	17,952	100,160
Basic budget	43,490	36,150	96,719	134,722	173,347	175,134	213,840	179,711	1,053,112
Fris as % of core	12%	0%	96%	166%	117%	119%	164%	125%	111%
Fundraising %	2%	0%	9%	11%	10%	10%	11%	10%	10%
<i>Scat level of functioning: Developing — 7 years claiming Fris</i>									

Table 3 Xalanga - Steady move to attain 5%

<i>Xalanga</i>	1996	1997	1998	1999	2000	2001	2002	2003 Jan-Nov	Sum
Core grant	–	530	45,000	45,000	72,000	72,000	72,000	72,000	378,530
Fris	–	–	700	3,510	4,250	21,880	43,500	30,280	104,120
Fris fundraising	–	–	140	702	850	4,376	8,700	6,056	20,824
Basic budget	–	530	45,840	49,212	77,100	98,256	124,200	108,336	503,474
Fris as % of core		0%	2%	8%	6%	30%	60%	42%	28%
Fundraising %		0%	0%	1%	1%	4%	7%	6%	4%

Scat level of functioning: **Established** — 6 years claiming Fris

Table 4 Spoegrivier - a real struggle even to reach 4%

<i>Spoegrivier</i>	1996	1997	1998	1999	2000	2001	2002	2003 Jan-Nov	Sum
Core grant	27,960	63,324	80,000	71,480	71,480	68,232	67,212	72,000	521,688
Fris	3,960	–	7,100	1,250	4,935	8,172	19,630	19,255	64,301
Fris fundraising	792	–	1,420	250	987	1,634	3,926	3,851	12,860
Basic budget	32,712	63,324	88,520	72,980	77,402	78,038	90,767	95,106	598,850
Fris as % of core	14%	0%	9%	2%	7%	12%	29%	27%	12%
Fundraising %	2%	0%	2%	0%	1%	2%	4%	4%	2%

Scat level of functioning: **Developing** — 7 years claiming Fris

Table 5 Tshatshu - a struggling LDA earning large Fris rewards

<i>Tshatshu</i>	1996	1997	1998	1999	2000	2001	2002	2003 Jan-Nov	Sum
Core grant	52,000	52,000	52,000	52,000	52,000	52,000	52,000	60,000	424,000
Fris	10,131	9,765	40,306	21,900	32,075	59,808	66,750	7,050	247,785
Fris fundraising	2,026	1,953	8,061	4,380	6,415	11,962	13,350	1,410	49,557
Basic budget	64,157	63,718	100,367	78,280	90,490	123,770	132,100	68,460	721,342
Fris as % of core	19%	19%	78%	42%	62%	115%	128%	12%	58%
Fundraising %	3%	3%	8%	6%	7%	10%	10%	2%	7%

Scat level of functioning: **Struggling** — 8 years claiming Fris

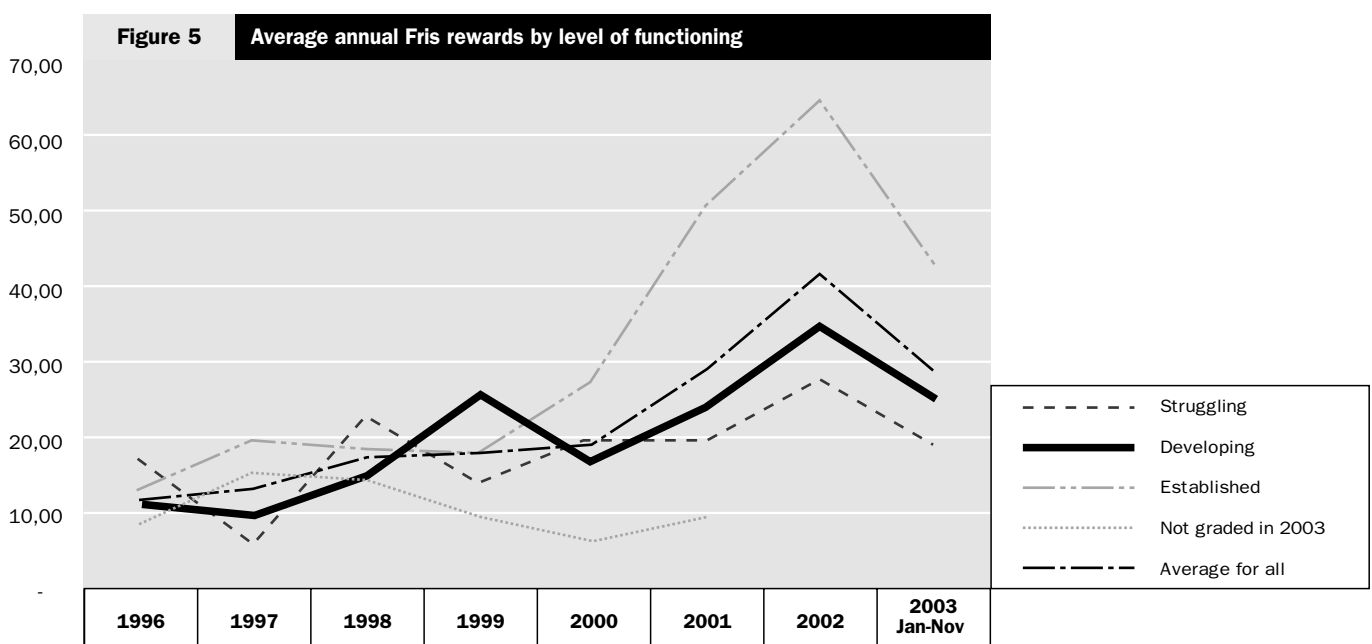
Table 6 Lesedi - Large Core Grant, erratic use of Fris

<i>Lesedi</i>	1996	1997	1998	1999	2000	2001	2002	2003 Jan-Nov	Sum
Core grant	67,985	80,000	80,000	80,000	80,000	80,000	80,000	80,000	627,985
Fris	21,545	21,084	13,464	–	23,414	17,400	–	2,797	99,704
Fris fundraising	4,309	4,217	2,693	–	4,683	3,480	–	559	19,941
Basic budget	93,839	105,301	96,157	80,000	108,097	100,880	80,000	83,356	747,629
Fris as % of core	32%	26%	17%	0%	29%	22%	0%	3%	16%
Fundraising %	5%	4%	3%	0%	4%	3%	0%	1%	3%

Scat level of functioning: **Developing** — 6 years claiming Fris

Office by level of functioning in 2003	Rewards	% shares	No of Offices 2002	Offices: % shares	Average total claim per office	Total claim years	Average claim per year	Average number of claim years per office
Established	3,076,183	40%	13	16%	236,629	91	33,804	7.0
Developing	2,851,396	37%	30	38%	95,047	130	21,934	4.3
Struggling	1,219,176	16%	15	19%	81,278	63	19,352	4.2
Total of currently-supported LDAs	7,146,754	94%	58	73%	123,220	284	25,165	4.9
Not graded 2003	459,905	6%	22	28%	20,905	46	9,998	2.1
Total	7,606,659	100%	80	100%	95,083	330	23,050	4.1

Note: The table covers all LDAs which have received at least one Fris reward



■ Performance by level of functioning

Scat categorises its partners broadly into three groups that reflect its perceptions of an LDA’s performance and, in particular, the extent to which an LDA satisfies all of Scat’s governance and financial criteria. The rating – of “established”, “developing” or “struggling” - relies very much on the judgment of the Scat field team. In the analysis, LDAs are grouped according to the rating they received in the Budget Recommendations of September 2003. Table 7 and figure 5, above, look at how this cohort of “established” LDAs has performed in claiming Fris rewards over the last eight years, compared with LDAs rated as “developing” or “struggling”.

As would be expected, the established LDAs claim the greatest proportion of the Fris rewards over the period. While making up only 16% of the number of offices, they accumulated 40% of the Fris rewards. These LDAs also have a history of consistent annual fund-raising, none claiming for fewer than 6 of the 8 years Fris has been in effect.

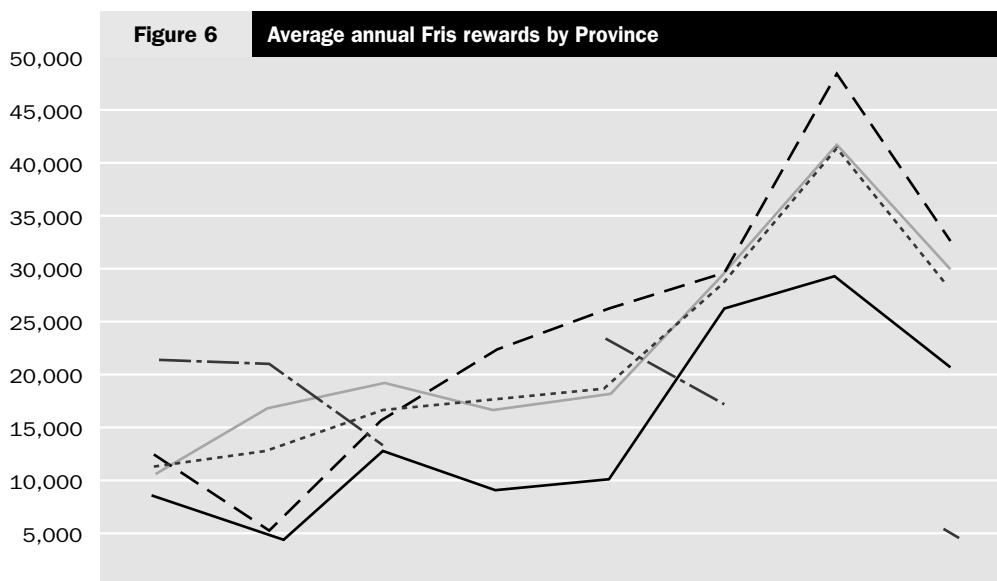
The graph shows that in one year, 1998, the cohort of LDAs that are now rated as “struggling” achieved the highest average Fris reward. This suggests that some LDAs may have moved backwards from being “established” to “struggling”. Equally some LDAs that performed poorly in the past may have improved more recently, to secure inclusion in the “established” group.

Table 8 Summary of Fris reward history 1996 - November 2003, by province

Office by level of functioning in 2003	Rewards	% shares	No of Offices 2002	Offices: % shares	Average total claim per office	Total claim years	Average claim per year	Average number of claim years per office
E Cape	3,939,849	55%	31	53%	127,092	156	25,255	5.0
W Cape	2,376,460	33%	15	26%	158,431	81	29,339	5.4
N Cape	723,004	10%	10	17%	72,300	40	18,075	4.0
North West	107,442	2%	2	3%	53,721	7	15,349	3.5
Total of currently-supported LDAs	7,146,754	94%	58	73%	123,220	284	25,165	4.9
Total of LDA's not supported in 2002/3	459,905	100%	22	100%	71,493	46	9,998	2.1
Total	7,606,659	100%	80	100%	95,083	330	23,050	4.1

Note: The table covers all LDAs which have received at least one Fris reward. Rouxville is classified with the Eastern Cape

Figure 6 Average annual Fris rewards by Province



	1996	1997	1998	1999	2000	2001	2002	2003*
Eastern Cape	10,846	16,864	19,047	16,940	18,096	29,450	41,812	29,933
Western Cape	12,399	5,156	15,905	22,250	26,126	29,610	48,389	32,928
Northern Cape	8,467	4,087	12,833	9,163	10,305	26,270	29,363	20,784
North West	21,545	21,084	13,464		23,414	17,400		5,267
Average for all	11,321	13,023	17,029	17,632	18,750	28,808	41,363	28,544

Provincial History of Fris Rewards

Provincial data (table 8) show that all provinces follow, more or less, the upward trend over time described for Scat partners as a whole. But LDAs in the Northern Cape claim consistently lower rewards than in the Eastern and Western Cape.

Conclusion

The financial aims set by Scat that lead to the adoption of Fris in 1996 have been met in respect of a majority of LDAs. The scheme has found growing acceptance from LDAs with time and as they have become familiar with its aims and rules. There is no doubt that the financial impulse of Fris has changed the way that LDAs work. In order to get more resources for their development, poverty relief and legal advice activities, LDAs have had to approach their communities to help them win rewards under Fris.

AWARDS AND RECOGNITION FOR FRIS

Fris is not only a financial success. It has enhanced Scat's profile as an innovative funder.

Fris has chalked up three awards for Scat.

- First prize in the Investing in the Future Awards 2000 (not-for-profit category)
- Second position in the Financial Sustainability category of the Katlego Awards 2000.
- The Ashoka Citizen Base Award for an innovative resource mobilisation strategy (worth R50 000) in 2002.²⁷

In addition, Home to All made a donation of R50 000 to Scat after two presentations about Fris in Johannesburg and Cape Town in 2002.²⁸

Fris has also begun to make its way into funding and grant-making literature, for example the *Foundation Building Sourcebook: A practitioners guide based upon experience from Africa, Asia, and Latin America* by A. Scott DuPree and David Winder with Cristina Parnetti, Chandni Prasad and Shari Turitz (Global Philanthropy, 2000)²⁹. This states:

The fundraising activities [undertaken for Fris] have also produced non-financial benefits that have strengthened the roles of LDAs. As a 1998 case study of SCAT points out:

“these fundraising activities are not merely an end in themselves: they build community spirit; enable the LDAs to share fundraising responsibilities with Scat; provide opportunities to address community issues; mobilize communities around these issues; and, provide opportunities for community organizations, local businesses and others in the community to work together.”

In 2001, the C.S. Mott Foundation's publication *InFocus* featured a detailed article on Fris entitled “Matching funds empower rural residents to solve problems” by Maggie I. Jaruzel.³⁰

■ Internal Awards for LDAs that use Fris

In 2002, Fris was the main reason behind Scat receiving an award and a special donation totalling R100 000. The Scat

trustees decided to award the money directly to LDAs, to recognize the best local fundraising efforts. The field team nominated LDAs from their areas in the following categories for the “2002 Fris Awards”:

Category	Winning Offices
Most creative FRIS event	Port Nolloth; Nelspoort
Most improved FRIS event and reward	Peddie; Prince Albert
FRIS event with the most community participation	Elliot; Spoegrivier;
Highest FRIS award	Dordrecht
Most developmental use of FRIS rewards.	Swellendam and Dordrecht

The winners each received an award of R10 000. There was a condition attached to the award: apart from reporting in writing on how the money was used, each LDA had to use the award in a way that contributed to the mission of the office and had “an impact on poverty”^{31, 32}

WHAT ARE THE AIMS OF FRIS NOW?

The context within which Scat and its partner LDAs operate has changed since 1996, when Fris was introduced, and since 1998, when Scat developed its vision for the organization in 2003.

The context has changed in part because of the success of Fris. Fris has reduced the dependence of many LDAs on grant funding. The most successful Fris claimants now raise up to 12% of their basic budget from local fundraising. In 2002, a quarter of the LDAs claiming Fris, earned rewards that exceeded their core grant. 80% of LDAs recorded Fris rewards that were over one third of their core grant. Fris activities have been an important factor in structuring a new relationship between LDAs and the communities they serve. Fris can be said to colour the relationship between LDAs and their communities.

This change is seen clearly in the expanded list of Fris aims that Scat prepared in 2002 in its motivation for the Ashoka Citizen Base Award for an innovative resource mobilisation strategy.

Financial Management Tool <ul style="list-style-type: none"> • develops financial skills • promotes financial accountability • encourages planning and budgeting 	Community governance <ul style="list-style-type: none"> • promotes accountability • empowers community • promotes sense of responsibility • builds social capital 	Citizenship building <ul style="list-style-type: none"> • promotes democracy • enhances quality of life • provides a sense of ownership
<h1 style="margin: 0;">FRIS</h1>		
Community mobilising <ul style="list-style-type: none"> • involves community • promotes participation • promotes networking 		Financial sustainability <ul style="list-style-type: none"> • generates and uses local resources • creates potential for building endowment and reserve funds

Scat states: “The aims of FRIS can be summarized as follows:

- › To reduce dependence of CBOs supported by Scat on grant funding
- › To provide additional resources to the funded organisation
- › To encourage community interest and involvement in the activities of the organisation
- › To foster accountability of the organisation to the community it serves and to foster a sense of ownership of the organisation and its programmes
- › To provide an opportunity for sharing information and knowledge within the community
- › To stimulate development, motivation and co-operation within the community”

Only the first two points date from 1998 – the other aims are new, or newly expressed. They suggest a concern not just with the raising of funds, but also with their expenditure. Fris is not just a set of rules that have to be followed to get money from Scat, it has become an instrument in itself.

The purpose of Fris is summarised in the 2002 Fris pamphlet as in table above.

These are bold aims – and bold assertions – for what started out as a new way of giving grants. It is clear that Fris has become much more than simply a grant-making mechanism. The matrix above does not even mention the original aim of Fris, which was to reduce dependence on grant funding.

But what impact *has* Fris had upon the LDAs and the communities that they serve?

This is the subject of the next three sections of this part of the report – which will examine the question in the context of how funds are raised, how they are spent and how Fris has

involved LDAs in joint fundraising activities with other local organizations and institutions.

HOW IS THE LOCAL FUNDING FOR FRIS RAISED?

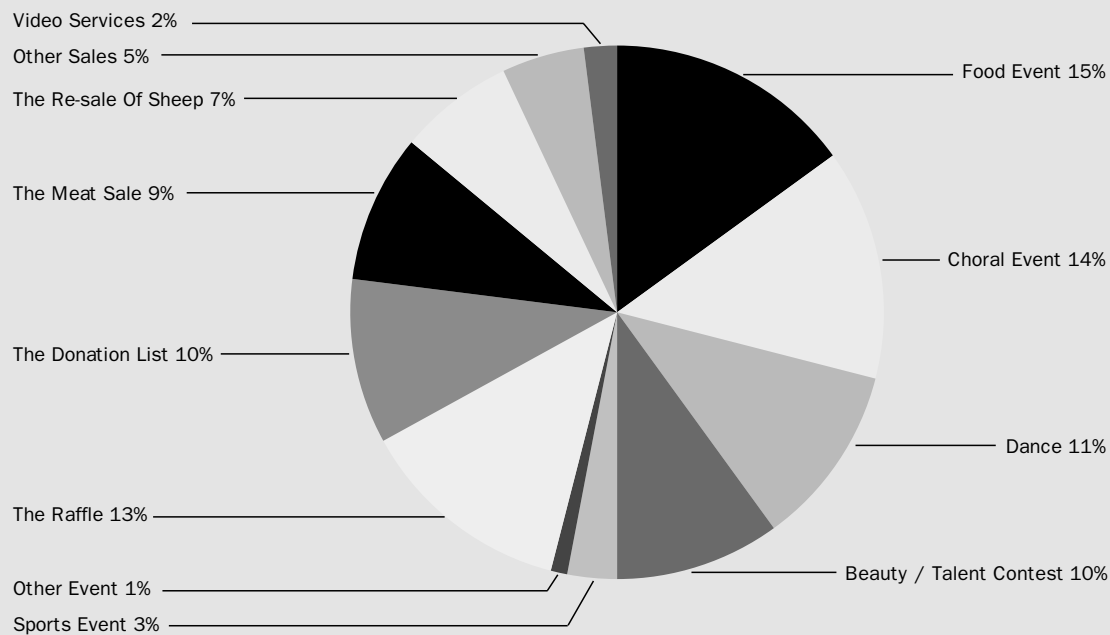
The Fris reward applications give detailed information on the activities used by LDAs to raise the seed funding for Fris in their local communities.

A survey of 167 Fris reward applications covering the period 2000 to 2003 revealed a diverse range of fund-raising tools. ³³

Fundraising Strategy	Proportion of number of claims
Functions and events	54%
Food event	20%
Choral event	10%
Dance	10%
Beauty / Talent contest	8%
Sports Event	4%
Other event	2%
The Donation list	13%
The Raffle	11%
The Meat Sale	10%
Other Sales	7%
The Re-Sale of Sheep	3%
Video Services	2%
Total	100%

Some communities use just one or two tried and tested mechanisms, others employ a variety – and there are fascinating variations within each (titles for winners of talent

Figure 7 Amount of Money raised in different Local Fundraising Activities for FRIS



and beauty contests vary from Ms Advice Office to Mr Protected Sex!). Functions include composite events that may combine a dance or talent contest with food or with separate food sales. The sub-categories of “functions and events” are thus not always as narrow as indicated – and the tendency is to understate the role of food provision, which is part of many functions.

The ranking of fundraising activities remains similar when we consider the amount of money raised locally, rather than the number of events. Choral events advance above raffles and donation lists. The re-sale of sheep - which make up only 3% of the number of events - garner in 7% of the funds raised.

The pie-chart above illustrates the fact that LDAs use a wide variety of methods to raise funds locally. Over half of the activities are functions and events that involve much more than buying and selling and point to considerable community involvement.

The Fundraising Incentive Scheme developed by Scat can act as lever for community mobilization in two stages. First, when the funds are raised and second, when they are spent.

