

**The Monitoring and Evaluation of NPOs by the Department of Social
Development Northern Cape**

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degree

Magister in Business Administration

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Declaration

I declare that this field study hereby submitted for the Magister in Business Administration at UFS Business School is my own independent work, and I have not previously submitted this work, either as a whole or in part, for a qualification at another university or at another faculty at this university. I also hereby cede the copyright to the University of the Free State.

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Thabiso Joseph Monyane

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Date

Acknowledgement / Dedications

I dedicate this field study to my lovely beautiful wife (“Mbali” as she is affectionately known) Nozingozi Monyane, my love none of this would have been possible had it not been for your constant support, encouragement and love. We are now 11 years married, you are still the same wife I met 11 years ago. I thank GOD for you. To my three kids (Mpho, Thabiso and Onalenna), success in life requires hard work and self-sacrifice. I hope one day you will understand why I could not attend to your home-works. To my parents, brother and sister, I strive to make you proud all the time and hope that I did so once again. To my supervisor Mr Danie Jacobs, I am grateful and blessed to have had a supervisor like you. You encouraged me to finish the race. It’s through your kindness and continuous support that I made it this far. Continue to be a blessing to other students like you have been to me. Thank you Sir.

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List of Abbreviations and Acronyms

AO	– Accounting Officer
CDF	– Constituency Development Fund
CDFC	– Constituency Development Fund Committee
CDP	- Community Development Practitioner
CGP	– Code of Good Practice
DSD	– Department of Social Development
ECD	- Early Childhood Development Centres
HR	– Human Resources
Logframe	- Logical Framework
M&E	– Monitoring and Evaluation
NGO	- Non Governmental Organisation
NPO	– Non-Profit Organisation
PFMA	– Public Finance Management Act
SMART	– Specific, Measurable, Achievable, Relevant and Time-Bound
Statssa	– Statistics South Africa

Chapter 1: Introduction and Background to the Study

1.1 Introduction

The Department of Social Development (DSD) in the Northern Cape renders various social services through non-profit organisations (NPOs). One of the challenges facing non-profit organisations is their capacity to implement effective internal controls and the submission of financial and narrative reports to the Registrar of NPOs as required by the NPO Act of 1997. According to Wyngaard (2013), more than 85 000 non-profit organisations were registered in terms of the Non-profit Organisations Act (NPO Act) at the end of March 2012. However, from October 2012 until January 2013, more than 23 000 non-compliant NPOs were deregistered by the Registrar of NPOs directorate, which falls under the auspices of the Department of Social Development. Another 35 000 NPOs were marked as '*non-compliant*', *indicating* the intention of the department to deregister them too.

The report on the State of South African NPO Register published by the Department of Social Development reported poor levels of compliance with financial and performance reporting by NPOs (DSD, 2012:10). These high level of non-compliance persisted despite the fact the Department of Social Development in the Northern Cape has implemented and established a Monitoring and Evaluation (M&E) unit. This unit's primary objective is to conduct regular monitoring and evaluation of NPOs, which must include verification of compliance with the reporting requirements. The purpose and objectives of monitoring and evaluation are also indicated in the NPO Act 71 of 1997 and Public Finance Management Act 1 of 1999 as amended by Act 29 of 1999. Section 3 of the NPO Act, Act No 71 of 1997, highlights, "Within the limits prescribed by law, every organ of state must determine and co-ordinate the implementation of its policies and measures in a manner designed to promote, support and enhance the capacity of non-profit organisations to perform their functions". The NPO Act does not explicitly indicate M&E as a requirement; however, in order for the department to comply with the above provision, NPOs must be monitored to assess capacity and provide the necessary support required to build and improve current capacity levels.

Section 5 of the NPO Act also mandates the NPOs directorate within the Department of Social Development to determine and implement programmes, including programmes to

- support non-profit organisations in their endeavour to register, and
- ensure that the standard of governance within non-profit organisations is maintained and improved.

In addition to the requirements of the NPO Act, Section 38(1)(j) of the Public Finance Management Act, Act 1 of 1999 as amended by Act 29 of 1999, requires the accounting officer to ensure that any organisation within or outside government has implemented effective, efficient and transparent financial management and internal controls before transferring funds to such organisations. To determine whether organisations implemented appropriate financial management and internal control, such organisations must be monitored.

This paper seeks to determine whether the Department of Social Development (Northern Cape) implements an effective system of monitoring and evaluation of non-profit organisations.

1.2 Background

The NPO Act defines an NPO as a “trust, company or other association of persons established for a public purpose and of which its income and property are not distributable to its members or office bearers except as reasonable compensation for services rendered. Nongovernmental organisations (NGOs) and community-based organisations (CBOs) are collectively known as non-profit organisations (NPOs) (NPO Act, 1997:1)”

1.2.1 State of non-profit organisation in South Africa

The South African NPO sector is self-regulatory. The directorate of NPOs issued Codes of Good Governance in 2001 as part of its statutory mandate for NPOs to encourage self-regulation. These good governance practices were aimed at improving governance within the sector (DSD, 2009). However, over a period of time, it has become apparent that most NPOs do not comply with these basic standards of good governance (DSD, 2009).

A report by the National Department of Social Development on the State of South Africa (2012) indicated that a total of 85 039 NPOs were registered as at end of June 2012. These NPOs are geographically spread across the country as follows: Gauteng has the highest number of registered NPOs at 32%, followed by KwaZulu-Natal with 20% and Limpopo at 11%. Furthermore, Western Cape is at 10%, Eastern Cape at 8%, Mpumalanga at 6%, and North West and Free State are each at 5% respectively. The Northern Cape recorded the lowest number of NPOs at 2% (DSD, 2012).

A graphical presentation in Figure 1.1 depicts the graphical distribution of registered NPOs per province.

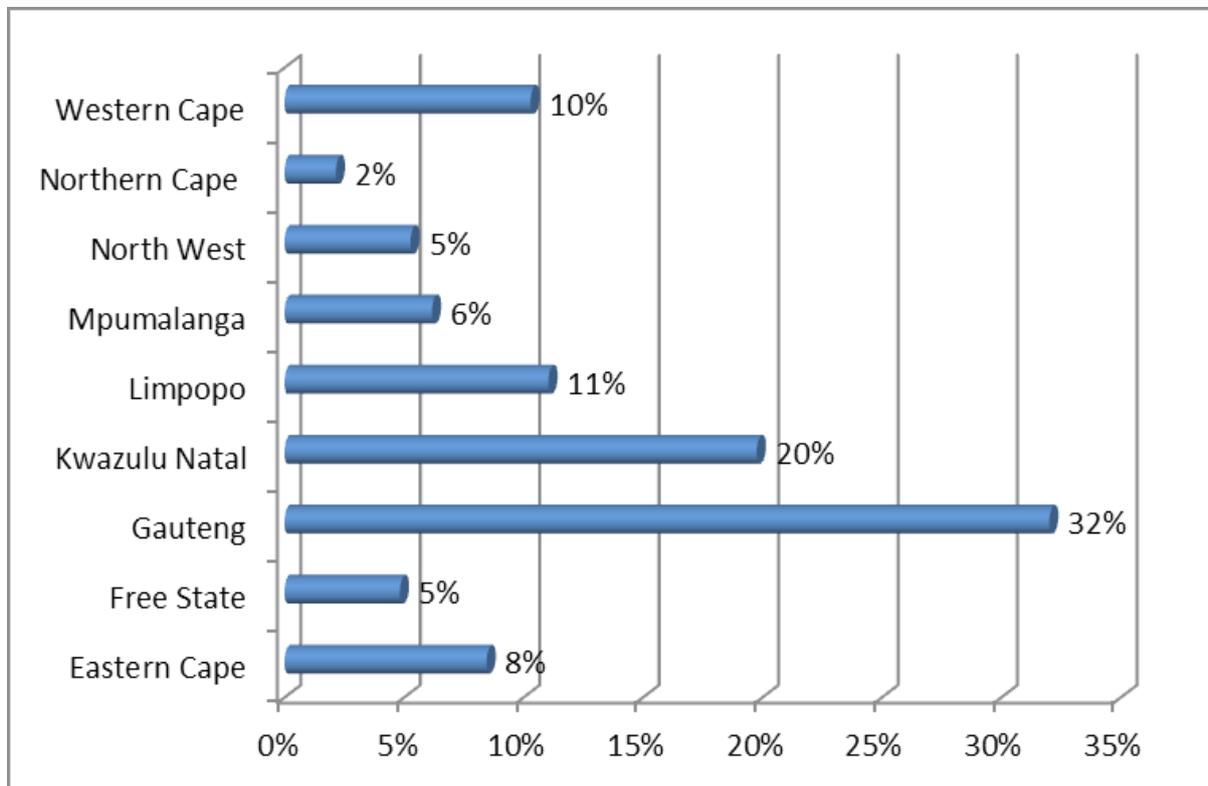


Figure 1.1: Distribution of registered NPO per province

Source: DSD (2012)

Table 1.1 depicts the spread of registered NPO numbers per province.

Province	Number of NPOs
Easter Cape	7 194
Free State	4 106
Gauteng	27 223
KwaZulu-Natal	16 810
Limpopo	9 392
Mpumalanga	5 248
North West	4 4 85
Western Cape	8 755
Northern Cape	1 826
Total	85 039

Table 1.1: Registered NPOs per province

Source: DSD (2012)

According to the DSD Report (2012), the demand for NPOs increased significantly over the past few years post democracy in South Africa. The highest numbers of registered NPOs were recorded between 2007 and 2012. During this period, NPOs nearly doubled in numbers from 49 826 to 85 039, as indicated in Figure 1.2 (DSD, 2012).

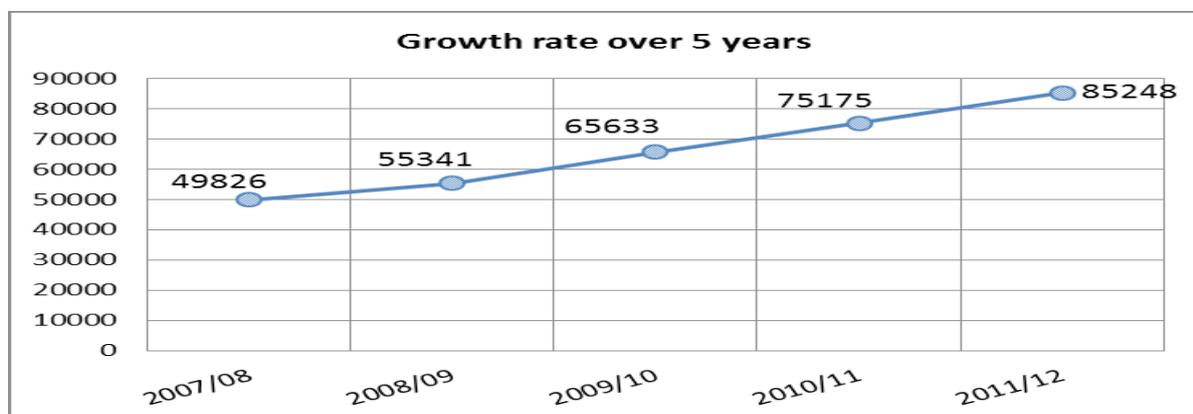


Figure 1.2: Registered NPOs: 2007 and 2012

Source: DSD (2012:6)

The report on the state of NPOs further indicated that the majority of NPOs are found to be concentrated in the social services sector, representing (40%), and followed by the community development and housing sector (20%). The religion sector follows with 12%, health sector at 11%, education and research sector dropped from 11% to 7%, and international organisations (0.1%) represent the lowest number of registered NPOs (DSD, 2012).

The NPO database obtained from the Northern Cape Department of Social Development indicated that a total of 646 NPOs were funded as at the end of March 2012 (DSD NPO database, 2012). These NPOs were spread across the province with 30% located within the Frances Baard District and represented a mixture of Early Childhood Learning Centre, Drop-in Centres, Service Centres, Soup Kitchen, and others (DSD Database, 2012).

Table 1.2 represents a mixture of NPOs located within the Frances Baard District.

NPO Name	Number
Early Childhood Development Centres	114
Soup Kitchen and Drop-in Centre	30
Welfare Organisations	18
Service Centres	19
Home for the Aged and Workshops	11
Total	192

Table 1.2: Population of NPOs with the Frances Baard District

Source: DSD (2012)

Furthermore, the sector's income and expenditure was estimated to be worth R4.3 billion and R3.3 billion respectively at the end of 2011 (DSD, 2012). The income and expenditure figures were compiled by consolidating all financial reports submitted at the end of 2011. The report further indicates that the above-indicated income and expenditure were compiled from submitted reports. Because of poor levels of

reporting the sector's worth could be significantly understated. Table 1.3 depicts the income and expenditure of the NPO sector over a three-year period from 2008 to 2010

Table 1.3 depicts the reporting level from 2008 to 2010.

	2008	2009	2010
Income	R 7,069,735,234	R 9,923,878,411	R 5,435,308,596
Expenditure	R 3,402,451,357	R 2,738,026,625	R 3,082,765,372
Number of NPO with submitted reports	6088	3324	4272
Funded	2287	1097	1739

Table 1.3: Compliance level: 2008 to 2010

Source: DSD (2012:11)

As indicated in Table 1.3 and Figure 1.2, a total of 65 633 NPOs were registered at the end of 2010, with only 4 272 of the 65 633 having submitted financial reports to the NPO registrar. This compliance level represented only 6.5% of all registered NPOs in South Africa.

1.2.2 Deregistration of NPOs

Table 1.4 depicts the number of NPOs deregistered at the end of March 2012 in South Africa.

Type of Deregistration	Number of NPOs deregistered
Deregistered for non-compliance with report requirement	10 219
Dissolved	34
Voluntary deregistration	21
Total	10 274

Table 1.4: Number of NPOs deregistered as at end of March 2012

Source: DSD (2012)

Table 1.4 clearly indicates that the majority of deregistrations were due to NPOs failing to comply with reporting requirements. According to Table 1.4, 99% of deregistrations were due to non-compliance.

Table 1.5 depicts deregistrations of NPOs per province.

Count	Province	Deregistered NPOs
1	Eastern Cape	854
2	Free State	629
3	Gauteng	3 554
4	KwaZulu-Natal	2 002
5	Limpopo	969
6	Mpumalanga	530
7	North West	608
8	Northern Cape	197
9	Western Cape	931
Total		10 274

Table 1.5: Number of NPOs deregistered as at the end of March 2012

Source: DSD (2012)

According to Table 1.5, a total of 197 NPOs from the Northern Cape were deregistered at the end of March 2012. These deregistrations represented 10% of registered NPOs during the same period.

The number of non-compliance and deregistration significantly increased between October 2012 and January 2013 (Wyngaard, 2013). Wyngaard (2013) indicated that more than 23 000 NPOs were deregistered during the same indicated period. Another 35 000 NPOs were marked as '*non-compliant*', thus indicating the intention of the department to deregister them too.

NPOs are indiscriminately required to comply with reporting requirements regardless of their financial capacity and size. Most NPOs differ in size and capacity levels. According to the NPO database provided by the department, the majority of NPOs operating within the Northern Cape reported funding below R500 000, with a significant number having reported lower funding of R300 000 (DSD database, 2012).

A majority of small NPOs in the Northern Cape are depending on the Department of Social Development for funding. Most NPOs were primarily established to act as agents of the department and render social services. To this end, most NPOs lack the appropriate capacity to implement proper financial management.

1.3 Problem statement

The problem is that non-profit organisations fail to comply with the financial and performance reporting requirements as set out in the NPO Act. The poor levels of compliance persist despite the quarterly and monthly monitoring and evaluation system implemented by the department. Poor levels of compliance by NPOs were reported by the Department of Social Development (DSD, 2012).

