

**'NOW THEY KNOW WE ARE REAL':
Skills Development and Women in the
Informal Economy**

LEILA MONIB

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Durban.**

Declaration

I, Leila Monib, declare that this is my own work. It has not been submitted for any degree or examination in any other university. Where use has been made of the work of others, it has been duly acknowledged and referenced in the text.

Durban, on this the ___ day of _____, 2000.

Abstract:

The following dissertation examines skills development for women at the poorer ends of the informal economy through a study of members of the Self-Employed Women's Union (SEWU) who were trained in blockmaking in 1996. Since that time, the women have established the microenterprise, Vezi Khono (meaning 'Show the Skills' in Zulu) in the rural area of Ndwedwe in the South African province of KwaZulu-Natal. The dissertation explores the impact this training has had on incomes in the short and medium term, the opposition the women faced and the ability of training to overcome such obstacles, the role of government in skills development strategies, and concludes with ways in which skills development can be improved to better meet the needs women in the informal economy in establishing more sustainable enterprises.

Acknowledgments

This dissertation is dedicated to the women of Vezi Khono. Your hard work and revolutionary spirit will not be forgotten by future generations.

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This work has been the result of a long history of fighting for women's rights within my own family. This is for my paternal grandmother, Galia Attea who raised 7 children on her own and could clear a shot while riding a horse on the farm plains of the Egyptian delta.

This is for maternal grandmother, Louise Whiteman Baxter who qualified for the Olympics in speed skating, but was not allowed to enter because her father deemed it unfeminine.

This is for my mother, Barbara Joan Baxter Monib, who, despite being discouraged from going to university (because 'women just get married anyway') always cultivated the desire for knowledge in me. Although you have physically passed on, Mum, the legacy of your wit and love have made it possible for me to complete this dissertation in your absence.

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Acronyms

CEPERTT	Centre for Enterprise Promotion and Technology Transfer
DoL	Department of Labour
IE	Informal Economy
GAD	Gender And Development
NQF	National Qualifications Framework
NSA	National Skills Authority
NSF	National Skills Fund
SETA	Sector Education and Training Authority
SEWA	Self-Employed Women's Association
SEWU	Self-Employed Women's Union
SMME	Small, Medium and Micro Enterprise
VET	Vocational Education and Training
WID	Women In Development
WIEGO	Women in Informal Employment: Globalising and Organising

CHAPTER ONE: INTRODUCTION

Our nightmare is that if current needs define what we do and how we train we forget that what exists is already distorted by the past. And to be crude about it: an apartheid system of Bantu Education that did not create either generic or focused skills for self-reliance, coupled with an instrumental system of training that locked people in a life-time of being cogs in repetitive work-processes, still haunts us (Sitas, 1998: 48-9)

A 'training crisis' is occurring in South Africa and internationally, according to Paul Bennell of the International Labour Organisation (Bennell, 1999: 6). Training agencies are closing, funding is diminishing, and there is a push for training to be focused only on high technological skills that will help South Africa better compete in the global economy.

At the same time poverty and inequality are growing (May, Woolard, and Klasen, 2000), and efforts to close the unequal gaps in access between urban, peri-urban and rural areas to resources and service provision is occurring at a slow pace.

Women bear the brunt of lack of infrastructure and are also concentrated in the poorer ends of the informal economy – working in areas of production, services, and trade that offer minimal incomes. There is still considerable pressure placed on women to enter skills programmes that are deemed 'feminine'. There is resistance to women being trained in skills that have been traditionally performed by men, but that are more lucrative.

The informal economy is important in contributing to the incomes of poor women; support is necessary to shift subsistence enterprises into more sustainable ones. This requires that training methodology is participatory and is situated within a greater strategy of community skills development, that there is a package of services available, and that government is actively creating an 'enabling environment' that is pro-poor.

Yet, the Department of Labour (DoL) claims that South Africa is now witnessing a 'skills revolution'. South Africa has recently adopted a new skills development strategy as outlined in the *Skills Development Act*, 1998. The opportunity is ripe to influence the 25 newly established Sector Education and Training Authorities (SETAs) to be pro-poor in

their focus and to look at all the enterprises that exist in their sectors – those that range from informal to formal. The freshness of this moment must be cultivated in a way that will nourish women's enterprises at the poorer ends of the informal economy.

How can the new skills development strategy that is heralded as a 'skills revolution' be made one that is truly revolutionary for the majority of women entrepreneurs who work in the poorer ends of the informal economy? How can this 'revolution' be made to mean an increase in incomes and greater security in the livelihoods of South Africa's informal workers? The following dissertation explores such questions through a study of members of the Self-Employed Women's Union (SEWU) who were trained in blockmaking and subsequently began the enterprise, Vezi Khono (meaning 'Show the Skills' in Zulu). SEWU, based in Durban, South Africa is a member of WIEGO. SEWU organizes women street traders, domestic workers and homebased workers and was established shortly after the first democratic elections in South Africa in 1994.

The remainder of Chapter One discusses the informal economy, the impact of globalisation on the growth of the informal economy, the prevalence of women within it (the feminisation of labour), the history and present-day reality of the informal economy in South Africa, and concludes with a discussion of the relevance of the 1995 White Paper on a National Strategy for the Development and Promotion of Small Business in South Africa for women at the poorer ends of South Africa's informal economy.

Chapter Two entails a critical analysis of skills development strategies for women in the informal economy. Several approaches toward skills development are compared: international competitiveness training, minimalist training, the training package, and participatory/community skills development. Chapter Two concludes with the four research questions that shaped this dissertation.

The methodology used for this study is discussed in Chapter Three while Chapter Four provides a profile of the Ndwedwe area and traces the establishment of the Vezi Khono enterprise.

The impact that the blockmaking training has had on the incomes of the women of Vezi Khono is analysed in Chapter Five. Chapter Six focuses on the opposition the women of

Vezi Khono faced in establishing the enterprise and the ability of training to overcome such obstacles.

The role of government in skills development for workers in the informal economy is the focus of Chapter Seven. Three schools of thought concerning the best role for government to play are also critiqued in this chapter.

By way of conclusion, Chapter Eight outlines ways in which skills development strategies can be improved to increase the chances of success for enterprises in the informal economy.

This dissertation grew out of research conducted at the Centre for Social and Development Studies at the University of Natal, Durban by Francie Lund and Caroline Skinner for SEWU and contributed to the work of WIEGO (Women in Informal Employment: Globalising and Organising). WIEGO is an international organization of researchers and advocates concerned with women's work in the informal economy.

Terminology

This paper relies upon terms and concepts which are difficult to define— informal economy, training, skills development, non-traditional, and enterprise development. Each of these will be discussed with regard to the available literature on skills development for women in the informal economy.