In assessing and describing the fund-raising activities undertaken under Fris, we are interested both in the mechanics of each and in the different ways in which they impact upon community organization and strength.

It is difficult to measure the relative impact of different strategies. There is no objective index that allows us to compare the degrees of community mobilization of particular events or general schemes for involving the local community in fundraising for Fris.

Table 10 Amount of Money raised in different Local Fundraising Activities for FRIS

Fundraising Strategy	Proportion of total local fundraising
Functions and events	54%
Food event	15%
Choral event	14%
Dance	11%
Beauty / Talent contest	10%
Sports Event	3%
Other event	1%
The Raffle	13%
The Donation list	10%
The Meat Sale	9%
The Re-Sale of Sheep	7%
Other Sales	5%
Video Services	2%
Total	100%

Table 11 Local Fundraising Activities for FRIS - Community Participation

<i>Fundraising Strategy</i>	<i>Proportion of participants</i>	<i>Average people per event</i>	<i>Proportion of total local fundraising:</i>	<i>Average rands raised per event</i>	<i>Average³⁴ contribution per participant</i>
Functions and events*	67%	203	54%	2,107	R 13.01
Choral event*	19%	326	14%	2,976	R 10.60
The Raffle	18%	255	13%	2,438	R 10.41
Beauty / Talent contest*	18%	343	10%	2,633	R 10.54
Food event*	13%	110	15%	1,642	R 16.83
Dance*	9%	149	11%	2,212	R 21.82
The Donation list	8%	111	10%	1,638	R 14.73
Sports Event*	7%	267	3%	1,502	R 6.77
Other Sales	4%	165	5%	1,567	R 3.98
The Meat Sale	3%	58	9%	1,874	R 37.66
Other event*	1%	72	1%	943	R 13.10
The Re-Sale of Sheep	1%	35	7%	5,176	R 311.24
Video Services	0%	5	2%	2,267	R 425.00
Overall average	100%	164	100%	2,105	R 16.27

* - activities classified as "functions and events"

This report employs one quantitative indicator of community mobilization in assessing fundraising activities. This is a simple measure of the number of community participants in each activity.

An effort was made to develop a complimentary second indicator which assigns an arbitrary, but reasoned, weighting to different fundraising methods and presents an alternative judgement of the extent to which Fris fundraising activities build (or reflect) community capacity for organization. This points-based approach is commonly used in black economic empowerment charters and in public procurement processes to evaluate the extent to which projects or companies promote general goals of transformation. But the resulting scheme appeared to be too subjective to rely upon. Scat could consider the development of a points system to judge the worthiness of different fundraising activities and to weight Fris rewards. This would have to be constructed in consultation with the LDAs and perhaps Scat's own donors. Such a system could have the effect of setting up a detailed and complicated set of hurdles and incentives around particular fundraising activities. It is not clear that a mathematical and bureaucratic system would be a better way of influencing LDA fundraising activities than can be provided by active interaction between LDAs and Scat fieldworkers. If Scat has its own ideas on what are 'good' and 'bad' methods of raising funds, it would be better to guide the LDAs directly than through the confusion of rules and weightings.

Impact depends as much on how a strategy is implemented in each case as on the particular activities chosen for raising funds. Communities are so different, that what may be helpful and appropriate in one (perhaps selling beer at a dance) may be divisive and destructive in another. Impact depends on context and method. Such sensitivity is beyond the reach of a points system.

■ **Measuring Community Participation**

The "Fris Story" that has to accompany each Fris claim gives LDAs an opportunity to demonstrate how they have acted to involve their community in raising funds. In nine out of ten Fris claims there are clear indicators from the story and from the financial records of the numbers of people involved – in buying tickets for a sports day, in buying cuts of a sheep that the office has slaughtered, in supporting a donation list or a raffle.

Community participation is highest in those activities grouped together as functions and events. They account for two thirds of participation while attracting just over half of the total of Fris rewards. Choral events, raffles and beauty/talent contests account for over half of the community members who participate in Fris events. Each beauty/talent contest attracted, on average, 343 participants and audience members and each choral event 326. The third highest average participation per event, of 267, was achieved by the

sports days, although these events were not so numerous and raised less than the average event amount. On average 255 people bought tickets for each raffle.

Choral events, beauty/talent contests and raffles – together the most participatory local fundraising activities – also recorded (with one exception) the highest average amounts raised per event, between R2 400 and R3 000. On this analysis, therefore, Fris distributes the highest rewards to events with the greatest community participation.

The exception referred to above relates to one particular fundraising instrument developed in Molteno – the re-sale of live sheep. These complex transactions (analysed on page 29), raised over R5 000 on average per event and secured Fris rewards of R130 000 between April 2001 and April 2002. The office was able to buy sheep at a low price from local farmers which it then re-sold at market values. Community participation is counted as one person per sheep – though in some cases all the sheep were sold to one funeral broker!

It is also interesting to review the average participation costs for individuals in each event. The average for functions is R13 – but this varies from a low point of R6.77 for sports events to a figure between R10 and R11 for the most-attended events. The choir average includes the ‘entrance fees’ paid by choirs and the income from any food sales, so the door price would be lower. Children are regularly charged lower entrance amounts than adults at all events.

■ **“Profit Margins” and the Exploitation Issue**

Except in the case of direct donations, local fundraising involves providing something – a commodity, a service, entertainment – in return for money. In a wealthy community, fundraisers either provide goods at market value or they are able to expect people to be willing to pay more than market value, because it is ‘for a good cause’. The same dynamic certainly can operate as well in poor communities, but as there is less surplus available – by definition – fundraising events that provide good value to the community – by dint of collective effort and organization – will be more valuable in terms of building community strength.

The Fris rules require that the expenses incurred by an LDA in raising funds for an event are deducted from the revenue raised when the amount of the Fris reward is calculated. In effect, Scat only rewards the profit generated by an event. This is not a clean calculation in many Fris claims because expenses are hidden behind donations of cash or of items by community members (and often by committee members and LDA staff). In 41% of cases (excluding donation lists) Fris claims reflect a zero cost because of donations in money or in kind. In many other cases, expenses are reduced by partial donations. These facts make it impossible to calculate a directly comparable ‘profit margin’ for individual events. But this ‘profit margin’ may be calculated for groups of events. The higher the ‘profit margin’, the greater the likelihood that donations are a significant factor in this type of Fris claim. A high ‘profit margin’ indicates strong community (or volunteer) support for an LDA and/or a high rate of exploitation (where the money received far out distances the costs incurred).

“Profit margins” for dances and beauty/talent contests are lower because more expenses are incurred in these events.

Accurate profit margins can be calculated in three cases, where the value of donations is known or can be reliably estimated. These are:

- › The re-sale of live sheep
- › The meat sale, and
- › The raffle

The profit margin approaches 90% for the purchase and re-sale of sheep, a fundraising scheme used only by the Molteno Advice Office.

Meat sales require the LDA to acquire live animals, or chickens, arrange for slaughtering and then sell the meat. Meat is sold on credit in many cases and often it is the pensioners who are targeted as the prime customers. Meat appears to be sold at market prices, but there is often a shortage of meat and the variations in cost and sales price are considerable. This exercise is always very profitable, with a return some two and a half times as great as the expenditure on average (after donations have been included).

The average return on raffles is over five times the value of the item raffled. There is no market force that compels the

Table 12 Local Fundraising Activities for FRIS - "Profit Margins"

<i>Fundraising Strategy</i>	<i>Proportion of total local fundraising:</i>	<i>Average "Profit margin" - excluding donations</i>	<i>Average "Profit margin" - including donations</i>	<i>Number of claims reviewed</i>
Food event	15%	793%		33
Choral event	14%	616%		16
Dance	11%	213%		17
Beauty / Talent contest	10%	269%		14
Sports Event	3%	492%		7
Other event	1%			3
Functions and events (total)	54%	395%		90
The Raffle	13%	1142%	528%	19
The Donation list	10%			22
The Meat Sale	9%	371%	254%	16
The Re-Sale of Sheep	7%	89%	89%	5
Other Sales	5%	483%		12
Video Services	2%			3
Overall	100%	377%		167

organizers of a raffle to limit the number of tickets sold so that there is a 'fair' relationship between the value of the prizes and the total money raised. This is not necessarily a problem – if people are aware that the money is going to a good cause, and the prize is not the main reason for participation. Raffle prizes are often drawn at community events and, in this way, can serve to build community cohesion.

LOCAL FUNDRAISING STRATEGIES FOR FRIS

This section of the report looks in detail at each of the fundraising strategies for Fris. The aim is to describe how each works - and to highlight some differences across offices or claims. All the figures and conclusions are drawn from the sample survey of 167 Fris application forms.

Fundraising strategies are discussed in order, according to the amount of local contributions each attracts, as set out in the following list (re-ordered from Table 10, page 18).

Fundraising Strategy	Proportion of total local fundraising
Food event *	15%
Choral event *	14%
The Raffle	13%
Dance *	11%
Beauty / Talent contest *	10%
The Donation list	10%
The Meat Sale	9%
The Re-Sale of Sheep	7%
Other Sales	5%
Sports Event *	3%
Video Services	2%
Other event *	1%
* Functions and events - together comprising 54% of local fundraising	

■ **Food events - 15% of local fundraising**

Food events – where food is prepared and sold as the main activity – account for 15% of local fundraising and about 13% of total participation in Fris events. The "Fris story" that accompanies each claim sets out, often in great detail, how the event was planned, who was responsible for each aspect of organization and the numbers of people who attended. The table below extracts some examples from the survey of

Table 13 Fundraising Examples: Food Events (sorted by amount raised)

Office		Number of participants	Average amount	Fris claim	Note
Spoegrivier	Tea party	26	R 9.69	252	
Haarlem	Chicken curry and rice with music	100	R 5.00	500	
Haarlem	Poedingmiddag	100	R 5.00	500	
Swellendam	Curry & Rice	70	R 10.00	700	
	Prepared and sold food at Condom bash				
Ceres	2003 AIDS awareness event with other partners			707	
Swellendam	Restaurant evening	50	R 20.00	782	
Elliot	Sold cakes at sports day organised by school			800	
Aliwal North	Condom Week - catering - Donations from Pick n' Pay and Max Butchery			1,080	
Port Nolloth	Picnic	60	R 30.00	1,240	
Swellendam	Braai & Slaai	150	R 10.00	1,500	
Swellendam	Potjiekos	150	R 10.00	1,500	
Elliot	Bazaar - food sale	80	R 20.38	1,630	
Port Nolloth	Human Rights Day - provided meals	100	R 16.53	1,653	
Ceres	Braai, curry and cookie sale at community 'Christmas Straatmark'	105	R 16.94	1,685	
Riviersonderend	Workers day with Rugby Team and potjiekos	238	R 8.57	2,040	
Dordrecht	Sale of food to pensioners in municipal hall - vegetables and fruit donated by projects			2,077	
Dordrecht	Bazaar for Workers Day - potjiekos and vetkoek	220	R 17.09	3,070	
Dordrecht	Banquet for National Womens Day	365	R 12.18	3,747	Best participation from a Food event
Prins Albert	Braai	250	R 29.00	4,908	Highest Fris amount from a Food event

Fris claims to illustrate the range of events. The average payment per participant is indicated, based on the total revenue collected. The "Fris claim" column shows the amount raised after expenses have been deducted. Food events require the organizers to arrange for volunteers to prepare and serve the food and in many cases meaningful donations are made to reduce costs and increase the amount claimed from Fris.

■ **Choral events - 14% of local fundraising**

Choral events account for 14% of local fundraising and about 19% of total participation in Fris events. Table 14 below extracts some examples from the survey of Fris claims to illustrate the range of events. The average payment per participant is indicated, based on the total revenue collected. This overstates the entrance ticket price (R3 or R5 usually) as choirs are often asked to pay appearance fees. The "Fris claim" column shows the amount raised after expenses have been deducted.

EXAMPLES: CHORAL EVENTS

The Jamestown Legal Advice and Community Development Centre hired the Chris Hani/Jamestown Community Hall for R140 on 27 April 2002. They invited seven choirs to participate in a choral music concert. Each choir paid R50 affiliation fee, on the understanding that the advice office will donate R50 to a future concert staged by the choir. R750 was raised from the sale of 250 entrance tickets at R3 each, and a profit of R65 was made from the sale of fruit and sweets. The audience also chipped in another R175 to inspire the choirs to repeat some songs. The evening raised R1200 in total, which was translated into a Fris reward of R6000.

The Hewu Legal Advice and Local Development Agency partnered with three other local NGOs to raise funds for the community in April 2003. Fifteen gospel and community choirs were invited to participate in a concert at a church hall. Each choir paid a R350 entrance fee and over 200 people attended the performance, each donating R3. R5 900 was

Table 14 Fundraising Examples: Choral Events (sorted by amount raised)

Office	Item	Number of participants	Average amount	Fris claim	Note
Spoegrivier	Song evening for youth day	111	R 2.29	254	
Fort Beaufort	Choral concert (proceeds shared with Sakhingomso Community Choir)	100	R 7.00	350	
Ceres	Friendship Tea with choir performance	70	R 15.00	1,050	
Jamestown	Choral music concert	250	R 6.00	1,200	
Riviersonderend	Song evening with local choirs	525	R 4.79	2,514	
Elliot	Concert - (choirs paid entrance fee and used the event to sell drinks and food for their benefit)	241	R 16.60	4,000	
Hewu	15 choirs and 217 in the audience			5,900	
Dordrecht	Concert in joint venture with 6 projects	1200	R 10.27	10,650	Highest Fris amount and best participation from a choral event

Table 15 Fundraising Examples: Raffles (sorted by amount raised)

Office	Raffle Item	Prize value	Number of participants	Ticket price	Fris claim	"Profit margin"
Elliot	Cake		74	R 5.00	370	
Swellendam	Tinned food hamper R30	30	250	R 2.00	500	1567%
Haarlem	Kettle	102	300	R 5.00	1,500	1371%
Prins Albert	3 Microwave ovens	2,930	276	R 20.00	2,590	88%
Dordrecht	Blanket	300	109	R 35.00	3,515	1172%
Hofmeyr	Cell phone		400	R 10.00	4,000	
Dordrecht	Grocery pack	300	100	R 50.00	4,700	1567%
Hewu	Sheep, blanket, bed sheet	500	500	R 10.00	5,000	900%
Fort Beaufort *	Clock radio	176	805	R 10.00	7,874	4477%

* This event raised the highest amount and had the best participation of all the raffles surveyed

raised from the event and leveraged with Fris into R35 400. (Nothing is said in the file on how the money was shared out or how the reward was spent.)

Fort Beaufort Advice Office formed a partnership with the Masibambane choir in hosting a concert for choral music on 10 April 2003. Eleven choirs – including those for 8 high schools - performed in the event which started at 12 noon at the municipal hall. All the 330 choristers each paid R5 to participate and 150 tickets were also sold to the audience. A profit of R300 was made on R250 of food purchased for the event. The total revenue was R2950, from which the Masibambane choir was given R950 and expenses of R330 were deducted. A Fris reward of R8 350 was claimed from the net proceeds of R1 670.

■ The Raffle - 13% of local fundraising

Raffles account for 13% of local fundraising and about 18% of total participation in Fris events. The Fris claims often describe how tickets are allocated for sale in different areas

(or to particular projects or community groups) and many include full lists of all the participants. Usually the identity of the prize-winners is given and sometimes a description of an event at which the winners are chosen. Table 15 extracts some examples from the survey of Fris claims to illustrate the range of events. In most cases (about 75%), raffle prizes are donated, so every ticket sold goes directly to increase the Fris reward.

All sorts of things are raffled. Ticket prices average R10, but vary from R2 to R50.

How 'fair' are the raffles organized for Fris? There is no regular relationship between the value of the prize and the ticket price – or the number of tickets sold. Assuming that each ticket purchaser has the same chance of winning the prize, the best measure of fairness is the 'profit margin'. This compares the total revenue the Advice Office gets from ticket sales with the value of the prize to be raffled. A totally fair raffle would simply sell enough tickets to equal the value of the prize. The 'profit margin' would be zero – and the exercise

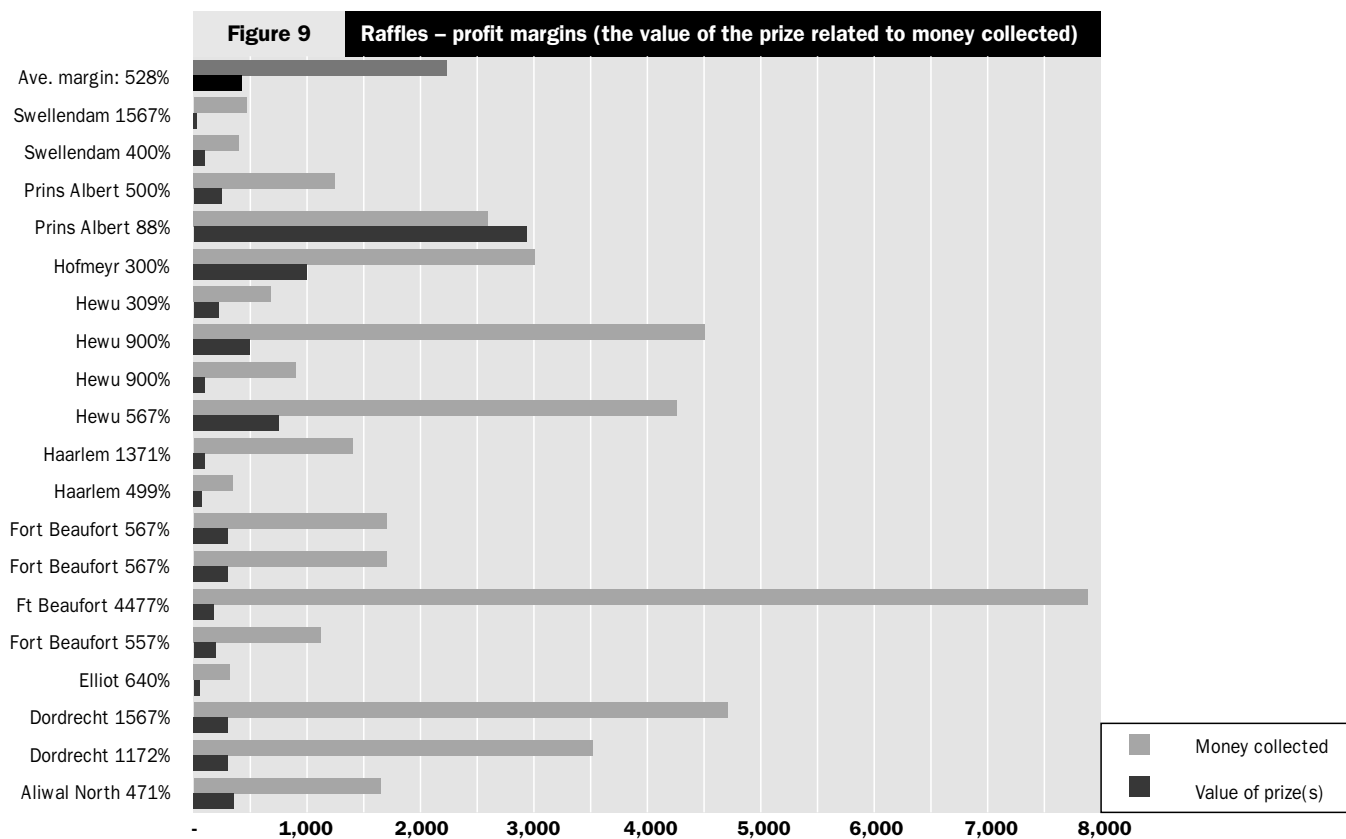
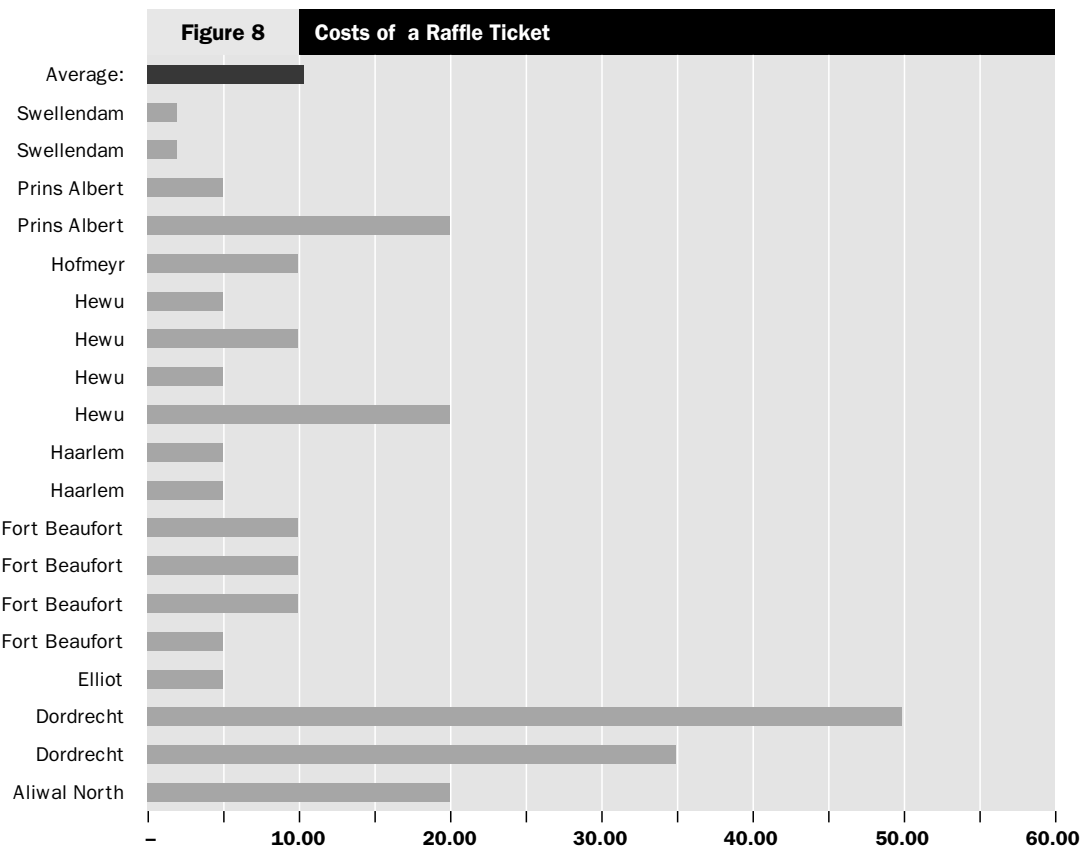


Table 16 Fundraising Examples: Dances and Discos (sorted by amount raised)

Office	Item	Number of participants	Average amount	Fris claim	Note
Spoegrivier	Valentines day dance	84	R 10.00	383	
Swellendam	Disco	120	R 5.00	600	
Riviersonderend	Human Rights Day event & dance with the Minister of Social Services	211	R 10.69	1,695	
Spoegrivier	Dance	190	R 10.00	1,800	
Ceres	Snack dance (proceeds shared with Morrisdale Primary School)	247	R 35.00	4,110	
Ceres	Disco (proceeds shared with St Mark's Primary School)	404	R 20.30	5,008	Best participation in a Dance
Port Nolloth	Dance with finger food	130	R 100.00	10,000	Highest Fris amount from a Dance

would be pointless from a Fris perspective. Prince Albert bought three microwave ovens for R2 930 for which it raised R5 520 through ticket sales. It then claimed a Fris reward based on the net income of R2 590. This reflects a 'profit margin' of 88%. The winners of the prize each paid R20, so they got a wonderful bargain. But the community as a whole paid 88% more than the purchase price of the prizes as a donation to the Advice Office.

