

TABLE OF CONTENTS

INTRODUCTION	2
a. The context within which we operated in 2007	3
b. Target Group and Key Stakeholders	5
c. Monitoring and Evaluation	7
I. KEY OUTCOMES AND CHALLENGES	8
1.1 Strategy and results Framework	8
1.2 Outcomes	8
1.3 Challenges & Lessons	9
1.4 Measures to overcome the challenges	9
2. INSTITUTIONAL SUPPORT	10
2.1 Human Resources	10
2.2 Governance	10
2.3 Resources	12
3. PROMOTING DIALOGUE	13
3.1 Ethical reflections	13
3.2 Articulating the churches vision of South Africa	13
3.3 Engaging with global ecumenical processes	14
4. STRENGTHENING LEADERSHIP	16
4.1 Local government training (Training for Socio-Economic Transformation)	16
4.2 Local Governance Support and Accompaniment	16
5. ADVOCACY & CAMPAIGNS	18
5.1 The People's Budget Campaign	18
5.2 Church participation in local public policy and government processes	18
5.3 Constraints to informal trading in the inner city	18
5.4 Trade and Food security campaign	19
6. CONCLUDING REMARKS	21
7. FINANCIAL STATEMENTS	22

INTRODUCTION

The work of ESSET is rooted in the quest for a just society that prioritizes the needs of the poor. This we seek to do through interlinked processes aimed at challenging the churches to be more involved in the work for socio-economic justice but also through building of the capacity of the same churches to do this work as desired.

While we use the word “church” in its broad sense, our work is historically and primarily linked to the South African ecumenical movement which coalesces around the South African Council of Churches (SACC) and its affiliated members. We do also recognize that the church of God exists both institutionally and individually. It finds its expression in the formal membership of our churches and in the informal community formations that embrace participants across denominational affiliation. It is also represented by the leadership and ordinary members.

In another sense this church is also secular in that it embraces other formations within civil society who in their being do not profess any religion, but are bound together with us by their commitment to a just society, free from exclusion, exploitation and abuse. As will be seen in the report, these other formations are key allies in the implementation of the work we do.

This report is a review of the work done by ESSET in 2007 and is aimed at informing ESSET's stakeholders and partners about the work done. In that vein the report looks at whether we achieved the results we set at the beginning of the year; it checks if we are still operating within our three-year framework; it shares lessons we have learnt in the year from the work we do; and it checks whether we are still committed to the ideals of socio-economic justice in our praxis.

*“There is no easy and no short path to economic, social and environ-mental global justice. **But** there is no ethical alternative but to embark on that path.”* Ms Hellen Wangusa, chair of the International South Group Network, writing in the foreword of Bendana, A., et al (eds), (2007) *Global Justice: The White Man's Burden?*

A. The context within which we operated in 2007

(i) Local democracy

"The issue of protests is not about service delivery, it is about people wanting to be heard, wanting to be treated with dignity; that the rights in principle need to be realized in reality". Steve Friedman, ESSET Annual Conference, 2007

Protests in the country, largely reported as protests for improved service delivery, continued to occupy the socio-political public space in 2007. As Steve Friedman pointed out in the quotation above, the protests were not just about service delivery. Our own work with communities affirms this assertion. For many communities these strikes were a last resort of desperate people who felt left out of policy formulation processes; and who did not receive an audience with the relevant authorities when they tried to raise their concerns through the 'right' channels.

These protests were however overshadowed by the two-month public servants strike in the middle of the year. While many lamented the collapse of the public service, especially in key sectors such as health and education, the strike was sustained because at issue was the quality of public service in these two critical sectors which have deteriorated after 1996. This reality is partly¹ due to the state's disinvestment from social services through the fiscal policies that were adopted as part of the GEAR² (2) strategy. This disinvestment has resulted in a shortage of actual infrastructure such as properly resourced clinics, high volumes of people leaving the health and education professions for better packages elsewhere, with low recruitment levels and low morale among those workers who remain in the service.

This strike, like the community protests noted above, are often a last resort of a group of people who have exhausted all avenues of soliciting fair responses to their legitimate concerns. It is never the first card played by unions when engaging with the employer. Seen this way, strikes are a response to choices made within particular systems and processes.

Among other things these protests call for the return of development to be determined and be informed by people themselves and not just by experts and the powerful. This is what the Catholic social justice teaching calls subsidiarity. In our context it is also a resistance to policies shaped and driven by consultants from the power-centres of capital. It is also a call for the deepening of democracy and an effort to reclaim democratic spaces for the poor and the marginalised.

(ii) Poverty and inequality

Since the origins of the democratic dispensation, the South African government has developed policies which have focused on poverty alleviation, improving economic growth, relaxing import controls and reducing the budget deficit. In spite of this plethora of policies, about 40% of South Africans still live in poverty with the poorest 15% desperately struggling to survive. This means that approximately 18 million out of 45 million people have not experienced the benefits of our newly found freedom³.

Acute poverty persists parallel to high income inequality⁴ (4) levels. This inequality is also demonstrated through lack of access to natural resources; a two-tiered educational system; a dual health system; and other socio-

¹The legacy of development planning of the apartheid regime continued to impact negatively on provision of social services and the sustenance of a healthy public service.

²The Growth, Employment and Redistribution (GEAR) replaced the Reconstruction and Development Programme (RDP) as the economic policy of the ANC ruled government in 1996. GEAR is still by many as a type of self-imposed structural adjustment pro-programme that for example saw drastic cuts in social and infrastructure spending in the name of fiscal discipline coupled with rapid integration with the global economy through trade liberalisation policies among other measures.

³Landman, 2003

⁴The World Bank Report of 2006 ranks South Africa among the most unequal societies in the world

⁵Jean D. Triegaardt,

⁶Taylor, 2002; Samson, 2004)

⁷Labour Force Survey, 2007

economic dimensions⁵. The main driver of inequality currently in SA is no longer the Black/White divide, but rather the intra-group divide between rich Blacks and poor Blacks. This is largely through the policies like the Black Economic Empowerment, which sought to transform the ownership and personnel structures of the economy.