From Informal Sector to Informal Economy: The Genesis of Greater Understanding

The term 'informal sector' has enjoyed currency since the early 1970s. Keith Hart's research in Ghana (Hart, 1973) was the first major work to provide information about the informal sector and he is credited for coining the term. The informal sector was 'uncovered' by the International Labour Organisation (ILO) in 1972 and has received much international attention since that time.

'Informal economy' is used here in preference to the phrase, 'informal sector' for several reasons. By using 'economy' instead of 'sector', the diverse and heterogeneous nature

of the work that occurs is more fully acknowledged. Referring to informal employment as being part of the informal economy also helps to give credit to the enormous amount of income and provision of basic needs that this work contributes to the lives of poor men and women. For this reason, the informal economy is sometimes referred to as the 'people's economy'. Activities in the informal economy have often been 'missed' in national statistics.

The 1980s was a time of great debate about classification of different parts of the economy. Caroline Skinner identifies two main schools of thought regarding the informal economy that existed at this time: one which stemmed from a neo-liberal tradition and another, rooted in the perspective of neo-Marxism. While the neo-liberal vision of the informal economy, as espoused by de Soto, saw the informal economy as holding great potential in terms of growth and the creation of jobs, the contending proponents of the Marxist perspective (known as 'the petty commodity production theorists' according to Moser, 1984) viewed the informal economy as a "structural problem that is unlikely to generate growth" (Skinner, 2000: 2). While the first argues for deregulation, the second advocates control. Skinner notes that

despite their very different ideological underpinnings, both approaches are in the end disempowering (and even fatalistic). They fail to recognise that it is only through carefully thought out institutional interventions - at the policy and practical levels - that the social and economic conditions, especially of those at the lower reaches of the informal economy like street traders, can be ameliorated (Skinner, 2000: 2).

The failure of the 'Left' to adequately identify and address the needs of workers in the informal economy has been commented on by other authors as well, most notably, Sanyal Bishwapriya. He describes how the ILO praised the entrepreneurial talents of the poor and their contribution to employment creation during the 70s and 80s, yet at the same time neo-Marxist critiques

emphasised the vulnerability of the urban poor in developing countries pursuing capitalistic routes to economic growth. At one time, there was even scholarly debate between the two contending approaches. But by the middle to late 1980s, the leftist critique had lost steam in policy dialogues, partly because it could not offer pragmatic recommendations about how to assist the poor in the immediate short run (Bishwapriya, 1996: 174).

According to Fred Fluitman of the ILO Training Branch, activities in the informal economy are:

typically carried out in small units established, owned and operated by one, or a few individuals with little capital; they are usually labour-intensive activities which result in low-quality but relatively cheap goods and services. Most informal sector units are not very efficient; they are ill-equipped and have little infrastructure. Depending on the legislation, informal sector workers often find it difficult to abide by all the laws of the land but this does not mean that they are mostly involved in illegal activities, as some observers insist (Fluitman, 1989: xiv).

Francie Lund highlights some of the difficulties that arise with the definition the ILO has used for the last few decades. For example, Lund points out that the ILO conception of the informal economy contains a static definition of the 'family' and neglects the importance of gender within the household as a source of power structuring (Lund, 1998: 15).

Meanwhile Kenneth King's definition of the informal economy is based upon historical context. He stated in 1989 that

if the informal economy is a problem area in some sense, it has been one for a long time. Its problematic nature is partly a reflection of the development of the modern sector. The commerce and industry that confronted the first Arab, Indian and European travelers to Africa have not changed all that much if one looks at some of the occupations that turn up in recent surveys of the informal economy...the enormous variety of work that is now often termed irregular, marginal, illegal, unstructured, uncounted, unregulated or simply, informal was the norm as recently as 60 or 70 years ago. The sheer numbers employed in government bureaucracies have helped to redefine informal street commerce and petty workshops as abnormal. It is however an abnormality that is very widespread (King, 1989:19).

Indeed, it is absurd to refer to informal workers as marginal when their work constitutes between 40 to 70% of labour force activities (depending on the definition of informal that is used) in many Third World countries (Sethuraman as quoted in Fluitman, 1989: xv).

The main debate regarding the informal economy is concerned with what constitutes as informal, and conversely, what does not. Lund has pointed out that simply referring to the informal economy in terms that play it against the formal economy is to fall prey to a

false dichotomy. Instead, Lund prefers to liken the informal economy to a continuum of security. At one end lie survivalist enterprises, at the other, sustainable ones. Moving along this continuum, one finds workers with increasingly more security in their livelihoods and incomes. She argues that

Recently, the effects of globalisation on labour markets, combined with South Africa's particular history, have led to the term 'informal sector' being increasingly unhelpful. For example, as far as street-based traders are concerned, there is a world of difference between women in up-market flea markets trading in niche antique or luxury goods, and the women in the survivalist sector trading in fruit and vegetables produced by someone else (Lund, 1998: 15).

Lund's continuum of livelihoods in the informal economy will be used in this paper as it highlights the diversity of work and security that exists in the informal economy. This continuum is particularly useful as it allows for the position of survivalists (the poorest end of the informal economy) to be focused upon and thus, permits discussion of the ways in which survivalists are continually marginalised in their efforts to seek more sustainable enterprises and more secure livelihoods.

Modernisation, Globalisation and the Informal Economy

Perhaps the element that most confuses debates surrounding the informal economy is the Western assumption of 'work' and 'labour market' that has been applied to Third World contexts. Various authors, such as Usha Jumani, agree that the developmental path followed by industrialized countries has been seen as the 'right' path for all of the world's states according to proponents of modernisation theory. Modernization theory uses as its model the 'developed' countries to the North. Jumani states,

It becomes clear... that the economic model provided by industrial countries, which sees the informal sector as a transitory phase in economic development, as something which will eventually go away, stands in stark contrast to the reality of countries like India. Until the informal sector is looked at in a very different way, assistance, including training, will not be provided in forms which are relevant (Jumani, 1989: 148).

The already large informal economy existing in Latin America, Africa, and Asia, is growing. The rise of post-fordist modes of production, neo-liberal policy agendas, and the pervasiveness of the attitude that 'there is no alternative' are some of the reasons for

the continued growth of the informal economy internationally. (For a longer discussion of these effects on the informal economy, see Daphne, 1992: 11 and ILO, 1998: 16.)

Greater casualisation of labour due to economic policies based on free-market principles is now well documented around the globe. Sometimes referred to as 'jobless growth', labour is shed in favour of capital-intensive technologies that boost firms into the world of international competition. "Export-led growth" and economic liberalisation have also meant the removal of import regulations and government protection of industry. The influx of cheap imports combined with the withdrawal of government support (getting prices right means getting government out) has meant the closure of factories and as a result, workers made 'redundant'.