This is the lowest 'profit margin' for all the raffles surveyed.

The highest 'profit margin' was 4477%! The generous community of Fort Beaufort paid 45 times the price of a clock radio as a contribution to the Advice Office.

High profit margins are not necessarily a problem. If people participate in a raffle as a game, it can be seen as a form of entertainment (as people say the Lotto and gambling are entertainment). And people know that the extra money goes to a good cause, the Advice Office. There is no need for Scat to issue guidelines to limit profit margins.

But there may be reasons for fieldworkers to discuss how some raffles are marketed. In one case people were invited to buy raffle tickets for R50 each for the chance of winning a R300 grocery pack. A hundred tickets were sold, giving each participant a very small chance of winning, and taking away a meaningful amount of money. R50 is a hefty price, particularly in poor communities, and the Fris story makes one feel uneasy.³⁵

EXAMPLE: RAFFLES

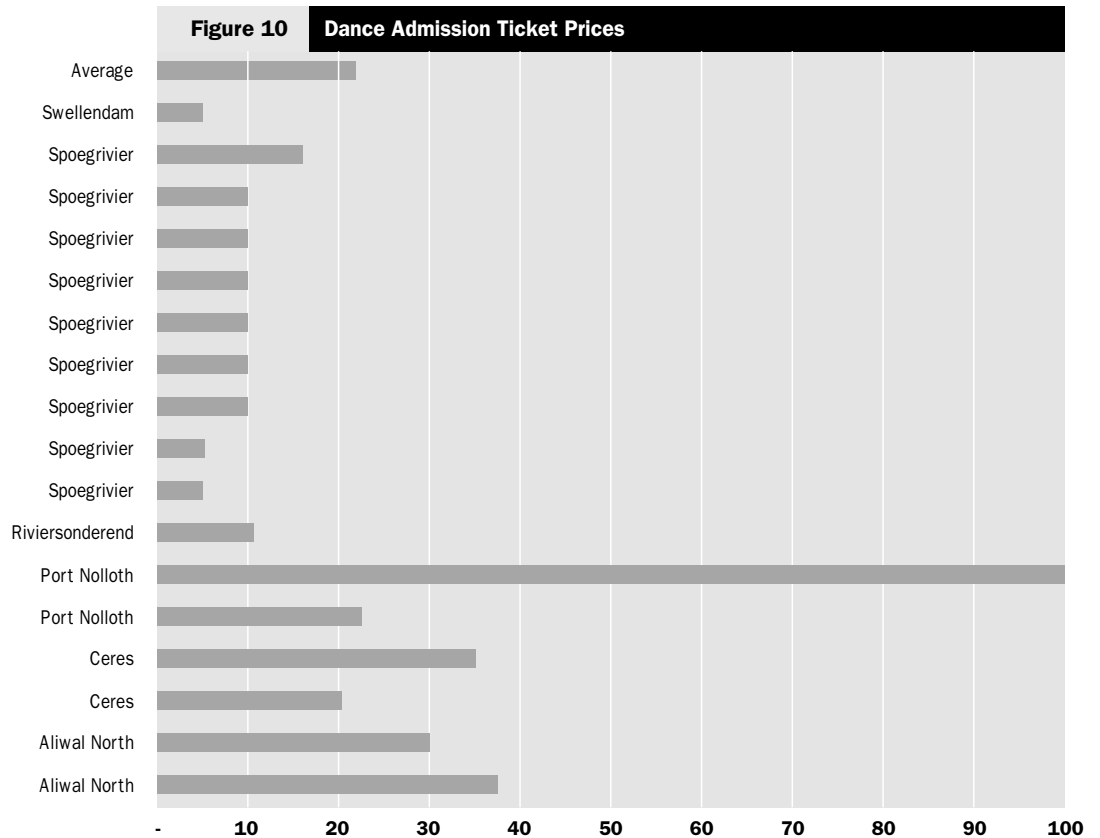
The Hewu Legal Advice and Development Centre in Whittlesea worked with a group of men to assist them to start a garden. Each paid a "joining fee" and a total of R500 was collected. Then they worked with the office to use Fris to turn that R500 into R30 000. R500 was spent on a sheep, a blanket and a bed sheet. Then 500 raffle tickets were sold at R10 each. Fris added R25 000 to the R5 000 to make a R30 000 amount to launch the Multi Purpose Irrigation and Farming Project in August 2002.

■ Dance - 11% of local fundraising

Dances and discos account for 11% of local fundraising and about 9% of total participation in Fris events. Table 16, above, extracts some examples from the survey of Fris claims to illustrate the range of events. The average payment per participant is indicated, based on the total revenue collected. The "Fris claim" column shows the amount raised after expenses have been deducted.

EXAMPLE: DANCE

The Aliwal North Legal Advice Centre (ANLAC) partnered with a jazz club to hold and advertise the "Anlac and Limakatso Jazz session opening". Takalani Community Radio offered free advertising. The event was linked to World Aids Day on 1 December 2002. 120 couples attended at R35 each and 110 singles paid R40. R8 600 was raised, of which R4 300 went by agreement to the club owner. Anlac deposited R4 300 in its account and was given a Fris reward of R21 500.



■ **Beauty / Talent contest - 10% of local fundraising**

Beauty competitions, talent contests and “woman of the year”-type events account for just 10% of local fundraising but about 18% of total participation in Fris events. These events attract the highest average number of people per event of all local fundraising activities, at 343. Table 17 (pg.27) extracts some examples from the survey of Fris claims to illustrate the range of events. The average payment per participant is indicated, based on the total revenue collected. The “Fris claim” column shows the amount raised after expenses have been deducted.

The community comes together at these events to honour particular people. Often the traditional “beauty contest” is the model, but talent in performance, skill, creativity and capability are the theme for other events. In many cases, the individual competition is one aspect of a day or an evening of community events.

■ **The Donation list - 10% of local fundraising**

Donation lists account for 10% of local fundraising and about 8% of total participation in Fris events.

Scat customarily rewards cash donations from business on a rand for rand basis and those from the community on the basis of one to five. Business donations in cash are less

frequent in the Fris documentation and it is not possible to estimate their relative importance with confidence from the sample of claims. Donations in kind appear to be the more common method of business support – either in the donation of goods or in the awarding of discounts to the LDA. These donations (especially in connection with food events) are often crucial components in ensuring the maximum return from a fundraising event.

Table 18 (pg.27) extracts examples from the survey of Fris claims to illustrate some features of the community donation list. The reason given in the Fris claim form for undertaking the fundraising may not be the same as is explained to local donors. In over half of the cases examined, there was no indication of how the donation had been motivated in interaction with the community.

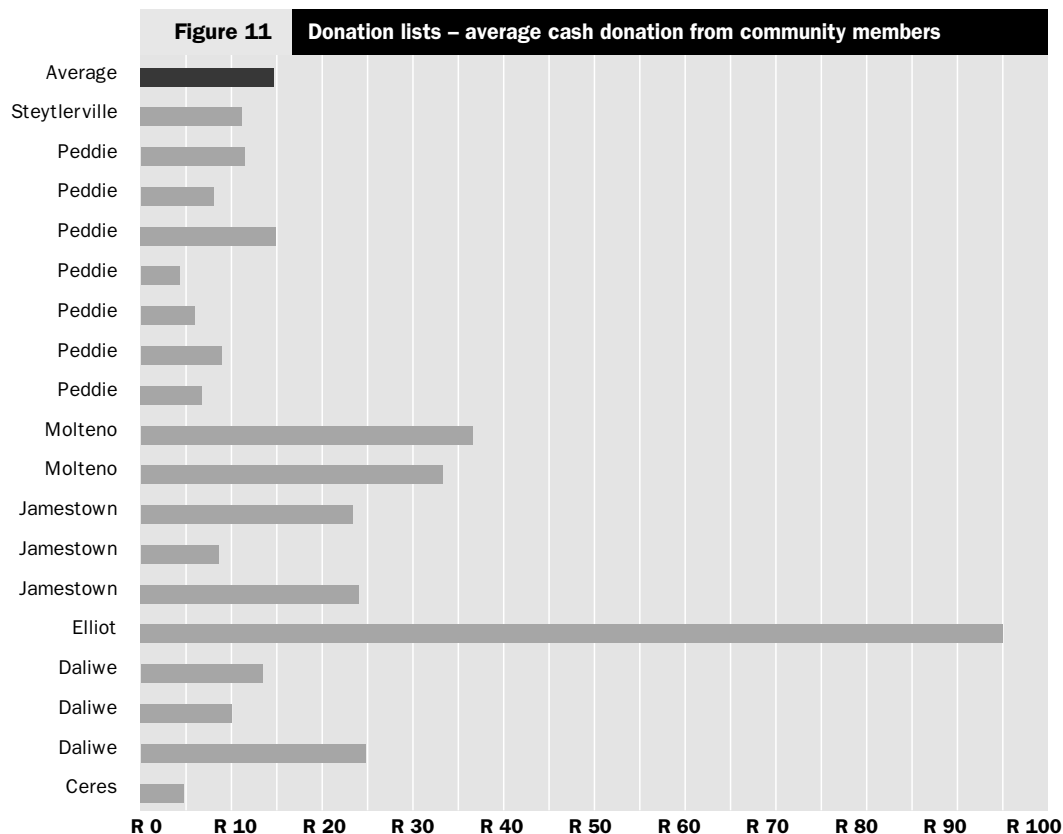
The most passive strategy of fundraising – and the least interesting from the perspective of community mobilization – would appear to be the donation list. But this may also be an indicator of a community that is already so thoroughly mobilised and so confident in the advice office that they are prepared to donate money without any immediate return. They trust the office to deliver a community advantage. The donation list appears to be the strongest indicator of community support. It is certainly the most effective mobiliser of community resources from a Fris perspective, as

Table 17 Fundraising Examples: Beauty / Talent Contests (sorted by amount raised)

Office	Item	Number of participants	Average amount	Fris claim	Note
Swellendam	Miss Spring 2002 competition	140	R 5.00	700	
Nelspoort	Talent evening, fun walk and disco	82	R 18.21	893	
Prins Albert	Modelling competition - 2 nights	600	R 7.30	1,628	
Dordrecht	Best designer of the year		1,662		
Riviersonderend	Womens' Day events - singing, disco, woman of the year competition	177	R 16.52	1,752	
Fort Beaufort	Miss High School Uniform and Mr Personality Contest	100	R 37.93	3,064	
Riviersonderend	Potjiekos competition, song evening, Mr/Ms Advice Office	444	R 13.64	4,627	
Dordrecht	Beauty contest	1060	R 6.20	5,874	Highest Fris amount, best participation from contest

Table 18 Fundraising Examples: Donation Lists (sorted by amount raised)

Office	No of participants	Average per person	Fris claim	Reason given in seeking donations	Donations:
Peddie	118	R 4.24	500	High travel costs	Event with the Lowest average donation
Jamestown	21	R 24.19	508	Telephone, rent,	Event with the smallest no. of electricity, salaries participants:
Elliot	21	R 95.24	2,000	Transport to the outskirts	Event with the Highest average donation
Peddie	247	R 14.98	3,700	[Not given]	Event with the largest no. of participants
Molteno	138	R 33.33	4,600	Office renovations, repay Scat R4400 overpayment, pay volunteers, purchase office vehicle	Event with the highest Fris reward



it involves no costs. And donation lists do require the motivation of an army of fundraisers, who have to explain what the money is needed for. Fris claims are generally accompanied by copies of the donation lists, which record donations from 20 cents up to R200.

■ **The Meat Sale - 9% of local fundraising and the Re-Sale of Sheep - 7% of local fundraising**

Meat sales account for 9% of local fundraising and about 3% of total participation in Fris events. Sheep re-sales – a particular activity developed by the LDA in Molteno – account for 7% of local fundraising and about 1% of participation. Table 19, below, extracts some examples from the survey of Fris claims to illustrate the range of events covered by meat and livestock sales. The average payment per participant is indicated, based on the total revenue collected. The “Fris claim” column shows the amount raised after expenses have been deducted.

Meat is either sold in packets of graded values or is priced per customer. Chickens are sold dressed but undivided.

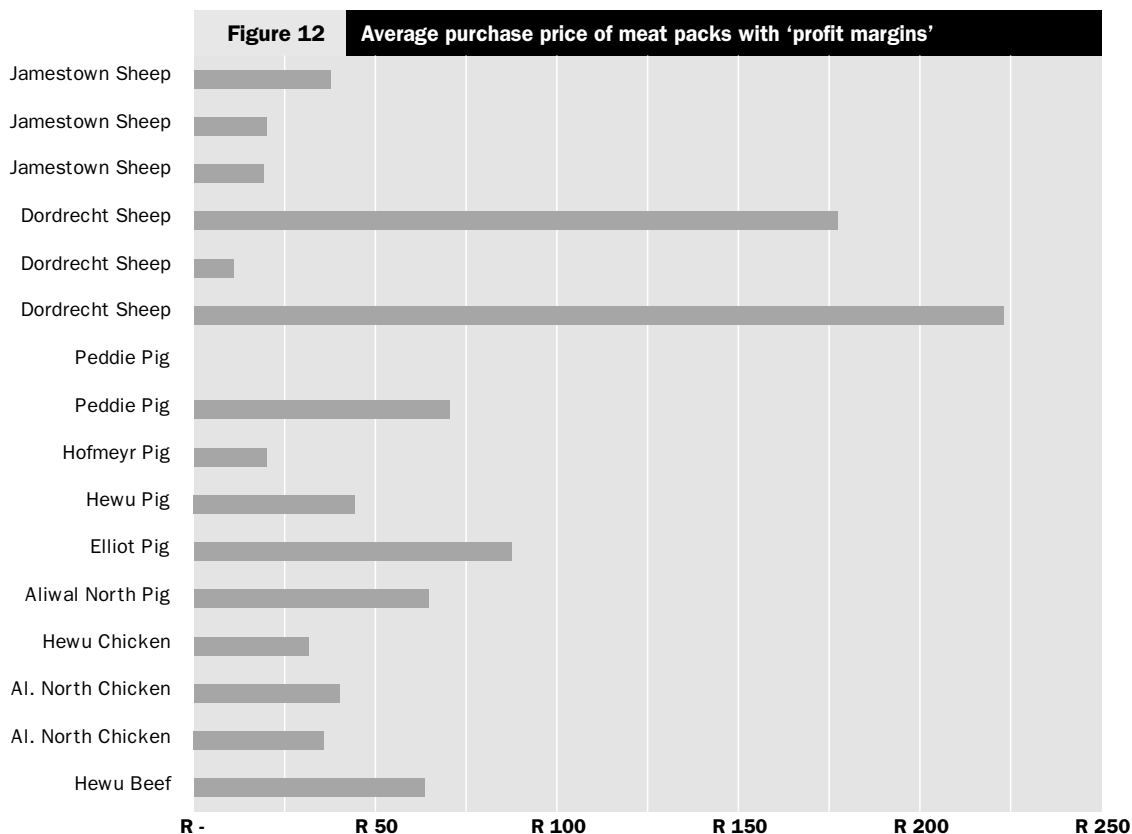
EXAMPLE: MEAT SALES

In February 2003, the Peddie Development and Community Advice Centre had an executive meeting. They decided to buy a pig to fundraise with it. They were so fortunate as to find a person who was willing to sell his pig for only R500 after negotiations. No time was to be lost as Old Age Pension Day was approaching, an ideal selling time. Two committee members were delegated to buy the pig (with money from the fundraising account) and slaughter it. The next day they took it to the pay-points and sold it for R1 425 in cash over two days. The remaining meat was sold on credit for R1 575, which was collected the following month. The overall takings were thus R3 000. Scat deducted R500 – the cost of the pig – and paid out R12 500 as a Fris reward.

Table 19 Fundraising Examples: Meat and Livestock Sales (sorted by amount raised)

Office	Item	Number of participants	Average price	Fris claim	'Profit margin'*	Meat / livestock sales
Aliwal North	50 chickens - R25 each	50	R 40.00	650	60%	Event with the lowest "profit margin"
Aliwal North	50 chickens (15 donated)	49	R 35.71	1,225	133%	Best Chicken event
Aliwal North	Pig	31	R 64.52	2,000	567%	Event with the highest "profit margin"
Hewu	One Fat Ox	58	R 63.53	3,685	84%	Best Beef event (only one)
Dordrecht	3 sheep	26	R177.31	3,810	476%	Best Sheep meat event
Hofmeyr	Pig			4,000	400%	Best Pig event
Molteno	49 sheep bought and sold to the community	49	R300.00	6,000	69%	Event with the highest Fris reward:

* True profit margin – the value of the item includes donations



EXAMPLE: SHEEP RE-SALES

The Molteno Community Development and Legal Advice Centre has a sweet deal with the Chithibunga Family Funeral Brokers. The office buys sheep from a local farmer, sells them at double the cost to Chithibunga and claims rich Fris

rewards – some R70 000 in 2002. The farmer agreed to selling the sheep at such a low price because he was so impressed by the work of the office, particularly in organizing workshops for farmers and farmworkers on the new laws applicable to farm labour and land tenure.

The office usually uses a two-step process in its fundraising. It gets seed money from donations or sales, buys sheep with the proceeds and can then claim Fris on the total income as there are no expenses to the office. It leverages its initial seed donation 10 or 20 times as a result.

Typically, the claims are complex. This is one example:

The community donated trousers, shirts, shoes, bedding sheets and dresses which were sold in a Bazaar on 18 December 2001 in the open space adjacent to the municipality building. R1 800 was raised (the seed money).

The R1 800 was used to buy 12 good quality mutton sheep for R150 each. These were then sold to Chithibunga who agreed that they would buy the sheep at a low cost of R300, instead of the market price of R380.

So the R1 800 became R3 600 after the sale of the sheep.

Then an additional 24 sheep were bought with the R3 600 and sold for R7 200.

This could have been frissed for R36 000, but the committee gave R1 200 to the office worker who went to Denmark and only banked R6 000, for a Fris reward of R30 000.

In this way, the seed money of R1 800 was frissed into R30 000. So every rand of the seed money became worth R16.66, far more advantageous than the 1:5 Fris ratio!

Profit margins on meat sales are high because meat is scarce, because the Advice Office is willing to sell meat on credit to known customers and because it is not sold to customers at a discount.