Lack of vision and direction in economic policies that would tackle poverty and inequality has led to failure in addressing structural unemployment. Even though with some improvements in the social security system, these measures have failed to provide income security for the majority of the unemployed in South Africa⁶. The official unemployment rate was put at 25.5% of the labour force in March 2007⁷. This amount excludes the percentage of discouraged workers, which amounted to 11.6% in March 2007.

Even with the registered employment growth of 41.9% in March 2007 compared to 41.7% in 2006, this expansion in jobs was offset by higher unemployment. Of course we also have to ask what kind of jobs were created. This increase absorbed more males than females, with, placing women at a 30.8% unemployment rate in the same period compared to 21.1% of unemployed males.

(iii) The political conundrum

Contestations for power in the African National Congress (ANC), the ruling party, dominated South Africa's political landscape. While the focus was on Jacob Zuma, former Deputy State President of South Africa and now president of the ANC, the contestations had multiple struggles and outcomes.

The ascendancy to the Presidency of the ruling party (and subsequently of the country) by Zuma was supported by the Congress of South African Trade Unions (COSATU) and the South African Communist Party (SACP). Both COSATU and the SACP are in alliance with the ANC and had in recent years publicly rejected the government's macroeconomic policy on the basis that the policy did not sufficiently address the plight of the poor and workers. In Zuma they hope to find an ally who would somehow be able to advance their cause.

While Zuma has himself publicly confessed loyalty to ANC, and by extension government policy, the support he got from the left persists. Ostensibly this support was due to his accessible style of leadership and proven willingness to listen to other view points. His proponents argue that a Zuma presidency would create spaces within the ruling party, government and general public to inform and influence social and economic policy formulation, a process which hitherto has been strangled by the so-called centralised one track neo-liberal dogmatism exercised by the Thabo Mbeki presidency - of the ruling party and the country.

JZ, as Zuma is popularly known, stands accused of fraud and corruption while a state official. He has also previously been accused of rape, a charge of which he was acquitted in a court of law. This fact has irked many in society who sees in JZ an epitome of the corrupt and immoral leadership we should not have. They argue that the fight against fraud and corruption will not be won.

Whatever the merits and demerits of these contestations, this process has been a watershed for the deepening of democracy in the country. Public discourse on key policy challenges facing the country have been opened up. The voices of ordinary voters - albeit they be ANC members, triumphed over the narrow elitism of a few in the ruling elite fighting to retaining the status quo.

For the first time since the advent of the GEAR, there are real campaigning and advocacy spaces for civil society to have their voices heard or at least, have their views shared in the public space.

(iv) Increasing cost of living

In his 2007/8 budget speech the Minister of Finance, honourable Trevor Manuel observed that "*Human life has equal worth... motho ke motho, ga ana bosehlana (a human being is a human being; there is no lesser human being). The idea, that human life has equal worth, and that this is the core value that unites us, invites us to ask whether we have done enough to give practical effect in South Africa today to our shared humanity.*"

"Today we know, from a variety of sources, that we all, Christians, the world, humanity, nature, society are facing a massive global challenge with a real potential of becoming a global catastrophe - a kind of global "crisis" and "catastrophe" never faced before in the history of the world. This crisis manifests itself; for example, in the ongoing wanton destruction of nature in the name of development and profit; the deaths of millions of people on the planet from preventable diseases; the worsening poverty levels the world over; the increasing levels of inequality between the rich and the poor that continues to destroy the common humanity that binds us all. It has become a world in which another war, in the traditional sense of war, would actually come as a blessing, a let-off, and an opportunity for a rebirth, in comparison to what we are already facing." Dr Stiaan van der Merwe, ESSET Annual General Meeting, 2006

Despite the ideal expressed by the minister, the economic reality of South Africa, marked by high unemployment and huge inequalities, continues to affect the poor more adversely. Acute hunger has become a reality of the country's landscape.

Over the last year, the Competition Commission of South Africa has highlighted collusion practices in bread, milk and medicines prices. These have exacerbated the already escalating prices of food and other basic needs due to high global crude oil prices and the prevalence of cheaper goods sourced into the South African market because of relaxed trade regulations. Such 'monopoly capitalism' also denies the entry of small business into the market.

These factors have pushed the inflation rate up. The rate broke through the 6% target to +8% at year end. Citizens have been hard hit by the increases in prices, and the consequent increases in the interest rate. In a context of campaigns for both living wages and increases in the social wage, these developments have given impetus to the call for a review of 'inflation targeting' as a policy. Labour formations, among others, have argued that the policy does not protect the poor. A review of inflation data shows that inflation targeting has not benefited the poor, with food price inflation growing exceptionally fast. In addition, inflation for the lowest income groups has been higher than for other groups. Also, the proposed increases in tariffs for electricity we argue will impact negatively on the poor.

B. Target Group and key stakeholders

(i) Geographic location

While ESSET has been set up to work nationally, it has resolved to restrict much of its work in four provinces in the main. The targeted provinces are the Free State, Limpopo, KwaZulu Natal, and Gauteng. The choice to work in these areas in 2007 was informed by the need to consolidate work started in these areas in previous years.

As informed by the need to consolidate work started in these areas in previous years. This would hopefully deepen the work we do and hopefully enhance prospects for sustainability. While these provinces receive priority, ESSET continued to work in other parts of the country when a specific need arises or their invited.

(ii) Communities with which ESSET works

ESSET identified community based organisations and local church groups to participate in its programmes. Such organisations must identify with the broad thrust of ESSET's work and be willing to do follow up work within their own communities. These organisations ranged from social movements campaigning for particular issues; church youth groups; traders associations; ministers' fraternals and provincial councils of the South African Council of Churches.