Alongside jobless growth has been a process of 'informalisation of the formal sector' or what Paul Bennell has described as the 'disorganisation of the organised sector'. The phenomenon referred to here is the greater casualisation of work demanded by post-fordist manufacturing, the increase in sub-contracting out to smaller units and the resultant loss of security for workers. Flexible labour is made double-jointed in an effort to "exploit labour to the greatest extent possible" (Bennell, 1999: 10). A good example of the casualisation of work in South Africa is the rise in domestic workers being employed for only one or two days per week in contrast to full-time employment previously. The prevalence of homebased workers is on the rise internationally. It is important to recognise that the majority of these new workers in homebased industries are women and that structural changes in the way in which formal work is organised (post-fordist production models) and macro economic policies (free market logic) "have had important consequences for women in the IS [informal sector]" (Daphne, 1992: 14). Homebased workers are often without insurance and paid exploitative rates for their piece-work by middlemen who then sell these partially made products to formal enterprises. However, Bennell warns: "this process of 'informalisation of the formal sector' is likely to become more pervasive as the benefits of non-regulation exceed those of regulation" (Bennell, 1999: 10).

Moreover, the exploitation of workers in the informal economy is made worse by the dichotomy of the informal versus the formal economy. Viewed as a threat by mainstream trade unions that are desperately fighting against job losses at a time of

global jobless growth, workers in the informal economy are left outside of the conventional understanding of employer-employee relationships and negotiations. This prompts Jumani to ask “In other words, to whom should they turn for protection, workers’ rights and better working conditions?” (Jumani, 1989: 145).

Clearly, organisation of workers in the informal economy (as has been the case with SEWA in India and SEWU in South Africa) has been important in challenging governments and organisations to be inclusive of the needs of informal workers. The Urban Unemployment Programme of the ILO has made a positive step forward through their commitment to “work with the trade union confederations to help the informal sector get organised as an ally, rather than a threat, to the labour movement and to develop outreach programmes for the informal sector” (ILO, 1998: 10).

Workers in the Informal Economy: The Feminisation of Labour

Kenneth King outlines three different types of workers in the informal economy: those who follow in the footsteps of their parents/family members (traditional skills), casual workers who are sometimes apprentices or assistants employed by the enterprise owner, and those who work in parallel trades to those found in the formal economy. The products created from these parallel trades usually meet the basic needs of the poor. Informal workers in parallel trades also tend to ‘straddle’ both informal and formal economies. Construction workers, for example, often work in both formal and informal arrangements (King, 1989: 20-2). However, King’s conception of the third type of informal worker in the parallel trades can be divided into two now – those who meet the basic needs of the poor and those who are subcontracted out by formal firms.

King also points out that it was this ‘productive’ side of the informal economy that initially caught the attention of researchers. He notes studies have found this productive and lucrative component of the informal economy to be dominated by men (King, 1989: 23). In contrast, women workers in the urban informal economy tend to be in trading or services.

Internationally, more women work in the informal economy than men. Women are over-represented in the lower ends of the informal economy in terms of income and women and men tend to perform different activities in the same trade (from Sethuraman, 1999 in

Skinner, 2000:1). There are also sectoral differences between the work of men and women in the informal economy, with women predominating less lucrative sectors.

Goodale states that while income is low in the informal sector, women flood to it because of the relative ease of entry and because they can combine this work with their domestic responsibilities (Goodale, 1989: 49). Characteristics of women's informal employment include low productivity, low income, insecurity and lack of full-time employment (Goodale, 1989: 49). Other researchers have found similar findings regarding women's work in the informal economy (Lund, 1998: 18).

As mentioned earlier, the changing structure of the formal economy is leading to the greater exploitation of women workers. As noted by Daphne, "women are generally non-unionised, the shift from large-scale to small-scale units of production lowers the possibility of unionization, home-workers are extremely isolated, any signs of militancy can mean job loss, and the mainstream union movement has not taken up the issue of casualised workers" (Daphne, 1992: 20).

South Africa's Informal Economy

The informal economy in South Africa must be understood in the historical context of Apartheid and the legacy that this system of oppression has left. However, long before apartheid came to be instituted in 1948, there were numerous forms of repression which "purposely stripped people who were not white of access to the means of production, and repressed entrepreneurial spirit" (Lund, 1998: 8).

A wide range of policies controlled and limited the movement, property and living locations of black people. The *Land Act* of 1913 formalized the restrictions of the previous century – property rights were removed, residential areas controlled, and taxation was used as an instrument to force blacks into the mines in search of paid labour.

Strict controls regarding property and business development were put in place in black areas. The 1923 *Native (Urban Areas) Act* legislated Blacks access to urban areas only if they worked for whites. Following this Act, there was a series of legislation demanding black subservience – pass laws, the Group Areas Act, the policy of 'white by night', and

influx control. Not only were Blacks restricted in the types of work they could do, they were also not allowed to share profits with, raise capital from, or employ non-Africans.

It was not until 1988 that property rights for Blacks began to be granted. By 1991, the four main legislative pillars of Apartheid were revoked: the Group Areas Act, Black Land Act, Development Trust and Land Act, and the Population Registration Act (according to which all South Africans were officially racially classified at birth). The year 1991 also saw the creation of the *Business Act* which was a “key measure for deregulation, removing barriers to informal sector operation, and making it an offence to enforce the move-on laws” (Lund, 1998: 11).

1994 to the Present (From Racist Socialism to Multiracial Capitalism)

The sudden move to the political center by South Africa’s Government of National Unity (GNU) following the first democratic elections in 1994 has relieved the Right and bewildered the Left” (Chisholm and Fuller, 1996: 693).

According to the United Nations Development Report, South Africa is the second most unequal society in the world of those countries for which such assessments have been done. Blacks constitute 77% of the population and 61% of all black households fall below the poverty line. In contrast, only 1% of the South African White population is considered poor. (May, Woolard, and Klassen, 2000: 31).

The Government of National Unity came to power after the first democratic elections in 1994 with the platform, The Reconstruction and Development Programme (RDP). The RDP was praised for its commitment to ‘people-centred development’ through its pledge to increase the resource and skills base of all South Africans. However, by 1997 concessions to people-centred development were marginalised in favour of the IMF/World Bank influenced GEAR (Growth Employment and Redistribution) macroeconomic strategy. GEAR, in contrast to the RDP, advocates a top-down development trajectory for South Africa – in essence, a ‘homegrown’ structural adjustment programme. The neo-liberal logic of GEAR (privatization, smaller state, less social programs, removal of trade barriers, and deficit and inflation reduction), effectively demands of the poor to “take the pain and wait for the benefits of growth to trickle down to them” (Kotze, 1999: 183).

After the South African endorsement of the Uruguay round, firms began to downsize, right size, retrench and shed labour. The vulnerable, labour intensive industries, like clothing, textile and leather were unable to compete against cheaper imports, forcing them to retrench. This pushed many workers (especially women) into unemployment and into the informal economy (Sitas, 1998: 12).