According to Wyngaard (2013:2), the national directorate of NPOs deregistered a total of 23 000 NPOs due to non-compliance during January 2013. A further 35 000 NPOs were marked as non-compliant, indicating the intention of the department to deregister them too. The deregistration of NPOs poses the greatest threat to communities within the Frances Baard District, as most are dependent on social and welfare services rendered by these NPOs. A majority of communities are living in abject poverty and depend on NPOs for their daily meals. Moreover, children are dependent on Early Childhood Centres and older persons are dependent on old age homes for protection against hunger and poverty. The levels of unemployment in the province were reflected by the 2012 second quarter labour force survey published by Statistics South Africa (Statssa, 2012). According to the 2012 second quarter labour force survey, a total of 281 000 people were employed, 116 000 were unemployed, 324 000 were not economically active, and 28 000 people have been discouraged to look for work. This unemployment level places the provincial unemployment rate at 28.41%, above the national rate of 24.9%.

1.4 Objectives

1.4.1 Primary objective

The primary objective of this study is to determine whether monitoring and evaluation implemented by the department at all funded NPOs within the Frances Baard District was effectively implemented.

1.4.2 Secondary objective

1. To determine whether both the department and NPOs have the appropriate skills and competencies to effectively implement M&E.
2. To determine whether management committees and officials understand the importance of monitoring and evaluation.

1.5 Preliminary literature review

The study will focus of the capacity of both NPOs and the department, with the objective of determining whether appropriate capacity levels exist at both in order to effectively implement monitoring and evaluation.

1.5.1 Assess efficiency

The intention in this case is to determine the relationship between results and resources utilised. The aim is to improve implementation and enhance progress by using results of monitoring. Efficiency evaluation ensures that the right people are assigned tasks and properly trained, and that workers are well supervised and remunerated.

1.5.2 Assess effectiveness

The goal here is to determine immediate outputs and outcomes and the degree to which predetermined objectives and targets are achieved. In addition, effectiveness addresses satisfaction or dissatisfaction expressed by different beneficiaries, communities, workers, donors, and other stakeholders. Effectiveness requires application of scientific methodologies to measure outputs and some degree of outcomes.

1.5.3 Monitoring

Hunter (2009) defines monitoring as a continuous process of data collection and analysis through the life of a project with the primary objective of assessing progress. Furthermore, he states that M&E is an essential tool that management can use to determine whether resources are allocated, utilised and managed properly, and whether objectives are being achieved.

Accordingly, there has been an increase in the recognition of M&E as an indispensable management function, as most NPO funders require the implementation of effective M&E as part of the funding condition (Hunter, 2009:6).

1.5.4 Evaluation

In addition, Hunter (2009) distinguishes monitoring from evaluations and indicates that evaluation involves the measurement of actual results against set objectives; it also measures the impact of a project or service. Unlike monitoring, evaluation takes place at the end of the project or at set specific intervals. The two processes are interlinked and together provide an accurate reflection of the company or organisation against its set objectives.

1.5.5 Effectiveness and efficiency

Mouzas (2006) defines effectiveness and efficiency as central terms used in assessing and measuring the performance of organisations. He further indicates that business managers appear to not have a clear understanding of the exact meaning of efficiency and effectiveness and rarely assess the full impact of their activities. Effectiveness is a measure of performance against set targets.

Managers are often reassured by efficiency indicators achieved through cost cutting, outsourcing of activities or under-funding of projects as an indication of effectiveness. These indicators are not a reflection of effectiveness but rather of efficiency (Mouzas, 2006:2).

1.6 Different monitoring and evaluation approaches

Organisations or institutions monitor progress on their projects with the aim of improving and achieving set targets and objectives. The measuring of progress must be informed by detailed planning, setting out measurable targets. According to the World Meteorological Organization (2012), the first step in the monitoring process is to define the results that need to be measured and the metrics for measuring them. The results to be measured and performance indicators to measure them must be defined in the strategic plan of most organisations.

Organisations use benchmarking as a form of performance measure. According to Azevendo, Newman and Pungiluppi (2010), benchmarking is a comparison of performance against standards. They further indicated that benchmarking as a form of performance measure has the following benefits:

- Benchmarking helps to place an outcome into context – was the achievement of the outcome good, bad or indifferent?
- It assesses the reasonability of a target set.
- It helps to identify specific groups or sub-groups within an organisation whose performance is exceptional or poor.

The challenge, however, with using benchmarking performance as a measuring tool is that it requires an organisation of the same size and type with similar resources.

Different organisations adopt various M&E methods based on objectives and targets being measured. The following are some of the M&E methods:

- Inside-out approach
- Results-based monitoring
- Impact based
- Participatory
- Socio-cultural participatory
- Positive bias

1.6.1 Inside-out approach

Simister and Smith (2010:4) state that an effective monitoring and evaluation system depends on the capacity level of an organisation, as capacity can either provide an organisation with an ability to effectively develop measurable objectives and goals while the lack thereof will result in the development of inappropriate objectives and goals. They defined their approach to M&E as inside out. This approach focuses on the organisation's capacity and its ability to effectively execute M&E.

The inside-out approach suggests that M&E needs to be based around self-assessment and learning in order to improve future performance. This approach provides an organisation with its capacity level, ability to identify gaps and areas for improvement (Simister & Smith, 2010:4). Furthermore, their approach suggests that monitoring and evaluation should not be viewed as an outside-inside approach.

This method states that there is a direct relationship between capacity building and effective implementation of M&E in organisations where objectives are clear and capacity levels are right. Organisations with the right capacity level eliminate confusion and are therefore able to develop proper M&E methodologies. However, in organisations with low capacity levels, confusion exists with regard to what must be done and what is intended to be achieved, especially in cases where M&E is not understood and where officials are burdened with uncertainty, confusion and unrealistic demands. In such organisations, the whole M&E process might be a problem.

Proper communication of objectives and ability to comprehend what M&E is designed to achieve are success ingredients to proper and effective M&E, and therefore, better results can be realised. The focus is not in chasing results only, but rather strengthening the quality of M&E.

1.6.2 Results-based monitoring and evaluation

Contrary to the focus on building capacity, Kusek and Rist (2004:13) introduced a new concept on monitoring and evaluation called "Results-Based Monitoring and Evaluation". This differs from the traditional M&E, as it explores many applications of result-based M&E, the technical, organisational and especially political challenges involved in building a results-based system.

According to Kusek and Risk (2004:13), results-based monitoring and evaluation asks the important question of “So What”. This approach suggests that the mere fact that certain policies and programmes are implemented does not necessarily mean that such implementation produces actual intended results.

This means that the implementation of programmes does not amount to actual delivery on promises made, but focus should be placed on outcome and impact. According to results-based M&E, a process must not focus on the implementation of policies and programmes but rather on what such programmes and policies actually achieved over a period of time (Kusek & Risk, 2004:13). This approach suggests that if the monitoring tool asks “yes” or “no” questions, it might fail to measure outcome and impact.

The challenge, however, with this method is the measuring of impact and outcome by organisations such as NPOs. This method suggests as part of the evaluation process for an impact assessment to be conducted.

According to Kusek and Rist (2004:24), this method measures actual performance and uses the “ten steps” for designing, building and sustaining M&E system. These 10 steps for designing, building and sustaining results-based M&E are illustrated in Table 1.6.

Table 1.6 depicts the 10 steps.

TEN STEPS
1. Conduct a readiness assessment
2. Agreeing on outcomes to monitor and evaluate
3. Selecting key indicators to monitor outcome
4. Baseline data on indicators – Where are we today ?
5. Planning for improvements – Selecting results targets
6. Monitoring results
7. The role of evaluation
8. Reporting findings
9. Using findings
10. Sustaining the M&E system within the organisation

Table 1.6: Ten steps for designing, building and sustaining results-based M&E

Source: Kusek and Rist (2004:25)

The fundamental principle underpinning the 10-step model is a continuous feedback mechanism which provides insight into the success or failure of a project. Such successes or failures if identified must be rewarded and failures corrected.

Linked to the results-based M&E are the following principles :

1. If you do not measure results, you cannot tell success from failure.
2. If you cannot see success, you cannot reward it.
3. If you cannot reward success, you are probably rewarding failure.
4. If you cannot see success, you cannot learn from it.
5. If you cannot recognise failure, you cannot correct it.
6. If you can demonstrate success, you can win public support.

Kusek and Rist (2004:14) also recognised the relationship between monitoring and evaluation to be complementary.

Table 1.7 depicts the complementary role between monitoring and evaluation.

Monitoring	Evaluation
Clarifies programme objectives	Analysis why intended objectives results were or were not achieved
Link activities and their resources to objectives	Assess specific causal contributions of activities to results
Translate objectives into performance indicators and set targets	Examines implementation processes
Routinely collects data on these indicators, compare actual to target	Explores unintended results
Reports progress to managers and alerts them of problems	Provides lessons, highlights significant accomplishment or program potential, and offers recommendations for improvements

Table 1.7: Complementary of M&E

Source: Kusek and Rist (2004:14)

The results-based method presents challenges, as impact and outcome can only be measured at the end of the project. Most project funding is for a period of 12 months; however, the impact can only be realistically measured a couple of years after the implementation of such project. Most NPO funding is designed to implement

programmes aiming to change perception or behaviours. The challenge with current funding and target to be reached by funded NPOs is the setting of targets such as the number of children reached through anti-drugs campaigns without making reference to an impact assessment.

1.6.3 Impact-based monitoring and evaluation

Müller, Guenat and Fromm (2010) indicated that the development of impact M&E requires impact indicators to be developed. This process requires the involvement of stakeholders or beneficiaries who must determine their expected livelihood which the M&E must focus on.

Müller *et al.* (2010) found in their study while developing effective impact M&E indicators for farmers in Kyrgyzstan that to attract new donors, the impact evaluation must not only be placed in a broader perspective, observing besides the economic benefits, the ecological and human-social benefits, but at the same time be easily understandable by stakeholders who will participate in the M&E process. The impact M&E approach requires participation from stakeholders similar to all other M&E methods. The participation by stakeholders in the M&E process was found to be an important process of M&E as indicated by Estrella and Gaventa (2008:3). They confirm the importance of stakeholder involvement in the planning process.

Estrella *et al* (2008:3) identify that the most important question in this method is “Who Really Count”. Accordingly, there has been an increase in the demand by stakeholders to participate in the M&E process over the past few years (Estrella & Gaventa, 2008:3).

1.6.4 Participatory monitoring and evaluation

The participatory M&E may be used for the following:

- Project management
- Self-assessment
- Project review
- Organisational assessment
- Capacity building

As indicated in the foregoing list, this method covers wide range of areas; thus, much more is involved and requires intense planning and setting of clear and measurable objectives. Such objectives may include developmental of capacity building and in-house M&E. This method may be applied in all areas including agriculture, social services, health, economic, and others.

The significance and benefit of the participatory M&E has been also confirmed by James (2010:4). The author indicates that good monitoring and evaluation starts with good proper planning. He further indicates that it is important to involve relevant stakeholders during the planning phase; during this phase, it is important to identify who needs to know what, why do they need to know such, and what do they need to know. Answering these questions provides a better view of who are the stakeholders.

Furthermore, it is important for stakeholders to know what is being measured and the measuring criteria. It is therefore clear that monitoring and evaluation will carry weight when stakeholders are familiar with the expected targets, how such will be measured, measuring intervals, and what measuring criteria will be used (James, 2010:4).

1.6.5 Socio-cultural participatory monitoring and evaluation

Tana, Onyango, Ochola and Omolo (2011:114) brought another concept to monitoring and evaluation, “the socio-cultural participatory monitoring and evaluation”. The socio-cultural participatory monitoring and evaluation is a system wherein affected members of communities are given opportunities to discuss and engage on issues affecting their day-to-day life. This process empowers communities, as they participate in the monitoring an evaluation of tasks and projects. The community determines what must be evaluated and who must be there (Tana *et al.*, 2011:114). This method was applied to deal with socio-cultural differences between different tribes in the province of Nyanza in western Kenya. The study found that monitoring and evaluation indicators were informed by the social status of participants. The difference in level of education, income, and status in society shaped the view of certain community members.

This method also measures the impact, as the socio-economic condition of communities becomes an obvious indicator. Tana *et al.* (2011:114) found that communities' involvement in the monitoring and evaluation of services affecting them was very low in Kenya. This was due to the fact that M&E was mostly influenced by communities with high social status. This means that the M&E process was designed to favour those communities with such high social status instead of the general population.

This method if successfully implemented will minimise conflict between relevant organs of state or NPOs and communities benefiting from such organs or NPOs services (Tana *et al.*, 2011:114).

1.6.6 Positive bias monitoring and evaluation

Clements, Chianca and Sasaki (2008:199) present a new concept to monitoring and evaluation called positive bias. This method suggests that M&E must be professionalised and called "Monitoring and Evaluation for cost effectiveness". Positive bias suggests that an organisation uses an inappropriate measuring mechanism with focus on input and output instead of the impact to measure performance. M&E reports reflect a positive picture, whereas evidence suggests otherwise.

According to Clements *et al.* (2008:195), after 60 years, the effectiveness of the international development aid in as far as improving socio-economic conditions of poor communities and the reduction of poverty, i.e. the achievement of this objective, remains unclear. It is further suggested that such ineffectiveness and non-achievement of the said objective can be attributed to flawed incentive structures in aid management, failures in learning and accountability. This suggests that if accountability for managers is weak and managers get incentives for compromising effectiveness and politics plays a major role in funding, positive bias reports are likely to be produced.

It is clear that this method is used to balance political equilibrium (Clements *et al.*, 2008:196). The achievement of such equilibrium is through a positive bias report aimed at satisfying both the taxpayer or voters and donors at the same time; this ultimately compromises the quality of reports and effectiveness of M&E.

Organisations experiencing financial difficulties and failing to attract donors are at risk of compromising M&E and thus adopting positive bias.

1.7 Research method and design

Qualitative research method will be followed in this study. A qualitative method aims to achieve an in-depth understanding of situations; furthermore, the process involves interpretation of data collected.

1.7.1 Qualitative method

Qualitative method will be used to collect data through focus groups during the NPO forum. All NPOs within the Frances Baard District must attend the forum arranged by the department. NPOs will be randomly selected.

- Cooper and Schindler (2011:160) defines qualitative as an array of interpretive techniques which seek to describe, decode, translate, or otherwise come to terms with the meaning, not the frequency, of certain or more or less naturally occurring phenomena in the social world. This method is used at both the collection and data analysis stage. Data may be gathered through focus groups, in-depth interviews and a case study method.
- Mack, Woodsong, Macqueen, Guest and Namey (2005) state that the strength of qualitative research is in its ability to provide complex textual descriptions of how people experience a given research issue. This method provides information about the “human” side of an issue, that is, the often contradictory behaviours, beliefs, opinions, emotions, and relationships of individuals (Mack *et al.*, 2005:1).
- Qualitative methods are also effective in identifying intangible factors, such as social norms, socio-economic status, gender roles, ethnicity, and religion. This method is inflexible in as far as it relates to questions asked to the participant in the survey (Mack *et al.*, 2005:1).
- Qualitative research is a type of scientific research and consists of an investigation that (Mack *et al.*, 2005:1)
 - seeks answers to a question;

- systematically uses a predefined set of procedures to answer the question;
- collects evidence;
- produces findings that were not determined in advance; and
- produces findings that are applicable beyond the immediate boundaries of the study.

1.7.2 Data collection method

The study will be limited to only NPOs registered according to the NPO Act and funded by the department. Data will be collected during the annual NPO forum to be arranged by the department in 2014 at Kimberley.

In addition, data will be collected through questionnaires administered during four focus group meetings. An additional focus group meeting will be held with departmental officials from the Monitoring unit.