(iii) Profile of participants in ESSET's activities

Effort is continually made to involve women and youth in our activities. On average 40% of participants have been women. Most of the participants are unemployed and come from either rural villages or informal settlements around the major cities. They therefore represent the lowest socio-economic strata of society. Racially they almost all black. Such participants help ESSET to live up to its commitment to being solidarity with the marginalized and vulnerable.



ESSET together with Civil Society Organisations representatives during the preparatory meeting for the People's Budget Campaign.



Street traders pictured attending one of the meetings organized by ESSET

(iv) Key stakeholders

ESSET works with other faith based and civil society organisations with similar interests. The South African Council of Churches remains a key programme partner. We also collaborate with other faith based agencies throughout the country and beyond. This commitment to working with others helps to maximize impact and broaden the reach.

C. Monitoring and evaluation

Monthly sessions are held with all staff to review work done. This is followed by quarterly meetings where staff presents written reflections on what they have done and learnt in the previous period. They also make recommendations about programme implementation going forward. Consensus is then reached on what to do within time and budget limitations. The director, assisted by the administrator and programmes manager, gives detailed programme and financial reports and projections at every sitting of the board of ESSET. An annual programmes review and planning meeting is also held at towards the end of the year. The outcome of this annual review informs the proposal and action plan for the next year.

“We note the deep economic crisis currently unfolding in South Africa and globally. ... This scenario presents for us a fundamental absence of justice and disregard of basic socio-economic rights for many people in the world. ...

Although many of us know that there is so much terribly wrong, in practice there is silence, complicity and inaction. How does this happen? Even churches seem paralyzed, unable to speak effectively to this crisis despite the sincerity of the many pronouncements made in many forums of the church. The fundamental question is why are we not making a difference?”

Chapter I

I. KEY OUTCOMES AND CHALLENGES

I.I Strategy and results framework

Aware of the complexity and magnitude of the task of advancing the churches work for socio-economic justice, ESSET understands its purpose within this broader task as that of “enabling and challenging the church and other social formations to work for socio-economic justice” as stated in its mission. The quest to realise this strategy is guided by three interlinked processes. These are:

I.1.1 Promoting Dialogue

Through the creation of spaces that promote action-oriented exchange of knowledge and experiences

I.1.2 Strengthening Leadership

Through targeted training and awareness creating programmes, with a special focus on local community processes

I.1.3 Advocating for Socio-Economic Transformation

Through campaigns for socio-economic justice campaigns

Below is a summary of the major outcomes and challenges emanating from the work of ESSET in 2007 as it sought to achieve its purpose defined in its mission statement as “to enable and challenge churches to work for socio-economic justice”. Though difficult and challenging the task is, as Ms Hellen Wangusa points out, ESSET through its staff, leaders and partners faithfully sought to advance the churches work for socio-economic justice in 2007.

The process has largely been a positive one, and we have also learnt from the weaknesses and mistakes we made along the way.

I.2. Outcomes

I.2.1 Increased programme Output

We were able to deliver on the core mandate of the organization with increased programme output as shown in the report. The decision to focus our work in identified communities over an extended period is paying off. This helped to put better focus and give more depth into the work we do.

I.2.2 Accompaniment

We were able to improve levels of trust and solidarity with communities and organisation with which we work. An informal trader involved with ESSET's initiatives in the Joburg InnerCity commented as follows in one of our workshops. “Having come to this conference I feel my problems have received a sympathetic ear. I leave with much hope and feel strengthened to continue to fight for what I know is rightfully mine.”

I.2.3 Becoming a learning organisation

Working more closely with communities; the robust engagements within the Board of ESSET; ongoing reflections within the staff; and open dialogue with partners and stakeholders have helped develop ESSET into a learning organisation.

We were able to reflect on our operations and praxis and had:

- our commitment to and focus on the marginalized and vulnerable affirmed;
- gaps and shortcomings in our systems identified and possible solutions found. These include acknowledging the absence of a clear sustainability strategy;
- the need to develop our own advocacy and programme implementation strategy that incorporates our values emphasized;
- a better understanding of the changing socio-economic dynamics in our society and especially how these impact on the poor and marginalized. This enabled us to see beyond the “we have never had it so good” rhetoric and statistical dogmatism that posits South Africa as a middle income country with sound economic fundamentals without pointing out the huge inequalities, high unemployment levels and acute poverty that is prevalent in our society.

Below is the result framework developed at the beginning of the year to guide the programme for ESSET run in 2007

PROCESS		RESULTS		INDICATORS	
Promoting dialogue	A churches' vision of South Africa is articulated	An ethical reflection on the current socio-economic situation is done	The vision document is produced	Report of the reflections	
	South African churches engage with global ecumenical processes	TSET processes go ahead as planned	South African perspectives are developed	Training workshops are held	
	Churches participate more meaningfully in local public policy and governance processes	Communities are assisted to produce their own development plans	Increased participation of churches in local government processes	Community development plans in selected municipalities are produced	
Strengthening Leadership	The People's Budget Campaign is more inclusive of the churches participation and contributions	Constraints to informal trading in the inner city are identified	Churches perspectives are reflected in the final document	Increased public awareness of conditions of informal traders	
	ESSET participates in key socio-economic justice platforms	ESSET participates in key socio-economic justice platforms	Increased involvement of ESSET in key processes		
	A comprehensive communication and media based advocacy strategy is implemented	ESSET is adequately resourced and properly governmented	ESSET's public profile is enhanced	ESSET is run smoothly	
Institutional Support	ESSET has required human resources to fulfil its mandate		Human resource capacity is acquired		

1.2.4 Placing the agenda for working for socio-economic justice in the life of the churches

We are gradually having more churches, church leaders and church organisations participating in our processes and as a result pledging to include issues of economic justice, beyond development work, on their agenda. Below is an excerpt from a resolution of the SACC Triennial Conference in 2007 that came out of a commission which ESSET facilitated.