One of the highest reported unemployment rates in the developing world can be found in South Africa. Using a 'narrow' definition of unemployment (only those who are not working and actively searching) South Africa has unemployment rates of between 12% and 20% (Klasen and Woolard, 1998: 10). Using a broad definition (including the discouraged), the unemployment rate stands at between 30% and 33% (May, Woolard, and Klasen, 2000: 39). Moreover, female unemployment is significantly higher than male for Africans: while 7/10 African men had formal employment in 1995, only 5/10 African women did (Lund, 1998: 13).

Unemployment has worsened since 1994. Employment creation according to GEAR is dependent upon manufacturing employment. Although there have been increases in output, employment in manufacturing has dropped and the growth rate is "still way below that which is required to impact on employment and development" (Habib and Padayachee, 1999: 18). According to the Durban Chamber of Commerce, approximately 23% of manufacturing jobs have been lost (Sitas, 1998: 12).

South Africa is victim to the international trend of 'jobless growth'. Although South African cities, such as Durban, have been witness to large injections of capital over the last five years, unemployment has increased (Sitas, 1998:12). Ari Sitas has found that in South Africa, 2 jobs are being lost for every one created in the formal economy (Sitas, 1998: 1).

The international trend of casualisation of labour is also prevalent in South Africa. South African trade unions are noting the increased preference for subcontracted labour "as a way of evading procedures and protections in the new LRA [Labour Regulations Act]" (Sitas, 1998: 17). According to Ari Sitas, "the transition to an open economy of international competitiveness has not been kind to Durban's productive and economic

base. Instead of job creation, we witnessed the growth of vulnerable, casual, *subcasual* and subaltern jobs” (Sitas, 1998: 12).

Another international trend that is apparent in the South African context is that people are ‘pushed’ into the informal economy out of necessity rather than choice. The 1995 White Paper on National Strategy for the Development and Promotion of Small Business in South Africa estimates that one quarter of the South African labour force works in the informal economy, and Imraan Valodia estimates that 60% of these are women (Valodia, 1996: 61). However, in light of rising unemployment in the formal economy, these numbers are growing. Sitas’ research in Durban reveals that the number of people in the informal economy is expanding rapidly. In particular, he notes that since 1994, there has been an explosion in:

new hunter-gatherer type societies among the urban poor that are based on new networks and accumulate anything that can be accumulated...like metal, copper wire, gas tanks, cardboard, synthetic materials, fuel, to whatever gadgets they can lay their hands on, steal, beg or borrow; these they sell for survival (Sitas, 1998: 13).

Work in the informal economy is not a panacea for unemployment in the formal economy, but a ‘last resort’ (Bennell, 1999: 10). Meshack Khosa’s work, “Sisters on the Wheel” of women taxi drivers in Durban, verifies that the international trend for women to enter the informal economy due to lack of choice, is equally relevant in the South African context. Khosa found that women enter the taxi industry, “not out of interest to fight themselves into a male domain, but as a last resort” (Khosa, 1998: 94).

Gender Analysis of South Africa’s Informal Economy

In line with the international situation, there are more women in the South African informal economy than men (Lund, 1998: 27). Women also tend to be clustered in the poorer ends of the informal economy in survivalist economic activities, have less entrepreneurial experience, less education than men, and limited access to child care facilities. The high prevalence of women in the poorer ends of the informal economy have been confirmed by 2 city censuses of street traders conducted by the Community Agency for Social Enquiry (CASE) in Johannesburg (CASE, 1995) and by Data Research Africa (DRA) in Durban (DRA, 1995).

A study conducted jointly by the Economic Research Unit and the Black Entrepreneurship and Enterprise Support Facility of small and microenterprises found a striking gender bias in terms of previous experience in SMEs that were rated as having a good chance of success:

Half of the men (51%) had been an employee of another enterprise before starting, and 17% had been unemployed; none had housework or family responsibilities. Only a third (35%) of the women had been an employee of another enterprise, and 44% had been unemployed or a houseworker or had family responsibilities (Lund, 1998: 27-8).

Levels of education for women survivalists are also low, but have rapidly improved over time. A study commissioned by the Self-Employed Women's Union found that 52% of its members who were over 65 had no education, while 19% (1 in 5) had no education in the 25-36 year old age group (Lund, 1998: 21). It is important to note that SEWU's membership is better educated than women in the informal economy in general.

Moreover, access to child care facilities is extremely limited. The average number of children in the 1995 SEWU member study was 4, and 40% of SEWU members relied on another family member to look after her children. Of members who had school-age children, 41% had their children living with them, 50% with someone else, while the remaining 9% of SEWU members alternately had their children living with them and with someone else (Lund, 1998: 23). Lund highlights that historically child care subsidies were offered to white, Indian, and Coloured families, but almost nothing for Africans (Lund, 1998: 22).

The White Paper on a National Strategy for the Development and Promotion of Small Business in South Africa

The auspicious drive toward Small Medium and Micro Enterprises in South Africa is a response by policy makers to two major phenomena mentioned earlier: growing unemployment, and the recognition that the formal economy will not be able to alleviate poverty. Trade unions and employers are also in agreement with policy makers about the importance of SMMEs and hold "little hope in the immediate economy for rapid job creation. New jobs would have to come from new investments (foreign, mainly) and from the SMME or cooperative sectors" (Sitas, 1998: 18).

The most important piece of legislation concerning SMMEs is the 1995 White Paper on a National Strategy for the Development and Promotion of Small Business in South Africa. The failure of this document to properly address strategies for those in the survivalist sector has been criticized by both Lund (Lund, 1998: 11) and Skinner (Skinner, 2000: 3).

The White paper divides SMMEs into 4 categories - 1) survivalist 2) micro-enterprises, 3) small enterprises and 4) medium enterprises. Although this White Paper grants much discussion to the promotion of the last three categories of SMMEs, "the paper is mute on what such strategies for survivalists would be" (Lund, 1998: 11).

The 1995 Small Business Act created the Ntsika Enterprise Promotion Agency. Khula Finance was later set up to provide small and micro-enterprises with financial services (Lund, 1998: 11). At the local level, Local Business Development Centres were created. However, Ntsika does not address the needs of survivalists because it is believed that they fall outside of the organisation's mandate (Skinner, 2000: personal communication).

Skinner does note that one positive element of the White Paper is that it recognises women are the majority in the survivalist enterprises. She argues that the failure of the White Paper to recommend support strategies for survivalist enterprise means that "the onus is then on local government to devise appropriate strategies" (Skinner, 2000: 3). How skills development for women in the informal economy has been realised in the context outlined above is the next topic of discussion.

CHAPTER TWO: SKILLS DEVELOPMENT AND WOMEN IN THE INFORMAL ECONOMY

Alongside the uncovering of the informal economy in the 1970s, there was great expectation regarding the poverty alleviating capacity of training. By the middle of the 80s, however, this enthusiasm had largely waned. There is now wide consensus that training that has been conducted in formal institutions, using formal training pedagogy, and has been geared toward employment in the formal economy has done little to address economic vulnerability and social exclusion and that, “as a result of ‘unintended consequences’, the overall impact of some interventions may even be negative” (Bennell, 1999: 5).