■ **Other Sales - 5% of local fundraising**

Other sales account for 5% of local fundraising and about 4% of total participation in Fris events. Table 21, (pg.31), extracts some examples from the survey of Fris claims to illustrate some of these activities. The average payment per participant is indicated, based on the total revenue collected. The "Fris claim" column shows the amount raised after expenses have been deducted.

EXAMPLE: LEVERAGE THROUGH DONATIONS - THE MOLTENO CLOTHING BAZAAR

The Molteno Community Development and Legal Advice Centre bought three bales of clothing from the auction of a clothing shop that was closing down. This cost R3 000. The clothing was then sold to the community and a Fris claim on R12 000 resulted in a Fris reward of R60 000.

But it was not so simple. The claim was delayed because of a lack of clarity in a confused series of deposits and expenditures. Even now the sequence of events – and their logic - is very hard to follow.

On 7 May 2003, a cheque for R3 000 from the Advice Office account was used to pay for the clothing. Donations from the community, totalling R3 000, were deposited on 9 May to back up the cheque. These donations effectively paid for the clothing.

The event was held on 23 and 24 May and an amount of R18 000 was raised.

R3 000 of this was paid to Mr Moss on 28 May, as a deposit on 10 sheep "in preparation for the next Fris".³⁷ So the deposit into the bank on 28 May was for R15 000. Under the Fris rules, the deposit, less the expenses paid by the office, gave a total of R12000³⁸.

In total, the advice office raised (R15 000+R60 000) R75 000 from this funding venture. Using Fris, each rand of the R3 000 originally donated was turned into R25.

■ **Sports Event- 3% of local fundraising**

Sport days and sports events account for 3% of local fundraising and about 7% of total participation in Fris events. Table 22, below, extracts examples from the survey of Fris claims to illustrate some aspects of sports events, in particular their involvement with the youth and the way they are linked to other events. The average payment per participant is indicated, based on the total revenue collected. The "Fris claim" column shows the amount raised after expenses have been deducted.

Table 20		Summary: meat/livestock sales						
	<i>Number</i>	<i>Lowest</i>	<i>Profit margin Average</i>	<i>Highest</i>	<i>Total sales Revenue</i>	<i>Av purchase value per unit</i>	<i>Av Sales price per unit</i>	<i>Total Fris Claim</i>
Cows	1	84%	84%	84%	3,685	2,000	3,685	3,685
Chicken	130	60%	88%	133%	4,700	19	36	2,325
Pigs	6	270%	427%	567%	13,710	433	2,285	11,660
Sheep ³⁶	12	229%	337%	476%	15,969	304	1,331	12,319
Sheep Re-sale	177	69%	89%	125%	55,090	165	311	25,880

Table 21		Fundraising Examples: Other sales (sorted by amount raised)				
<i>Office</i>	<i>Fundraising Strategy</i>	<i>No of participants</i>	<i>Average per person</i>	<i>Fris claim amount</i>	<i>Other sales:</i>	
Spoegrivier	Sale food: Tea and vetkoek sales to pensioners	Unknown		35	Event with the lowest Fris claim	
Swellendam	Sale food: Sausage rolls and ginger beer	250	R 2.00	500	Event with the largest number of participants:	
Hewu	Sale Furniture made and sold: Chest of drawers	1	R 1,000	1,000	Other	
Riviersonderend	Sale food: Curry and Soup	197	R 6.89	1,189	Best food sale event	
Peddie	Vegetables grown and sold: 500 bunches @R3			1,500	Best vegetable event	
Daliwe	Video: Made videos of community event and funerals with donated camera	11	R 450.00	4,950	Best video event	
Molteno	Sale clothing: Clothing Bazaar - reselling clothing bought at auction from closing shop	Unknown		12,000	Event with the highest Fris claim	

Sports events are sometimes held with schools or with local and visiting rugby or soccer clubs.

■ **Video Services - 2% of local fundraising**

The Daliwe Advice Centre in Cathcart raised R6 800 for Fris by taking videos of funerals, sports events and special occasions. The Australian High Commission donated a video camera to the Advice Centre which was used for this purpose, at a charge of between R250 and R450 per event (compared with the R600 said to be charged by others doing the same thing.) Fris rewards of R38000 were paid on these claims in June and July 2002.³⁹

■ **Other events - 1% of local fundraising**

There is no limit to the creativity of LDAs in developing fundraising ideas. The activities grouped under this section are single events which do not fit within any of the above groups. They account for 1% of funds raised locally and about 1% of participation.

- A video show was arranged with a youth group (Riviersonderend).
- A bingo drive was held in Haarlem.
- Fort Beaufort held an umjikelo, a community event in which, amidst much singing and dancing, people come forward to present donations of cash. It is a donation list without a list!

Table 22		Fundraising Examples: Sports Events (sorted by amount raised)			
Office	Item	Number of participants	Average amount	Fris claim	Note
Spoegrivier	Games Day with youth	53	R 5.05	7	Lowest claim ever?
Riviersonderend	Sports tournament - Human Rights Day	280	R 8.30	1,653	
Nelspoort	Soccer tournament and braai	227	R 11.82	1,681	
Swellendam	Sports Day	1066	R 2.58	2,750	Best participation from a sports event
Elliot	Soccer competition and events to commemorate world AIDS day with the municipality			3,000	Highest Fris amount from a sports event

HOW IS THE FRIS MONEY USED?

Scat has no reliable manner of tracking how all the Fris rewards are actually spent.

In most cases Scat has a general knowledge, through the reports of the fieldworkers and the LDAs, on how the Fris rewards are spent, but there is no system to record expenditure in rand terms between different uses.

This report is able to state that between 1996 and November 2003, R7,6-million of Fris rewards were used by LDAs to meet their costs of operation and to support a wide range of community projects. But we are not able to calculate, or estimate with confidence, how the Fris money has been used beyond this very general statement.

Data from fieldworker reports, LDA reports and Fris claim forms allow the generation of indicators on how Fris rewards are spent, and this analysis is set out below, but *it important to stress that these are rough and ready indicators and not accurate measures.*

The first aim of Fris is to encourage LDAs to raise funds locally. This is to contribute towards running costs and to ensure that LDAs do not have a total dependence on outside donor funding. Fris provides a reward for successful local fundraising. The requirements from Scat are that all fundraising and the rewards from Fris go through the books of the LDA and are accounted for in common with the Scat grant and other income managed by the LDA.

Scat does not stipulate what Fris rewards should be spent on.

It requires only that the decisions on raising and using the funds are taken properly in accordance with the governance structures of the LDA. The finance team at Scat check every application to ensure that it is signed by two committee members. If it is not, it is returned to the fieldworker.

The focus of the Fris scheme is on the fundraising – and not on why the money is raised. All LDAs need money. The LDAs provide services in poor communities and are not able to charge for their services. They rely on outside agencies for donor funding. An LDA that can raise a greater proportion of its funds locally is likely to be more sustainable.

Fris aims to encourage LDAs to reduce their dependence on grant funding by collecting funds locally. In this context, the use of funds raised is not an issue. But Fris rewards are different. Although they are a consequence of local fundraising success, they come from outside donors – their use needs to be accounted for.

This is not to say Scat fails to account for the use of Fris rewards or that it is uninterested in how Fris reward money is spent. All LDAs have to meet Scat’s criteria on financial management, budget planning and committee governance. Fris rewards are part of the income of an LDA and are subject to an annual external audit. Fieldworkers report on the use of Fris funds internally and to trustees in the annual budget recommendations. The Fris stories that are an integral part of each claim frequently say why the funds are to be raised.⁴⁰ The point is that in their accounting, LDAs do not separate out the Fris funds and report specifically on their use. This presents a problem only for this evaluation which seeks to judge the developmental effect of Fris in particular.

■ Evidence from the Fris claims

A survey of 167 Fris reward applications covering the period 2000 to 2003 found that only one third clearly indicate the purpose of the fundraising activity at the times that the application is made. These constitute 48% of the total amount of the Fris rewards paid out under these claims but the sub-sample is over-represented by LDAs that were purchasing office buildings.⁴¹

Table 23		Reasons for fundraising and the areas in which Fris rewards are spent
<i>Normal expenses / Operational costs of the office</i>		25%
Staff Salaries		2%
Volunteers		1%
Committee		0%
Bonuses	3%	
End of year function		1%
Admin expenses (telephone, rent, power, auditors)		0%
Other - or a combination of the above (eg: payments to staff, volunteers, committee & rent)		18%
<i>Office enhancement</i>		39%
More staff		1%
Office equipment		8%
More office space		6%
Office renovation/ purchase		24%
<i>Development</i>		36%
Skills training		0%
Transport for extra field visits		3%
Support for projects		32%
Other		0%
Savings		1%
Total		100%

■ Evidence from the Budget Recommendations

The use of Fris funds is indicated briefly in the Budget Recommendations which are considered annually by Scat trustees. These comprise a detailed report on each LDA, including, in September 2003, a two-part item on fundraising. This asks “how much has the organization raised

locally in the community since June 2002?” and “how has the organization used the Fris reward?”

The summary data in the September 2003 Budget Recommendations is the best information that is readily available without a time-consuming, forensic examination of each LDA. While there are important problems with the scope and the consistency of the data on Fris in the Budget Recommendations⁴² (which are prepared for general overview purposes) they allow the preparation of a “rough and ready” indicator of how Fris funds are spent.

The list of expenditure targets for Fris rewards in the Budget Recommendations parallels those extracted immediately above from the Fris claims. 57 LDAs are considered:

Table 24		Offices profiled in the 2003 Budget Recommendations
<i>Number receiving Fris rewards June-02 to mid-03</i>		50
Spent rewards only on operating expenses		20
Spent rewards only on office enhancement		4
Spent rewards only on development		5
Spent on a combination		21
Not Receiving Fris		7
Total		57

A weighting procedure was used to provide a rough estimate of how the R2-m in Fris rewards covered in the report was spent.

Table 25			Weighted estimation of Fris Reward Expenditure from 2003 Budget Recommendations
	Rands	Percentage	
Operating Expenses	1,094,046	55%	
Office Enhancement	236,474	12%	
Development	645,007	33%	
	1,975,527	100%	

The results for all offices are illustrated in the Figure 13 on page 35.

■ **Reports from the field**

Scat's main internal sources of information on how Fris money is used are the reports and files of the fieldworkers. These encompass field visits, telephone contacts and the written progress reports submitted by each LDA on a quarterly or monthly basis. The files are indispensable as one information source on the context within which Fris rewards are spent but they are not a consistent source of comprehensive or quantifiable data on how each successful Fris claim is spent.⁴³

TRENDS IN THE USE OF FRIS REWARDS

The lack of robust data sources on the expenditure of Fris rewards does not prevent the assembly of a detailed picture on how they are used. It is useful to consider the expenditure of Fris rewards under three headings.

■ **Part of the running costs**

Firstly, there is the very common case where the Fris funds are simply deposited into the LDA bank account and then are drawn upon for the normal running expenses of the office. This includes the costs of case work, running a soup kitchen, paying for transport to a community meeting etc. Several of the LDAs rely upon Fris rewards to pay the salaries of staff. One office at least plans a monthly schedule of fundraising events to ensure that they can cover their running costs. It is common for committees to vote funds for the payment of volunteers, for staff bonuses, for an end-of-year function and to allocate money for "incentive payments" to committee members. Sometimes Fris rewards are specifically earmarked to pay a high telephone account, to pay the auditors or the rent.

In these cases, judging the impact of Fris expenditure on community mobilization is not a separate task from evaluating the performance of the LDA as a whole.

Percentages relate to the proportion of rewards estimated to be spent on "Development".

EXAMPLES

The Rivieronderend Advice and Development Centre (RADCEN) organizes Fris events on a very regular basis.

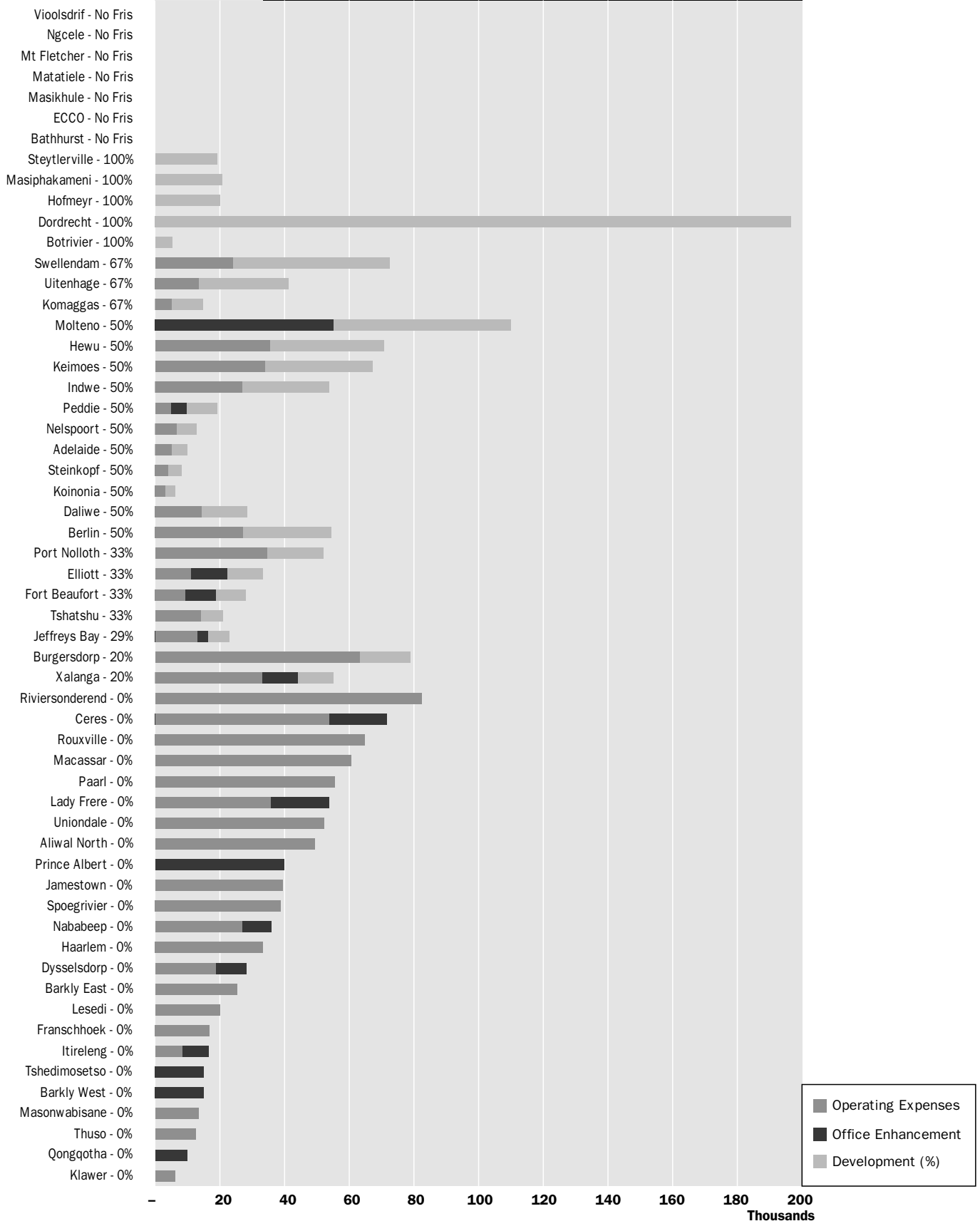
RADCEN is motivated by a shortfall in funding from other sources – and large overheads for their office staff – and Fris is the life-line they use to raise funds. They organize functions of every type which draw in from 100 to 500 people from the community. Talent and beauty contests, sports days, woman of the year events for national women's day, many complex events – always involving food, usually involving donations from local business and farmers. The events are often tied to particular days or issues – human rights, HIV/AIDS, youth and women's days – and are used to educate and inform people on their rights. On one occasion a visit by the provincial social development minister was tied in to a dance – but questions and discussions were part of it. Fris applications are often illustrated with photos⁴⁴. All the events involve a great amount of planning and effort from the committee. Fris is used in this community in a truly amazing way to mobilize local resources both when funds are raised and when they are spent by the office, simply to cover their operating expenses.

Swellendam has the best record of any advice office in local fundraising. It has claimed over R500 000 in Fris rewards since 1996. Swellendam use the Fris rewards – and local fundraising – largely to pay office costs, including the salaries of four staff. It does this by holding regular fundraising events – as often as twice a month – and by getting donations in kind for functions and food sales. The office supports a range of developmental projects through its regular activities, including a soup kitchen run by the youth. They helped to get land for a creche and to launch it as a community enterprise. The office appears to make a major contribution both practically and organizationally to the community. The Fris rewards make it possible to maintain the office on a larger scale than would otherwise be the case.

■ **Bigger, better office space**

Secondly, Fris rewards are frequently applied to improve the office facilities. This might involve the subdivision of a large room to create private spaces for counselling people, repainting and renovation, new furniture or a computer. In several cases, Fris rewards have been used to pay higher rent for more space or even to purchase an office building. These expenditures make the work of the office more efficient and expand its capacity to serve the community.

Figure 13 Rough Estimate of the Use of Fris Rewards (June-2002 - mid-2003)



EXAMPLES

For several months, Molteno saved up their Fris rewards to purchase and renovate their office building so that the community would have a base for a range of organizations and activities. This included a separate office for the HIV/AIDS coordinator with a desk and furniture.

Some offices have opened up separate bank accounts for Fris. This is usually in the more developed partners where fundraising sub committees have been formed. Fris encourages LDAs to take fundraising seriously. At Prince Albert there is already R70 000 in their separate Fris account. They have a vision of using this capital to invest in building a mini-Community House, a property from which several organizations can operate.

Over time the Peddie Development and Community Advice Centre has used extra funding from Fris to expand from a single cramped office, with no separate space for client interviews, into a 3-room complex that allows privacy when needed and seclusion when the administrator or coordinator need to complete work without disturbances.

Xalanga devoted a lot of their Fris money in 2003 to renovations which were required by the snow disaster. Barkly East and Elliot both spent money on office furniture. Barkly East plans to spend R41 000 to extend their office in 2004.

The Peace Africa Youth Centre in Qongqotha (Kingwilliamstown) is one of the 'struggling' LDAs. They have a young and active leadership and held a choral music evening with a competition for Miss Peace Africa. They used the Fris reward to build a toilet at the community hall which they use as offices. Before, there was no toilet facility. In 2004, they plan to use Fris funding to adapt and extend the hall for their needs, particularly to provide a private space for HIV/AIDS counselling. They have set up a library in the hall for the use of the youth.

■ **Meeting development challenges**

Thirdly, Fris rewards are used to support development projects, to help people or groups get skills training and generally to contribute to alleviate poverty in the community.

Often the Fris events are held in partnership with other community groups – some of which may have been created on the initiative of the LDA. There are joint events with schools to buy photocopiers, with rugby clubs to buy sports equipment and with choirs to buy their colourful gowns and uniforms.

EXAMPLES

Better Transport, Better Service

Xalanga uses Fris proceeds to assist community projects. The office services twenty one villages in a large area and transport is a major problem. They planned to buy a Toyota Venture van in 2003 to assist with transport. While their Fris budget was R25 000, they submitted a claim for R114 000. Scat was able to extend their allocation to R78 000, but this will not be enough for the Venture when the staff bonuses have been paid.

The Daliwe Advice Centre in Cathcart bought a car to assist in servicing clients in the surrounding farms. There is no public transport and car hire was very costly.

Poverty alleviation and care for the sick

Fris funds were used in one area to provide food parcels to supplement the nutrition programme that an LDA was running for home based care for people living with HIV/AIDS.

Barkly East share their Fris money with local community projects, which were themselves created by the initiative of the Advice Office. They have donated chairs and tables to a crèche. Fris money paid for blankets, clothing and food donated to a Home Based Care project that looks after people affected by HIV/AIDS, including orphans who still stay on in the family home after their parents have died of HIV/AIDS.

Education and training

The Elliot Advice Office has also supported community projects which they started. For example the Child to Child project deals with awareness about HIV/AIDS for children from primary school upwards. If you share your toothbrush, can you get HIV infection? The office bought materials for the

project from their Fris rewards and also assisted the children in the project to travel to other schools where they present a drama about HIV/AIDS. They have bought uniforms for the performers. It is a useful project that tries to build self-esteem. It involves youngsters whose parents have died of HIV/AIDS and who should be at school, but are not. They also sponsor an art/cultural project which involves the youth in traditional Xhosa games and performances. The Fris money has been used for transporting this art group.

The Ceres Advice Office held a combined fundraising event with the St Marks' Primary School in Prince Alfred Hamlet in July 2003. There is no high school in the town, so all the senior learners travel to Ceres to go to school. St Marks wanted to set up a computer centre that will be used both by their own learners and, after hours, by the rest of the community. This was their motivation for partnering with the office in the fundraising. A Fris reward of R25 000 was generated, with R10 000 going to the school for the computer centre. The remainder was used by the office for operational costs.