1.3 Challenges & Lessons

1.3.1 Managing accompaniment and solidarity processes

Working with community organisations and initiatives with a commitment to allowing them to own intervention processes as ESSET strives to do, brings with it major planning and resourcing challenges. Fundamentally such processes cannot be programmed upfront, i.e. the outcomes will be dependent on what the process yields instead of what we plan to achieve. We are also unable to define the time frames for such work accurately.

This remains a growing area of uncertainty within our operations especially against the context where the strategic planning process employed in organisations such as ours dictates that results and outcomes be defined upfront for better monitoring and impact assessment.

1.3.2 Quest for sustainability

Overall ESSET's financial sustainability in the medium term is assured, with all our core funders committed for an extended period. We are however aware of the need to increase our funding. The challenge we face is how to move from one stream of donor dependent Europe based funding to a state of having diversified sources of funding. Such diversification would include a spreading of overseas donors; increasing local funding and developing an income generating stream.

1.3.3. Improving partnership with other agencies

ESSET remains committed to working with other agencies doing similar work wherever possible. This is evident in how we run programmes. We however continue to confront challenges of how best to do this. At times we have found partners who had agreed to work with us on a programme not fulfilling obligations as expected. This impacted negatively on the quality of programme output, and hence outcomes.

1.3.4 Involvement of leaders

ESSET recognizes the critical role that church leaders at various levels can play in our processes. While some slow progress is made to involve church leaders in ESSET's work for socio-economic justice, we have not succeeded in drawing on board more people and have deeper engagement. This has obvious implications, such as delaying more visible public support for the struggles of the poor by the church leaders.

1.3.5 A relevant theology

The critique about the absence of the churches in the struggles of the poor has been ascribed to the dearth of relevant theological reflections. Not being an explicitly theological enterprise, ESSET has found it difficult to access relevant resources. We have been challenged not to continue with the trend of trying to do theology from the top.

1.4 Measures to overcome the challenges

To address the many challenges we face and to strengthen the work we do, we will in 2008 conduct a three year evaluation of ESSET's operations and programmes. This will be at the end of a three year strategic framework we have been using since 2006. We hope that this process will further strengthen ESSET institutionally and generate new ideas of how best we can do the work we do.

More specifically we will in 2008:

- free the Director to spend more time interacting with and lobbying; stakeholders and partners around the objectives of the organisation;
- broaden our engagement with regional and global processes;
- enter into written agreements with partners on joint programmes;
- develop an advocacy and programme implementation strategy for ESSET

“The role of church leadership in the few moments of actual presence with popular struggle was effectively to pacify people's militancy and save the broader political electoral system at the expense of the people's actual struggles. And when the moment was over, there was no sustained solidarity, the church leaders didn't return as they had promised, but shifted away when the stakes got high. This sense of pain at effectively giving false promises to the poor re-emerged in other stories too. People pointed out that the church imagines itself sometimes as the 'voice of the voiceless' but in fact 'the voiceless' have little reason to trust it in this role.”
Excerpt from the Values Analysis Retreat held in June 2007 at the Common Ground Retreat Centre

Chapter 2

2. INSTITUTIONAL SUPPORT

Results were anticipated in this process in 2007. These include:

1. ESSET has required human resources to fulfil its mandate;
2. ESSET is adequately resourced and properly governed;
3. a comprehensive communication and media based advocacy strategy is implemented;
4. ESSET participates in regional and global ecumenical and civil society platforms.

2.1 Human Resources

ESSET had four fulltime employees in 2007. They are:



Rev. Desmond Lesejane
Executive Director



Ms Thembela Njenga
Programme Manager



Ms Busi Thabane
Administrator



Ms Sonto Magwaza
Programme Assistant

We were able to draw on the services of Fr Joe Mdhlela and Dr Puleng LenkaBula for various aspects our work with Fr Mdhlela helping in media and communication work and Dr LenkaBula assisting with research and programme facilitation. Ms Bongwiwe Dumezweni also availed her services to us in the programmes department for two months. Such an arrangement enabled us to access skills that we are not able to retain on fulltime capacity in the organisation. Mr. Patrick Mookenh volunteered in the office and offered a wide range of support within the programmes department.

Achievements

Members of staff continued to contribute to the well-being of the organisation beyond their job mandate and requirements.

ESSET continued to operate as a healthy unit where members of staff are eager to go beyond the call of duty and take on duties outside their job descriptions. Three of the four staff members are women.

Challenges

We engaged the services of an external agency to develop a communication strategy for ESSET and manage its implementation. Unfortunately the agency did not deliver as expected and the strategy never got to be implemented. We had to go back to the drawing board. As a result, our ability to communicate our positions and participate in public discourses was severely inhibited.

2.2 Governance

In addition to continuing to provide oversight and advice on programmes, the board set out a process of developing strategies for effective utilization of the board's expertise in ESSET's programmes. It also affirmed the need to enhance organisational policies to make this work more efficient.

THE Esset Board Consists of:



Bishop Ivan Abrahams
*Chairperson of the Board,
Presiding Bishop of the
Methodist Church of
Southern Africa and
Chairperson of the Church
Leaders Forum in South
Africa*



Mr Eddie Makue
*General Secretary of the
South African Council of
Churches*



**Ms Barbara
Kalima-Phiri**
*Policy Analyst at the
Southern Africa Trust*



Rev Mautji Pataki
*Ecumenical Secretary of
the SACC in the Limpopo
Province and ordained
minister in the Uniting
Presbyterian Church of
Southern Africa*



Rev Bafana Khumalo
*Co-Director of the Sonke
Gender Justice Network
and ordained minister in
the Evangelical Lutheran
Church in Southern Africa*



Mr. Graham Philpot
*Director of the Church
Land Project*



Rev Ebenezer Ntlali
*Honorary Life President:
SACC in the Eastern Cape
and ordained minister in
the Anglican Church of
Southern Africa and
Chairperson of the SACC*



Ms Dudu Radebe
*Project Manager at the
Eastern Cape NGO
Coalition*



**Ms Bongwiwe
Dumezweni**
*Programme Manager at
Unsung Heroes*



Rev Jennifer Samdaan
*Ordained minister in the
Methodist Church of
Southern Africa*

**Rev Desmond
Lesejane**
*Director / Chief Executive
of ESSET*



2.3 Participation in regional and global ecumenical and civil society platforms

Activities

ESSET participated in a number of local, regional and global civil society platforms during 2007. Below is a selection of the invitations we took up.