Training on its own will not rectify the imbalances caused by patriarchal constructs, colonial legacies, imperatives that privilege money over people and the environment, and the complex causes of poverty and oppression. Moreover, training that is conducted with the view that women in the informal economy are ignorant of their situation and not adept at managing their environment have contributed to a growing dissatisfaction with training programs and systems.

Despite, the work of feminists in both the North and the South over the last three decades, skills development for women in the informal economy still remains in the margins. Internationally, women in the informal economy are predominant in the less lucrative trading, production and services areas, while men dominate in production and service aspects of the informal economy that offer higher incomes and greater security.

The history of intellectual and activist frameworks and alliances around ‘women’ and ‘development’ reveals much about how training for women in the informal economy is approached in the present. Women were essentially invisible to policy makers before the emergence of the Women In Development (WID) school of thought in the mid-70s (Kabeer, 1994: xi). When women were ‘seen’ it was often token – one chapter in a book, a ‘women’s desk’ in the national government or a workshop at a conference (ibid).

According to Gretchen Goodale, the 1970s saw a focus on women as beneficiaries of development and treated them according to their roles as mothers and homemakers. Women were not seen as actors in processes of economic development. As such, “the

approach of much assistance tended to support the notion of women's income as secondary to that of the male household head ('pin' money) and her productive activities of secondary importance to her reproductive ones (child care, etc.). Women were not considered producers of goods and services in their own right" (Goodale, 1989: 55).

This view of women as passive beneficiaries led to numerous projects that emphasised or extended their traditional skills in sewing, embroidery, food preparation, and handicraft production in order to generate incomes although there may not have been a market for these products at all:

Two decades of experience have now shown that raising income levels through such schemes is the exception rather than the rule and, in many cases, women's work burdens increased and their income levels decreased. Markets were often saturated or non-existent, economies of scale were not possible, capital investment levels were low, technology was rudimentary, raw materials were scarce, vocational skills were of a low level, and business skills development was virtually non-existent (Goodale, 1989: 55).

The shift to GAD (Gender And Development) signified the need to include notions of power relations between men and women that perpetuate the oppression of women (Kabeer, 1994: xii) and thus, to rectify some of the misgivings of the WID approach. However, GAD was met with mixed reaction. Kabeer notes that 'gender' was seen as a euphemism for women creating a situation where little has changed in any real sense. At the same time, the use of gender "has provided an excuse to abandon any measures intended specifically to benefit women" (Kabeer, 1994: xii).

It is still common for women to be channeled into *gender-appropriate* training courses. Women and girls still learn skills that are extensions of their domestic responsibilities such as cooking, sewing, baking – areas of production that offer minimal income.

Both Fiona Leach and Gretchen Goodale argue that while the training of men has been tied to the demands of the market, the training of women in the informal economy occurs on welfarist terms. While men have better access to entrepreneurial and business skills than women, women's "potential productive activities are considered 'income-generating activities' and not wage- or self-*employment*" (Goodale, 1989: 54). Training for women has consequently not been seen in terms of enterprise development, but as a 'project'.

Leach contends that training for poor women has focused on improving family health and welfare and has not been seen as employment related as it has for males. She states that this unequal emphasis is due to “donors and governments preoccupied with the global population explosion, to reduce fertility rates” (Leach, 1999: 12). While Leach fails to address the whole body of knowledge surrounding the importance of women’s higher education in reducing fertility, her point that women are seen as channels through which to achieve the goals of governments and donors is revealing and highlights the importance that needs to be placed on viewing women as economic beings in their own right that would benefit from enterprise development services.

Viewing training for women in the informal economy in welfarist terms has meant low productivity and production occurring before market demand was assessed (Goodale, 1989: 56). Arsenio Espinoza laments “most of the problems in training appear when it is offered as a social service, rather than as a response to market stimuli” (de Moura Castro, 1989: 204).

Compounding this problem is the lack of enterprise development centres that target women at the poorer end of the informal economy. Although many governments have established enterprise development centres, these cater to the non-poor almost exclusively. According to Bennell “training targeted at individuals, (especially women in survival enterprises), has been the exception rather than the norm “ (Bennell, 1999: 14). Bennell credits this failure to “a wider problem of mainly male policymakers simply ‘not seeing’ women. Without a strong, theoretically well-grounded gender perspective, training programmes have failed to address the invisibility of women in the informal sector” (Bennell, 1999: 15). The lessons of the WID and the GAD approaches have yet to be learned.

Breaking the Mould: Training in Non-Traditional Skills for Women in the Informal Economy

The intricate layers of socialisation that mould conceptions of gender, race, class, sexuality and (dis)ability (among others) are taught from an early age. Socialisation about ‘proper’ roles has implications for the type of skills development that is made available and what areas women choose to be trained in.

The absence of women in more lucrative, productive areas of the informal economy is based on social inhibitors. Mona Prytz (Prytz, 1991: 15) outlines the following societal reasons for women not entering non-traditional areas of employment:

- Socialisation of girls into traditional female roles
- Resistance among family and friends
- Negative attitudes of classmates and co-workers
- Women's lack of self-confidence and assertiveness
- Lack of knowledge about non-traditional options
- Lack of unbiased counseling on alternative training and work
- Lack of alternative female role models
- Limited experience with tools and mechanical operations

Prytz also argues that the education and training that women can access often leads them away from skills that have traditionally been the domain of men:

- Lack of visible policy support of women's equal opportunities in training and employment
- Limited information provided about non-traditional employment options
- Women directed toward conventional 'female' courses
- Women's lack of entry level skills for technical trades
- Lack of job placement services
- Lack of self-employment schemes
- Limited access to on-the-job training and apprenticeships
- Lack of support services: child care, transportation, counseling, stipends
- Gender biases among teachers and counselors
- Gender stereotypes in course materials; training scheduled when women are not available

(Prytz, 1991: 15)

These inhibitors will be discussed in relation to South Africa in Chapter Six. When training has occurred in non-traditional skills, it has often failed because it acts as a challenge to "the norms of gender propriety which constitutes a risk which poorer households are unwilling to take on" (Kabeer, 1997: 5 as quoted in Bennell, 1999: 11). Further, Bennell points out, "the focus of most training on productivity has 'redistributive connotations' that are threatening to gender relations" (Bennell, 1999: 11).

Poor women tend to choose training needs that will alleviate their immediate 'practical gender needs' as opposed to their 'strategic gender needs' that reveal the causes of their subordination as women, according to Caroline Moser. "As a result, most formal training has been closely related to gender-stereotyped tasks and occupations. Once

again, this highlights the fact that training provision for women is itself part of deep-seated, culturally sanctioned forms of gender inequality" (Bennell, 1999: 12).