1.8 Sampling

The population will comprise all NPOs funded by the department within the Frances Baard District. All other NPOs not funded will be excluded from the population. Non-probability convenience sampling method will be adopted. The NPOs will be selected during the NPO forum. A sample of 39 NPOs will be tested, representing 20% of the Frances Baard population. The sample is small relative to the population size. However, the size of the sample will not be considered as a limiting factor, as the aim of the study is to establish if the monitoring and evaluation at NPOs is effective. Qualitative sample size, according to Cooper and Schindler, is usually small when compared to the population size (Cooper & Schindler, 2011).

A total of 646 non-profit organisations were funded during the financial year ending 31 March 2012. These NPOs are geographically spread across the province. Thirty per cent of these NPOs are located within the Frances Baard District and represent a mixture of Early Childhood Learning Centre, Drop-in Centres, Service Centres, Soup Kitchen, and others (DSD Database, 2012).

The sample will also include a minimum of six officials from the department. The sample shall only include officials from the Monitoring and Evaluation unit of the

department. The responsibility manager and officials implementing M&E will be included in the sample.

Thirty per cent of NPOs are located within the Frances Baard District as depicted in Table 1.8.

NPO Name	Number
Early Childhood Development Centres	114
Soup Kitchen and Drop-in Centre	30
Welfare Organisations	18
Service Centres	19
Home for the Aged and Workshops	11
Total	192

Table 1.8: Population of NPOs with the Frances Baard District

1.9 Data analysis

Data will be collected through research questions administered during four focus group meetings with NPOs and one with officials of the department. The research questions will be compiled from information gathered during the literature review. The data collected from all NPOs within the Frances Baard District will be kept in its original form and will be used to determine both the primary and secondary objectives.

Data collected will be analysed using five steps in analysing qualitative data suggested by Taylor-Powell and Renner (2003). The steps involve the following process:

- Step 1 – Get to know your data
Data collected must be thoroughly analysed and reviewed for quality. The reader must compile impressions from data collected.
- Step 2 – Focus on the analysis

This step requires the reader of data to evaluate what answers were provided by all respondents to a specific question(s).

Step 3 – Categorise information

This step requires the reader to categorise data by indexing or coding.

Step 4 – Identify patterns and connections within and between categories

From the analysis conducted in step 3, data must be categorised. Patterns emerging may be used to establish connections within or outside categories.

Step 5 – Interpretation and summarising all data

Themes and connection are used to establish findings.

Data will be codified and dominance determined based on the number of times a specific response has been provided from different focus groups. The results from data collected and analysed will be graphically presented. The scale that follows will be used to determine dominance.

Frequency of common responses	Description
1	Response appearing only once per research question
2	Response appearing twice per research question
3	Response appearing three times per research question
4	Response appearing four times per research question
5	Response appearing five times per research question

Table 1.9: Scale used to determine common responses

1.10 Ethical considerations

- The purpose of the study will be explained to all participants.
- Participants will be guaranteed confidentiality.

- Participants will not be forced to be part of the study if they feel uncomfortable.
- Permission will be sought from the department and management committee of NPOs to conduct the study.
- The name of participants, personal details, including responses to questionnaires, will not be provided to neither management committee nor the department.
- The results of the study will not be used to either victimise officials of the department or NPOs.
- The integrity of data will be maintained at all times during the study.

1.11 Conclusion

Based on the preliminary literature review, it was found that an effective monitoring and evaluation system depends on the following factors:

- Proper planning for monitoring and evaluation.
- Involvement of key stakeholders in the process.
- Ensuring that organisations have the necessary skills and competencies.
- The integrity of data collected and used for monitoring must be maintained and positive biasness must avoided.

The general view on effective monitoring is the participation of stakeholders in the process in order to determine objectives, targets, when to measure, how to measure, and measuring criteria. The involvement of stakeholders was found to be low in Kenya due to the socio-economic standing of such stakeholders in society.

Chapter 2: Literature Review

2.1 Introduction

The purpose of this study is to determine whether the Department of Social Development implemented an effective monitoring and evaluation system at non-profit organisations. During the preliminary literature review in Chapter 1, it was found that little research had been conducted on whether government departments or any organ of state had implemented an effective monitoring and evaluation system to monitor and evaluate non-profit organisations. A significant number of studies had been conducted on the ability of NPOs to effectively monitor and evaluate projects funded by either government or private entities.

Because of the limitation on previous research on whether government organs had implemented an effective monitoring and evaluation system at NPOs, this study will review the South African NPO environment in relation to M&E. The environment will be scanned for the existence of any legislative requirement or provision of law or in-house policies regulating M&E. The relationship between the existence of applicable laws and regulations and the successful implementation of M&E is not the primary purpose of this study and therefore falls outside its scope.

Furthermore, this study will focus on what constitutes an effective monitoring and evaluation system and its key components. These components will be used to determine what constitutes an effective monitoring and evaluation system. The M&E of the department will be evaluated against such key components. The research question will also be developed from such.

2.2 NPOs' regulatory framework in South Africa

Without deviating from the objective of this study, attention is drawn to three factors that are likely to positively or negatively affect the M&E environment. These factors are

- existence of legislative mandate or empowering provision;
- existence of organisational policy in support of M&E; and
- existence of a monitoring tool.

2.2.1 Legislative mandate

Good governance theories and practices are becoming increasingly necessary for the development, legitimacy and sustainability of NPOs in any country (DSD, 2012). In South Africa, the Non-profit Organisations Act (NPO Act) of 1997 was introduced with the intention of creating an enabling environment that would allow NPOs and other civil society organisations to maintain adequate standards of governance, transparency and public accountability, while at the same time enjoying a wide degree of freedom and autonomy (DSD, 2012). The Act allowed the sector to be self-regulated.

The Act in its current form makes no reference to monitoring and evaluation of NPOs by the Department of Social Development or any other organ of state. Chapter 2 of the Act (Section 3) reads, “Within the limits prescribed by law, every organ of state must determine and co-ordinate the implementation of its policies and measures in a manner designed to *promote, support and enhance* the capacity of non-profit organisations to perform their functions”. The Act does not explain what is meant by the following key concepts:

- Promote
- Support
- Enhance

It must be stated that since the NPO Act makes no explicit reference to monitoring of NPOs by either an organ of state or any private entity, M&E might not fall “within the limit prescribed by law”.

The Public Finance Management Act (PFMA) as amendment by Act No. 29 of 1999 regulates the management of public funds. Section 38(j) of the PFMA “requires the Accounting Officer (AO) to ensure that *before transferring any funds to an entity within or outside government, must obtain a written assurance from the entity that that entity implements effective, efficient and transparent financial management and internal control systems, or, if such written assurance is not or cannot be given, render the transfer of the funds subject to conditions and remedial measures requiring the entity to establish and implement effective, efficient and transparent financial management and internal control systems*”.

In addition, Section 3(3) of the PMFA reads, “In the event of any inconsistency between this Act and any other legislation, this Act prevails.” This clearly indicates that the PFMA might override any provision from any Act if such is contrary to the latter. Despite this provision, the PFMA only requires the AO to only obtain written assurance that an NPO implements effective, efficient and transparent financial management and internal controls. Both the NPO Act and PFMA make no reference to the monitoring of NPOs. One can ask the question, how significant is M&E in the public sector? Again, no further work will be done to determine the answer to this question, as this falls outside the scope of this study.

Based on the results or review of both Acts, it might appear that the monitoring and evaluation of NPOs has been reduced to a less important process. The question to ask is, “can an organ of state (which includes the department) impose as a funding condition, the monitoring and evaluation of an NPO?” If so, will that be outside what is “prescribed by law provision” or will it be within such law? These are some legal questions to answer and are beyond the scope of this study and therefore will not be pursued further.

There seems to exist a limitation on the legislative framework to support M&E. The PFMA, NPO Act and Code of Good Practice lack the necessary emphasis on M&E or ‘biting power’ to enforce implementation by the department. The lack of supportive or empowering provisions creates a significant gap in the enforceability of M&E and may ultimately reduce M&E as a good governance tool to just a business process.

An effective monitoring and evaluation system depends on the existence of policies and rules supporting its implementation. The non-existence of regulatory frameworks minimise the success of any M&E. The Department of Social Development developed a Code of Good Practice (CGP) for NPOs. According to DSD (2009), adopting and implementing the code is voluntary, meaning that NPOs may not subscribe to the principles set out in the code. The further indicate that the prospect of future funding shall also not be negatively affected even though such NPO fails to comply with the CGP.

2.2.2 Monitoring and evaluation policy

The department does not have a monitoring and evaluation policy; instead, the funding policy is used as an M&E policy. A formal policy document is a useful basis for clarifying roles, responsibilities and accountabilities of key players (Lahey, 2009). The monitoring and evaluation policy must be reflective of the department or government's policy and detail the mechanisms needed to be followed for delivery of credible evaluation products (Lahey, 2009).

The approved funding policy of the department requires the involvement of stakeholders in the monitoring and evaluation process. According to the funding policy, the NPO must monitor its own performance jointly with its own beneficiaries whilst ensuring that it delivers good quality services. The department will use this information as part of its monitoring and evaluation process. The funding policy indicates aspects that follow as focus areas during M&E.

The M&E processes involve the following:

- The submission of Monthly Reports
- The submission of Non-financial Data
- The submission of Financial Data
- The submission of Minutes of Meetings
- Project visits by CDPs (CDPs could attend meetings if necessary)

The following is an extract from the funding policy: *“An important aspect of monitoring and evaluation will be aimed at corrective measures to be implemented in instances where shortcomings and non-compliance are identified.*

These aspects include:

- compliance with relevant legislation, policies and priorities, norms and standards and procedures;*
- ensure that allocated finances are utilised as per agreed objectives in the contract;*
- determine whether transformation imperatives are being complied with;*

- *promote best practice models;*
- *determine whether there is adequate beneficiary, stakeholder and community involvement in the design of the organisation's structure (governance), policies and service delivery; and*
- *monitor whether the organisation has a sustainability plan."*

Ironically, the funding policy does not make any reference to the capacity of NPOs to implement an effective monitoring and evaluation system. According to the funding policy, funded projects will be visited by Community Development Workers from the department. The policy fails to indicate the role of the CDP other than attending meetings if necessary. According to Swindle (2011), meaningful evaluation requires a significant educational investment that some NGOs cannot make due to financial difficulties, a lack of staff, or pressure from donors. It is therefore important that the role of the CDP be clearly defined because of capacity challenges at NPOs

Swindle (2011) further argues that most NPOs implement the same development projects over and over again, regardless of the data obtained in project evaluations, if any evaluations are conducted at all. Nevertheless, Mulwa (2008) indicates that evaluation can be improved by ensuring that all stakeholders are involved during the M&E process as opposed to only an NGO and its management committees.

The role of stakeholders in the M&E was confirmed by the Journal of Advancement in Medical and Pharmaceutical Sciences (2010) which indicates that participatory monitoring and evaluation in primary health care empowers communities and health workers to make informed decisions on interventions and performance, and promotes collaboration, transparency, accountability, and sustainability. The relationship between an effective M&E and accountability will be explored later.

According to Swindle (2011), based on his personal experiences as an evaluator in Guatemala and Mexico for NGO1, he maintains that the participatory approach to development evaluation is ideal. Unfortunately, certain barriers exist, such as geographic, linguistic, cultural, and financial, which complicate the complete involvement of all stakeholders to equally participate.

The views expressed by Swindle (2011) are relevant in a multicultural society such as Mexico. A majority of community members living in the Northern Cape either

speak or understand Afrikaans; this is a common language. In addition to financial capacity, both NPO's and Departmental officials requires an understanding of the monitoring tool for an effective implementation guided a policy.

The departmental funding policy is fundamentally flawed in relation to M&E, as most NPOs do not have their own M&E tools and lack the necessary skills to execute such. The expectation is that an NPO must conduct its own monitoring and submit such reports to the department. The average literacy levels of both NPO project managers and management committee is very poor (Swindle, 2011). A critical element associated with the sustainability of an M&E system relates to the adequacy of human resources (HR) with the needed skill sets (Lahey, 2009).

The funding policy, unlike both the PFMA and NPO Act, makes reference to M&E. However, the department does not have a standard operating procedure designed to provide detailed guidance to implementers on how to effectively implement M&E.

2.3 Monitory tools for an effective M&E

According to the World Meteorological Organization (2012), an excellent M&E tool for project management is a logical framework. A logical framework (or logframe) is now widely used by multilateral and bilateral aid agencies and non-governmental organisations. It provides the basis for the development of a monitoring system during implementation, as well as a framework for the evaluation of a specific project. A logframe or logical framework shows the conceptual foundation upon which the project's M&E system is built (Chaplowe, 2008).

Table 2.1 indicates a logical framework.

Project Objectives	Indicators	Means of Verification	Means of Verification Assumptions
Goal :Simple clear statement of the impact or results to achieve by the project	Impact Indicator Quantitative or qualitative means to measure achievement or to reflect the changes connected to stated goal	Measurement method, data source, and data collection frequency for stated indicator	External factors necessary to sustain the long-term impact, but beyond the control of the project
Outcomes : Set of beneficiary and population-level changes needed to achieve the goal (usually knowledge, attitudes and practices, or KAP)	Outcome Indicator Quantitative or qualitative means to measure achievement or to reflect the changes connected to stated outcomes	Measurement method, data source, and data collection frequency for stated indicator	External conditions necessary if the outcomes are to contribute to achieving the goal
Outputs :Products or services needed to achieve the outcomes	Output Indicator Quantitative or qualitative means to measure completion of stated outputs (measures the immediate product of an activity)	Measurement method, data source, and data collection frequency for stated indicator	Factors out of the project's control that could restrict or prevent the outputs from achieving the outcomes
Activities: Regular efforts needed to produce the outputs	Process Indicator Quantitative or qualitative means to measure completion of stated activities, i.e., attendance at the activities	Measurement method, data source, and data collection frequency for stated indicator	Factors out of the project's control that could restrict or prevent the activities from achieving the outcomes
Inputs :Resources used to implement activities (financial, materials, human)	Input Indicator Quantitative or qualitative means to measure utilization of stated inputs (resources used for activities)	Measurement method, data source, and data collection frequency for stated indicator	Factors out of the project's control that could restrict or prevent access to the inputs

Table 2.1: Logical framework

Source: Adapted from an example from Caldwell (2002:139)

The logframe clearly indicates what are project objectives, outcomes, outputs, activities and inputs required to achieve such objectives. The method also indicates performance indicators, means of verification and verification assumptions.

The poor implementation of monitoring and evaluation is not only a matter of limited capacity in organisations but rather also a lack of methodological clarity in the implementation thereof. Most NPOs and other organisations fail to adopt a clear and concise M&E methodology for implementers, resulting in implementers developing their own various inconsistent methods. The implementation of inconsistent methods provides different M&E results.

Measuring the effectiveness of an intervention requires clear, explicit and quantified objectives and includes not only the extent to which an intervention objective has been achieved but also the unintended and unplanned consequences of such activities. Assessment for effectiveness involves the determination of immediate outputs, outcomes and the degree to which predetermined objectives and targets are achieved. In addition, effectiveness addresses satisfaction or dissatisfaction

expressed by different beneficiaries, communities, workers, donors and other stakeholders.

The basic fundamental of an effective monitoring and evaluation system is the clear understanding of objectives and indicators set by organisations. The Journal of Advancement in Medical and Pharmaceutical Sciences (2010) indicated that those involved in implementing and monitoring activities must understand the objectives, indicators, expected outputs, outcomes, and their linkages. Specific, measurable, achievable, relevant and time-bound (SMART) objectives are easier to measure.

An effective M&E system requires that attention be given during the following stage(s) of a project or programme:

- Planning phase – the identification of relevant indicators.
- Project implementation phase – the production and collection of information-relevant monitoring and evaluations.
- Project implementation phase – the existence of a feedback mechanism where information is analysed and used for decision-making.