- Workshop on the Economic Partnership Agreement (EPAs) organized by the Economic Justice Network
- World Social Forum in Nairobi
- Ecumenical Kirchentag in Germany
- Donor roundtable meeting of the SACC
- Facilitated a commission on economic justice at the Triennial Conference of the SACC

- NEDLAC meeting on the MDG goal of halving unemployment by 2014
- YMCA National Advocacy conference
- Basic Need Basket conference linked to the Global week of Action on Food Security organized by PACSA
- EJN & NCC partnership and networking conference.
- Consultation on the politics of poverty and strategies for poverty eradication organized by SPII
- Consultation on social security and pension reform organised by the Treasury of the SA government

Outcomes

Our participation in these processes was informed by our need to remain part of the global ecumenical family and support processes that enhance the work we do. Specifically these engagements:

- strengthened ESSET's partnerships with the Ecumenical Advocacy Alliance and the broader family of the World Council of Churches;
- opened dialogue with 'social movements' and within the churches on the role of the church in social struggles;
- enhanced ESSET's role in global solidarity campaigns against poverty and underdevelopment;
- gave ESSET the space to share its work and place issues of the informal economy, a key focus area of our work, on a broader agenda;
- Exposed ESSET to other people's struggles and the latest developments in campaigns and strategies in the quest for economic justice.

Challenges

Each platform and space raises new possibilities of work and expectations from partners for ESSET to participate in. While we have generally been able to resist taking on too much, we have been confronted with some key gaps in the campaigns in South Africa. Notably the fact that ESSET is not working directly on Global Trade campaigns for a just world was raised on a number of occasions.

The informal economy is not seen as a major area of struggle by policy makers and is not a priority with many of our stakeholders and as a result we struggled to make inroads as we had anticipated.

Chapter 3

3. PROMOTING DIALOGUE

Expected results:

1. Ethical reflections on the current socio-economic realities is done
2. A churches' vision of South Africa is articulated
3. South African churches engage with global ecumenical processes

3.1 Ethical Reflections

We began consultations with stakeholders on a process aimed at reflecting on the values that shape current life realities in South Africa.

After consulting with key stakeholders, we convened a three day retreat of about 25 people. They were drawn from diverse backgrounds for reflections in a process that goes beyond 'academic and scientific' analysis and focuses on unmasking the values that drive and sustain our country's socio-economic choices and reflect on the ways that these values operate in people's painful experiences of the contradictions that beset society. Another retreat was conducted in Western Cape.

Outcomes

- The retreat created a space for ecumenical activists to have an honest and frank discussion about their own activism and the constraints and contradictions posed by the dominant neo-liberal economic system.
- It also highlighted the struggles that 'church activists' encounter in their daily work and generated ideas on how ESSET can enhance its capacity building programmes.
- A perception emerged from the reflections that the institutional church is in the most a middle class institution, predisposed to serving the interests of the well-off in society rather than those of the poor and marginalised. This went a long way to explaining the deafening silence of the churches on socio-economic justice struggles and the tendency to opt for parachute ministries.
- Another view was that there is clearly a section of the "church" that is present and seen amongst people's struggles. This section refuses to see itself away from communities, but sees itself as an integral part of the local struggles.
- The environment created in the workshop allowed for deep, personal stories to be told about the socio-economic issues facing our country. Such stories clearly indicated that we are part of the problems of South Africa, and that if we are to seek solutions, everybody has to be involved.
- The participants indicated a strong need to start similar reflections in local communities and ensure that this "movement" does not stop. They saw this process as the beginning of a movement, not separate from already existing local initiatives, that could get people in every corner of South Africa talking and debating about the issues facing this country.

3.2 Articulating the churches vision of South Africa

3.2.1 Policy Discussions

Activities

ESSET convened a national theological dialogue in collaboration with the SACC in Limpopo to reflect on the state of the nation and develop strategies of engaging with the policy formulation processes of the ruling political party, the African National Congress (ANC). The decision to engage the ANC was informed by the fact that as the ruling party, the positions they adopt will determine government policy and it was better to engage proactively to influence the process rather than wait to react.

Outcomes

- Substantive critique of the ANC policy discussions was done and strategies for future engagement that involves replicating the process in provinces were developed.
- Space was created for the churches to dialogue with the ANC on policy issues on an ongoing basis.

Challenges

- The fruitful discussions were not adequately documented and shared with the wider community, including making submissions into the ANC processes as had been anticipated impossible.
- Developments within the ANC have resulted in a sense of political uncertainty in the country.
- There is no clear vision of how the ecumenical movement should engage with political parties and this makes us vulnerable to possible manipulation and prevents the emergence of a coherent and consistent prophetic voice.

Activities

ESSET organised a national conference of churches and church activists on service delivery and local democracy in October 2007. The conference was attended by 70 people and addresses made by the President of the SACC, Prof Tinyiko Maluleke and well known economic and political analysts Prof Steve Friedman and Ms Mohau Pheko.

Outcomes

- The conference created a platform for people directly involved in local struggles around service delivery in the country to speak for themselves and articulate their views and experiences.
- It also created a space and an opportunity for ESSET and the churches to hear and understand how communities would like ESSET and the churches to support them in their struggles. This was an exciting and different approach to organising conferences, where experts tell people what their problems are.
- The conference further helped to develop elements of a vision for the churches of what a caring and compassionate society should be like.