The macroeconomic effects of trade liberalisation and the resultant loss of jobs have helped to maintain women's entry into skills programmes that are traditionally feminine. Bennell argues that the persistence of women going into traditionally female skills training programs has been a result, in part, to the reduction of male-dominated fields in the manufacturing sector of many developing countries (Bennell, 1999: 13). There is now evidence that men are once again beginning to dominate the manufacturing sector. At the same time, SEWA women in Ahmedabad, India report growing competition in India's informal economy with the introduction of retrenched male textile workers (Lund, personal communication).

International Competitiveness and the Silencing of Training for Women in the Informal Economy

The marginalisation of training for women in the informal economy is due, in part, to the prioritisation that high tech skills training for firms in the formal economy receive. Paul Bennell comments "current debates are excessively preoccupied with the 'higher skills' needed to achieve international competitiveness in a rapidly globalising world economy" (Bennell, 1999: 3). Relatively minimal attention has been placed on skills development for the informal economy, despite the contribution that this work makes to women's incomes and livelihoods.

At issue here is differing ideas surrounding 'development': what this means and for whom. As noted in Chapter One, the informal economy has been viewed as a transitory phase, as the step that precedes a 'proper' (read 'modern') economy. There is international pressure placed on governments of the South to follow the economic ways of the North. This has meant placing government revenue (and donor funding in some instances) in areas that help to restructure industries to make them internationally competitive. Extensive resources are being spent to make manufacturing in lower and middle-income countries follow post-Fordist production models. There are fears, for example that "South Africa must train or be left behind"(Bennell, 1993: 73). Training understood here as for formal employment only – the particular needs of poor women are left by the wayside. What is being created has become popularly known as the

'labour elite'¹ – an elite (predominantly male and usually from already well-off backgrounds) with high technical knowledge. At the same time, numerous jobs are being shed, particularly in 'pink industries' such as clothing and textiles where women predominate. 'Modern' in this development trajectory means capital and not labour intensive manufacturing.

While it is not being argued here that resources should not be spent looking at ways to make industries inline with international standards, it is being argued that emphasis must also be placed on the informal economy and ways in which to secure livelihoods in it. To do otherwise is to ignore where most black women are. There has been a tendency for these two trajectories of development (export-led and basic needs) to be played against one another - as though policy makers must choose one or the other. Regarding South Africa, Bennell stated in 1993:

Hard decisions have to be made about how the state should assist relatively advantaged employers and workers in the formal sector, which will undoubtedly remain the driving force of the economy, and the grossly disadvantaged in the informal sector and impoverished rural communities (Bennell, 1993: 74).

Following a high-tech, internationally competitive path, will surely be 'hard' for poor black women in the informal economy. The decision to look at 'development' in terms of two mutually exclusive options also begs the question: how can we work on both understandings of development in a way that ensures greater security for marginalised workers in both formal and informal economies?

Yet, it will remain difficult to convince policy makers and funders to redirect some of their training funds toward the informal economy in light of the large base of evidence demonstrating that training makes a strong impact on international competitiveness. In contrast, there is difficulty in isolating the training needs of informal enterprises and greater difficulty in demonstrating the impact that training has had on production – "It is

¹ The term, 'labour elite' is used here in its broader, international understanding. In the South African context, there has been great debate as to the actual 'elite' status that organised labour has held. For example, Glenn Adler and Gerald O'Sullivan point out that the so-called 'labour aristocracy' in South Africa has remained poor despite being organised and the 'labour aristocracy thesis' put forth by those with neo-liberal agendas is fictitious (Adler and O'Sullivan, 1996: 185).

hardly surprising, therefore, that most governments are reluctant to alter significantly resource allocations in favour of the informal sector" (Bennell, 1999: 9).

Moreover, the ability to re-orient the training systems that do exist will be greatly inhibited by HIV/AIDS. According to Whiteside, over 20% of the population considered to be economically active can be expected to become infected in over 15 African countries – including South Africa. As a result, the demand to train workers to take the positions of those who become sick then die will significantly increase over the next ten years to the detriment of training for the poorer end of the informal economy (Bennell, 1999: 10).

Workers in the informal economy will be particularly threatened by the impact of HIV/AIDS because poverty is a major factor in the spread of the disease. Further, the spread of the disease will mean that:

When the operator of an informal enterprise develops an AIDS-related illness, the firm's activities very often cannot continue. The operator's spouse, who may also work in the enterprise, will probably be also infected with HIV. Even if the spouse and other relatives are not infected, caring for sick individual will divert their time and effort from production and they will often be left with orphaned children to support. Hence, when the operator (and probably one or two other family members) falls ill and dies, the enterprise will die with them (HEARD, 2000: 4).

Moreover, few workers in the informal economy have access to formal sources of social protection. Informal sources of social protection that are available often only cover funeral and hospital costs, and do not cover the on-going expenses of the illness or support the family. The Health Economics and HIV/AIDS Research Division, notes that "disruption of enterprise operations is bound to further impoverish the families of enterprise operators and workers, locking them into a downward spiral of poverty" (HEARD, 2000: 4).

Lack of access to education and skills development for workers and enterprise operators in the informal economy has also meant increased levels of poverty that greatly increase the likelihood of engaging in risky sexual behaviour (HEARD, 2000: 4).

The Importance Of Women's Organisation for Training in the Informal Economy

The importance of organising women in the informal economy so that they can actively participate in the creation of training programmes cannot be over-emphasised.

Organisation is one way the current focus on high tech skills can be softened so that the voices of women in the poorer ends of the informal economy can be heard.

Men and women's enterprises exist under different environments because of stereotypical conceptions of women's roles. Organisation is important so that women may come together to receive skills that strengthen women's ability to succeed in their enterprises. Goodale argues for the importance of training women in "skills related to personal development, such as leadership, assertiveness, managing stress and discrimination, and self-confidence building"(Goodale, 1989: 60).

Women's domestic and reproductive roles must also be considered. Fred Fluitman asserts:

Women and their families would greatly benefit from training designed to increase their capacity to earn a decent income, reduce the time they spend cooking or fetching fuel and water, improve their working conditions and eliminate some of their fatigue and drudgery. Women also need technical and managerial skills not only for their economic activities, but also to enhance their participation in making decisions at the household and community level (Fluitman, 1989: 215).

Yet the training discourse has only recently taken into consideration women's domestic 'doom and drudgery' and the importance of assertiveness skills in enterprise development. These omissions have occurred, in large part, due to the absence of the participation of women in the informal economy in creating skills development programmes. Women have been viewed primarily as beneficiaries and not as actors in the training needs assessment process (Bennell, 1999: 12).

Pat Horn of SEWU contends that job creation programmes will not improve women's economic situation if patriarchy is not taken into consideration. Horn goes on to argue that "working women have to be well-organised, not only as workers, but specifically as women focusing on the root causes of their oppression as women" (Horn, 1994: 85).