2.4 Measuring the effectiveness and efficiency of M&E

2.4.1 Measuring effectiveness of M&E

Meharg (2009) defines effectiveness as the term commonly used to refer to the goal attainment of a measure, thus relating the outcome of a process to its original goals. In other words, an intervention is said to be effective if the outcomes match the goals.

Mouzas (2006) indicates that business managers appear not to have a clear understanding of the exact meaning of efficiency and effectiveness and rarely assess the full impact of their activities. These managers are often reassured by efficiency indicators achieved through cost cutting, outsourcing of activities or under-funding of projects as an indication of effectiveness. These indicators are not a reflection of effectiveness but rather of efficiency (Mouzas, 2006).

According to Koot (2008), an effective M&E system measures the effect, defined as a more immediate, tangible and observable change in relation to the initial situation

before the project. The effect must be empirically verifiable and measurable (Koot, 2008). On the other hand, Grossman (2005) submits that a programme's effectiveness can be measured accurately only if one knows what would have happened without it.

2.4.2 Measuring efficiency of M&E

According to Koot (2008), efficiency concentrates on direct project activities such as inputs, process and output. Efficiency seeks to answer the following questions:

- Has the project action been implemented?
- Have inputs been used in the right way?
- What are the concrete outputs of the project?

The ability to measure effectiveness tends to rely on the level of human resources involvement in the process; thus, skills and competencies play a significant role. Kusek and Rist (2004) also recognised the relationship between monitoring and evaluation to be complementary.

Table 2.2 depicts the complementary role between monitoring and evaluation.

Monitoring	Evaluation
Clarifies programme objectives	Analysis why intended objectives results were or were not achieved
Link activities and their resources to objectives	Assess specific causal contributions of activities to results
Translate objectives into performance indicators and set targets	Examines implementation processes
Routinely collects data on these indicators, compare actual to target	Explores unintended results
Reports progress to managers and alerts them of problems	Provides lessons, highlights significant accomplishment or program potential, and offers recommendations for improvements

Table 2.2: Complementary of M&E

Source: Kusek and Rist (2004:14)

2.5 Factors affecting an effective M&E

An effective monitoring and evaluation system must trace a logical train of thought from hypotheses on how the project will bring about change in a specific sector, to

the specific objectives needed for these changes (Kusek & Risk, 2004). The planning for M&E must be developed such that it measures the project's achievement against its stated objectives. Effective evaluations are not discrete, static events, but part of a larger process (Swindle, 2011).

According to Vandenberg (2011), an effective monitoring and evaluation system requires a number of things. These include sufficient monitoring resources, the right staff and motivation, effective communication, a conducive implementation environment, pilots to draw lessons learned from, available technical expertise, and others. In addition to the above, the participation of key stakeholders and a focus on results are prerequisites.

The guide on effective M&E issued by the International Crops Research Institute for the Semi-Arid Tropics (s.a 13) indicates that an effective M&E system is more than a statistical task or an external obligation; thus, it must be planned, managed, and provided with adequate resources. The guide further states that M&E system must be linked to overall project operations, as well as with outputs, outcomes, and impact normally summarised in the project logframe.

The instruments necessary to build up a good M&E are the use of a logical framework, a set of measurable indicators, effective training and data analysis and processing. The planning must clearly outline protocols for collecting and analysing data and information used in the measurement of performance. A system must be developed to test the reliability and integrity of data and information collected. The ultimate results of M&E depend on the quality of data collected and analysed.

According to Lahey (2009), most evaluation studies are carried out by Evaluation units that are internal to departments; this system compromised the integrity of the results. To reinforce the independence of evaluators so that they may speak truthfully, the Canadian government implemented a number of elements in its M&E model to ensure objectivity and neutrality of the evaluation process and the reporting on results. The following are implemented elements by the Canadian government:

- Where is the emphasis placed – on the “M”, the “E” or both?
- How formal is the basis for M&E?

- What capacity building efforts exist?
- Who conducts evaluation studies?
- What quality controls and oversight mechanism exist?
- How is the independence of the evaluator maintained?
- How transparent is the information?

An assessment of the overall M&E system should be done at least every two to three years in order to ensure that such a system remains relevant (UNAIDS, 2009). Lahey (2009) indicates that the Canadian M&E policy has been updated on three occasions – in 1991, 2001 and 2009. Changes to M&E policies occur for different reasons such as changes in the measuring criteria, maturity of M&E practices and a shift in focus by national or provincial government.

Planning for M&E should begin during or immediately after the project design stage and must involve all key stakeholders (Chaplowe, 2008). Early planning will inform the project design and allow for sufficient time to arrange for resources and personnel prior to project implementation. M&E planning should also involve those using the M&E system. Involvement of project staff and key stakeholders ensures feasibility, understanding, and ownership of the M&E system (Chaplowe, 2008).

According to Chaplowe (2008), an effective M&E system is one built on key parameters of a project which considers the following:

- the overall goal or desired change or effect of a project;
- main beneficiaries or audience that the project seeks to benefit;
- hypotheses or assumptions that link the project objectives to specific interventions or activities;
- project scope and size;
- the extent of participation in and capacity for the project duration; and
- the overall project budget.

Koot (2008) indicates that an effective M&E system is one that obtains answers to the following questions:

- Does the programme address the needs or problems of beneficiaries?
- Are the activities implemented under the programme the most relevant given the local problem of beneficiaries?
- Is the programme efficient in its implementation?
- Do the beneficiaries have the capability (competence and possibility) to express their felt need and adjust to make it more responsive to their needs?
- What does the programme require from the implementing organisation?
- What kind of human, financial and material resources are required to implement the activities as planned?
- What is the capacity of the implementing organisation to carry out the programme activities given the demands the programme poses?
- Is the organisation a learning organisation embracing change?
- Is the organisation capable of delivering alternative interventions that are more efficient and appropriate?
- Do beneficiaries have the capability (competence) to influence the implementing organisation?
- Is there a formal representation, and are there available channels used to give direction to the organisation?
- Is the implementing organisation open to influence by the beneficiaries through a formal or informal way?
- Is the organisation transparent, and is it accountable for its performance?
- Is the community representation giving people feedback?

According to Ochieng, Chepkuto, Tubey and Kuto (2012), a participatory monitoring and evaluation method was the recommended method, as all key stakeholders are involved in the planning and evaluation phases of projects. The involvement of community members or other extended key stakeholders such as beneficiaries of intended services strengthen the M&E process.

Additionally, the role of authorities in ensuring that established bodies or organisations responsible for monitoring and evaluation appoint officials with the required knowledge and competencies might strengthen the M&E process further. However, Ochieng *et al.* (2012) found that authorities were not restricted to appoint

or nominate people with the necessary and required skills and competencies, thus resulting in weak M&E.

When NGOs apply the information gleaned from an evaluation, adjusting their efforts to overcome the weaknesses identified in evaluations, they increase their potential to make a significant impact and meet their goals (Mulwa, 2008). According to Swindle (2011), many NGOs face difficulties in conducting evaluations as well as in utilising the lessons learned from the evaluation reports to change their practices. He further indicates that a meaningful evaluation requires a significant educational investment that some NGOs cannot make due to financial difficulties, a lack of staff, or pressure from donors. Moreover, those NGOs that can perform accurate and meaningful evaluations still struggle to incorporate the lessons learned from the evaluations into their actual practices (Swindle, 2011).

An effective monitoring and evaluation system must be results-based and obligate its practitioners to empirically demonstrate impact (Ochieng *et al.*, 2012). According to the International Federation of Red Cross and Red Crescent Societies, Geneva, (2011), a well-functioning M&E system is a critical part of good project/programme management and accountability. These two key components of an effective monitoring and evaluation system are the building blocks not to be omitted during the design and development, and implementation of M&E systems. The role of both effective monitoring of projects and accountability will become clearer later. An in-depth analysis of accountability as a key component to an effective monitoring and evaluation system will be broken down later.

Credibility of an evaluation depends on the expertise and independence of the evaluators and the degree of transparency of the evaluation process. The evaluators should have the required expertise to make relevant and realistic conclusions and recommendations based on the findings. The reliability of the findings, in turn, depends on the empirical evidence the evaluators can show to support the findings, including sources of information.

According to Ochieng *et al.* (2012), the CDF Act provides for public participation in project identification and implementation. Other pieces of legislation such as the Official Secret Act are a hindrance to active community participation in monitoring and evaluation of projects.

Kusek and Rist (2004) introduced a new concept on monitoring and evaluation called the “Results-Based Monitoring and Evaluation”. This method is built on 10 critical steps to results-based effective M&E.

Ten steps of M&E are depicted in Table 2.3.

TEN STEPS
1. Conduct a readiness assessment
2. Agreeing on outcomes to monitor and evaluate
3. Selecting key indicators to monitor outcome
4. Baseline data on indicators – Where are we today ?
5. Planning for improvements – Selecting results targets
6. Monitoring results
7. The role of evaluation
8. Reporting findings
9. Using findings
10. Sustaining the M&E system within the organisation

Table 2.3: Ten steps to designing, building and sustaining results-based M&E

Source: Kusek and Rist (2004)

Ochieng *et al.* (2012) states that measuring the effectiveness or impact of a policy or programme hinges on asking fundamental questions. These include such question as, what would the solution have been if the intervention had not taken place? Although one obviously cannot observe such a situation, it is possible to approximate it by constructing an appropriate counterfactual, which is a hypothetical situation that tries to depict the welfare level of individuals in the absence of a policy or programme.

The guide on effective M&E issued by the International Crops Research Institute for the Semi-Arid Tropics (s.a 13) suggest the following six steps to be involved in designing an effective M&E system:

- Establishing the purpose and scope of the M&E system – Why do we need M&E, and how comprehensive should the M&E system be?
- Identifying performance questions, information needs and indicators – What do we need to know in order to monitor and evaluate the project so that it can be managed effectively?

- Planning information gathering and organisation – How will the required information be gathered and organised?
- Planning critical reflection process and events – How will we make sense of the outcome of the information gathered, and how will it be used to make improvements in project implementation?
- Planning for quality communication and reporting – How and to whom do we want to communicate project results? What project activities and processes do we need to communicate?
- Planning for the necessary conditions and capacities – What resources and capacity do we need to ensure that our M&E system works effectively?

These steps help to ensure that M&E is a relevant guide for project intervention strategy for all key stakeholders. In this way, the M&E can contribute directly to the measuring of impact within the context of a problem-based, impact-driven research agenda.

2.6 The reasons why monitoring and evaluations failed

According to Koot (2008), most NPOs formulated good project indicators during the planning phase but failed to implement them during the implementation phase. NPOs focus mainly on the collection of financial data, detailing how much money was spent on a project instead of outcome and impact. Most funders emphasised M&E, accountability and financial reporting as a condition for funding.

According to the United Kingdom Office of Government Commerce (2005), the following are some of the reasons why M&E fail:

- Lack of clear links between the project and the organisation's key strategic priorities, including agreed measures of success.
- Lack of clear senior management and ministerial ownership and leadership.
- Lack of effective engagement with stakeholders.
- Lack of skills and proven approach to project management and risk management.
- Too little attention given to breaking development and implementation into manageable steps.

- Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits).

2.7 M&E as an accountability tool

Ebrahim (2003) defines accountability as a complex and dynamic concept, not only limited to holding individuals and organisations responsible for their actions but also as means by which organisations and individuals take internal responsibilities for shaping organisational mission and values. The accountability requirement focuses on stakeholders, sustainability activities and learning from past experiences.

Monitoring contains elements of accountability in that it confirms whether projects conform to agreements and project plans (Monitoring and evaluation guidelines for Private Sector projects funded by Africa Development Bank, 2004). Accountability must be demonstrated by organisations, thus opening themselves up for public or external scrutiny and assessing performance in relation to goals set (Ebrahim, 2003). Good governance and financial integrity help improve organisational accountability. Evaluation and performance monitoring (as well as Internal Audit) are being seen as key tools to help ensure results-focused, responsible spending and greater transparency and accountability across government (Lahey, 2009).

The continuous demand for improvement on accountability by funders was confirmed by Nelson (2007). He indicated that there was a growing increase for accountability, and the latter threatened the NPO sector. According to Nelson (2007), NPOs were required to address the following areas of accountability:

- effectiveness
- organisational reliability
- organisational legitimacy

Focusing on the above three areas allows organisation to build capacity and improve credibility of financial information or reports submitted to current or prospective funders. Accountability gives funders the assurance that an organisation is transparent, legitimate and true to their course.

2.8 Corruption on M&E

The effective monitoring of projects improves overall efficiency, planning, management and implementation (Ochieng *et al.*, 2012). According to Ochieng *et al.* (2012), organisations with effective M&E had a significant impact on education, social and political reforms in developed countries as compared to countries in sub-Saharan Africa. Ochieng *et al.* (2012) indicated that the effectiveness and efficiency of bodies established in the Republic of Kenya to conduct monitoring and evaluation were negatively affected by corruption.

According to Ochieng *et al.* (2012), the effectiveness of a Constituency Development Fund (CDF) in Kenya established to devolve funds meant to achieve rapid socio-economic development at constituency level through financing of locally prioritised projects and enhanced community participation have shown that various forms of corruption were found to be reducing its efficiency and effectiveness. The avenues of corruption included the following:

- manipulation of the process by the Members of Parliament (for example, in CDF committee selection and exclusion of the majority);
- gender bias;
- tribalism;
- nepotism in the award of tenders;
- lack of transparency in allocation and use of disbursed funds;
- funding of non-priority projects;
- lack of serious monitoring and evaluation; and
- bribery to secure contracts.

According to Ochieng *et al.* (2012), the problem in Kenya was further compounded by the fact that the Constituency Development Fund Committee (CDFC) decided which project to be monitored, which one to be evaluated, how much funds to remove and who to does the exercise. This limited objectivity of the M&E results were open to manipulation. This process allowed unfaithful CDFC not to institute monitoring and evaluation in some projects where they either have an interest in or have an interest of hiding something.

Mulwa (2008) stated clearly that any judgment that emanates from evaluation would largely depend on the value system from which such evaluating party originates.

This M&E system is similar what Clements *et al.* (2008) called positive bias. Positive bias suggests that an organisation uses inappropriate measuring mechanisms with a focus on input and output instead of on the impact in order to measure performance. M&E reports reflect a positive picture, while evidence suggests otherwise.

2.9 Conclusion

Based on the literature review, the effectiveness of an M&E depends on the formalisation of the process with a documented policy clarifying roles and responsibilities for all stakeholders. The capacity level of M&E implementers or implementing agencies in collecting and analysing data depends on the competencies of such implementers. Competency level has a direct relationship with the credibility and integrity of data collected and analysed, and ultimately the results.

Effective monitoring and evaluation requires sufficient monitoring resources, the right staff and motivation, effective communication, a conducive implementation environment and technical expertise. In addition to competencies and planning, an appropriate methodology must be used.

Implementers must have a clear understanding of the purpose and objectives of M&E in order to own the process and execute correctly. Key to the success of M&E is proper planning and monitoring. The planning for M&E must be developed such that it measures the project's achievement against its stated objectives.

Furthermore, the literature reviewed emphasises the involvement of stakeholders during the planning phase. Effective evaluations are not discrete, static events, but part of a larger process (Swindle, 2011).

According to the literature review, the involvement of stakeholders plays a significant role in the whole M&E. Stakeholders strengthen the quality and integrity of the results. Various M&E methods also confirm that stakeholders are key to a successful and effective M&E. Participatory M&E is the most appropriate method as it involves all key stakeholders from the planning phase to the actual monitoring and evaluation. Stakeholders determine what must be measured, when to measure, how to measure it and who must do the measuring. This method empowers stakeholders with information on the objectives of both the M&E process and the project being monitored.