Local Economic Development (LED) projects

The Hewu Legal Advice and Development Centre in Whittlesea initiated the Nomnqweno Sewing Project to sew tracksuits for schools. They needed money for materials. The Makwandeni Old Age Home needed help to buy beds, chairs and other items for the grannies. So the office encouraged them to work together in a Fris fundraising event which received a Fris reward of R18 425 from meat sales from an ox that was donated by the Henge General Dealer in November 2002.

The Dordrecht Legal Advice and Community Development Agency has assisted in the founding of a number of community projects. These include the Phakamisani Brickmakers, the Farmers Association, the Phakamani AIDS Group, Masizakhe Sewing and Knitting, the Stimulation Centre and Buyambo Arts and Beads. Project members have worked with the Advice Office on several joint ventures to raise funds. For example, on 15 June 2002, a cultural concert was held after all seven bodies had co-operated in planning and organizing the event. 1 200 community members bought R5 entrance tickets and more money was made from

selling food and drink, including umqombothi and delicious Xhosa recipes. The total income was R12 330 and expenses of R1 680 were deducted for a Fris claim based on R10 650. So the Fris reward for this mega-event was R53 248. Each of the six projects was allocated R5 000 and the Advice office bought the goods they needed on their behalf. For example, the brick project needed ash, the Farmers Association needed chickens and the Stimulation Centre wanted groceries. The Advice Office also invested R5 000 in Ditikeni Investment Company (an empowerment initiative supported by Scat that will generate income for its NPO shareholders in the future).

These specific examples accompany many general targets of Fris fundraising described as "job creation project", literacy, youth or women's projects. There appears to be a trend – not measurable for reasons described above – for LDAs to start projects which aim to generate an income for participants. These are set up at one remove from the LDA and it is not clear whether these projects are well-planned, commercially viable or sustainable. LDAs are responding to a deeply felt need for employment. One may record in this report that Fris money is increasingly being spent on Local Economic Development. But this begs the question of whether the money is well spent – and whether the investment is having the positive impact intended.

JOINT FUNDRAISING VENTURES WITH FRIS

Fris has inspired many LDAs to develop fundraising partnerships with other NGOs or local groupings. The office stands to raise money from a more successful event if it can be a partner with an organisation with a big base, like a school or a church. And organisations, both big and small, will seek the partnership of the LDA with special enthusiasm if their joint efforts can share in a frissed reward.

Fris has encouraged wider interactions between advice offices and local organisations and institutions. In this way it has helped to ensure that LDAs are better networked into their communities.

From the sample survey of 167 Fris Claims, 2000 to November 2003

Joint fundraising ventures account for	8%	of the number of Fris claims
	14%	of the value of Fris claims
Percent of Reward Value		
Fris rewards:	Not shared	18% (only money fundraised is shared)
	Larger share to office	27%
	Equal shares	0%
	Smaller share to the office	22%
	Unknown shares	33% [will include some equal shares]
		100%

There are five basic issues to consider with regard to Fris and joint fundraising ventures

1 Is there a written agreement?

Scat requires LDAs to formalize the fundraising agreement with their partners in writing, stating who will take responsibility for what and setting out how the proceeds will be divided.⁴⁵ A written agreement makes responsibilities clear and assists to resolve any disputes. In two thirds of the claims reviewed that involved joint fundraising, written agreements were entered into between the LDA and the partner(s). In one case, the agreement spoke only of how the Fris reward would be shared.⁴⁶ Presumably the initial money raised and deposited into the LDA bank account was absorbed there!

2 How are the expenses paid and how are the funds that are raised shared?

In some cases, the raised funds are shared equally between the LDA and its partner(s). In other cases, the LDA pays a fixed amount or a proportion of the Fris reward to the partners. In some cases, the partner organisation has made a donation to reduce or eliminate expenses.⁴⁷ This means the office does not have to deduct any expenses from the proceeds and the Fris reward is considerably greater.

Scat’s guidelines suggest “a 40:60 split of the Fris reward or less to the partner as it is the LDA’s relationship with Scat which entitles the partners to make use of Fris.”

3 Are the funds ‘frissed’ before sharing?

The question is whether the LDA asks Scat to calculate its reward just on the basis of its share of the raised money or whether it claims a larger Fris reward on the total profit from the event and then shares this with its partners.

Where the partner is a commercial body (like a jazz club) only the LDAs share is deposited to claim a Fris reward.

In other cases, the partner should have similar objectives to the LDA, and these should be set out and motivated in the Fris claim. But there is no consistency in whether funds are frissed before sharing. The LDA would prefer only to Fris its share because otherwise it is effectively sacrificing some of the funds allocated to it for its own Fris activities.

In joint ventures with choirs the Fort Beaufort office does not Fris the full amount. It separates off the choir’s share first.⁴⁸ But the Hewu office⁴⁹ - and other offices – have held joint events with choirs where the Fris reward is claimed on the total income and then it is shared.

...and, if they are, how is the Fris reward shared?

The variations are endless:

Total income frissed, total shared 1/3 for partner, 2/3 for office

The Riviersonderend Advice and Development Centre (RADCEN) agreed to work together to raise funds with the RSE Rugby Club, which needed to buy sports equipment. A written agreement was drawn up under which the Rugby Club would be paid out R2 for every rand of profit after the Fris reward had been received. Gate fees were earned from 92 adult and 114 child spectators – and there was a profit from the sale of soup and chips. R973.75 was frissed, with the rugby club receiving R1 947, and RADCEN R3 895, which it put toward the cost of office salaries and administration (August 2003).

Total income frissed, total shared 1/6 for partner, 5/6 for office

The youth programme of the Riviersonderend Advice and Development Centre (RADCEN) established a

community chess club. The chess club needed chess boards so they agreed to work with RADCEN to raise funds by holding a Talent evening and Sports day, linked to National Youth Day. A written agreement was drawn up under which the RSE Chess Club would be paid out R1 for every rand of profit after the Fris reward had been received. Entrance fees were earned from 77 adults and 198 youth at the talent contest and from 122 participants in the sports day – and there was a profit from the sale of food. R3 154.82 was frissed, with the chess club receiving that amount, and RADCEN the balance of R15 824, which it put toward the cost of office salaries and administration (June 2003).

Total income Frissed, total shared 42% for partner, 58% for office

The Ceres Advice Office held a combined fundraising event with the St Marks' Primary School in Prince Alfred Hamlet which wanted to set up a computer centre. It was agreed that the expenses would be split 50/50, the profits from the event would be allocated 50/50 and the Fris reward from the total profit would be split 60/40 in favour of the office. As the school could get discounts and credit in local stores it paid all the expenses and the office gave St Marks a cheque for its share – R1 597 – after the event. Seven people from the advice office attended the event and helped by selling the hot dogs and collecting entrance money. [It is not clear whether the name of the advice office appeared on the flyer/ticket for the event.] The total proceeds from the event were banked by St Marks and a cheque for R 2 504 (half the profit of R5 008) paid to the advice office. St Marks submitted all its own financial statements to the advice office to back up the claim and a Fris reward of R25 040 was paid to the office. The net result of the fundraising was R17 528 to the office and R12 520 to the school (July 2003).

Total income Frissed, total shared 40% for partner, 60% for office

A similar joint event was organized in November 2002 with the Morrisdale Primary School in Ceres. Here the total, frissed profit was shared 60/40 in the office's favour. It appears that the advice office was not named on the ticket/flyer, but its contribution was

acknowledged in a newspaper report of the event. The school needed to buy a photocopier, the office presumably applied its share to office costs.

Total income Frissed, six partner projects each receive R5000 worth of goods

The Dordrecht Legal Advice and Community Development Agency worked with 6 projects to raise funds from a cultural concert. Each of the six projects was allocated R5 000 and the Advice office bought the goods they needed on their behalf. The office applied R5 000 to an investment in Ditikeni and presumably used the remaining R18 000 of the reward money for office expenses (June 2002).

Total income Frissed, Fris reward only shared 50/50

The Hewu Legal Advice and Development Centre in Whittlesea worked with the Hewu Womens' Project to add R25 000 to R5 000 raised in the raffle of a sheep, a duvet set and an umbhaco (Xhosa dress). The R25 000 from Fris was shared equally in terms of a written agreement. It is not stated how any of the money was spent (April 2001).

4 If the Fris reward is shared, does the LDA account for its expenditure?

As indicated above, all rewards go through the books of the LDA and are fully accounted for. But there does not seem to be any system to monitor how the partner spends their share of the Fris reward – unless (as is the case sometimes) the LDA itself purchases items on behalf of the partner. The LDA will normally make out a cheque to the partner. The partner does not formally account to the LDA for the expenditure of the reward portion of this payout.⁵⁰

5 How do people decide whether a partner can share in the Fris reward?

Where the joint fundraising venture is undertaken with a project that is closely associated with the LDA – like a youth or womens' group – there can be no question that the Fris reward is due on the full amount.

Equally, if it is a commercial jazz club, there can be no question that the Fris reward can be claimed only on the LDAs share of the proceeds.

But what if the partner is a rugby club, or a school? Scat's guidelines require that the partner organisation "must have similar objectives to the LDA", but this does not appear to be formally established in the evaluation of each claim. The guidelines also require that the partner discloses up front what the funds will be used for – and that the LDA confirm that the funds are properly spent – but this is not done evidently in every case.

Partnerships are likely to continue in the future and, it can be anticipated, will become new areas for innovative claims. If people in Haarlem were to collect tea in the mountains and sell it in the market, they could submit their takings to the LDA for Frissing and double or treble their income (even with a 60:40 split). All that is required to validate such a claim is that the LDA staff or committee participate in the work. These are slippery slopes that Fris will encounter with more regularity as Scat encourages LDAs to promote LED projects. There is a short step from fundraising incentives to subsidies for uneconomic activities!

PART 2

Perceptions of FRIS

The second part of the evaluation surveys the perceptions of the stakeholders in Fris – the LDAs, the Scat field team and Scat trustees and management. Following the Terms of Reference, the focus is on possible improvements which can be made to Fris and its implementation.

LOCAL DEVELOPMENT AGENCIES

Three visits were paid to LDAs to assess their views of Fris and to assemble ideas on possible improvements to the scheme. Meetings were held with office staff, volunteers and committee members who are most involved with local fundraising and the claiming and spending of Fris rewards.

The Fris stories and the reports on each office – both from the Scat field team and from the LDAs themselves – provide a detailed picture of each LDA and offer a useful insight into its challenges and circumstances.⁵¹ LDAs are starkly individual. Each is defined by the community it serves, its history as an organization and its leadership dynamics. There is no sense that having seen one LDA, you have seen them all. A survey of all LDAs would be unlikely to reveal a strong common thread that was invisible in looking at only a few.

The offices visited were in Rivieronderend in the Western Cape, Nababeep in the Northern Cape and Uitenhage in the Eastern Cape.⁵²

These all claim Fris rewards that are above the annual average. They have succeeded better than many other LDAs in making use of Fris.

If any improvements in Fris are requested by LDAs, they can be summarized in two points:

- › Higher allocations for Fris claims in the budget
- › Swifter and more predictable payment of Fris claims.

Fris is valued most because LDAs can spend the rewards as they wish.

A particular advantage is that Fris rewards can be spent on

payments to staff and volunteers. This was the main use of Fris rewards in the three LDAs visited and confirms a pattern that emerged from studying financial statements and reports. In these particular cases, Fris rewards are planned for in the annual budget of each LDA - they are not treated as windfalls, but are integral to the financial plan for each office.

Many funders are reluctant to fund salaries that are not project-linked. There is a good reason for this. It prevents organizations from drifting into a situation where the great bulk of their income is committed to pay salaries and no money is available to pay for transport, education materials, office expenses and other operating costs.

Fris provides the flexibility to employ staff (or pay bonuses, honorariums or incentives), beyond the limits set by the core grant of Scat. This can become inefficiently entrenched – but it can also provide a bridge to launch a sustainable project. Rivieronderend employed one of its staff to run a literacy programme – using Fris rewards to pay her salary. This grew and flourished and now the entire programme has been taken over by the Department of Education which employs the former staff member full time. In Nababeep, Fris rewards are used to pay honorariums to a project co-ordinator who is assisting a women's catering group to register as a closed corporation. (The group was itself set up with equipment partly funded through Fris.) He has also been instrumental in getting the help of soil experts from the Department of Agriculture to advise on the establishment of a garden for disabled people to grow vegetables. In this context, the payment of salaries is clearly 'developmental' and addresses direct community needs.

Fris rewards can also be used to pay debts – such as a large outstanding phone bill – or assist with the general running expenses of the office.

Capital equipment is another favourite target for the use of Fris rewards. Faxes and photocopiers are expensive items often not provided for by funders. The same is true for building renovations or the purchase of a property, either for the office or for the use of projects. In some cases (for example in Prince Alfred), Fris events are held over a long period specifically to save towards buying a building.

The third crucial area in which Fris rewards are deployed is in project development. This ranges from projects to provide aftercare to youth emerging from rehabilitation after alcohol and drug abuse, to income generating projects where the office provides cash to project members from Fris rewards, purchases equipment or assists with transport.

Scat would like Fris rewards to be spent in a more 'impactful' manner

Concerns within Scat that Fris rewards were large and were not always being carefully spent have been raised with LDAs by the fieldworkers.

This message was most clearly conveyed in Nababeep. "It used to be that Fris could be used for anything but now Scat has changed the criteria so rewards have to be used for development." The staff and committee said that Scat had requested, through the fieldworker that the Fris rewards be spent in "a more impactful (toegangklik) and developmental manner" than on salaries.⁵³ The 2004 Fris allocation budget prepared by Nababeep reflects this change, with 21% of planned income earmarked for project support and building renovation. The office is also planning a youth and rehabilitation centre.

In Riviersonderend, RADCEN's main strategy for the future is related to the establishment of a 'multi-purpose centre'. The idea is for the office to manage the centre which will have space for small businesses, specially a bakery business operated by women, but others also, and offices for projects, such as the Small Farmers Association and the business centre.

Delays in settlement of Fris claims cause tensions

For the frequent claimers of Fris, nothing undermines the effectiveness of the scheme as much as the slow and uncertain payment of claims.

Scat encourages offices to plan for Fris rewards and to incorporate both local fundraising and Fris rewards as income amounts in their annual budget. The Fris allocation is earmarked for each LDA. It only has to be claimed.

When Fris claims are delayed for more than a month, this can cause a major problem. In Uitenhage, for example, Fris payment delays have led to carefully planned activities being

postponed due a to a lack of funds at the time they were needed. If LDAs are to be encouraged to plan their fundraising and to incorporate this and the Fris rewards into their financial plans, it is very important that they should be able to predict the amount of their Fris income and when they will receive it. Linking a fundraising strategy to the budget means that Fris rewards are not squandered as windfalls, but form part of resource management for the office.

The main reason identified by LDAs for problems with payments is the burden of work placed upon the fieldworkers, who are the primary processors of Fris claims. Not only do the fieldworkers have many responsibilities apart from Fris, their work takes them out of the office for two weeks or more each month. During this time, claims just wait on their desks.

Some LDAs have unrealistic expectations of the time it takes to process Fris reward claims. Nababeep believes that a three week turnaround period is promised by Scat, but often claims take several months. Uitenhage plans monthly Fris claims and it needs to receive the rewards on a monthly basis. It does not have cash reserves to support payment periods that are longer than four weeks.⁵⁴

Not all Fris claims are delayed. It is understood that delayed payments are unavoidable when documentation is not complete. Sometimes claims are refused by Scat. On other occasions documents and clarifying notes have to be sent to Scat several times.

The problem of late payment is less acute for LDAs that are poor Fris claimers or who simply divide Fris rewards between the staff. A few LDAs may have reserves or alternative funding sources, additional to Scat, that can tide them over delays in the payment of Fris rewards.

The clear point is that the slow and irregular payment of claims causes the greatest harm to the LDAs that are the most successful local fundraisers and have tried to integrate this fundraising into their financial plans.

Recommendations include the assignment of Fris processing to one dedicated person who is based in the office, or the appointment of additional field workers.

Business venture	Fris event
Inputs purchased	Inputs purchased or donated
Organised by the business/project	Staff/volunteers from the office are involved in organization. If there is a partner, the division of responsibilities and profits are specified in writing.
Outputs: Paid for by a company, NGO or sales to community	Outputs: Paid for by a company, NGO or sales to community
Profit goes directly to the organisers	Takings deposited in LDA account, profit used for Fris claim
	Profit may be distributed in any way; reward distributed per agreement and through the books of the LDA [this may involve incentive payments to staff/volunteers]

Fris fosters the relationship with the community

All three LDAs testified on the extent to which they have gained by making good use of Fris. The advantage extends beyond the obvious financial benefit to an enhancement of their relationship with the community. If you are going to raise funds from the community, they have to know what it is for. This impels offices to advertise their services and their successes. Fris events are used to inform the community, as well as to ask for their support.

“Fundraising is a lot of effort. It takes time away from the work you’re supposed to do. But Fris has put people more in touch with the office. It is important to give something back to the community. Without Fris, we would still do events – but we would do less!”

—Riviersonderend

“Fris is a very good thing. Funders ask how you will be sustainable in future. We can point to the contributions we get from local fundraising. Fris develops the team spirit. When you can accomplish something you get satisfaction. Fris provides a challenge – but it is a challenge we can meet.”

—Nababeep

“The motivation provided by Fris is great. It says ‘go the extra mile because someone out there will multiply your efforts by five’. Fris makes us dig deeply into our capability. We now look out for many, diverse strategies to raise funds.”

—Uitenhage

The Fris budget should be higher

LDAs who meet, or more than meet, their Fris targets would like to be able to extend their claims.

Uitenhage suggested that apart from the Fris allocation being increased each year, Scat should provide additional Fris allocations for particular projects areas, such as HIV/AIDS and the expenses of regional clusters of LDAs. Once the main target had been met, additional Fris rewards would then be applied specifically to these areas of expenditure.

Eligible Fris events

Nababeep believes that profits realized by the income-generating projects cannot be used for a Fris reward claim as these are classified as business ventures by Scat.

This principle is not clear from Scat’s “Guidelines for the Fundraising Incentive Scheme (FRIS)” (2003), nor is it consistently applied across all Fris applications. If the income generation is undertaken ‘in-house’ – with the participation of LDA staff and committee – then it qualifies for Fris. It seems that it is the involvement of the LDA itself in organizing the event that is crucial.

Partnerships to avoid competition

All LDAs mentioned the great difficulty of raising money from poor communities where many different organizations compete for funds.

Some LDAs enter into joint ventures to raise funds – with schools, clubs, churches or welfare forums – to pool resources and limit competition for funds. These generally follow the rules set by Scat, which require a written agreement if the total takings are put towards a Fris reward.

In other cases, joint ventures are not common. This may be when an LDA has no problem in raising funds up to the limit of its Fris budget by itself, or if potential partners are not comfortable with the takings being deposited in the LDA account.

Making the Most of Fris

Annual Fris Awards should be formalized so offices can know what is expected of them. If it is known that there will be an award for, say, the most innovative Fris event, or the most participatory function, then this will encourage LDAs as they will want to win.

Scat should issue certificates to LDAs to commend them for their local fundraising each year. These can then be used in applications to other funders as an indication of the seriousness of the office and of their support in the community. Funders like to support effective organizations. Fris performance can be presented as a measure of this effectiveness.

SCAT FIELDWORKERS

Fris has performed well as a tool for LDAs to use to mobilize local resources. It has proved an effective mechanism for Scat in encouraging LDAs to reduce their dependence on grant funding.

But without Scat's field support, the success of Fris is almost inconceivable.

Fris is one element in a development 'package' for LDAs provided by Scat. This comprises monetary grants⁵⁵ and support and advice – in the form of training courses and capacity development through field visits by members of the 13-strong field team.

The field team plays a crucial role in the implementation of Fris. This extends far beyond their desk role as the assessors of Fris claims.

- They explain the rules and principles of Fris to LDAs during regular visits.
- They provide training to staff in LDAs on how to complete the Fris stories and claim documentation.
- They interact with the committees and staff to discuss ideas around local fundraising and encourage LDAs to plan for Fris.

- They are able to assess how funds are raised and to monitor how the Fris rewards are used.
- They make annual recommendations to the trustees on the amount of the Fris allocation that should be made to each LDA. (The degree of effort and success in local fundraising is used by Scat as an indicator of the strength of the community base of an advice office. This in turn influences both the level of the Fris allocation and the core grant.)

If Fris is an instrument for development, the Scat fieldworkers wield it as surely as do the LDAs themselves and the Scat finance team.

On the 'negative' side, fieldworkers are able to be alert for any abuse of Fris and for fraudulent or questionable Fris claims.

Given the key role of the field team, nine members were interviewed for this report and asked specifically what recommendations they had to offer for the future of Fris. Four recommendations would be broadly shared by all fieldworkers. The best means of achieving the fifth recommendation – a more developmental use of Fris rewards – requires debate within the organization.