Clearly, organisation and participation are invaluable in creating training strategies that encourage greater security for women's enterprises in the informal economy.

The success of organisations such as SEWA in India has been attributed to the combination of "microenterprise development and union organising" (Prügl and Tinker, 1997: 1471). SEWA is a hybrid organisation, part union, part cooperative, part bank, and often considered by the development community as an NGO. As such, SEWA effectively combines homemaker organising and micro-enterprise development, 'struggle', and 'development', political work and economic empowerment. Renana Jhabvala, SEWA's secretary, asserts that the organisation found inspiration in three separate movements: trade unions, cooperatives, and the women's movement, "and sees itself as part of a new movement of the self-employed which has arisen from the merging of all three" (Prügl and Tinker, 1997: 1477).

SEWA's training has also been effective because it organises women who are involved in the same trade (Goodale, 1989: 8). This is also known as the **subsectoral approach**, according to Marty Chen. Chen's subsectoral approach looks beyond the backward and forward linkages that are involved in the creation and selling of a final product. Instead, the subsectoral approach "looks at the relationships of production, growth, trends, and technical change and the role of women in the sector" (Chen, 1989: 1008).

The approach asks three questions about the sector under examination (Chen, 1996):

1. What are women's work roles in the sector?
2. What are the critical constraints to women's full employment, income or productivity within these sectors?
3. In what ways can the policy environment, bureaucratic infrastructures, and pilot projects better support women's work?

As such, the subsector approach critically examines the way in which women's roles within the subsector can be strengthened and is based on women's active participation and organisation along sectoral lines.

However, not all visions of training include emphasis on organisation or participation. Moreover, not all training strategies advocated in the training literature recognise the way in which poor adult women learn and under what circumstances their chances of success can be increased. There are three broad visions of training that exist: minimalist training, training as part of a package, and participatory/community skills development. While the first two visions leave much to be desired in terms of meeting the basic needs of women in the informal economy, the last vision looks at training in a holistic and empowering manner and grounds its conceptualisation in the lived experiences of women in the informal economy.

Minimalist Training

Vocationalism can be interpreted as a kind of contemporary magic, a form of reassurance as well as a 'rational' response to economic problems.
(Stronach, 1990: 155).

Minimalist training refers to training that is provided in isolation from other interventions. Minimalist training focuses solely on the transfer of a technical skill to the beneficiary. This type of training has come under great criticism for failing to view poverty and social exclusion in a holistic manner. Instead, the provision of training alone is essentially placing blame upon people who are marginalised: ('If they only had a skill they could uplift themselves'). This prescription has led to the wide scale failure of trainees in attaining secure livelihoods. The words of Fred Fluitman are as relevant today as they were in 1989:

It is evident, though not always to everybody, that there are limits to what training can do. Training does not create jobs, apart from those for trainers and support staff. It is not the missing piece in the development puzzle. Interventions which address access to credit, technology, markets, and so on, are often more crucial, at least in the opinion of informal sector operators. Training is to a large extent an instrument which causes other inputs to come to fruition (Fluitman, 1989: 211).

Training left on its own makes it obvious that there are a series of services that must be provided so that women's survivalist enterprises are better able to succeed. For this reason, many argue for training to be part of a package of interventions.

The Training Package

There is evidence, at times compelling, that informal sector actors have more pressing needs and demands [than education and training]
(McGrath, 1999: 27).

Bennell argues that a 'training crisis' is occurring internationally. He believes that it is the lack of clarity, "of simply not knowing what to do, which is perhaps the most worrying aspect of the 'training crisis'" (Bennell, 1999: 6).

There is recognition in the literature that credit on its own is not enough to promote SMMEs. This realisation has given rise to the term **credit plus** which has translated into credit schemes being accompanied by training programmes and technical assistance (Chen, 1996: 13). There is also a recognition that has come from looking at training programs that do not offer credit that there is a need for **training plus**. The package is usually understood to include business skills (accountancy, bookkeeping, and marketing), technology, advice, and credit.

Business Skills

Despite the wide use of the term *business skills*, what this actually means is usually absent from discussions surrounding its importance to microenterprise development.

According to McGrath, key components of successful business skills programs include: charging course fees (this is supposed to create greater commitment), modularisation (small chunks of learning), and making the curriculum based on the lived realities of the informal sector through problem-solving learning (McGrath, 1999: 36). While the last two components are relevant for women in survivalist enterprises, the first component of charging training fees may exclude some women in the informal economy. However, sliding fee scales can be put in place as one measure to ensure greater inclusiveness.

McGrath points out that it may not be possible to teach entrepreneurial attitudes, as these may be cultural – this a contentious argument. Bearing in mind the institutionalized impediments put in place during South Africa's apartheid era, to simply cast aside entrepreneurial attitudes as being cultural is to deny the importance of the state's role in creating an enabling environment.

He also discusses the possibility that local markets can only support a small number of successful entrepreneurs and this means that people who already come from relatively wealthier backgrounds are already set to succeed because they will have formal training in entrepreneurship and have greater access to capital (McGrath, 1999: 36-7).

McGrath's discussion of business skills fails to mention the importance in assessing market demand. One study conducted by OXFAM in the early nineties found that there has been very little emphasis on providing training that is demand-led. That is, training was provided in technical skills without a market for these products and services being first established. This has been extremely detrimental where participants have been encouraged to borrow money (Bennell, 1999: 19).

Technology

The importance of using appropriate technology for training in the informal economy for enterprise development is widely agreed upon. The use of out-of-date technology in the informal economy has been of great research interest – especially to northern NGOs (McGrath, 1999: 37). The main difference that seems to exist between subsistence and sustainable enterprises is linked to their respective uses of manual and electrically powered machinery (McGrath, 1999: 37-8). This is hardly surprising considering survivalist enterprises operate in situations where electricity is either unavailable or inaccessible because of cost.

Technical workshops where people can use tools and equipment for a small fee or for no charge have been proposed as a way to overcome the lack of electricity available in poor areas. These workshops claim to support self-reliance and self-help. McGrath praises these types of centers not only because they provide a workspace, but because they also promote the diffusion of technology and training. (McGrath, 1999: 38). However, not all are financially able to provide training. Workshops also seem to be a 'band-aid' measure and fail to address uneven access to electricity.

The use of inappropriate technology is due to the lack of participation of women in the informal economy in the design of training packages. According to Bennell,

Because indigenous skills of the poor are not properly recognised, 'outsiders' "seek instead to introduce inappropriate technologies and other improvement strategies which are based on simplistic notions of top-down skills transfer using conventional training technologies.
(Bennell, 1999:20).

Both Kenneth King and Simon McGrath are critical of research that has focused too much on technology which is appropriate for the informal economy instead of looking at technology which was created in the informal economy (McGrath, 1999: 37). Greater participation is required if lessons of innovation are to be learned from the informal economy.