The literature review also found that M&E can be used as an accountability tool. Evaluation and performance monitoring (as well as Internal Audit) are seen as key tools to help ensure results-focused, responsible spending and greater transparency and accountability across government (Lahey, 2009). During the M&E process, stakeholders have the opportunity to engage in the results of the projects including how the project funds were utilised and whether the project achieved its set objectives. This is a key element linking M&E to accountability.

There are however other risks to an effective M&E such as manipulation of data to reflect favourable results. This process is referred to as positive bias. According to this method, the evidence on performance and results reported are not the same. Reporters manipulate the data to reflect on input and outputs instead of outcome and impact. Corruption and the pursuit of self-interests by monitoring committee members can also negatively affect the effectiveness of M&E and ultimately its results. Based on the literature review, corruption can play a significant role in the manipulation of data and the M&E results. Data can be manipulated by Members of Parliament, particularly if funding is a political matter. This was confirmed by the positive bias method.

The literature also indicates some factors which might negatively affect the effectiveness of the M&E process, its results and integrity thereof. Some of these factors include the following:

- Lack of clear links between the project and the organisation's key strategic priorities, including agreed measures of success.
- Lack of clear senior management and ministerial ownership and leadership.
- Lack of effective engagement with stakeholders.
- Lack of skills and proven approach to project management and risk management.
- Too little attention given to breaking development and implementation into manageable steps.
- Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits).

Based on the literature review, an effective M&E requires the involvement of stakeholders, proper planning, appropriate and relevant skills and competencies, documented policy, continuous review of the policy for relevance, appropriate monitoring methodology and resources (human and financial).

Chapter 3: Research Method and Design

3.1 Introduction

The objective of the study is to determine whether effective monitoring and evaluation is implemented in NPOs. Effectiveness as defined during the literature review refers to the attainment of a specific, measurable, tangible goal (Meharg, 2009). Effectiveness assesses whether set objectives were realised.

3.2 Research design

3.2.1 Data collection method

3.2.1.1 Methodology

As part of its secondary objective, the study will also determine whether management committees of NPOs and M&E implementers understand both their role and importance of M&E. As outlined in the literature review, successful M&E depends on the capacity of implementers, resources and an understanding of objectives by implementers.

The above shall form the basis for research questions. A qualitative research method will be employed, and data will be collected through questions administered at focus group meetings.

Focus groups are effective in eliciting data on the cultural norms of a group and in generating broad overviews of issues of concern to groups or subgroups represented. According to Taylor-Powell and Renner (2003), data is collected through transcripts or notes compiled by an observer or moderator during a focus group session. The data collected is narrative and not in the form of numbers. Taylor-Powell and Renner (2003) further identified five steps in analysing qualitative data. These steps are as follows:

- Step 1 – Get to know your data

Data collected must be thoroughly analysed and reviewed for quality. The reader must compile impressions from data collected. Data collected is

subject to interpretation and the reader must guard against biasness when analysing.

□ Step 2 – Focus on the analysis

This step requires the reader of data to evaluate what answers were provided by all respondents to specific question(s). This allows the reader to identify consistencies and differences in responses. Data collected may be connected or a relationship established by identifying connected questions and related responses. This is the building block for identifying connected phrases, statements and opinions.

□ Step 3 – Categorise information

This step requires the reader to categorise data by indexing or coding. Unlike in quantitative method, numerical coding or indexing may not be used. Data must be grouped according to themes or patterns. This step is the most critical phase in data analysis. The reader must go through the data over and over again to identify all themes and connections.

□ Step 4 – Identify patterns and connections within and between categories

From the analysis conducted in step 3, data must be categorised. Patterns emerging may be used to establish connections within or outside categories.

□ Step 5 – Interpretation and summarising all data

Themes and connections are used to establish findings.

Data collected will be analysed using the five steps as outlined by Taylor-Powell and Renner (2003). Moreover, data will be analysed and interpreted for the following reasons:

- First, to determine whether the department and NPOs are properly capacitated to be able to implement effective M&E. The successful implementation of M&E depends on the capacity level of implementers and their ability to comprehend the significant role of M&E in organisational development. Capacity level for the purposes of this study shall include

literacy level of management committees of NPOs and exposure to proper training and capacity building by the department to its implementers. Capacity shall also include financial capability to effectively support and implement M&E.

- Secondly, the existence of monitoring and evaluation tools and whether such tools conform to the logical framework. A logical framework (or logframe) is now widely used by multilateral and bilateral aid agencies and non-governmental organisations. It provides the basis for the development of a monitoring system during implementation, as well as a framework for the evaluation of a specific project. A logframe or logical framework shows the conceptual foundation upon which the project's M&E system is built (Chaplowe, 2008).
- Thirdly, whether the department conducts M&E in isolation or it involves all key stakeholders. The involvement of key stakeholders in the M&E process is referred to as participatory M&E. This method requires the involvement of key stakeholders during the planning phase. This method further requires stakeholders to determine what must be measured, who must measure and at what intervals.
- Fourthly, whether the department implemented a feedback mechanism for all stakeholders involved in the M&E process. Who uses the M&E reports and what they do with such reports. The frequency of monitoring and evaluation and the existence of a documented policy guiding implementers step by step. A formal policy document is a useful basis for clarifying roles, responsibilities and accountabilities of key players (Lahey, 2009). The monitoring and evaluation policy must be reflective of the department or government's policy and detailing the mechanisms needed to be followed for delivery of credible reports (Lahey, 2009).
- Fifthly, whether monitoring and evaluation implemented is based on set objectives understood by all role players. The literature review indicated that

measuring the effectiveness of an intervention requires clear, explicit and quantified objectives and includes not only the extent to which an intervention objective has been achieved but also the unintended and unplanned consequences of such activities. Assessment for effectiveness involves the determination of immediate outputs, outcomes and the degree to which predetermined objectives and targets are achieved. Data collected will be analysed to determine whether it conforms to this fundamental principle.

- Sixthly, changes in priorities, objectives and government policies require M&E to be adapted accordingly. Policies must be reviewed on a regular basis to ensure relevance.

Data will be collected through notes. This will ensure that the researcher can revisit responses on certain questions for further clarity by reviewing all responses.

3.2.1.2 Data analysis

The research questions will be administered in English; however, some questions will be translated into Setswana and Afrikaans during the focus groups. The majority of NPO representatives are Afrikaans and Setswana speaking. The translation is viewed as a critical part of the data collection.

The research question will be drafted based on the results of the literature review. A total of 16 research questions will be administered during each focus group meeting. Data was collected using the five steps of Taylor-Powell and Renner (2003). Responses from participants will be narrated and classified into different categories using research questions as a guide. The classification of data into categories will ensure that important information is not omitted during the analysis. The classification is critical in determining common themes or common responses for the same research question during different focus group meetings. Critical elements will be identified from each answer, and such elements will be given unique codes.

Data collected from each focus group will be separately analysed, and each answer will be codified separately and summarised into graphical presentations. Answers with a “yes” or “no” will not be codified and therefore not analysed. The “yes” or “no”

answers have certain limitations, as they fail to provide an in-depth understanding of how the interviewee or group perceive a subject. This limitation will be avoided by not analysing them.

Codified data will be counted to determine the number of times a certain response was provided per research question from all focus groups. The following scale will be used to determine dominance.

Frequency of common responses	Description
1	Response appearing only once per research question
2	Response appearing twice per research question
3	Response appearing three times per research question
4	Response appearing four times per research question
5	Response appearing five times per research question

Table 3.1: Scale for determining dominance

3.3 Motivation for research methodology

Qualitative methods are typically more flexible, that is, they allow greater spontaneity and adaptation of the interaction between the researcher and the study participant. This will be critical in determining whether an effective M&E was implemented. The strength of a qualitative method is that it asks mostly “open-ended” questions that are not necessarily worded in exactly the same way, with each participant allowing the researcher to adapt questions during the research. With open-ended questions, participants are free to respond in their own words, and these responses tend to provide more insight than simply “yes” or “no.”

According to Mack *et al.* (2005), qualitative research is a type of scientific research. In general terms, scientific research consists of an investigation that

- seeks answers to a question;
- systematically uses a predefined set of procedures to answer the question;

- collects evidence; and
- produces findings that were not determined in advance.

One advantage of the qualitative research method is that use of open-ended questions and probing gives participants the opportunity to respond in their own words rather than being forced to choose from fixed responses (Mack *et al.*, 2005)

Furthermore, open-ended questions have the ability to evoke responses that are

- meaningful and culturally salient to the participant;
- unanticipated by the researcher; and
- rich and explanatory in nature.

The qualitative method allows researchers to observe the group and its dynamics in real time, drawing their own insight from conversations and non-verbal signals (Cooper & Schindler, 2011). Data will be collected using focus groups.

The literature review identified some critical factors in determining whether an effective M&E has been implemented. It is therefore important to have an in-depth understanding of how participants view the monitoring and evaluation implemented by the department to determine whether such factors exist. The use of open-ended questions during focus group sessions is the key to solicit independent responses from participants. Participants can provide their perspective on the issue without being directed or limited by a simply “yes” or “no”.

The following are advantages of using a qualitative method:

- Data collected is based on how participants understand a particular issue or phenomena.
- The method is useful and provides an in-depth insight on an issue
- It is useful to describe complex phenomena.
- The method provides the researcher with an opportunity to contextually understand the issue in question without biasness.
- The research data is collected in the most friendly and natural environment.
- In most cases, qualitative methods respond to stakeholders’ issues.

3.4 Sampling

The Department of Social Development funded a total of 646 non-profit organisations spread across the province during 2012. Thirty per cent of these NPOs are located within the Frances Baard District and represent a mixture of Early Childhood Learning Centre, Drop-in Centres, Service Centres, Soup Kitchen, and others (DSD Database, 2012).

The Frances Baard District is one of five districts within the Northern Cape and consists of four local municipalities, which are as follows:

1. Sol Plaatjie
2. Dikgatlong
3. Magareng
4. Phokwane

This is the smallest district in terms of geographical size, but it hosts a majority of the population. The provincial population is estimated at 1.1 million with 324 000 of the population living in the Frances Baard District.

This study will focus only on NPOs funded by the department as depicted in Table 3.2.

NPO Name	Number
Early Childhood Development Centres	114
Soup Kitchen and Drop-in Centre	30
Welfare Organisations	18
Service Centres	19
Home for the Aged and Workshops	11
Total	192

Table 3.2: NPOs within the Frances Baard District

Source: Social Development NPO database (2012)

The population will comprise all NPOs funded by the department within the Frances Baard District. All other NPOs not funded will be excluded from the population. Non-probability convenience sampling method will be adopted. The NPOs will be selected during the NPO forum. A sample of 39 NPOs representing 20% the Frances Baard population will be tested. Four focus group sessions will be conducted with a maximum of 10 participants per group session. Limiting the size of the focus group to 10 provides value, as most participants are likely to contribute to the discussion.

Diversity within a focus group provides the researcher with different views on the same topic. Representatives of NPOs have an age difference, with some of the youngest representatives being 20 years and the oldest being 50-60 years. It is this difference in age group that will provide an insight on how the M&E of the department has either improved over the years or failed to change. The older representatives will provide insight on the frequency of training exposures and capacities of NPOs.

The sample is small relative to the population size. However, the size of the sample will not be considered as a limiting factor. Qualitative sample size, according to Cooper and Schindler (2011), is usually small when compared to the population size. The department implements the same monitoring tool across all NPOs within the province including Frances Baard. A 20% coverage is sufficient to provide an in-depth understanding of perceptions from both officials and NPOs regarding the M&E implemented.

In addition to the 20% sample of NPOs, five officials from the Monitoring and Evaluation unit of the department will form part of the focus group. These officials include the Chief Director, Senior Manager and three managers; they are particularly important due to their involvement in the development of monitoring tools currently in use. Difference of opinions on the subject matter between the officials and representatives from NPOs will provide an in-depth insight on how both parties either agree or disagree with respect to the M&E process and its value. The value lies in the difference of opinions.

3.5 Basis for research questions

The literature review indicates that the effectiveness of any monitoring and evaluation system hinges on the following key factors:

- The involvement of stakeholders during the planning phase.
- Whether implementers of M&E understand the objectives being monitored.
- Whether implementers have the necessary skills, competencies and resources required to fully execute M&E.
- The involvement of beneficiaries in determining targets, measuring criteria, the frequency of monitoring, how to monitor, and what must be monitored.
- The existence of a monitoring and evaluation policy and whether such policy has been reviewed in line with changes in priorities.
- M&E policy must clearly indicate the roles and responsibilities of all parties involved in the process.
- The existence of monitoring and evaluation framework designed to guide implementer.

The research questions have been developed from the above-indicated factors with some factors adapted into questions.

3.5.1 Research questions

Questions
1. What is your understanding of M&E?
2. Why is the department conducting M&E?
3. What are some of the primary objectives of M&E?
4. Who are the stakeholders in the M&E process?
5. At what stage of the M&E are stakeholders involved?
6. Who are role players in setting objectives, targets, and measuring criteria?
7. Does the department have an approved M&E policy?
- If the policy exists, has it been reviewed to cater for changes in priorities?
8. Does the department have an M&E tool?
9. Did the department conduct any training on the M&E tool?

10. What is the capacity (competencies and skills) of beneficiaries? Can such capacity support effective implementation of M&E?
11. Are there minimum requirements before an official can be appointed as an M&E implementer? What are those requirements?
12. What is the participation level of beneficiaries or stakeholders throughout the monitoring and evaluation process?
13. What is the frequency of monitoring and evaluation?
14. Are there monitoring and evaluation reports?
15. Are there clear recommendations with an implementation plan for any deviations identified during the M&E?
16. Who is the custodian of M&E reports

3.6 Conclusion

This chapter provides a detailed description of the research method to be followed. As was indicated in this chapter, the qualitative method will be followed. The literature review provided five steps to analysing qualitative data by Taylor-Powell and Renner (2003). These steps will be followed during the analysis.

Chapter 4: Data Analysis and Interpretation

4.1 Introduction

The objective of this study is to determine whether the department implemented an effective monitoring and evaluation system. This study was motivated by high levels of non-compliance by NPOs with reporting requirements as set out in the NPO Act. The National Department of Social Development in its report on the state of South African registered NPOs reported that a total of 85 039 NPOs were nationally registered in June 2012. The Northern Cape had only 1 826 NPOs registered during the same period. A total of 23 000 NPOs were nationally deregistered during January 2013 due to non-compliance with financial and narrative reporting requirements (Wyngaard, 2013). A further 35 000 NPOs were marked as non-compliant, indicating the intention of the department to deregister them too (Wyngaard, 2013).

The research data was collected during four focus group meetings with non-profit organisations and departmental officials. Chapter 3 outlined the research questions administered at the focus groups. Each focus group had a maximum of 10 participants. NPOs were requested to identify one representative to participate during four different focus group meetings. A total of 40 NPO representatives participated in the research. In addition to the 40 NPOs, eight departmental officials also participated in the research. The purpose of the research was explained to all participants and confidentiality guaranteed.

4.2 Sample size

Table 4.1 indicates the sample size for NPOs.

No.	Number of NPOs	Types of NPOs
1	30	Early Childhood Development Centres
2	2	Old Age Homes
3	2	Soup Kitchens
4	2	Home for the Disabled
5	4	Welfare Organisations
Total	40	

Table 4.1: NPOs represented during focus groups meeting per category

Table 4.2 depicts the number of officials who participated in the research and position held.

No.	Number of Officials	Position held
1	1	Acting Senior Manager – Institutional Funding and Monitoring
2	2	Assistant Manager – Institutional Funding and Monitoring
3	4	Senior Admin Officer – Institutional Funding and Monitoring
Total	7	

Table 4.2: No. of officials who participated in the focus group per position

4.3 Data analysis

The research questions were administered in English; however, some questions were translated into Setswana and Afrikaans during the focus groups. The majority of NPO representatives required the questions to be translated. The translation was critical as the participation by NPOs was considered as an important part of the research.