Challenges and learnings

- The conference raised important questions about our understanding of the “spaces” for people to talk. Even though we called people to “our space” to inform us of how we should support them, the participants, particularly those coming from local initiatives and social movements, claimed the space and somehow challenged us on whose space that was.
- It also raised questions of whether we should be calling people to our own spaces or whether we should find ways of getting to people's spaces

3.3 Engaging with global ecumenical processes

Activities

ESSET participated in a number of global processes as outlined below.

- Seminar on “Economic Justice: A challenge to the churches” organized by EKD in Hermansburg, Germany
- Workshop on global trade in Germany organized by the Ecumenical Advocacy Alliance
- WCC consultation on Genetics and New Biotechnologies and the Ministry of the Church
- CWM Southern Africa conference on economic justice

ESSET National Conference 2007



Prof Steven Friedman giving a speech during ESSET 2007 Annual Conference



Prof Tinyiko Maluleke, Executive Director of Research at the University of South Africa and President of the South African Council of Churches speaking during ESSET Annual Conference.



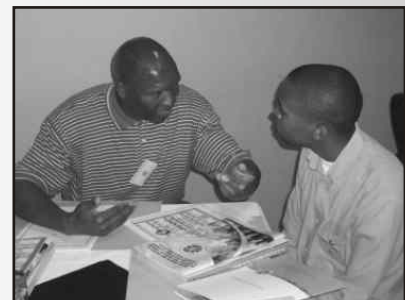
A broad analysis of pertinent issues was done followed by crafting strategies that the ecumenical movement and the broader NGO community could employ in responding to community's struggle of survival.



"We seem to be going to a low intensity way of responding to some of the crisis we see on service delivery. When we see these stories, why are we not moved to action?" says Ms Mohau Pheko during ESSET 2007 Annual Conference.



The conference reflected on people's real experiences of struggle with among others; HIV/AIDS, housing, water and informal trading.



"Our experience here in this conference, is the same as what we feel out there. I had a sense yesterday that those telling stories are telling them in our own space. But I also had a sense that activists were claiming that space. Whose space is this?, participants during ESSET 2007 Annual conference".



The adoption of neo-liberal economic policies has led to the commercialization and commodification of almost everything including human life. If we believe that human beings are created in the image of God. Why are we silent when even the price of basic food stuffs is beyond reach for more than half of the world's population?" says Ms Phumzile Zondi of the KwaZulu-Natal Christian Council during ESSET 2007 Annual Conference.

Chapter 4

4. STRENGTHENING LEADERSHIP

The results anticipated in this process were:

1. Local government training processes are conducted
2. Local Governance Support and Accompaniment

4.1 Local government Training

Activities

ESSET continued to house the Training for Socio-Economic Transformation (TSET) project offering administrative and programme support as well as overall supervision of the programme. We envisage this to continue until TSET becomes an independent entity. Three blocks of a four-block training process have been successfully conducted in three provinces, i.e., Limpopo, Free State and KwaZulu-Natal.

Outcomes

- All planned training was conducted in all three provinces
- Support and networking amongst participants and their peers/organisations was enhanced through the accompaniment process. This has also led to sharing of learnings, thus ensuring that the course benefits both participants and their organisations.
- Increased support amongst TSET partners and SACC compared to the previous year
- Finances were raised to meet TSET's objectives for the year 2007
- Continuous evaluation of TSET's work was carried out throughout the year, ending with an annual evaluation meeting that brought together TSET's partners, intermediary organisations (including the SACC), facilitators and writers. This informed what changes are needed in the project, the agenda, objectives and vision of TSET; and the strategic direction of TSET for 2008.
- The Board of TSET and ESSET continued to offer the management support to TSET

4.2 Local Governance Support and Accompaniment

Activities

Following our commitment to local government capacity building and our work on municipal service rights done last year, we identified two areas where we would do more capacity enhancement. These were Sekhukhune in Limpopo and Joburg InnerCity in Gauteng. These areas were chosen on the basis of existing contacts, previous programme work and clearly identified advocacy issues.

We conducted a survey in the InnerCity to assess how traders perceive their conditions, relations with the authorities and the way they are organized.

Outcomes

- We created an open forum including key civil stakeholders in the Joburg InnerCity, including social movements, religious organisations, community based organisations and NGOs.
- We facilitated the development of a set of core demands by communities. These demands were used as a platform for advocacy and submission into the council's policy formulation processes.
- We affirmed people's community struggles for socio-economic justice.
- New grassroots relations were developed and new issues for future engagements such as InnerCity housing, refugees and micro-trading were identified.
- We have learnt that the issue of democratic processes at local level and how communities participate in decision making processes is central to the frustrations that see many communities resort to militant public protests against policies and programmes of local government institutions.
- We had an opportunity to test our commitment to creating spaces for the poor to speak for themselves instead of us serving as their spokespersons.
- We produced a survey of traders' perceptions.

Challenges

- Existing fragmentations within civil society organisations in the InnerCity has resulted in ESSET becoming more hands on in organisational development processes.
- While this may have long term positive impact, it has added additional burden on our work and is highly unpredictable.
- The process has also raised questions about our understanding of accompaniment and approaches to working with communities and their formations.
- We have also on occasion felt that local government policy processes deliberately seek to exclude civil society organisations and communities.
- This raises sharply questions of what is the best approach of supporting community struggles. Should the focus be on lobbying government on behalf of communities continue, with the possibility that this may create an ongoing dependency?
- Our efforts to work with other stakeholders in accompanying local initiatives did not reach all the communities we had identified. This was largely due to the high demand on our internal capacity and we opted to stay with the Joburg InnerCity processes until the necessary impact has been made.

Chapter 5

5. ADVOCACY & CAMPAIGNS

We set out to achieve the following results in this process:

1. The People's Budget Campaign is more inclusive of the churches' participation and contributions.
2. Churches participate more meaningfully in local public policy and governance processes.
3. Constraints to informal trading in the inner city are identified.