1. COMPARE FRIS EVENTS, CLAIMS AND REWARD USES AND SHARE "BEST PRACTICES"

Fris claims should be systematically analysed, so that the most effective methods of fundraising and of using Fris rewards can be shared between LDAs. This will also generate more development stories that can be used by Scat to promote its work with its own funders.

2. MAKE THE 'CLAIMS PIPELINE' MORE SWIFT AND CERTAIN

a) The LDAs:

Give the LDAs more training on how to structure and present their Fris claims. This will make sure all the correct documents are presented with the claim and all the details needed by the finance team at Scat are given first time round. A Fris checklist and template can assist both Scat and the LDAs. It will allow claims to be processed without delay.

b) The fieldworkers:

Recognise the importance of administrative speed in dealing with Fris claims. Fris payment delays lead to tensions between fieldworkers and LDAs. The delayed payment of claims also tarnishes relationships between LDAs and partner organizations. Claims are delayed when fieldworkers are busy with other activities or when Scat cheque-signers are not available.

c) The finance team:

They can play a valuable balancing role in assessing claims. Their queries can be very useful as they can point out things that a fieldworker may have overlooked. But it is the fieldworkers who understand the communities and the events – and details that are hard to express in writing. There is a need for agreement with the finance team on the criteria for rejecting claims.

3. HARVEST ADVANTAGES FROM MOVING BEYOND MINIMUM STANDARDS IN REPORTING

Scat requires basic standards for bookkeeping and reporting.

Fris could be used to improve the standards of reporting and accountability to raise LDAs to a higher level. This will be useful both for the LDAs – they will become more attractive partners to other funders – and for Scat, which will be able to improve its knowledge of how the Fris rewards are spent. [The problem was recognized that as soon as an LDA staff member acquires improved skills, they are often poached by other organizations or can apply for jobs elsewhere.]

4. HELP WORTHY LDAs THAT ARE NOT SUCCEEDING WITH FRIS

In some communities it is very hard to raise funds. This is particularly the case in some towns in the Northern Cape. The need in these areas is acute. Their use of Fris is small and variable. The community mobilization and commitment required by Fris are valuable in themselves. But there may be a case for increasing the core grants for some communities that are not succeeding with Fris. Scat should respond to need. And in some cases Fris is

preventing that response. The most needy areas also lack the skills and enterprise needed to raise funds. So they are not able to benefit from Fris. Scat's stance is to reduce the Fris allowance for an LDA (and even the core grant) if an LDA does not raise funds to its allocated limit. This does not seem fair – to place a penalty on really needy communities because they fail to raise money – even if there is Biblical authority:

“For unto every one that hath shall be given, and he shall have abundance: but from him that hath not shall be taken away even that which he hath.”

— Gospel of Matthew 25:29

5. FRIS REWARDS SHOULD BE SPENT SO THEY HAVE A GREATER IMPACT ON DEVELOPMENT

Fieldworkers have the power to refuse a Fris claim. Their recommendations are relied upon when Scat determines the annual Fris allocation for each LDA. But current policy is that field staff do not tell LDAs how to spend a reward once it has been paid. This fifth recommendation is more of a question for debate.

It is widely held that it is the role of the fieldworker or trainer to explain the rules for Fris but that LDAs then have complete freedom to spend the rewards as they wish.

Leave the rules as they are – they already promote development

Some argue the view forcefully that this “hands off” approach is extremely positive for development:

Zandile Nkompela worked with Fris as a fieldworker in the Eastern Cape before her appointment as HIV/AIDS coordinator. She states that: “A most important feature of Fris is that it does not prescribe to LDAs on how the money may be spent. Committees know what their community needs. This is their money. They will use it to better their organization. The intention is that the money is used for furthering development. Each committee decides on its own what this means. Fris is both motivating and empowering.”

Zandile was very reluctant to judge in any way how Fris funds are spent. She feels it is better to understand why funds

were spent in a particular way that to judge whether they were spent in the best possible way. This approach makes people responsible for their own decisions. “How can we decide how much a worker or a volunteer should be paid?”, she asks. “They work hard and the decision (on how the money is spent) is taken by the committee.”

Require that part of the Fris rewards are spent on the needs of the community

Nolitha Vanda-Wellman (Eastern Cape Fieldworker) presents another perspective: “Perhaps Scat should say that at least half of the Fris money should be used to meet developmental needs in the community. It is a rule at present that Scat is not able to tell the LDA how to spend the Fris money. The decisions are made by the LDA alone.”

“Sometimes Fris money is not used for developmental work. It is used to pay the telephone account or even to pay the auditors (a regular fee that should be planned expenditure from the Scat core grant.) In many cases, Fris is just used to increase salaries. This is a democratic committee decision, but we all know that there are power relations and politics in the committees and weak members may feel obliged to support a motion to raise staff salaries, rather than to invest in a project.

“In other cases, offices use the Fris grant to employ more people. They do not think about the future, how to raise funds sustainably and may employ people ‘permanently’ instead of on contract when the period of employment depends on the funding stream. This leads some offices into a situation where the Fris has run out and they cannot afford the salaries. The office cuts operational expenditure and may eventually have to dismiss staff and even pay retrenchment.”

But the argument is nuanced. She states that, “In some cases it is justified to employ more people from the Fris money. This is the case in Rouxville where the two staff could not cope with the work demands, specially now that the office has innovative HIV/AIDS and SMME programmes. They needed two more staff and funded this from Fris. It is not bad to use Fris to pay some incentives to volunteers. The volunteers are very important. They allow the office staff to get out of the office to make visits or to attend training to expand their skills. The volunteers also get training themselves and are a resource to the community.”

This contribution raises the problem of how Scat would define “developmental” expenditure. Above are two examples of spending money on more staff. In one case, it is implied, the expenditure is developmental and in the other it may be wasteful. Perhaps the suggestion would be that a proportion of a Fris reward should be spent on items other than staff and office running costs, items that meet some evident community need. But would this automatically be a better use of the funds?

Monitor how the Fris rewards are spent – then make recommendations

Linda Diedericks co-ordinates fieldwork in the Western Cape. She states that: “The lack of ‘strings’ to the funding is a key feature of Fris. Provided the rules are followed, the LDA definitely gets the money from Fris. There is no grant committee that turns down applications because the purpose is not approved. Fris allows the LDA complete freedom in deciding what their priorities are. It allows the committee to decide how the money will best be spent. But LDAs should report specifically on how the money from Fris is used. This will improve financial management and accountability within the LDA and will be useful for their internal records and activity reviews.”

The Eastern Cape co-ordinator concurs. She says, “It would be useful to know exactly how the money is spent – especially to measure the extent to which Fris is succeeding in moving LDAs from doing case work towards developing their community. Scat stipulates how the core grant to an LDA is spent – so much for salaries, so much for office administrative expenses. The Development Fund for Training (DFT) allocation has to be spent on training. The HIV/AIDS allocation has to be spent on activities related to HIV/AIDS. But committees can spend the Fris rewards, and any money they fundraise from the community, in any way that they wish.”

These three sets of views, which overlap in several respects, suggest four response possibilities:

- 1 Leave Fris as is stands at present.
- 2 Stipulate that when rewards exceed a certain level (say half the core grant) a proportion of the rewards must be spent on items, other than LDA salaries and running costs, that meet identified needs in the community.
- 3 Require that LDAs report properly to Scat and their

community on how the Fris rewards are spent, in rands and cents.

Scat and the field team should define what they mean by a developmental expenditure of funds and encourage LDAs voluntarily to shift the expenditure of rewards in that direction.

The field team will be the most crucial element in any changes Scat adopts in relation to Fris and their collective input will be essential to success.

Are development projects sustainable?

Beyond the recommendations, one important area of concern was raised when LDAs do spend Fris rewards on development projects. The Eastern Cape co-ordinator outlined the wide variety of projects that LDAs have sponsored using their Fris rewards. Across the province income generating projects have been supported around beading, sewing, brick-making, juice bottling, youth training etc. “But we do not know if the projects are sustainable,” she said.

This is an absolutely critical issue and it highlights a structural weakness within Fris. If a community were to ask for donor funding, or seed funding, for an “income generating project”, this would require at least a business plan just to be considered. There is no evidence in the Scat files that this sort of scrutiny is applied to these projects by each LDA, before it commits to funding a project. It may well be that many projects, adopted for the best reasons, are not sustainable.

This weakness becomes more important as the amount of money generated from Fris and channelled into development projects grows.

The assessment of Local Economic Development (LED) projects and their support by mentors with relevant business experience is necessary if LDAs are to move into this area, beyond case work and the alleviation of poverty and distress. Scat will need to add LED skills to the package of assistance it is able to offer to, or acquire for, LDAs.

A positive vote for Fris from the Field Team

All fieldworkers reflected positively on Fris and the opportunities it opened up for LDAs. Here are two comments:

“Fundraising takes up a lot of energy. Swellendam had employed more staff and undertaken more projects than were covered in the grant from Scat. To begin with, they had to devote all their efforts to fundraising for salaries and their actual case work suffered. People were tired out from the fundraising. Now the fund raising has become institutionalized. There is a fundraising committee and by working smarter they both raise funds and attend to their functions. Fris was the reason that the LDA formed a special fundraising committee.” (Swellendam is the champion Fris claimant, with over R500 000 in rewards since 1996.)

“Fris has a positive effect on LDAs. They wake up and do things when there is the extra incentive offered by Fris. They work harder to earn Fris rewards and the improved level of activity in the community attracts other organisations – as partners and as donors.”

SCAT TRUSTEES AND MANAGEMENT

As would be expected, members of the board of trustees and the management team at Scat are more concerned with strategic issues related to Fris:

Are the rewards being well spent?

Are the methods used in local fundraising effective in mobilizing the community?

Are the claims true?

They want to know what impact Fris is having on LDAs and what its future could be. They are also interested in whether Fris is a tool that other grant-makers could replicate.

Two tendencies emerged in the interviews with Scat staff and trustees. We will call them the “controllers” and the “monitors”. These are not two separate camps or factions⁵⁶. They share many assumptions and goals. They have been invented for this section of the report to make clear the lines of an ongoing discussion within Scat and the implications such a debate may hold for policy towards Fris.

Controllers – Fris rewards must be spent developmentally

The Controllers recognize the success of Fris in distributing quite large sums of money. Their concern is that Scat exercises no direct control over how the money is spent and that some Fris rewards go to the weakest offices. In too many cases, LDAs do not plan for Fris income and when it arrives it is simply divided up between the staff and the committee.

“... Fris money just goes into the bank account. It is not targeted for a specific use. So, just like a person who gets a windfall income and pays off the credit card or eats a lot of chocolate, Fris money just disappears.”

“The community contributes funds to the advice office for Fris. But there is very little accountability in the spending of the raised money. Accountability needs to be encouraged through Fris. The LDA should set out its fundraising aims for the year, show the outcome and report on the use of the funds. Unless the money that is fundraised is treated in a targeted way, it just gets absorbed.”

Fris rewards should be treated as something extra and a part at least should be devoted to visible expenditure that has an impact on development in the community.

“Under Fris, no one holds the LDAs responsible for how they spend the money. Some LDAs may come to be seen as closed, self-enriching structures in a community if all the Fris rewards go to payments to the staff and committee and nothing appears to go as a direct benefit to the wider community.”

Fris was originally set up to move Scat away from core funding. The idea was for all Scat funding to be based on the 10:50 principle.⁵⁷ This has not happened. Fris has become part of the furniture in Scat and is not used effectively to shape the behaviour of LDAs. A lot of Fris money goes to ‘struggling’ LDAs, organizations that by Scat’s criteria are failing. A tool that was supposed to reward well-performing LDAs is now given to everyone just if they submit a claim. [The implication was that Fris should only be available to ‘worthy’ LDAs. At present, any LDA that raises funds locally is automatically deemed worthy, even if it is classified as struggling.]

The Fris scheme has come to associate LDA effectiveness with the ability to raise funds locally – rather than with how those

funds are spent on the ground, or how the LDA performs in its development tasks. Each LDA is given a Fris allocation, but many of them claim rewards well beyond this level. Trustees condone this and additional claims have been paid out (when funds are available) even if the LDAs have not motivated why they need the money. [The implication here is that Scat should reward claims above the Fris allocation only on the basis of a formal application that indicates how the additional money will be spent. Scat would approve or decline the request like a grant application.]

Fris cannot continue to operate in the way in which it is presently structured:

- › There must be proper accountability and transparency on how the Fris money is spent (it is donor money and community money);
- › Committees must explicitly plan on how to use their Fris rewards;
- › Some of the Fris reward must be used in a way that gives visible benefit to the community. It must be spent so that the office gets increased recognition from the community for the positive role it plays.
- › Scat should provide more formal guidance on how Fris funds are raised and used.⁵⁸

All of these issues are also of great concern to Monitors. But Controllers believe Scat should introduce a tighter set of rules around Fris to direct the raising, claiming and, particularly and controversially, the expenditure of funds. The Controllers are impatient – they want to see Scat’s resources turned into development by good planning and direction.

Monitors – Fris rewards must be spent according to committee decisions

Monitors also want to see LDAs plan their local fundraising and their use of Fris rewards. They agree the whole purpose of Scat’s existence is to promote development in the poor, often remote communities served by the LDAs. But their approach is different. They believe the best and most sustainable results are produced by allowing LDAs full discretion in the spending of Fris rewards. In explaining this stance, they look back at where Fris came from first and at the history of Scat’s relationship with the LDAs.

Before 1996, Scat distributed standard grants to LDAs in the normal way. Advice Offices always had to account to Scat for their use of the money. Audits were a requirement from the start. Committees had to be elected at AGM's.

The trustees wanted to find a way of distinguishing between offices so that they could allocate more funds to those that were most effective. They also wanted offices to reduce their dependence on grant funding. Fris was the innovation that emerged from this environment. Scat continued to pay a core grant that provided for two workers and rent and telephone costs – the basic essentials that funders are often unwilling to carry. Any money an office needed beyond this, it would have to raise itself. And Scat agreed to pay R5 for every R1 raised locally as an incentive.

“From the start, 20 years ago, Scat tried not to control how the offices made their decisions. The approach was that the community must decide. The Fris rewards provide money that is their own, that they can make mistakes with - provided there is a working committee in place, there is an AGM and finances are reported transparently. Scat has a hands-off attitude. For example, it has never specified the levels of earnings in the offices – salaries can differ considerably and are usually very, very low.”

“The first aim of Fris was to give these little offices a sense of their ability to raise funds. Even offices in the poorest communities, through good organization, could raise some money. This is a very empowering thing. It requires imagination – often great imagination. ... Scat has a special feeling towards offices that do well on Fris. They are our successes. ... Scat has a developmental agenda. It wants to help those offices that have a good track record. There is a lot of learning that takes place through Fris. They learn about the stewardship of money. Arranging events is all about managing resources and planning. It is right that offices should spend their Fris rewards on what they decide is best for them. But Scat needs to be kept in the picture – especially as regards the expenditure of the reward. ... You want to know how the money is spent, not to control it but to see if it appears to be wisely spent.”

The Monitors recognize that Fris is absorbing more of Scat's grant making and that the amounts of money earned in rewards are much larger than they used to be. Their

inclination would be to introduce a second level of reward that would become effective after a certain level of reward had been reached. So the Fris allocation would be in two parts: “Scat will pay claims at 1:5 up to R60 000 of rewards and at 1:1 for an additional R10 000 of rewards, providing a total potential claim of R70 000”. This would mean that the first R15 000 of local fundraising was matched on a 1:5 basis and the next R10 000 on a 1:1 basis.

“The object of Fris is not that LDAs get more money from Scat, it is that they raise more money from their community. The trustees do not want to ‘clamp down’ on Fris. We are asking the LDAs to be entrepreneurial (in a social way, of course!). We expect them to push the limits. The more lively their ideas, the better.”

What would happen when LDAs became successful local fundraisers? This has always been very much an open question in Scat. Some feel that this is how Scat should distribute all its money – so successful fundraisers would only get funds that were matched with local fundraising. But this then would have the appearance of punishing the more successful fundraisers, who would lose their core grant.

The distinction between the two groups of Controllers and Monitors can be seen also as an expression of a tension within Scat itself. Is Scat a grant-maker or a development agency? The Controllers tend to see Scat's future more as a development agency. It should direct Fris rewards towards partners and projects that have the greatest effect. The Monitors see Scat primarily as a grant maker – but one which tries to improve the effectiveness of its partners through field support. Both seek the same ends – but through different means or approaches.

Fris and the vital role of project support

All the trustees and management interviewed shared the view that the relationships between Scat's fieldworkers and the LDAs are key to the success of Fris. Scat has high expectations of the field team. Fieldworkers can have an impact on how funds are raised locally, on the success of claims and on the expenditure of rewards.

For example, fieldworkers can play a role as mentors and constructive critics who will guide LDAs to consider the implications of some of their events - such as beauty contests

which stereotype gender roles and meat sales or raffles that exploit pensioners.

“The field workers’ role is to scrutinize the Fris applications for loopholes. They have to ensure that the story is complete and that it makes sense. They have to look for missing information and request it.”

“The terrain on which the offices work is changing. There is pressure for them to be involved in development – in Local Economic Development, in development training and in HIV/AIDS programmes. They need to be visible in these areas and Fris rewards can be used to do just this. This is the role the fieldworkers should play. They should guide LDAs on how the Fris rewards can be used.”

“The success of Fris depends on the quality of the fieldwork. The LDAs should be encouraged to raise money in ‘the right way’ – holding events in the community.⁵⁹ There should be an organizing or mobilizing element to the fundraising. Fieldworkers must see that Fris rewards are spent according to a plan.”

Fris is based on a relationship of trust between Scat and the LDAs, often of long duration. This relationship is not based merely on handouts of money, but is defined as importantly by the project support provided by the Scat field team and by the training for LDAs made available through Scat. “Scat field workers present a set of ‘building blocks’ that LDAs can use to develop themselves. The core grant can be supplemented by funds for Fris, the DFT and the HIV/AIDS scheme.”

There is a concern, however, about whether the field team are as effective as they could be in using Fris to meet developmental goals. This is sometimes accompanied by a recognition of the difficulty of the position of fieldworkers, who act as both coaches and referees for Fris.

“Fieldworkers are in a difficult situation. They are responsible to Scat, but they are also responsible to the LDA and want to see it succeed. Scat measures success by the amount of Fris money raised. So there are strong influences that discourage fieldworkers from asking too many questions, if, on the surface, all the Fris criteria have been met.”⁶⁰

Fris as a grant-making instrument and fundraiser for Scat

“Fris is not proving attractive to Scat’s own funders. Money is given for targeted support of HIV/AIDS programmes and training, but Fris has not attracted funds itself. We are not able to report clearly on what happens to the Fris funds. Fris should be packaged in a way so it is attractive to Scat’s funders.”

“Fris has won a number of awards. Surely the private sector could fund it? It should have an appeal to corporate funders. An assessment of the whole scheme may make it easier to promote its use to South African corporates.”

“The annual prizes that are awarded to Fris claimants for the best event and the most innovative event etc are excellent. Scat should do more of this and publicise the results more widely. They are written about in the newsletter and encourage the wider use of Fris.”

Positive reflections on Fris

“As South Africa emerged from the Apartheid era, many offices were run by one or two staff. They had a committee, but very few members, and some were completely dominated by a small group. Fris changed that. Fris money is not given as a grant, it is a reward for money raised in the community – and not donations from OK Bazaars - we reward money from fundraising in the community. The aim was to ensure that offices were connected with the community, and it worked. The best offices are well integrated into the community in ways that were not common before the scheme started. Now there is less of an emphasis on the office staff and more on the committee. In many cases, this change was introduced through the Fris requirement to go out into the community.”

“Ten years ago, most offices had only one source of funds and that was Scat. Now the more advanced offices get local funds (which they use for Fris) and on top of that some have applied for and got EU civil liberties grants, money from the provincial governments, even lottery money. It may be that Fris played a role in assisting offices to get outside funding, by making offices more conscious of the need for funds and building the capacity to account for the use of funds. Good offices have broader horizons. They seek funds from more sources. They see that if anything is to change, they have to be the agents of change themselves.”

PART 3

Findings & Recommendations

Fris emerges from this evaluation as a successful and innovative grant-making strategy that has, in the context of Scat's system of project support, a major developmental impact on the work of its partners.

Scat has built the Fundraising Incentive Scheme carefully and consciously. It has a substantial eight year track record. Fris has contributed demonstrably to promoting sustainable organisation in the rural areas of South Africa. This evaluation presents Fris as a creative grant-making model that encourages social action.

With its focus on fundraising, and Scat's emphasis on LDA responsibility for all budget decisions, Fris has, unsurprisingly, been a less sure instrument in shaping the efficient spending of Fris rewards. This is an area of concern which arises because of the success of Fris and of the increasing resources available to LDAs through local fundraising and the associated Fris rewards.

LDAs in needy communities who are not successful users of Fris stand to become marginalized as Scat's grant-making moves to emphasise Fris.