A total of 16 questions were administered during each focus group meeting. Data was collected using the five steps of Taylor-Powell and Renner (2003). Responses

from participants were narrated and classified into different categories using the research question as a guide. The classification of data into categories ensured that important information is not omitted during the analysis. This was due to the fact that different answers were provided for the same questions. Critical elements were identified from each answer and such were given unique codes.

Data collected from each focus group was separately analysed and each answer codified separately and summarised into graphical presentations. Answers with a “yes” or “no” were not codified and therefore not analysed. The limitation of “yes” or “no” answers is that they do not provide an in-depth understanding of how the interviewee or group perceive a subject. All other responses were codified, grouped and summarised to determine common responses and relationships.

The numbers of common codes or responses were counted to determine dominance. Common responses were grouped from all four focus groups with NPOs and one with officials of the department to determine dominance. Dominance was determined by the number of times similar responses were provided for the same question during focus group meetings. Table 4.3 provides a simple description of the scale used to determine dominance from all focus group meetings.

Frequency of common responses	Description
1	Response appearing only once per research question
2	Response appearing twice per research question
3	Response appearing three times per research question
4	Response appearing four times per research question
5	Response appearing five times per research question

Table 4.3: Scale used to determine common responses

4.4 Data interpretation and discussion

Table 4.4 shows research questions 1, 2 and 3.

Research question number	Research question
1	What is your understanding of M&E?
2	Why is the department conducting M&E?
3	What are some of the primary objectives of M&E?

Table 4.4: Indicating research question 1, 2 and 3

Research questions 1, 2 and 3 as indicated in Table 4.4 were designed to determine whether both officials and NPOs understand what monitoring and evaluation entails, its objectives and the importance thereof to the department. Understanding the importance of M&E was identified during the literature review as a key ingredient to successful implementation of M&E.

With regard to question 1, officials of the department were found to have a basic understanding of what monitoring and evaluation entails. They were able to explain within limited capacity the M&E process. Figure 4.1 depicts a summary of common responses. It must be mentioned that officials were only exposed to M&E training for the first time during March 2014.

Two-day training on the introduction to monitoring and evaluation was provided by the National School of Government. The ability and capacity of officials to apply knowledge acquired from training was not tested as they were only provided with a certificate of attendance.

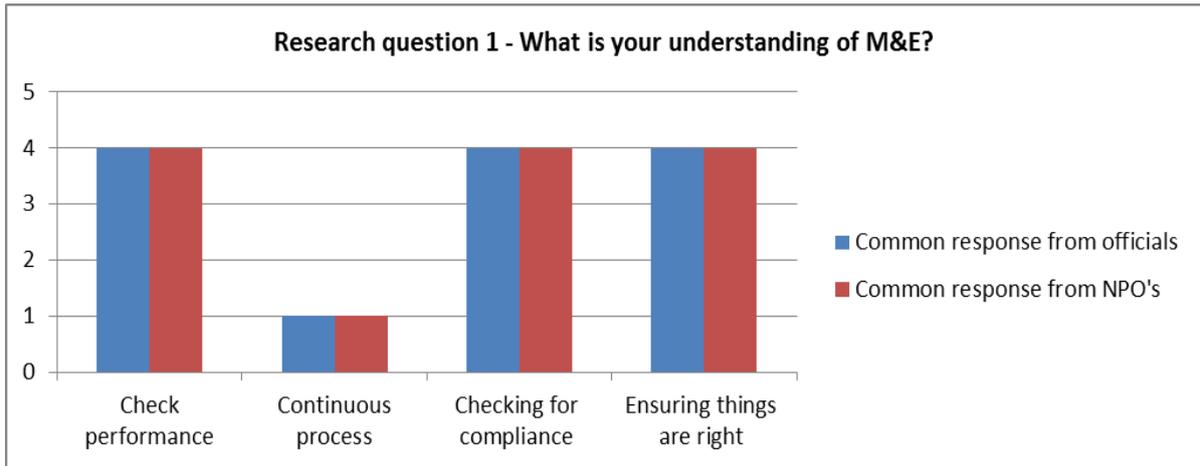


Figure 4.1: Summary of common responses for question 1

In addition to the above, Figure 4.1 suggests that the majority of NPOs also have a basic general understanding of what monitoring and evaluation entails. The understanding, however, varied depending on the education level of participants. Those with a fair level of education such as diplomas and degrees had a much better understanding than those with grade 12 or matric as their highest qualifications. Similarly, most participants understood the basic reason why the department conducted M&E. This is illustrated in Figure 4.2 which depicts a summary of common responses to question 2.

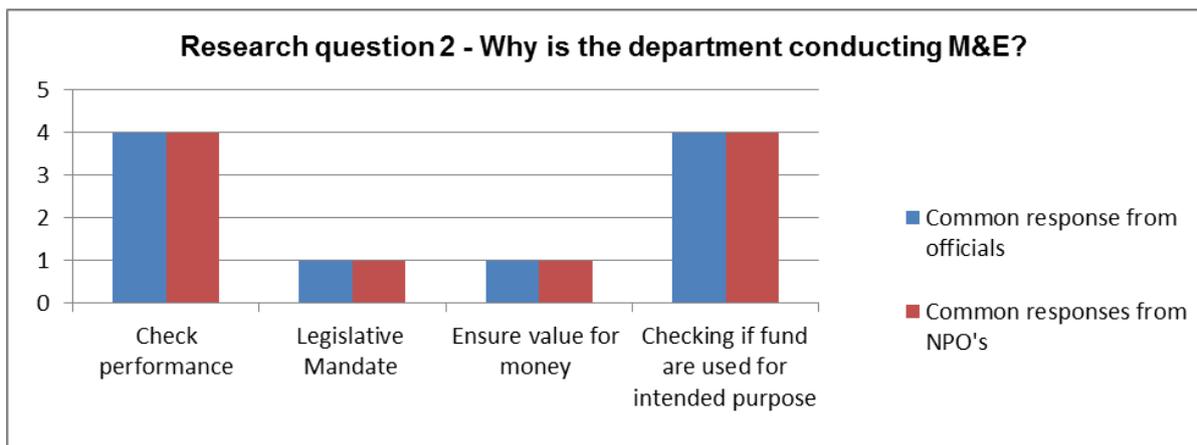


Figure 4.2: Common responses to question 2

According to Figure 4.2, the monitoring of performance and ensuring that funds are spent for the intended purpose were identified by the majority of participants as the primary reason why the department conducts M&E. The majority of participants did

not draw a link between departmental M&E and legislative mandate as set out in the NPO Act. Section 3 of the NPO Act, No. 71 of 1997 reads, “Within the limits prescribed by law, every organ of state must determine and co-ordinate the implementation of its policies and measures in a manner designed to promote, support and enhance the capacity of non-profit organisations to perform their functions”. The NPO Act does not explicitly indicate M&E as a requirement; however, in order for the department to comply with the above provision, NPOs must be monitored to assess capacity and provide the necessary support required to build and improve current capacity levels.

Section 5 of the NPO Act also mandate the NPOs directorate within the Department of Social Development to determine and implement programmes, including programmes to

- support non-profit organisations in their endeavour to register, and
- ensure that the standard of governance within non-profit organisations is maintained and improved.

It is clear that the above can also only be achieved by conducting an effective monitoring and evaluation of NPOs’ compliance with governance.

In addition to the requirement of the NPO Act, Section 38(1)(j) of the Public Finance Management Act requires the accounting officer to ensure that an organisation has implemented effective, efficient and transparent financial management and internal controls before transferring funds to such organisation. To determine whether organisations implemented appropriate financial management and internal control, such organisations must be monitored.

These important legislative requirements were not indicated by participants. It was found that the majority of NPOs and officials within the Monitoring unit were not familiar with these provisions. The literature review indicated that M&E implementers must be familiar with the objectives of M&E in order to ensure effective implementation. It is evident that this understanding had a limitation as indicated by Figure 4.3 on the reason why the department conducts M&E. One primary reason was provided.

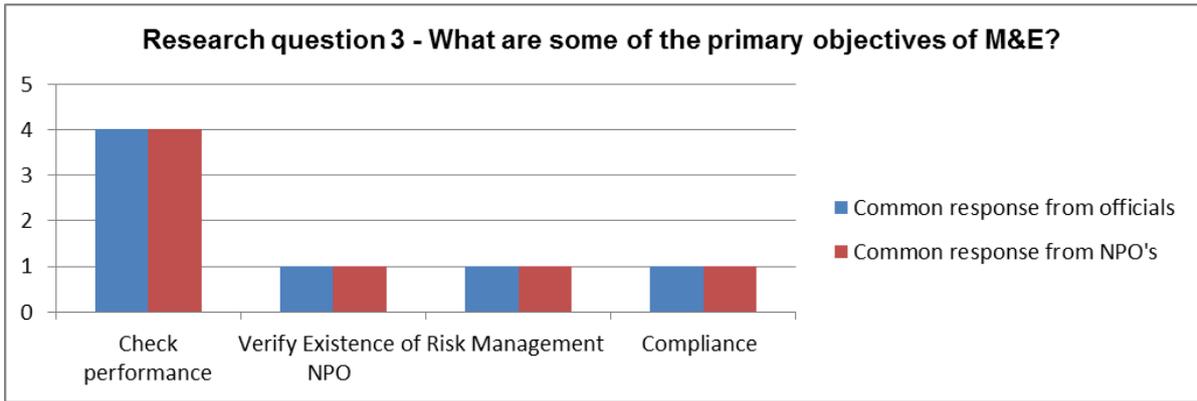


Figure 4.3: Summary of common responses to question 3

Both Figures 4.2 and 4.3 indicate performance monitoring as the primary objective for M&E. Legislative mandate is rated the same as risk management as well as existence verification. The lack of an approved M&E policy detailing primary objectives can be attributed to the above results.

With regard to question 4 asking who are the stakeholders in the M&E process, respondents identified the following entities as stakeholders and beneficiaries:

Stakeholders identified by officials	Stakeholders identified by NPOs
Non-Profit Organisations	Department of Social Development
National Development Agency	
Office of the Auditor-General	
Local Municipalities	
Tribal Authorities	

Beneficiaries

Beneficiaries identified by officials	Beneficiaries identified by NPOs
The general public	The general public such as parents and clients at all NPO centres
Non-Profit Organisations	

The involvement of community members or other extended key stakeholders such as beneficiaries of intended services strengthen the M&E process. Both Figures 4.4 and 4.5 depict the level of stakeholders' involvement in the M&E process. For the purpose of this study, stakeholders shall refer to both NPOs and community members who are beneficiaries of services.

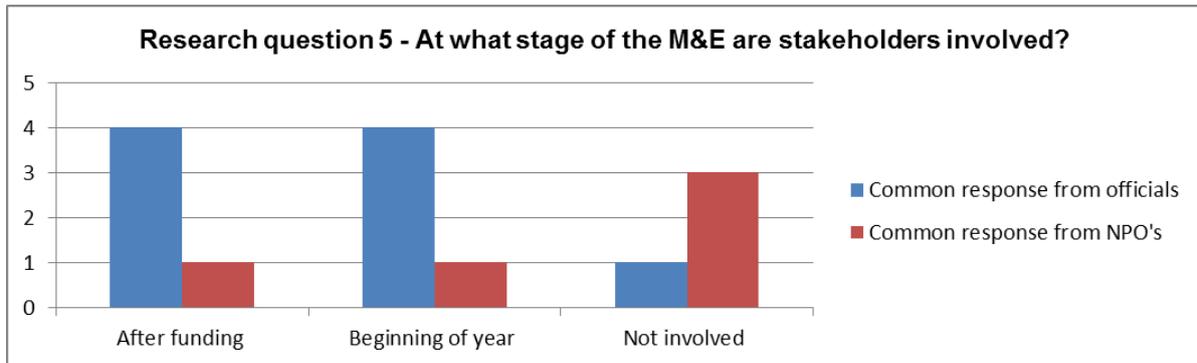


Figure 4.4: Summary of common response to question 5

Figure 4.4 clearly indicates that stakeholders such as NPOs are only involved in the M&E process at the beginning of the year when business plans are submitted for funding and immediately after funding, according to officials. However, NPOs indicated low levels of involvement at the beginning of the year and after funding. The majority of respondents indicated that they are not involved at all during the M&E process, a view contrary to that of the department. The lack of stakeholder involvement was also confirmed by the results from question 12 as indicated in Figure 4.5.

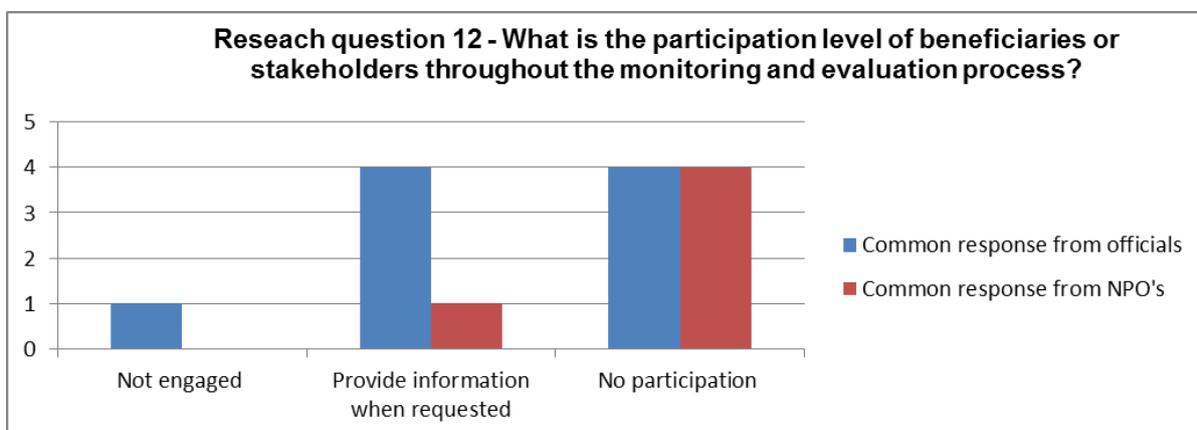


Figure 4.5: Summary of common responses to question 12

The results from question 12 as indicated in Figure 4.5 clearly confirm the low levels of NPOs' involvement in the M&E process. The results from Figures 4.4 and 4.5 in as far as they relate to responses from departmental officials also confirm low or no involvement of stakeholders.

The NPOs' involvement in the M&E process is limited to providing information required by the department at the beginning of the financial year. Furthermore, NPOs are not involved in the planning phase or at any other stage of the M&E process. The non-involvement of stakeholders during the planning phase is contrary to what Chaplowe (2008) defines as an ingredient for effective M&E. He suggests that the M&E planning should also involve those using the M&E system, project staff and key stakeholders in order to ensure feasibility, understanding, and ownership of the M&E system (Chaplowe, 2008). The involvement of stakeholders during the planning phase assists with the setting of objectives, measuring criteria or performance measures, monitoring intervals and reporting mechanisms. However, Figure 4.6 indicates the contrary.

According to Figure 4.6, M&E objectives are determined and set by the department without inputs from stakeholders. The majority of NPO participants indicated that they did not know key role players involved in the setting of objectives. Analysing the results from Figures 4.4, 4.5 and 4.6, there seemed to be a common factor and a trend emerging, which suggests that the department fails to recognise the importance of stakeholders in the M&E process.