5.1 The People's Budget Campaign

Activities

Work on the People's Budget Campaign was intensified in 2007 with ESSET playing a more prominent role in the drawing up of and publicizing of the final document. The PBC produced a more popular document instead of the previous versions which deemed to be more technical. Our role in this campaign is primarily that of offering technical support to the SACC's participation and facilitating the broader participation of the ecumenical movement in the process.

Outcomes

- The campaign received better media coverage of the views it expresses;
- the past three to four years saw government embracing some of the demands emanating from the campaign such as improved spending on social services and infrastructure projects;
- the PBC secured an audience with the senior leadership in the country's Finance Ministry which affirmed that the work done is taken seriously in government.

Challenges

- The campaign is struggling to raise adequate resources for its effectiveness.
- A further decision to broaden the campaign by including other stakeholders and deepening it by extending its focus to local levels has not as yet been implemented.
- Coordination of the churches in the campaign was not very structured. This was partly due to the fact that the South African Council of Churches is the partner to the coalition and ESSET is supposed to offer only technical support to the process. At times the roles have been blurred and participation hampered.
- The campaign still remains on the periphery of the churches as we were unable to produce the mass support base necessary to make it a popular campaign.

5.2 Church participation in local public policy and governance processes

Activities

We were able to complete the Municipal Service Rights project which started in October 2006. In total, 10 workshops were conducted in ten municipalities. A national stakeholders' reflection workshop was convened in February.

Outcomes

- We were able to document learnings from the Municipal Service Rights process we ran between October 2006 and March 2007.
- The report of the project has been compiled into an information and resource guide for use by churches and local communities.

5.3 Constraints to informal trading in the Inner City

Activities

We continued to create spaces for informal traders in the inner city to mobilize themselves and coordinate their advocacy against a hostile environment and constant harassment by authorities

To enhance our campaign on street traders in the Inner City of Johannesburg, an analysis of the legislation and policy on street trading in South Africa and in particular in the Johannesburg Inner City was done. The analysis also takes into account the views of the street traders on both the policy and the process that was taken to formulate the policy.

We conducted a survey to assess how street traders perceive the environment in which they operate, the regulations governing them, the nature of their trade, and their own self-organisation

Outcomes

- We produced a discussion document on the informal economy in South Africa to facilitate dialogue with other stakeholders on street trading.
- An accessible factsheet on informal trading was produced from the discussion document for wider distribution.
- The survey helped us to have a better grasp of the view of traders themselves on a number of areas that directly affect them.

Challenges

- The informal sector remains very fragmented and hence difficult to mobilize.
- The temptation and demand is always there for ESSET to become more of a role player in the process.
- The informal sector remains vulnerable to divide-and-rule tactics of the authorities and further forces us to play a more active role in interventions with authorities.



Some of the street traders pictured in one of the meetings organized by ESSET to discuss relatable issues of concern within the informal economy in the Johannesburg Inner City.

5.4 Trade and Food security campaign

Activities

ESSET worked with the national office of South African Council of Churches (SACC), SACC in the Free State and Gauteng provinces, the Southern African Bishops Conference (SACBC) and Benchmarks Foundation to coordinate events in Gauteng and the Free State around the Ecumenical Advocacy Alliance's Trade Justice Campaign. Seminars were held in Pretoria, Vereeniging and Bloemfontein.

Outcomes

- As a leading organisation of the campaign in Gauteng, we were able to mobilize support from other ecumenical organisations
- We produced a factsheet on "The right to food: Biofuels and Biotechnology - Are they a threat to life and livelihoods?"
- There was increased awareness in the churches on the interlinkages between trade justice and food security.

Challenges and learnings

- ESSET had not properly integrated the campaign in its plans. As a result we started working on it with minimal resources.
- We depended on people who have multiple and competing job demands, which compromised the impact of the campaign.
- Mobilising other organisations to join also contributed to the delayed start and had an adverse impact on the programme.

5.5 Resources

ESSET's total budget for the year 2007 was **R2, 184 710.00**. We received grants amounting to **R2, 578 323.21** in this period. It must be noted that part of the grants received were earmarked for the TSET project which is running in partnership with PACSA and Fair Share. Diakonia Sweden has pledged to enter into a new three year funding circle with us. They are joining EED and Christian Aid in this regard.

Assessment

Total income is on par with income for 2006 even though we lost some of our traditional funders. Each of our long standing funders increased their grant to ESSET for 2007.

This reflects continuing trust in our financial management capacity, the relevance of our programmes and our ability to deliver on the plans we promise.

Challenges

- We continue to be dependent on one funding stream, i.e., our funding is not sufficiently diverse;
- ESSET needs to enhance relations with existing donors and develop new ones;

Chapter 6

6. CONCLUDING REMARKS

ESSET's work continues to grow in depth and quality. While the constraints of communication hinder our ability to share this much more accurately and widely, the response we get from communities we work with continue to be humbling. The choices we made to focus our work on local processes and to affirm the ideal of the preferential option for the poor are becoming a paradox. It is turning to be a spot on choice on one hand as the dynamics at local government level attest. Communities are increasingly voicing their disgruntlement with the status quo and authorities have been forced to concede that all is not well. Despite a seeming agreement from all sides on the urgency and extent of the problem, opinions differ on the sources and solutions to the problem.

Our commitment to the preferential option for the poor locates us squarely on the side of the poor and marginalized. This brings its own challenges. In most cases, community struggles do not fit the classical textbook model of an NGO or lobby group. We are learning very fast to understand how they operate and how best to remain a facilitating and enabling agency rather than expert spokespersons. This means that we are not always able to determine the outcomes of what the next step is going to be. But, the journey is itself is turning out to be an eventful and impacting one.

The paradox is deepened by the fact that we remain a church based agency. Many have observed that the 'church' with which we are associated is itself not a church of the poor or a poor church. Its praxis seems to be designed to serve the interests of the middle class at best; it is run by the middle class; and is sustained by the middle class. In its best moments, it sees the poor as possible recipients of its generosity and ministry given in the form of poverty relief and alleviation and reduction programmes. And this it does well. Challenging and equipping this church to confront the causes of poverty, such as injustice, is another thing altogether.