The problem areas that have arisen are the problems of success. Their clear identification suggests a direction for the Fris model in future. Fris is a unique South African development tool that should command the attention of grant-makers.

■ **Less dependence on grant funding**

Fris has demonstrably succeeded in its primary aim of reducing the dependence of Local Development Agencies (LDAs) on grant funding. Over the last eight years, Fris has had a dramatic effect on the financial profile of Scat's partners: more LDAs are raising funds locally, they are raising increasing sums of money and more of the income LDAs get through Scat is backed up by funds raised within each community.

Fris pays the highest rewards to LDAs which are identified by Scat's field team as being the best performers overall.

Fris has led to the mobilisation of local resources to support LDAs. Scat's partners raised almost R400 000 in local

fundraising efforts in both 2002 and in 2003. The most successful users of Fris raise in excess of 10% of their total basic budget locally (where we compare local fundraising with the total of the Scat core grant, the Fris rewards and the claims upon which they are based).

■ **Raising funds – means and impact**

An analysis of Fris claims demonstrates the wide range of activities used to raise funds. From dances and sports days to meat sales and donation lists. The average Fris event involves between 160 and 200 community participants and raises about R2 000.

In general, Fris distributes the highest rewards to events with the greatest community participation. Choral events, beauty/talent contests and raffles – together the most participatory local fundraising activities – recorded the highest average amounts per event.⁶¹

One sixth of funds raised came from events which involved partnerships between LDAs and other organisations in the community – such as churches, schools, sports clubs, youth groups and projects to create jobs and generate income.

■ **Claiming the rewards**

The scrutiny given to Fris claims by Scat is, in general, reasonable.⁶² This is undertaken primarily by the field workers, who have an intimate knowledge of the context within which each LDA operates. They know the staff, the committee and the activities of each office and the challenges faced. They are asked to assess the claim, to complete the Fris Claim Sheet and to assemble all the required documentation received from the LDA. Care is always taken to see that the claims are properly signed by two committee members. The finance team at Scat then check the claim for completeness, verify the financial calculations and check the documentation. Clarifications may be requested of the LDA – by fax or by phone – before a claim is passed for payment.

While most Fris claims are processed and paid with commendable promptness, the 'claims pipeline' is susceptible to delays. This is the most urgent issue that emerges from the evaluation. It is important because LDAs cannot be expected to plan for the wise use of Fris rewards in their budgets if they are uncertain when and whether they will receive them.

Responsibility for the delays varies between claims and can occur at every stage. The rules for Fris claims are simple and clear. The process is logical. But some claims are of great complexity. A range of problems emerge in practice.

- Not all LDAs have staff that are sufficiently skilled, experienced and diligent in assembling the different elements for the claim – the Fris story of how the money was raised, the bank deposit slip, supporting vouchers and lists for expenses and contributions and the relevant monthly financial statements.
- Sometimes documents are illegible or their clarity is impaired by the fax machine.
- Fieldworkers have numerous responsibilities apart from processing Fris claims. They also plan to spend over two weeks every month out of the office. During this period, claims accumulate until their return.
- The finance team may find errors in the claim, or they may question its credibility.
- Scat trustees have to sign the larger cheques and there may be a delay for signatures.
- LDAs sometimes wait for several months after an event before submitting claims. Sometimes this is because they receive payment afterwards – as when goods are sold on credit - or because they are waiting for bank statements.

Although the bulk of claims are paid promptly – three quarters are paid within four weeks - the minority that are delayed create tensions between Scat and LDAs, and between field and finance staff. Claim processing issues have a disproportionate impact on the smooth running of the scheme. They make Fris into a grievance rather than an advantage.

■ **Spending funds – decision and impact**

In most cases, funds raised and the rewards earned are absorbed by each LDA into its general running expenses. There is usually no separate accounting for the use of Fris money. For this reason, it is not possible to measure the impact of Fris separately from that of each office itself and no such attempt is made in this evaluation.

Decisions on spending are made by the LDA committee. Scat receives monthly financial reports and the books of the LDA are subjected to an annual audit.

Scat's core grant, now in the region of R6 000 per month, is dedicated towards meeting the basic costs of an office – two workers, rent and telephone. Fris provides an attractive incentive for offices to be active in the community to raise funds and increase the resources available for their work.

Offices use Fris rewards to spend more in three areas:

- **Operational expenditure:** Higher salaries and more money for rent, phone and transport allow offices to increase their level of service to the community. They allow offices to engage more staff and to pay honorariums to volunteers. The last Fris event each year is commonly used to pay '13th cheques' and bonuses to recognise the work performed by the office staff, whose monthly salaries are very modest.
- **Capital expenditure:** Offices are renovated to improve their attractive-ness, usefulness and efficiency. More space and better furniture and equipment increases the value of the office to the community. In some cases, LDAs have devoted their Fris rewards to the purchase of a building which will house the office and yield rental income.
- **Project support and poverty alleviation:** Fris rewards allow sponsor-ship for particular projects, local institutions and poverty relief efforts.

The proportions of rewards devoted to these three uses vary between offices. The main emphasis is on operational expenditure, particularly on payments to staff and volunteers.

A key finding of this evaluation is that reporting on the spending of Fris rewards is not of a sufficiently high standard for purposes of accountability, both to Scat and to the community. LDAs do not report separately on the amount of money associated with Fris claims and list how it was spent. Detailed information on reward spending is especially necessary when local fundraising is a significant portion of the budget of an LDA and when Fris rewards are consequently considerable. This information is needed for the proper monitoring of Fris, to confirm that funds are being appropriately and accountably spent by LDAs. The way the extra income is spent can also be a powerful indicator of the success of an LDA.

The evaluation concludes that it is entirely correct that LDAs should be fully responsible for decisions on how their additional resources are deployed. This is a Scat tradition aimed at reducing dependence and encouraging committees to see that they are responsible for their own future. The prudent use of funds is supported by training courses, access to advice and field support.

■ **The key role of the Scat field team**

“Scat is the best funder because they give a support system – through the fieldworker.”

– ILDA, Uitenhage

Fris is effective because it is linked with the core grant – which gives LDAs a certain base – and with field support, which offers advice and guidance. The field team perform (or can perform) a key role in encouraging LDAs to claim from Fris, in discussing the reasons they need to raise funds locally and the methods they can use to do this. Here the field worker plays the part of a coach. The Fris coach tries to guide the LDA team to win more money.

But the field worker now has a difficult second role to play – as the referee who decides whether a claim should succeed or not. Because this referee wants this team to win, the tendency here is to apply only the strict Fris criteria. Did the event take place? Does the story give the right details? In the deposit slip there? Do the documents match up? The finance team act as line judges and may call a ball out, but they lack the detailed insight of the fieldworker.

And this is not all, for Scat calls upon the fieldworker to play a third role as the mentor of the LDA. Here the concern is not just that money is raised, but that it promotes development - both in the manner in which it is raised and in the way it is spent.

This requirement for the fieldworker to be Fris coach, Fris referee and LDA mentor creates tensions which are not easily resolved. The best coach is also a constructive critic, but it takes a most determined character to criticize when the team is scoring.

The structural position of fieldworkers within Fris limits their ability to be critical of the way Fris is used in a community.

The best fieldworkers are champions for their LDAs. They care more that Fris targets are met than that the money is developmentally raised or appropriately spent.

Some fieldworkers do not feel empowered when it comes to influencing how the Fris rewards are spent. They find it difficult to give direction in the context of Scat’s strong tradition of requiring LDA committees to make the financial decisions. One interesting exception is Nababep which is a new Scat partner and has applied its collective mind to a challenge from the fieldworker that Scat wants Fris rewards spent on development.

THE IMPACT OF FRIS ON THE DEVELOPMENT WORK OF THE LDAs

Fris has had a significant and positive impact on LDAs and on the communities they serve. This is realised first by the impact of the local fundraising activities themselves and second by the impact of the expenditure of the funds and the five-fold reward contributed by Scat.

- 1 Through implementing Fris, an LDA gets more resources and it broadens its interaction with the community. It becomes a more effective catalyst for development. Fris makes an LDA see the community it serves in a different light. It motivates the committee and staff to see the community not only as a client, but also as a resource that can be marshalled to make it more effective.
- 2 Fris compels LDAs to improve their skills in planning, organising, reporting and financial management. LDAs are strengthened as organizations and are placed in a better position to attract other donors for their projects.
- 3 Fris events and functions themselves have a positive effect. Events are used to inform people about the activities and services of the advice office. Many events are linked to specific days and campaigns, around HIV/AIDS, human rights, women’s issues and voter education.

- 4 Fris forces LDAs to consider the competitive context within which they work. Sometimes partnerships are formed for joint fundraising as LDAs interact with schools, churches and sports groups also needing funds.
- 5 The money raised locally and the Fris rewards provide extra income for LDAs. This can be spent in any number of ways to promote development. Most funds are spent on operating expenses to improve the services provided by the LDA. Capital expenditure and support for income generating projects and poverty alleviation are other areas of involvement.

All of this is additional activity that would not have happened without Fris. Fris adds to Scat's own effectiveness because it channels additional resources to LDAs that are more active and motivated.

ISSUES

At present, Scat does not subject Fris claims to a detailed forensic inquiry before paying them. There is no suggestion that it should do so in future. Scat is not paying insurance claims. Unlike insurance assessors, Scat has a deep knowledge of the circumstances of each LDA. But Scat should be aware of some issues with regard to claims. They raise the question of whether to add more controls or conditions to the rules that are presently in place. Scat takes a lot on trust. This makes the processing and payment of claims very swift. Adding more controls will increase administration costs and create delays.

This is the spirit in which the following items are recorded.

Avoiding expenditure deductions:

The Fris rule is that expenditure incurred by the LDA in a fundraising effort must be taken into account before the reward amount is calculated. In several cases, in joint fundraising events with other NGO's, the partner of the office donates the money for the raffle prize or pays the expenses and not the office. The expenditure is recorded as zero and the Fris reward is higher as a result. The effect of this is to increase the 1:5 reward ratio in such cases. For

example: An NGO donates R500 for raffle prizes. R5000 is raised and R25000 claimed as a Fris reward. The proceeds are shared with the NGO. Properly, the claim should have been based on R4500 and a reward of R22500 paid out. Based on R4500, the fundraising : reward ratio actually paid in this example is 1:5,6

Paid employees contribute to donation lists:

There are instances of paid employees of offices and (it appears) their close family members making cash donations to the office which are subsequently sent to Scat in a Fris claim. Fris is supposed to incentivise the raising of funds from the local community. The aim is not to draw as much money as possible from Scat, which is the consequence of staff members Frissing part of their salaries.

Paid employees make donations in kind towards Fris events:

"Sweat equity" is what adds value in most Fris events. But the profit available for Fris claims is much greater if the raw materials, particularly food ingredients, are donated. This is a custom in several LDAs. In some cases, paid staff of the office make these donations – but as an event is organized, it is, perhaps, less of an issue than in the case of cash donations.

Round Numbers:

Anyone with experience of functions, specially events that involve cash transactions for small sums of money, finds that things rarely work out roundly to R10's and R100's. Yet many claims and events reflect precisely such nice round numbers. Also, there are many events which involve sales of sweets and drinks for which deposits are made in R50 and R100 notes. One case in point: after an "End of year" social event and concert on 28 September 2002, R4000 of the takings was deposited in R200 notes!

A wide variety of reward sharing in joint fundraising:

Rules for "joint ventures" in fundraising are covered in the FRIS Guidelines, but many different relationships and procedures are evident in practice. These are discussed on page 37. There is, in particular, an inconsistency in when the proceeds of 'income generating projects' can be frissed.

Traditional Grant	Fris
Emphasis is on what funds will be used for “Efficiency in fund expenditure”	Emphasis is on how funds are raised “Efficiency in fund raising”
Proposal / business plan required	No plan required for fund use
Wise use of funds is the central issue	Wise use of funds is not excluded
Is this the best way the funds can be applied so we get the grant?	How shall we spend the money?

Comment:

When Scat rejects a Fris claim or pays less than expected, LDAs have accused it of ‘moving the goal posts’. This is true – in the sense that many of the rules have been made up along the way in response to community use and occasional abuse of the scheme. While there obviously have to be rules, it is best to keep them simple. It is best to minimize the administrative burdens on both the LDAs and the Scat office. Scat could fix the goal posts firmly in the ground with a “Fris Implementation and Administration Manual”. The European Union or the HSRC can provide models on how to make procedures both lengthy and complex. A consultant would gladly accept a fee to design the appropriate business processes. But the effect would be to reward bureaucratic competencies and administrative skills – rather than organisational effectiveness and creativity. Fris reward claimants push the boundaries of acceptability. That is what makes the scheme vital. So much of South African government is tied down by bureaucracy, rules and formality that the developmental imperative is crushed. Fris gives scope for the creative imagination. This will, in some cases, unleash criminal and fraudulent instincts. Scat relies on the field team and the finance team to be alive to the possibility of abuse and to investigate doubtful claims.

UNINTENDED CONSEQUENCES

■ **The risk to Scat and LDAs of major mistakes**

The focus of Fris is on fund *raising*.

The scheme itself does not have an emphasis on the wise *spending* of funds.

This is less of a problem when the Fris rewards are small. It becomes an issue when the sums distributed are large. Scat policy is to allow LDAs to spend Fris money in whatever way

the LDA sees fit. In 2002, 56% of Fris funds were distributed to “developing” and “struggling” LDAs that, by definition, have not complied with Scat’s financial and governance criteria in all respects. 14% of total Fris rewards, some R518 000, was distributed to “struggling” LDAs in 2002. Even in the case of “established” LDAs, the funds may be democratically spent – but they may also be spent wastefully. The Fris environment does not have adequate safeguards in place to ensure that funds are well spent.

This consequence is best illustrated in the context of support for an “income generating project” or a “job creation project”, an area of importance that is attracting more LDAs – and which is the subject of a research project commissioned by Scat. The weak point of Fris is illustrated if the Fris model is compared with a traditional grant. In a traditional grant situation, the focus is on the merits of the proposal. If it is an LED project there would be a requirement for a business plan. The grant would only be forthcoming if the business plan were judged adequate. In a Fris situation, the emphasis is on raising the funds. The five-fold increase reward is automatically sent by Scat once the claim is approved. The LDA can spend the full proceeds without reference to anyone beyond the committee.

The LDA may be approached by a group in the community who want to start a garden. It may be that the local department of agriculture identifies the best land and advises on crop rotation, irrigation and weed control. But it is not necessarily the case that such a proposal will be subjected to prudent scrutiny. It is hard to judge in isolation whether bottles bought for a juice-making project, or fabric for a sewing project yield more value to the recipients than their cost. But there are examples from LDAs where a car is purchased that then absorbs huge sums in monthly repairs; or where additional staff are employed without a contract and the LDA becomes liable for retrenchment pay when the money runs out and employment is terminated. Perhaps these are minor mistakes that are worth the cost of learning the lesson. The consequences of careless support for an LED project can result in disillusion and conflict. Fris correctly

encourages the committee to take its own decision. The concern is not that the committee should make a mistake, but that it should make a mistake without having had access to good advice and without seriously reviewing alternative uses for the hard-won funds.

The Fris mechanism does not provide committees with optional access to good advice on how to spend money in areas beyond the normal business area of an LDA.

The right question for the trustees to consider is whether Scat should seek to develop a mechanism within Fris to incentivise the wise and sustainable expenditure of Fris rewards – and the income from fundraising as well.

■ **An Over-eagerness to Accumulate?**

Local fundraising in poor communities inevitably means that poor people are put under pressure to contribute. This is the intention of Fris, and the generosity of communities is amazing. But the question is raised about whether Fris fundraisers are sometimes too keen.

Pensioners are targeted at pension pay points, particularly to purchase meat and chickens, for advice office fundraising.

“..with an understanding of the socio-economic status of this area that there is no factories, the people in the community are solely depends on pensioners and professionals in order to get money.”

Are people coerced to contribute to community fundraising? If they are, it may come in democratic form: “It was stated before that no tickets should be returned – each group must pay out of his or her pockets for the remaining tickets.”

In some communities the contributions to raffles and donation lists are very high indeed.

For example: Mrs L is a widow with two children aged 3 and 5 years. She is really struggling as the only source of income is the child support grant. {R360 a month in total}. In March 2003 she bought a R50 raffle ticket in an event organized by the advice office. She was lucky enough to win the prize, a R300 grocery pack consisting of 12,5kg

cake flour, 12,5kg Ace maize meal, 10kg potatoes, 12,5kg sugar, tea, coffee, Omo, Sunlight, sunflower oil and Imana soya mince soup. “Tears of joy rolled down her cheeks as she came forward to collect the prize. The office’s dream to reach the disadvantaged was realized and the people have more confidence in the office.”

The targeting of pensioners and grant receivers as a source of income is to be understood in communities where few people are employed. But the profit margins commonly earned are extraordinary. A typical example in March 2003, involved the purchase of a sheep for R400 and its sale to pensioners in 140 pieces from R5 to R20. The total realized was R1525.

■ **Offices spend their energy Frissing instead of working**

Riviersonderend and Swellendam are very large Fris claimants. At certain times it is evident that several days of every month are devoted to fundraising. It is possible that access to Fris might lead an over-staffed office to spend more of its energy fundraising at the expense of the actual work of the office. Swellendam recognized this problem and solved it by setting up a separate fund-raising committee and improving their planning of Fris events. This is an issue that fieldworkers need to monitor.

RECOMMENDATIONS

It is recommended that Scat considers the issues below in planning a “re-calibration” of Fris that takes account of both the success of the scheme and the variation in levels of use and response by Scat’s partners.

■ **Strong recommendations**

First, “recalibrate” Fris to take advantage of its success

Scat should “recalibrate” Fris to take full advantage of its success to date and to continue its development as an innovative and challenging grant-making mechanism.

Scat should not, as a result of this evaluation, bureaucratise

Fris and adopt the standards of insurance assessors in processing claims. The proposals put forward here aim to put Fris in a position to develop in the future, in the changed environment created by Fris - in which most of Scat's partners are successful local fundraisers.

Claims: address issues in the “claims pipeline”

Develop a new system and approach to processing and paying claims. This needs to include:

- Improved training of LDAs to make sure claim documentation is compiled correctly the first time. The training should go beyond clerical issues. It should alert LDAs to the opportunities for approaching other funders for support if they can display higher standards of reporting and accountability and if they can demonstrate community support for their work through successful local fundraising. Every Fris claim should be seen by Scat as an opportunity to give training through feedback and guidance. The claims are not just about events.
- Expedited Processing - a commitment that claims that meet a certain standard (see below) will be paid predictably within a certain time. [eg 90% of claims will be paid or refused within 4 weeks of receipt by Scat; or 90% of claims received by the 15th of the month will be paid or refused by the first Friday following the 15th of the following month.]
- A method of dealing with the problem of delays in processing caused by the work-load of fieldworkers. If the developmental aims of Fris are to be respected, it is vital that the field team are the key monitors of Fris. A clerk in the finance section responsible only for Fris claims will lose the organic link provided by the field team. (But perhaps an office-based member of the field team could take responsibility for initial processing of Fris claims.) It may be necessary to increase the period between the submission of the claim and payment to 6 weeks. The LDAs should be able to accommodate a longer period if it is accompanied by certainty. Monthly claimants will get their rewards predictably every month, but six or eight weeks in arrears. The payments should be made at these intervals even if they are processed more swiftly. This will force LDAs to work to a monthly or quarterly rhythm of Fris payments.
- Structured, minuted meetings between the field team and

the finance team will assist to bring more consistency and predictability to the claims process. There needs to be clear agreement on roles and responsibilities. The Fris Guidelines need to be reviewed regularly to make sure they cover new developments.

Reporting: Scat should seek to assemble an accurate picture of how Fris rewards are spent

General aim: To create an environment in which LDAs improve the way in which they report to Scat and the community on the way Fris rewards and locally raised funds are spent.

LDAs with Fris allocations that exceed a certain proportion of their core grant (or perhaps the minimum Fris allocation of R25 000) should be required to meet a new standard of reporting on their expenditure of Fris rewards. This will also entitle them to expedited processing and an annual “Local Fundraising Achievement Certificate” (see below)

The New Standard for Reporting on Fris Reward Expenditure

- Monthly financial statements should indicate the source of all income and should distinguish income from different Scat programmes. (Fris rewards should not be confused with local fundraising income, as is frequently the case at present. Core Grant, DFT and HIV/AIDS funding should similarly be disaggregated.)
- Monthly financial statements should indicate the application of Fris rewards to items of expenditure (see the October 2003 Financial Statement of the Nababeep Advice and Development Office (NADO) for an example).
- An annual “Fris Report” from each LDA should provide a breakdown of how all Fris rewards have been spent. This should obviously reconcile with the monthly financial statements.
- LDAs with minimum Fris allocations should be encouraged to meet the new standard as well, but it should not be a strict requirement until their allocation is increased.