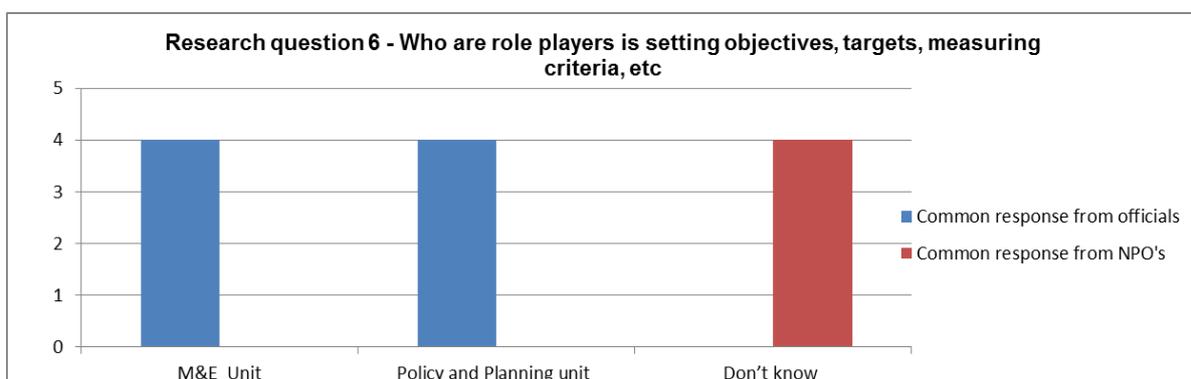


Figure 4.6: Summary of common responses to question 6

The majority of NPOs did not know who were the role players in setting M&E objectives as indicated in Figure 4.6. Responses from departmental officials also confirmed that the objectives were set by both the M&E and policy and planning units within the department. The lack of stakeholder’s involvement may comprise ownership of such objectives by NPOs during implementation.

With regard to question 7 on whether the department has an approved M&E policy, most participants from NPOs indicated that they did not know. Officials from the department confirm that such policy does not exist. The results from question 7 are indicated in Figure 4.7.

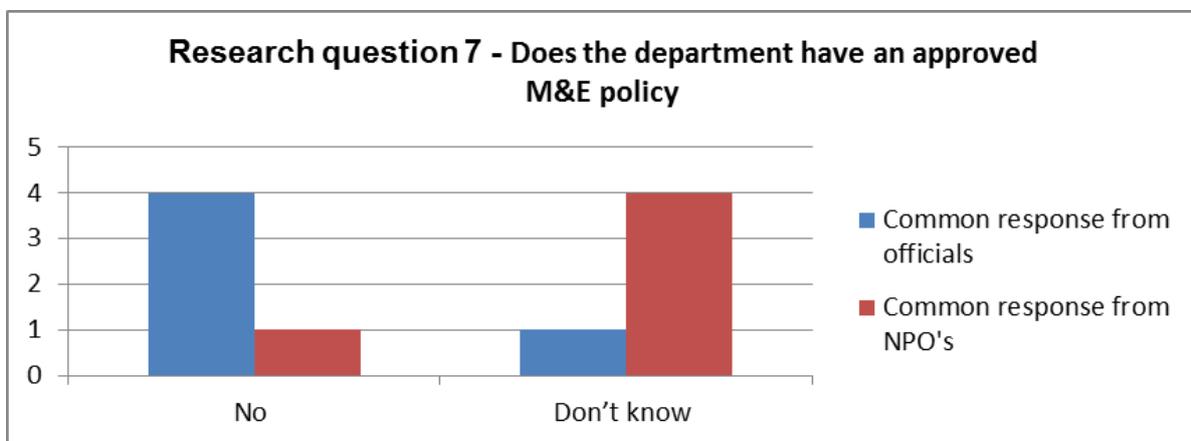


Figure 4.7: Results from question 7

The existence of an M&E tool was confirmed by both departmental officials and NPOs. During focus groups, some NPOs indicated that the department provided a copy of the M&E tool to them. It must also be noted that this was only confirmed by a few NPOs. Figure 4.8 provides a summary of common responses for question 8.

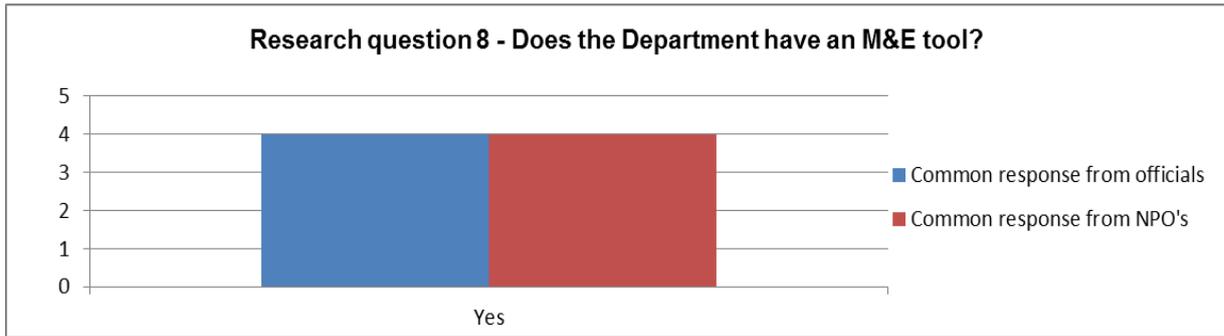


Figure 4.8: Common responses to question 8

Both NPOs and departmental officials confirmed the existence of the M&E tool.

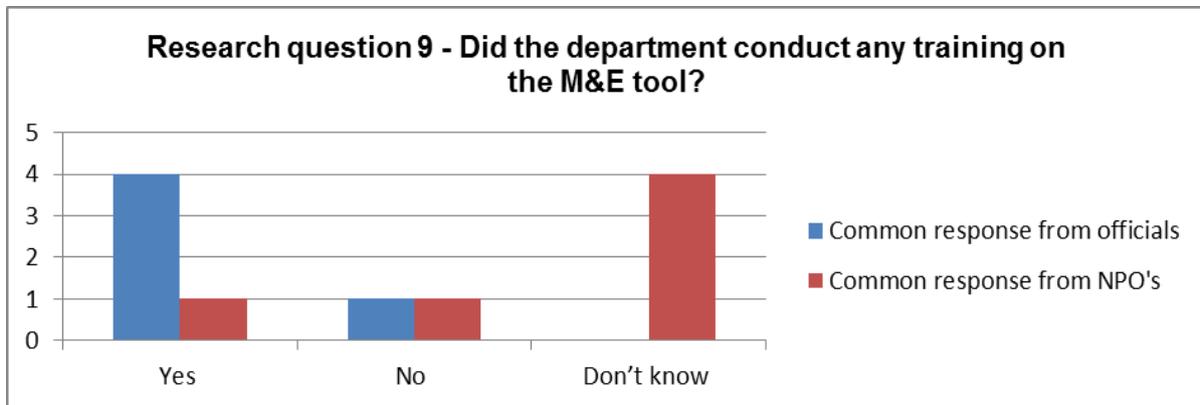


Figure 4.9: Common responses for question 9

According to Figure 4.9, training on the M&E tool was only provided to departmental officials. The majority of NPOs indicated that no such training was provided to them. Despite some of them having a copy of the tool, they were never trained.

The M&E tool used does not conform to the logframe. According to Chaplowe (2008), a logframe or logical framework shows the conceptual foundation upon which a project's M&E system is built. The departmental tool does not have objectives, performance indicators, means of verification and means of verification assumptions as required by the logframe. Clearly this tool does not monitor performance against target. The tool is similar to a data collection instrument. To further understand how the tool is applied, one must understand the competency levels of those applying such. Figure 4.10 clearly indicates that the majority of NPOs were not familiar with the minimum competencies and skills required to be appointed as an M&E implementer by the department. A departmental official indicated three categories of

competencies required for appointment as an M&E implementer. It must also be highlighted that these categories were not mentioned jointly as a minimum requirement. A candidate with any of the three indicated competencies or skills can also be appointed. None of the requirements made reference to a qualification in monitoring and evaluation.

The majority of NPOs are managed by appointees with grade 12 (matric) and below as their highest qualification according to Figure 4.10. The capacity of NPOs to attract appropriately skilled and competent administrators is negatively affected by the lack of financial resources to recruit such skills and afford to pay salaries. The majority of administrators are paid a monthly stipend not exceeding R3 500.

The lack of these skills further disable NPOs to compile a proper business plan in order to solicit funds from other external donors. These NPOs are 80-90% dependent on funding from the department. The lack of financial resources also limits the ability of NPOs to train their staff. To this end, they depend only on the department to provide training. An effective M&E must also include the evaluation of capacity levels at NPOs.

The relationship between appropriate capacity and effective monitoring was confirmed by Simister and Smith (2010). The authors posit that NPOs with appropriate capacity levels had the ability to identify gaps and areas for improvement. According to Figure 4.10, respondents from both the department and NPOs indicated low competency levels at NPOs.

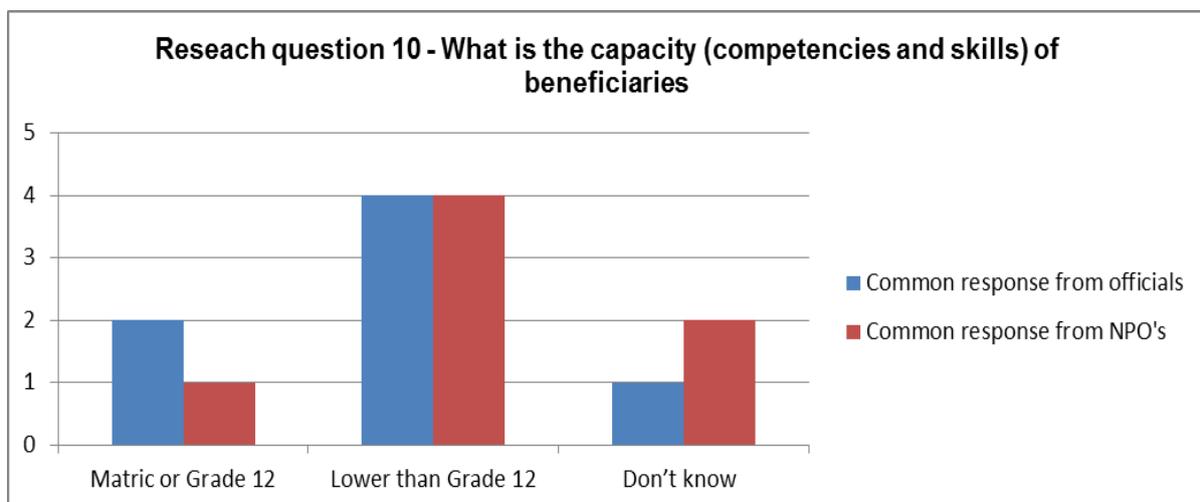


Figure 4.10: Common responses for question 10

With regard to question 11 on the minimum requirement before an official can be appointed as an M&E implementer, most NPOs indicated that they did not know what such requirements are. The results from common responses for question 11 are indicated in Figure 4.11.

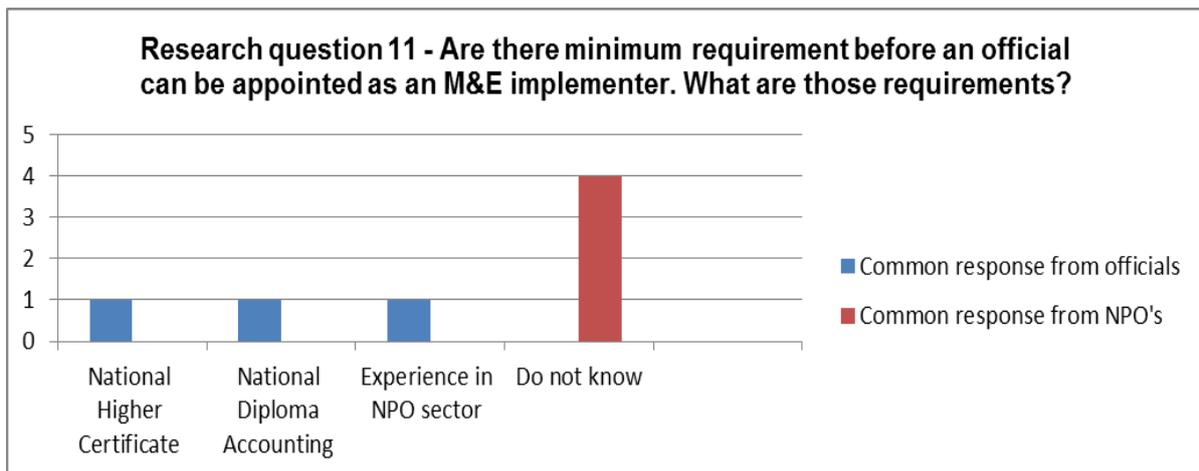


Figure 4.11: Common responses to question 11

Monitoring has been defined by Hunter (2009) as a continuous process of data collection and analysis through the life of a project with the primary objective of assessing progress. Figure 4.12 depicts a summary of common responses regarding the frequency of monitoring at NPOs. It must be indicated that the department claimed that monitoring takes place on a monthly basis at all NPOs.

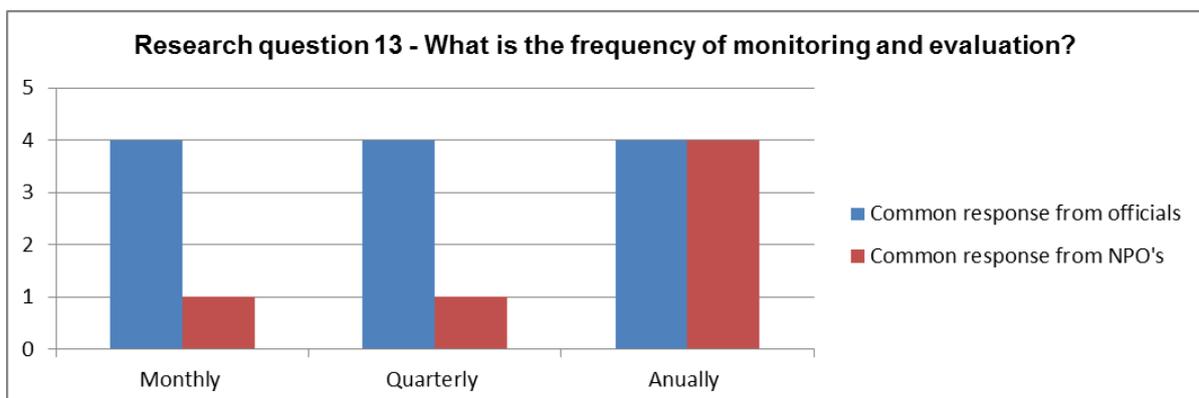


Figure 4.12: Common responses to question 13

Based on the results from common responses to question 13 as indicated in Figure 4.12, NPOs and departmental officials had a different view on the frequency of M&E. Most NPOs indicated that M&E was conducted only once a year. However, departmental officials indicated that M&E was conducted on a monthly, quarterly and annual basis. During discussions at focus groups, it was identified that different NPOs were subjected to different M&E. Welfare organisations such as old age homes, early childhood centres, children's homes and homes for the disabled were only monitored once a year. An annual site assessment was conducted, reviewing compliance with structural requirements, hygiene, financial management and governance. With the exception of Early Childhood Development Centres which are visited on a monthly basis to only count the number of children at the centre, no monthly monitoring took place. Soup Kitchens were also visited on a monthly basis to monitor if they are operational or closed.

On a quarterly basis, NPOs are required to submit quarterly reports to the department. These reports are used as monitoring tools. Reports from the annual assessment are submitted to NPOs; however, these reports lack details such as implementation time frames, responsible official, monitoring and reporting intervals. NPOs further indicated that the department does not follow up on the implementation of recommendations as indicated on the annual site assessment report. This was evident due to lack of monthly or quarterly monitoring by the department. The use of quarterly reports as a monitoring tool presents the following limitation to monitoring:

- The report does not make reference to recommendations from the annual site assessment.
- The report lacks details such as objectives being measured, time frames, measuring criteria, and targets.
- The quarterly report similar to the monitoring tool used by the department is divided into two sections: section A and B respectively.
 - Section A reports on governance, which include committee members and their roles.
 - Section B reports on services rendered by the NPO and include the following:
 - (i) A section on training provided

- (ii) Personal details of administrators and project managers
- (iii) Summary of beneficiaries
- (iv) Narrative section used to report on whether the NPO is operational or not
- (v) Activities and achievement (however, no targets)
- (vi) Challenges facing the NPO
- (vii) Corrective measures
- (viii) Register on meetings held
- (ix) Financial section detailing total funds spent

The report is completed by NPOs and submitted to the department. It was further found that such reports were accepted by the department as a true reflection, without any verification. It is clear that the ultimate results of M&E depend on the quality of data collected and analysed. The quality of data collected through quarterly reports is questionable, and whether such can be referred to as monitoring contradicts the literature review.