We nevertheless remain committed to this two-fold task. Firstly, it is to create spaces for the poor and marginalized in our society to share their experiences and articulate their experiences and secondly, to mobilise this church to stand and act in solidarity with the poor. This remains the core of our ministry and the rationale for our existence.

Chapter 7

FINANCIAL STATEMENTS



**BDO Spencer Steward
(Johannesburg) Inc**
Chartered Accountants (SA)

13 Wellington Road Parktown 2193
Private Bag X60500 Houghton 2041
Telephone + 27 11 488 1700
Telefax +27 11 488 1701
Docex 574 Johannesburg
E-Mail bdojhb@bdo.co.za
Website www.bdo.co.za

Report of the Independent Auditors

To the members of Ecumenical Service for Socio-Economic Transformation (Association incorporated under Section 21)

We have audited the accompanying annual financial statements of Ecumenical Service for Socio-Economic Transformation (Association incorporated under Section 21), which comprise the directors' report, the balance sheet as at 31 December 2007, the income statement, the statement of changes in reserves and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 17.

Management's Responsibility for the Financial Statements

The company's management are responsible for the preparation and fair presentation of these annual financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with similar organizations, it is not feasible for the company to institute accounting controls over grants received prior to initial entry of the receipt in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

Qualified Opinion

In our opinion, except for the effects of the matters described in the preceding paragraph, the annual financial statements present fairly, in all material respects, the financial position of Ecumenical Service for Socio-Economic Transformation (Association incorporated under Section 21) as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and the Companies Act.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the note on going concern in the directors' report.

We also draw your attention to the fact that the company is in the process of updating its statutory records to comply with certain sections of the Companies Act with regards to the procedure for the appointment of directors and the maintenance of directors' and members' register.

BDO Spencer Steward (Pty) Ltd
BDO Spencer Steward (Johannesburg) Incorporated
Registered Auditors

27 March 2008

13 Wellington Road
Parktown
Johannesburg
2193

Registration No. 1995/002310/21
Financial Services Provider
Licence No. 16505
Date of Issue: 09/05/2005

Member Offices in Southern Africa:
Cape Town Durban Gaborone Harare
Johannesburg Lusaka Livingstone
Mutare Pretoria Port Elizabeth

Directors:
H. Boland M. Cowley S. Dansie N. Griffith RDW Henry
R. King M. Margolis D. McCallum
IFK Munnik T. Parsons CE Schoombie SD Shaw

**ECUMENICAL SERVICES FOR SOCIO-ECONOMIC TRANSFORMATION
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

(Registration number 1996/009039/08)

Trading as ESSET

Financial Information Schedules for the year ended 31 December 2007

I. INCOME

Figures in Rand	2007	2006
Grants received	2,573,538	2,540,464
Christian Aid	490,261	270,828
Church of Sweden	100,338	147,442
Diakonia	357,187	269,198
EED	643,958	296,265
HEKS	-	44,861
Transnet Foundation	50,000	-
Norwegian Church Aid	894,794	778,902
Karibu	-	269,968
Foundation of Human Rights	37,000	463,000
Other income	4,785	69,007
Total income	2,578,323	2,609,471

**ECUMENICAL SERVICES FOR SOCIO-ECONOMIC TRANSFORMATION
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

(Registration number 1996/009039/08)

Trading as ESSET

Financial Information Schedules for the year ended 31 December 2007

I. EXPENDITURE

Figures in Rand	2007	2006
Administrative Expenses		
Accounting Fees	12,178	2,155
Advertising	12,849	1,400
Audit - current year (Note 10)	-	35,198
Audit prior year (Note 10)	45,600	-
Bank charges	6,689	6,073
Depreciation	10,774	4,619
Equipment rental	36,401	55,133
Hospitality	3,031	540
Interest on late payment of SARS	-	5,412
Legal fees	15,700	6,220
Loss on disposal on fixed asset	-	6,500
Meetings	35,018	6,809
Office maintenance	8,543	18,945
Postage and courier	3,065	5,482
Printing, photocopying	22,809	30,900
Rent	102,490	61,380
Salaries and wages	486,169	506,598
Computer maintenance	5,905	-
Subscriptions	1,803	1,205
Stationery	1,707	-
Sundry expenses	6,950	8,307
Telephone and fax	9,784	21,160
Travel	4,785	11,692
Website management	-	7,433
Total administration expense	832,249	803,160

**ECUMENICAL SERVICES FOR SOCIO-ECONOMIC TRANSFORMATION
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

(Registration number 1996/009039/08)

Trading as ESSET

Financial Information Schedules for the year ended 31 December 2007

I. EXPENDITURE (continued ...)

Figures in Rand	2007	2006
Direct Project Expenditure	1,581,446	1,459,755
Accommodation and venue fees	368,373	389,474
Bank charges	-	1,935
Equipment rental	-	10,136
Facilitators' fees	142,465	289,350
Advertising	3,300	-
Stationery & Postage	14,148	-
Communication Strategy	12,378	-
General expenses	-	850
IT expenses	21,257	1,180
Research	33,562	-
Meetings	14,519	13,227
Printing	37,616	29,712
Material development	146,155	-
Project evaluation	-	6,000
Publications	(410)	140,726
Salaries and wages	423,455	326,533
Programme Consultancy	103,210	-
Telephone and fax	60,292	82,502
Daily Stipend	11,400	-
Municipality Awareness Project	(89,350)	-
Travel	279,076	168,129
Total direct project expenditure	<u>1,581,446</u>	<u>1,459,755</u>
Total expenditure	<u>2,413,695</u>	<u>2,262,915</u>
Less: Interest on late payment of SARS (Note 8)	-	(5,412)
Total expenditure	<u><u>2,413,695</u></u>	<u><u>2,257,503</u></u>