Spending: help LDAs to spend their extra income wisely

General aim: To encourage LDAs to plan the spending of their

additional income carefully and with regard to sustainability and development impact. This should not be done by administrative fiat, but by providing appropriate training support and incentives.

- a) Fundraising training for Fris should include training on spending and the stewardship of 'untied' donations and local fundraising.
- b) Scat should offer LDAs access to screening procedures to help them evaluate the risks of supporting particular LED projects or an investment in a particular property. In some cases, Scat may be able to recommend that an LDA engage a mentor with business experience to assist in the development of a project.
- c) Strengthen the mentoring role of the field team by developing, with LDA participation, a set of "Scat Guidelines for LDAs on the expenditure of Fris rewards". This will give the fieldworkers a credible base for discussing the use of Fris money. It can pull together positive experiences of LDAs – with some cautionary tales. It may also be used to promote the Fris concept with other funders.

Recognition: Fashion Fris as a wider development tool for LDAs

General aim: Fris is a successful, innovative and unique grant-making mechanism. It can be used to get extra mileage for LDAs - and for Scat itself. A scheme that makes a difference in poor rural areas should be publicised. Make something of the success of Fris. For example:

- An annual "Local Fundraising Achievement Certificate" should be issued by Scat to claimers of Fris who claim regularly and plan for the expenditure of the extra income generated by Fris events. This certificate will state the amounts they raised, the rewards they won and, in a 'community report', a statement of how the money was spent. This would be a useful by-product to enforce accountability in proper reporting on how the money was used. The certificates can be generated annually as part of the reporting and monitoring process. LDAs don't just send reports into the ether – something useful and affirming comes back.

- Annual Fris awards by Scat should be formalized. The field team should announce five award categories to LDAs and encourage them to compete. Rather than recognising the LDA with the biggest rewards (they are already rewarded), the awards could focus on how the rewards were used or even on the most improved Fris claimant. A sixth reward might not be announced beforehand but given to a 'special achiever' selected by the field team. Scat should budget R60 000 for six awards.
- The finalists for the Awards should appear in a pamphlet called "The best of Fris". This should be written so the winners can use the articles as testimonials and other LDAs can learn from their example.
- Advanced LDAs should be assisted and encouraged to approach other donors. Fris achievement can be used as a promotion point.

Monitoring Fris: An annual cycle

General Aim: to review benchmarks and indicators to evaluate Fris each year. Analyzing and comparing the use LDAs make of the scheme provides an insight into how the scheme is developing. This would be done most appropriately at the time that Fris allocations are determined.

- An annual list of LDAs with their core grants, Fris allocations, Fris reward claims (at 1:5 and 1:1 rates listed separately) – with appropriate ratios to facilitate comparisons between LDAs.
- Analysis of the size of local fundraising and Fris rewards relative to core grants.⁶³ Comparisons between all LDAs and LDAs claiming Fris, by province (with aggregated analysis of the average claim per LDA and percentage distributions between provinces) and by level of performance.
- Analysis of size of Fris rewards relative to annual Fris allocation and core grant. Nationally and by province and level of functioning.

Why collect the data? The level of participation in Fris is seen as an indicator of LDA success. Some key measures:

- Fris aims to reward the best performing LDAs – so average rewards for established LDAs should be higher than for others.

- The provincial distribution of Fris rewards should reflect, in general, the provincial distribution of core grants. This reveals whether Fris is proving sufficiently accessible to all regions.
- Fris rewards should equal Fris allocations – this identifies the best Fris claimants and invites remedial action to confront those LDAs who are not claiming Fris up to their allotted limit.

Fundraising: tighten up scrutiny of practices

Employees of LDAs and their immediate families should not be allowed to buy raffle tickets or to make donations when the proceeds are frissed. (Commercial raffles and competitions commonly exclude employees of the event organizer from participation.) There is no prohibition, of course, on office staff and their families making cash donations that are not frissed or of making small donations in kind to the LDA, that are part of Fris events.

Second, address the issue of LDAs which are not making effective use of Fris

Some LDAs do not use Fris as they have other funders and do not need the bother of local fundraising. If Fris is to be the hallmark of Scat support, it needs to consider, on an individual basis, whether the few LDAs who have the capacity to use Fris, but do not, ought to remain as Scat partners. If Scat accepts the evidence of this evaluation – that Fris generates important benefits for LDAs – no capable partner should be exempted from the minimal requirement of claiming at least 5% of the core grant in Fris rewards.

Some LDAs try to make use of Fris but fail because the community context does not allow them to succeed. Scat should consider whether Fris success is indeed an indicator of worthiness in these cases. It may be appropriate to increase core grants despite poor performance in Fris.

Some LDAs are too weak and unmotivated to use Fris and are increasingly marginalized from Scat's financial support as a result. It is beyond the scope of this evaluation to do more than point to this problem. If they are not inspired by the R1 to R5 reward, it is unlikely that a doubling to R10 will remedy the matter.

Third, Leverage from Fris achievement - a new goal for successful users of Fris

Motivation: Many Fris claimants have met the goals Scat set for LDAs to reach by 2003. Their dependence on grant funding has been reduced.

General goal: Established LDAs that are now expert at local fundraising should be assisted to leverage their Fris achievement into financial support from donors and partners other than Scat.

Use Fris to attract SA business as funders of LDAs

- a) Direct support for LDA projects where they fund LDA activities directly.
- b) Offer Fris as a facility for other corporate donors - a Scat-managed service. The support package offered by Scat to LDAs, which includes field support and close monitoring of fundraising and expenditure, is essential to the effectiveness of Fris as a development instrument.

Fris should be marketed to corporate funders in SA, not as a tool they can use themselves, but as a service that Scat is able to offer.⁶⁴

In some areas, LDAs could be encouraged to approach appropriate companies and associations in their areas which may be willing to sponsor a Fris fund for their use – which Scat would administer.⁶⁵

■ Secondary recommendations

Adjust the reward ratios to take account of huge claimers

Motivation: It would be wise to reduce the huge variation in Fris rewards across LDAs. The differences in Fris rewards do not reflect relative need but capability – and capable LDAs should be able to raise donor funds elsewhere. The 1:5 Fris reward is so huge that some LDAs focus only on Fris and neglect alternative futures.

Increase Fris allocations every year for LDAs that claim their full allocations, but introduce a lower reward ratio after a certain point.

Fris allocations should be divided into two parts:

- The first part should be claimable using a ratio of R1 of local fundraising to R5 of Fris rewards.
- The second part should be claimable on a 1:1, equal matching basis.

An equally matched reward is still a very powerful incentive. But it will cause LDAs to consider whether, having a successful Fris record, they could access donor funding from sources other than Scat. One of Scat's aims is to reduce dependence.⁶⁶

OTHER ISSUES:

Partners must show how their shares of Fris are spent

When an LDA is engaged in 'joint venture' fundraising towards a Fris reward, the written agreement on how the total proceeds will be distributed should include a statement of how the LDAs partners will spend any part of the Fris reward from Scat. An undertaking should be given by the partner to demonstrate the expenditure within 2 months of the reward being paid. [This requirement is already part of the Fris Guidelines, but it is rare that partners prove how they spent their shares of the Fris reward.]

Which income generating projects qualify for Fris and which do not?

The report finds that there is uncertainty on this issue. It is not dealt with consistently in practice. If this is seen as a problem, Scat may wish to develop some rules to add to the Fris Guidelines.

■ Rejected Recommendation

There was a widely canvassed recommendation that Scat should use a form of compulsion to force LDAs to spend Fris rewards in a 'developmental' manner, rather than on office expenses. This recommendation is rejected by this evaluation, but it is acknowledged that this is an important topic for debate. How can Scat ensure that money that is well raised is also well spent?

There were several versions of a rule, for example:

“When Fris rewards exceed a certain level (say half the core grant) a proportion of the rewards must be spent on items, other than LDA salaries and running costs, that meet identified needs in the community.”

or

“LDAs should be required to spend 50% (or another proportion) of their Fris rewards in a way that has a direct impact on poverty alleviation or a visible impact on development.”

The proposal is rejected for the following reasons:

- To issue such an edict would undermine the long-established Scat tradition that committees make the decisions for LDAs. This allows committees to direct resources to what they perceive to be the most pressing needs on the community and the office.⁶⁷
- Scat would still find it very hard to judge whether rewards were well spent if such a rule were adopted.
- Scat is uniquely able to influence LDAs through training and field visits so that they plan the use of funds. This potential power of the fieldworkers is not being used effectively at present. Incentives, detailed in the recommendations above, can be developed to make it more likely that funds are carefully spent and that alternative fund uses are discussed before decisions are made.

For the present “hands-off” strategy to be defended, it does require that LDAs have functioning committees and regular AGMs. A corollary of the rejection of this proposal on directed spending, therefore, has to be a recommendation that if an LDA does not meet Scat's governance criteria, it should not be granted access to a Fris allocation. This, in turn, raises a question on the meaning of the levels of functioning accorded to LDAs. Struggling LDAs, by definition, do not meet Scat's basic criteria, yet many are accorded generous Fris rewards.

Recommendation on the allocation of Fris amounts to LDAs

The annual allocation of Fris reward limits should not be directed only by the extent to which an LDA has claimed its Fris allocation in the past, but also by whether the LDA is making acceptable progress towards meeting Scat's governance and financial criteria.

Fris allocations above the minimum level of R25 000 should be based on:

- 1 fundraising performance in the preceding year,
- 2 the quality of reporting on and planning the use of Fris funds, and
- 3 the developmental impact of the spending of the Fris money.

NOTES

- 1 There is one significant exception. The sheep-resale strategy used only in Molteno realised an average of R5 000 per event, compared with between R2 400 and R3 000 for choral events, beauty/talent contests and raffles.
- 2 “A Vision for SCAT by the year 2003”, *Scat Annual Report 1998*
- 3 “Fris supports local fundraising, not only to raise funds, but also to build support in the community for the activities of the organization in the most tangible way – by asking people for a financial contribution.” *Scat Annual Report 1998* p.13
- 4 *Scat Annual Report 1997*, pages 3 and 7
- 5 The following two sections on the annual allocation limit and the process for Fris claims draw extensively from the 18 page draft document on Fris prepared by Khanyisa Balfour, formerly Communications Manager at Scat. The insights and stories in the document were very useful in guiding inquiries for this report. It is referenced here as “The Story of Fris” (draft)
- 6 It is also the case that the audits of many LDAs, especially at the beginning of the Fris scheme, were still substantially qualified and were therefore not a reliable source for verification. - “The Story of Fris” (draft)
- 7 “...including dates, details of people involved, details of people who made donation, how the event was planned and the outcome of the event including the community support for the event” – Fris Guidelines, 2003
- 8 Fris claim forms reflect the date of the fundraising event, the date the claim was first received at Scat reception and the date payment was made into the LDAs account.
- 9 There was a problem with payment delays in the second half of 2003 when Scat implemented a new “streamlined” electronic payment system (interview with Miriam du Toit, Finance Manager, Scat). The average payment time during this period increased to 44 days, compared with the normal 25 days in the first half of 2003. There were 157 claims in the total sample.
- 10 *InFocus* 4(1) October 2001
- 11 Fris Evaluation Appendix 6, “Fris Claim Times - Analysis of Delays before Payment”
- 12 “The Story of Fris” (draft)
- 13 “This reward may be used to further the objectives of the organisation but is not limited to the funding agreement with Scat. The LDA may therefore use the reward for items other than salaries and administration.” Scat, Guidelines for the Fundraising Incentive Scheme (FRIS), 2003
- 14 *Scat Annual Report 1997*, page 13
- 15 *Scat Annual Report 1997*, pages 16-17
- 16 *Scat Annual Report 1999*, pages 5 and 11 – core grants were also increased for LDAs that met all Scat’s criteria.
- 17 *Scat Annual Report 1998*, page 17
- 18 *Scat Annual Report 2001*, page 9
- 19 *Scat Annual Report 2000*, page 10
- 20 The issue of fundraising partnerships is discussed in detail on page 57. About 15% of Fris rewards are paid out in respect of joint fundraising and in most cases the full profit is “frissed”, though it is not always divided equally!
- 21 *Scat Annual Report 1998*, page 6
- 22 Scat annual financial statements 1999 – 2002; *Scat Annual Report 2000*, page 7; *InFocus* 4(1) October 2001
- 23 Results for 2003 as a whole became available only after the completion of this report. In 2003, 47 LDAs claimed Fris rewards of R1 939 834. This amounted to 47% of Scat’s core LDA funding of R4 164 420 in 2003.
- 24 The basic budget used for comparative purposes in this report is the total of local fundraising, Fris rewards and the core LDA grant from Scat.
- 25 Scat support has been withdrawn from 2004 – letter to Paarl Advice Office, 15 December 2003
- 26 See “How is the Fris money used?”, page 32.
- 27 Ashoka is a global non-profit organization that supports social entrepreneurship. See www.ashoka.org
- 28 The Home To All Campaign has since adopted the FRIS model for their fundraising.
- 29 See “Program Priorities and Operations” - <http://www.synergos.org/globalphilanthropy/00/fbsprogram6.pdf>

- 30 *InFocus* 4(1) October 2001
<http://www.mott.org/publications/websites/infocus4-1/mf9.asp>
- 31 Letter headed “2002 FRIS Awards” faxed to winning LDAs on 17 February 2003. “Each of the winning advice offices received R10 000, to be used for a developmental project in their area.” *IINDABA ZAKWASCAT* May 2003
- 32 For example: Elliot bought R4000 worth of juice concentrate, bottles and labels for the Vukani Makhosikazi juice project. They bought fabric for the uniforms for members of the Child to Child project on HIV/AIDS awareness as well as 7 health kits. R1500 was given to the Sonwabile Choral Youth Group which address drug abuse, career guidance and HIV/AIDS through music.
- 33 The way the survey was conducted is described in Fris Evaluation Appendix 1: The Survey of Fris Claim Forms.
- 34 The average contribution per participant is based on the total revenue collected, not the total profit (average rands raised) which is used to claim the Fris reward.
- 35 See the story summary on page 58.
- 36 How much should livestock cost? The SAPS stock-theft unit reported the following average values for R65 000 of livestock stolen and recovered in the Free State on the weekend of 10-11 January 2004: Sheep – from R390-R410, Cattle - from R1750-R3000.
ThisDay 12-Jan-04
- 37 This next transaction is not followed through in the file. What happened to the sheep?
- 38 Included in the R18 000 of clothing sales receipts is R1 950 for “60 Molteno Advice Office T-Shirts” at R30 each. These were surely not part of the 3 bales of auction clothing. Unless these were donations, their cost should properly have been deducted from the Fris claim.
- 39 There have been no video claims since this brief 2 month awakening.
- 40 Note that in the majority of cases the Fris stories do not identify a specific use for the funds. Fris “Claim Forms” which are completed by the fieldworker in each case, used to include a block to track the subsequent use of the Fris reward, but this was dropped when the form was revised in 2002. The use of the funds is not known until several months afterwards and this block was usually left blank in any event.
- 41 Table 23 is not a reliable estimate of proportions of expenditure. It covers only part of the sample – 56 out of 167 claims. Molteno was raising huge sums targeted for the purchase of an office building. The headings do represent the range of items on which Fris rewards are spent.
- 42 Fris Evaluation Appendix 2 “A Rough and Ready Indicator of how Fris funds are spent”
- 43 Fris Evaluation Appendix 4 “Do LDA reports reflect how Fris rewards are used?”
- 44 Produced at huge opportunity cost, as these invoices are deducted, “unfrissed!”
- 45 Scat, Guidelines for the Fundraising Incentive Scheme (FRIS), 2003
- 46 Hewu Legal Advice and Development Centre and the Hewu Women’s Project (April 2001)
- 47 The Multi Purpose Irrigation and Farming Project donated R500 to buy the sheep and other items raffled jointly with the Hewu Legal Advice and Development Centre. (August 2002)
- 48 Events held on 12-Dec-01 and on 10-Apr-03
- 49 Event held on 29-Apr-03
- 50 The Guidelines are very clear on this point: “The partner organisation should disclose up front what the Fris reward will be used for. The LDA should monitor the spending of the Fris reward as it is intended to further the objectives of development in the community.”
- 51 A particularly useful summary, including historical reflections, is provided by the annual set of Budget Recommendations prepared for the Scat trustees by the Field Team. This shows the context within which Fris operates in each case and identifies LDAs as ‘established’, ‘developing’ or ‘struggling’.
- 52 Fris Evaluation “Annexures”
- 53 They said this would be easier to do if their Fris allocation was higher!

- 54 The reports of claim delays in 2003 were established to be well grounded. But it must be pointed out that these strongly held views on the late payment of claims from two of the particular LDAs visited, are not supported by the general survey of Fris claim forms. These show that 75% of Fris claims are paid within one month. On reading a draft of the report on their Fris experience, ILDA in Uitenhage commented: “we would like you to note that albeit there are tremendous delays regarding the processing of Fris, Scat in the past was able to process and pay out Fris within a four week period (turn round) without hassle. This is excluded in the report and we feel that this is one of the important points.” – fax from Vuyo Msizi, 2 February 2004
- 55 Scat’s monetary assistance comes in the form of a core grant, allocations that may be claimed from funds dedicated to particular purposes (presently training and HIV/AIDS issues), and the Fris allocation.
- 56 It should be pointed out that this was not a staff / trustee divide.
- 57 “Scat wants to make increasing use of [Fris] as we start to move away from straight grant funding” – *Scat Annual Report* December 1996 p. 12
- 58 “The scope should not be narrowed down too much, to allow space for innovation and creativity. Rather than a rule book, it may be better to use the fieldworkers to talk to committees and discuss how they are raising funds and how the funds are planned to be spent.”
- 59 The question was raised on whether donation lists should qualify for Fris rewards as they are not associated with any event. But the next logical step would exclude raffles as well and question whether LDA membership fees can be Frissed.
- 60 There was no suggestion that LDAs collude with field workers to ‘defraud’ Scat. It is more that Fris is not always being used as a tool to pull straying LDAs back into line – where their use of Fris money becomes questionable or when committees or staff are not truly accountable to the community.
- 61 There is one significant exception. The sheep-resale strategy used only in Molteno realised an average of R5 000 per event, compared with between R2 400 and R3 000 for choral events, beauty/talent contests and raffles.
- 62 But see the comments under “Issues”.
- 63 An example is given in Fris Evaluation Appendix 5 “Distribution of Fris Payments and Core Grants, 1998 and 2002”
- 64 The De Beers donation of R150 000 to Scat in 1998 is a case in point. Here, the scheme did not work as well as expected because LDAs in the Northern Cape, where it was focused, were very slow to claim. It took 4 years to distribute the funds.
- 65 Scat may negotiate that the funder shares part of the field support expenses.
- 66 There is, thus, a good rationale for limiting the highest Fris rewards. The longer such a step is delayed, the more difficult it will be to implement for top claimers of Fris.
- 67 ILDA in Uitenhage suggested that Scat apply Fris to particular funds – for example HIV/AIDS. So all rewards would be spent on that particular project. Their aim was to secure more revenue!

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APPENDICES

The appendices to this report are referenced in the notes as "Fris Evaluation Appendix". They are not reproduced here but are available from Scat on request:

Appendix 1: The Survey of Fris Claim Forms

Appendix 2: A Rough and Ready Indicator of how Fris funds are spent

Appendix 3: Fris Arithmetic

Appendix 4: Do LDA reports reflect how Fris rewards are used?

Appendix 5: Distribution of Fris Payments and Core Grants, 1998 and 2002

Appendix 6: Fris Claim Times - Analysis of Delays before Payment

INTERVIEWS:**Interviews with Fieldworkers and Trainers**

Funeka Loza (Eastern Cape Fieldworker)	11-Dec-03
Zandile Nkompela (HIV/AIDS Coordinator)	11-Dec-03
Linda Diedericks (Western Cape Fieldwork Coordinator)	12-Dec-03
Pixie Keteyi (Eastern Cape Fieldwork Coordinator)	15-Dec-03
Lindinkosi Ndibongo (Eastern Cape Fieldworker)	15-Dec-03
Maimouna Conjwa-Dia (Eastern Cape Trainer)	15-Dec-03
Noliitha Vanda-Wellman (Eastern Cape Fieldworker)	17-Dec-03
James Jonas (Northern Cape Fieldworker)	19-Jan-04
Tsamaeng Makiva (Eastern Cape Fieldworker)	20-Jan-04

Interviews with Trustees and Management

Initial briefing from Nomhle Nkumbi-Ndopu, Director and	
Joanne Cartmel, Field Manager	09-Dec-03
Deena Bosch	17-Dec-03
Barry Streek	15-Jan-04
Di Oliver	22-Jan-04
Gordon Young	26-Jan-04
Miriam du Toit, Finance Manager	19-Dec-03
and	30-Jan-04
Khanyisa Balfour, Communications Manager	22-Dec-03

Interviews with LDAs

RADCEN, Riviersonderend	21-Jan-04
NADO, Nababeep	23-Jan-04
ILDA, Uitenhage	28-Jan-04

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