The results from question 14 regarding the existence of monitoring reports are summarised in Figure 4.13.



Figure 4.13: Common responses to question 14

According to Figure 4.13, most NPOs and departmental officials agreed on the existence of M&E reports. However, such reports lack clear implementation plans with time frames. According to Figure 4.14, most NPOs and departmental officials indicated that no follow-ups are done on recommendations given to NPOs by the department. This is a fundamental flaw in the M&E of the department.

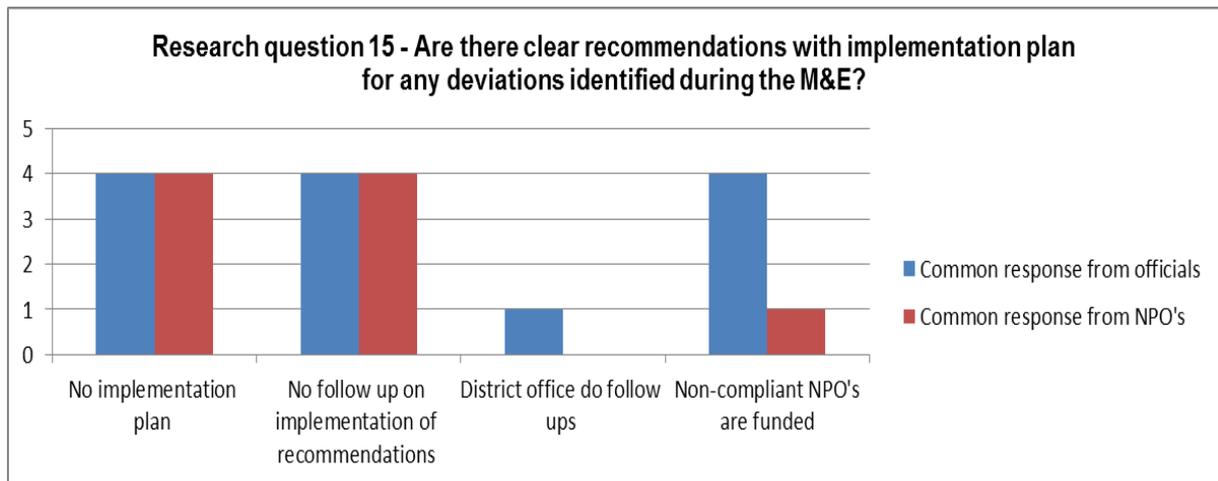


Figure 4.14: Common responses to question 15

A closer analysis of all reports revealed that the department did not conduct any evaluation. Evaluation as defined in the literature review by Hunter (2009) involves the measurement of actual results against set objectives, and it also measures the impact of a project or service. No impact assessment is conducted on services rendered by NPOs.

With reference to the research question on the custodian of monitoring and evaluation reports, the lack of stakeholders' involvement became more evident as the majority of NPOs did not know custodians of the reports. The results are depicted in Figure 4.15. Also, it was found that reports from the annual site assessment are developed by the programme managers and not shared with the monitoring team.

The monitoring tools were not updated with recommendations from the annual site assessment. Indications are clear that M&E implemented by the department is fragmented, as different role players are involved in the process. The process is not integrated.

During the literature review, it was found that poor implementation of monitoring and evaluation is not only a matter of limited capacity in organisations but rather also a lack of methodological clarity in the implementation thereof. It can be said that the current fragmented implementation can be attributed to lack of policy direction.

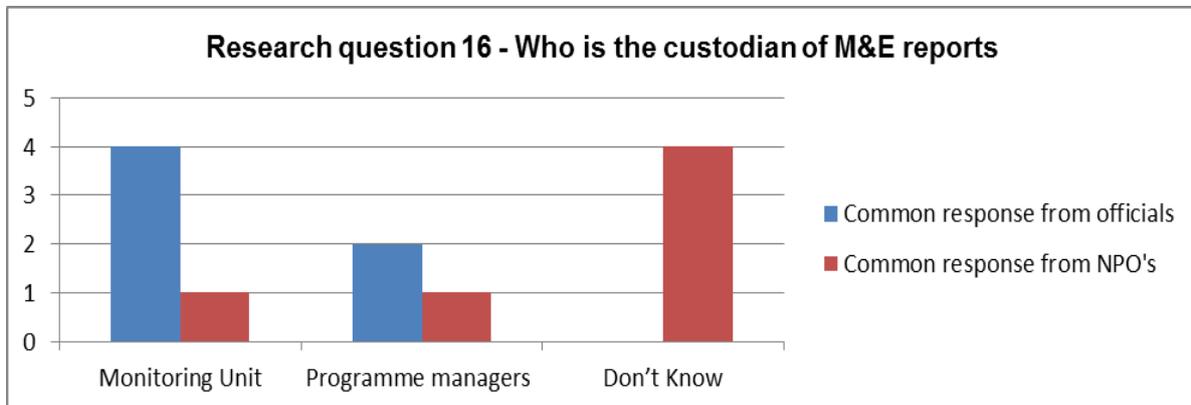


Figure 4.15: Common responses to question 16

4.5 Conclusion

The objective of the research was to determine whether the department implemented an effective M&E. The literature review in Chapter 2 indicated criteria for the determination of effective M&E. Data collected during the study was used to determine and evaluate whether the current M&E system of the department is effectively implemented or not. The secondary objective of the study was to determine whether both the department and NPOs have the appropriate skills and competencies to implement an effective M&E and whether the management of NPOs and officials understand the importance and objectives of monitoring and evaluation.

A total of 16 research questions applied at four (five including one with officials) focus group meetings were structured. This was done with the objective of soliciting insight from both NPOs and officials of the department to determine the above primary and secondary objectives.

The result indicates that NPOs are not involved in the M&E process implemented by the department. Their involvement is limited to providing information required for funding. M&E objectives are not communicated to the stakeholders or NPOs.

Monitoring takes place once a year during the annual site assessment. Reports from such assessment lack details on the implementation of recommendations. No follow-up on the implementation of recommendations from the annual site assessment.

M&E reports lack details of the evaluation conducted. It can therefore be concluded that the department did not evaluate any of the funded projects through its M&E. The lack of M&E policy perpetuated what is referred to as fragmented implementation. The relationship between capacity and effective M&E could also not conclusively be determined, as the department only provided training to the monitoring team in March 2014. The training seemed to have provided only a basic introduction to M&E, and officials were awarded attendance certificates. The application of knowledge acquired from this introduction training will require clear mentoring and coaching for successful application.

NPOs were also found to have just a basic understanding of what M&E entails but could not clearly define the concept. Clearly, there are capacity issues from both the department and NPOs.

In concluding whether data collected provided enough information to determine whether M&E is effectively implemented, one must bear in mind that such M&E must at least be implemented and functional. The literature review defines effectiveness as the measuring of an intervention which requires clear, explicit and quantified objectives and includes not only the extent to which an intervention's objective has been achieved but also the unintended and unplanned consequences of such activities. In addition, an assessment for effectiveness involves the determination of immediate outputs, outcomes and degree to which predetermined objectives and targets are achieved. Effectiveness addresses satisfaction or dissatisfaction expressed by different beneficiaries, communities, workers, donors, and other stakeholders, thus the importance of their involvement in the process.

An assessment from a fragmented, unstructured and almost non-existent M&E presents new challenges to the study. However, by simply applying criteria indicated in Chapter 2 against data collected, one can only reach one conclusion, i.e. that the department's M&E is not effective, was not effectively implemented, lacked focus and omitted critical monitoring and evaluation details such as objectives and other

factors as indicated above. The department must urgently review its current monitoring and evaluation system.

Chapter 5: Conclusion and Recommendations

5.1 Introduction

The objective of the study was to determine whether the department implemented an effective monitoring and evaluation system at NPOs. In order to achieve this, a literature review was conducted to determine elements essential for an effective monitoring and evaluation system. These elements, as outlined in Chapter 2, were used to develop research questions which were administered during four focus groups. The results of the study were based on data collected in Chapter 4 and analysed using the said elements as a basis to determine whether the current M&E system implemented by the department met the effectiveness requirement. Key to the requirement was the existence of an approved M&E policy. Without rephrasing Chapter 2, the following are some of the key elements for an effective M&E:

- Involvement of stakeholders during the planning phase
- Having the necessary capacity to execute and implement
- Existence of an M&E policy designed to provide guidance on role and responsibilities of all parties
- Regular monitoring reports with recommendations

Data collected was analysed using the five steps analysis by Taylor-Powell and Renner (2003). Data was codified, categorised and reviewed to determine relationships and themes. Coded data was allocated numbers based on the number of times similar responses were provided to the same question in order to determine dominance.

The study was prompted by high levels of NPO deregistrations, with 23 000 NPOs deregistered in January 2014 and another 35 000 earmarked for deregistration (Wyngaard, 2013). According to a report by DSD (2012), a total of 85 039 NPOs were registered at the end of June 2012. The deregistration of 58 000 NPOs representing 68% of total NPOs will be to the detriment of the sector, which was estimated to be worth R4.3 billion in income and R3.3 billion in expenditure at the end of 2011.

5.2 Limitation of the research

Data collected for the purpose of the research was from NPOs within the Frances Baard District. There are five districts within the Northern Cape. Frances Baard is the smallest geographically but had 30% of total NPOs during the 2012 financial year. Non-probability convenience sampling method was adopted in determining NPOs for the focus group.

5.3 Research findings

The following were some of the findings as indicated in Chapter 4:

- The department does not have an approved documented M&E policy clearly outlining roles and responsibilities.
- M&E is implemented in a fragmented manner.
- M&E reports were found to be insufficient; no detailed recommendations with implementation plans were developed for discrepancies identified during the M&E.
- No follow-up on implementation of recommendations took place.
- Stakeholders were not involved in the M&E process.
- Stakeholders were not familiar with objectives and targets set by the department.
- The department set objectives and targets in isolation without inputs from beneficiaries or stakeholders.
- The M&E tool focuses on financial management and internal controls.
- The M&E tool does not monitor whether NPOs comply with the reporting requirement as set out in the NPO Act.
- The M&E tool does not have objective, measuring criteria and measuring time frames.
- The department did not conduct evaluation.
- The capacity of both NPOs and departmental officials must be improved regarding M&E.
- The department continues to fund NPOs despite such failure to implement recommendations.

5.4 Recommendations

The following recommendations are suggested in order to improve the current M&E system based on what was indicated in the previous section:

- The department must develop and approve an M&E policy detailing roles and responsibilities. The policy must be reviewed on an annual basis and updated with changes in priorities. The existence of policy will assist and ensure that M&E is implemented in a structured manner.
- The current M&E is implemented in a fragmented manner with other units being responsible for certain parts of the monitoring. The poor implementation of monitoring and evaluation is not only a matter of limited capacity in organisations but rather also a lack of methodological clarity in the implementation thereof; a policy will address this issue. The department must centralise monitoring and evaluation into one unit and integrate all current tools into one.
- The current M&E tool must be reviewed to ensure that it monitors compliance with the reporting requirements set out in the NPO Act to the registrar. This critical element is omitted from the current tool.
- The current tool does not have objectives, performance measures and measuring criteria, instead the tool asks “yes” or “no” questions. Because of the current capacity level of both the department and NPOs, a detailed and clear tool is required to guide M&E.
- The importance of clearly defined objectives was confirmed by the Journal of Advancement in Medical and Pharmaceutical Sciences in Nigeria (2010) which indicated that those involved in implementing and monitoring activities must understand the objectives, indicators, expected outputs, outcomes, and their linkages. SMART objectives are easier to measure. The department must provide regular training to its officials.

- The current M&E reports must be improved to ensure that each report is accompanied by a clearly defined implementation plan with time frames for implementation of recommendations.
- All reports must be presented to NPOs at a meeting. Implementation plans must be monitored on a monthly basis as part of monitoring and evaluation.
- The department must identify relevant stakeholders and such must be involved during the planning phase of M&E. The importance of involving stakeholders during the planning phase was also confirmed by James (2010). The author indicated that good monitoring and evaluation starts with good proper planning. Over and above that, he indicated that it is important to involve relevant stakeholders during the planning phase.
- The monitoring tool must incorporate performance targets as indicated on the service level agreement and business plans submitted for funding.
- The department must review its current human resource capacity and determine whether the current capacity will be able to conduct monthly monitoring.
- The monitoring tool must be aligned with the logframe.
- The department must implement measures to encourage NPOs to implement recommendations.

5.5 Conclusion

The results from data analysis indicated that the department did not implement an effective monitoring and evaluation system at NPOs. Central to the current challenge is the lack of policy guiding the M&E process and clarifying roles and responsibilities of all stakeholders. The current M&E process focused only on monitoring and fails to evaluate. Monitoring tools made no provision for evaluation. There seems to be a direct relationship between the implementation of participatory M&E and the

effectiveness of M&E. This conclusion is based on the current direct relationship established from data collected between the lack of stakeholders' involvement in the M&E process and what one might conclude to be an ineffective M&E.

The relationship between an effective M&E and level of compliance by NPOs with the reporting requirements could not be established during the research. The establishment of this relationship was not the primary objective of the study, but it would have provided insight on how the department can prevent future deregistration of NPOs due to non-compliance.

Without deviating from the primary and secondary objective of the study, one can only conclude that the monitoring and evaluation implemented by the department was not effective. This conclusion is reached after applying the results from data collected in Chapter 4 against criteria determined from the literature review in Chapter 2. The M&E of the department did not comply with the majority of criteria set for an effective M&E, thus the conclusion. Furthermore, no evaluation took place. One must remember that evaluation involves an assessment of how beneficiaries respond to services and the impact of such in changing their lives or situations.

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Abstract

The primary objective of this study was to determine whether the Department of Social Development in the Northern Cape Province implemented effective monitoring and evaluation at Non-profit Organisations. The study was prompted by the high levels of non-compliance by NPO's with the reporting requirements as set out in the Non-Profit Organisation Act, Act 71 of 1997. Due to these high levels of non-compliance, majority of NPO's were deregistered. The deregistration simply meant that these entities may no longer operate as such and may also not request financial assistance using the NPO certificate thus leaving the poor who depend on social service from these organisation with no protection against poverty.

Using qualitative method, the research aimed to determine whether the department implemented effective M&E at NPO's. Data was collected during focus groups conducted with both NPO's and officials from the department. Responses from participants were narrated and classified into different categories using research questions as a guide. The classification was critical in determining common themes or common responses from the same research question and therefore determining dominance.

The results indicated that no evaluation took place and that the current monitoring implemented was not effective. Stakeholders were not identified in the M&E process and therefore not involved in determining what must be monitored, evaluated, how, the frequency, etc. A participatory M&E is recommended for implementation by the department. This M&E system involves stakeholders and beneficiaries' participation in determining M&E objectives, what must be monitored, evaluated, how, frequency, etc.

The M&E tool used must be aligned to the logframe. Objectives must be clearly identified and capacity levels at both NPO's and departmental officials improved.

Key words : Monitoring, Evaluation, Effectiveness, Participatory M&E, Non-profit Organisation, Positive bias, Corruption in M&E, Stakeholders, Social Development, Deregistration, Logframe.