Advice

Advice in this context means follow-up support after training has finished and the enterprise is in the process of being established. It is of critical importance that the persons responsible for following-up/mentoring the enterprise are knowledgeable about their client's position in the informal economy (McGrath, 1999: 38). Successful, follow-up provision, according to McGrath, "must reflect very exactly the needs and characteristics of the client and be tailored to the market" (1999: 39). Ultimately, follow-up must treat each client as an individual in order to be successful. This is extremely time and resource-consuming and in the case of South African NGOs who have witnessed a massive withdrawal of funding since the transition to democracy, may be beyond reach.

Microfinance

Credit and micro-finance facilities have enjoyed much research, debate and interest in recent years. The main question regarding microfinance and training is whether each of these on their own are enough to successfully establish an enterprise. McGrath's work into training provision internationally reveals, "the current orthodoxy states that credit, not training, is the principal need of the informal sector" (McGrath, 1999: 35). In 1980, King argued for the importance of credit being combined with training:

skill without credit or capital can sometimes mean merely that the unemployed are trained rather than untrained. Skill is not a magical formula that creates work or conjures up materials, customers and markets" (King, 1980: 238).

In more radical circles of the 1990s, credit has been seen as being of primary importance in new approaches to skills development for the poor. As it is believed that the poor already have the necessary skills, credit is seen as important in 'releasing' these skills (Bennell, 1999: 20).

While various authors highlight that credit is positive because it has a high rate of repayment, low administration cost, and has a good track record of reaching poor women (as the example of Bangladesh's Grameen Bank shows), credit facilities are not considered sustainable by their critics (McGrath, 1999: 35). However, Bennell argues that the result of credit in lifting incomes has been minimal with the exception of the Grameen Bank. In any case, most banks heavily rely on the support of their donors to keep afloat (Bennell, 1999: 13).

There is now a growing body of research that is more cautious about the abilities of credit to alleviate poverty and to make survivalist enterprises more sustainable. Bishwapriya contends that credit falls short of expectations and resources should be spent on service provision and democratic structures for the poor instead:

we need to stop pushing credit and urging the poor to expand their businesses ...This is not to say that credit should not be available to the poor, but we should respect their decisions either not to borrow or to borrow for reasons other than for investment...we should expand our focus from the preoccupation with income generation by the poor and formulate policies to deliver health services, education, and other social benefits to the poor. And, most importantly, we should facilitate active participation by the poor in the city's political process (Bishwapriya, 1996: 175).

Essentially, credit is debt. Failed loans plunge the poor deeper into poverty. Hulme and Mosely note that "the virtuous circle of 'low income, credit, investment, more income, more credit, more investment, more income' is seductive: unfortunately, it does not mirror the reality that the majority of very poor households face in sustaining a livelihood" (Hulme and Mosely, 1996: 122).

McGrath cites evidence that default on repayment is often due to the borrower being lent a sum of money that leads to "business expansion beyond the managerial competency of the borrower"(35). Not only is McGrath concerned about default leading to fewer people being able to access credit, he is also worried that informal lending may be

deteriorating because of the current credit craze of donors and that “if (when?) the mood of the donors suddenly switches from their current fascination with credit to some other priority, then the traditional credit networks will need to be reactivated”(36) – although he does realize that some of these informal credit givers are actually exploitative loan sharks.

Elisabeth Prügl and Irene Tinker’s work with India’s Self-Employed Women’s Association (SEWA) is important for this discussion of credit. Their interviews with SEWA leaders found that “savings accounts are even more important than access to credit because they allow women to create a cushion for unforeseen events and keep men from appropriating women’s earnings” (Prügl and Tinker, 1997: 1477). Credit must be understood as part of a package of inputs and not necessarily the best service provision for all women in the informal economy.

For a longer discussion of the importance of savings over credit, see Appendix I.

Criticisms of the *Training Package*

When training is provided as part of a wider package of services, it is very difficult to isolate its impact. Bennell writes of this difficulty with the package model to skills development: “given the current ‘fascination with micro-finance’, there is a real danger that credit may take all (or certainly more than its fair share) of the credit!” (Bennell, 1999: 6).

The main debates surrounding the *training package* concern the sequencing of supports (should business training or credit come first?) (McGrath, 1999: 41) and whether services should be provided by specialist or multipurpose organisations. According to Grierson and McKenzie, multi-purpose organisations are not as efficient or as effective as specialist training. Integrated packages rarely work well, are very expensive, very rarely managed or staffed properly, and do not reach the growing numbers of rising entrepreneurs” (McGrath, 1999: 26). However, due to the difficulty of organisations keeping in close contact with one another, especially in poorer countries, multi-purpose organisations have been established (Bennell, 1999: 26).

The main criticism that can be made of the training package is that it does not fully acknowledge the numerous constraints that women survivalists encounter. While the training package remedies the narrow focus of minimalist training, it does not prioritise the democratic nature that skills development must contain in order to address the complex range of obstacles that keep women's enterprises in the informal economy operating at survivalist levels.

Participatory/Community Skills Development

A sensible approach to intervening in the informal sector, whether training is involved or not, must be rooted in a knowledge of the people who work there and their environment, and of their major problems and aspirations (Fluitman, 1989: 209).

The notion of a 'training expert on the informal sector' may prove somewhat of an elusive category so long as the expert is thought of as just another variety of vocational trainer (King, 1989: 21).

A consensus is now emerging that training must be understood as part of greater social, political and economic development that is participatory. This consensus also argues in favour of a people-centred pedagogy "which maximizes locally available skills and empowers the poor to learn for themselves" (Bennell, 1999: 3). This 'new approach' emphasises group empowerment, as can be seen through the growing popularity of self-help groups. The rise in training NGOs that lean toward the co-operative model of enterprise development – particularly for women – is another sign of the growing attention participatory skills development is receiving.

This model is also known as the community skills development model. King makes the distinction between this model and the co-ordination model. The coordination model views training as part of a package of interventions (other interventions include credit, management training, product development as noted above). He argues that the co-ordination model is top-down because it usually entails extending the services provided by a national agency to those who are in smaller enterprises in the informal economy (King, 1989: 34). This is not a smooth or easy extension due to the different needs of women's micro/survivalist enterprises in the informal economy.

Participatory skills development is based on the principle that “vocational training alone cannot galvanise the poor and that a whole process of engaging the target group in their own development must accompany an intervention strategy” (King, 1989: 33). The participatory skills development vision of training grew from the experiences of community development, popular education, and adult education in the Third World. Each of these movements has been critical of formal training and viewed it as top-down, disempowering, lacking in participation, guilty of treating trainees as passive recipients, and therefore failing to instill a sense of ‘ownership’ of the process (Bennell, 1999: 13).

Paul Bennell’s research into skills development for the economically vulnerable and socially excluded has led him to make the following observation:

Many organizations are reluctant to describe what they do as ‘training’ because, with the growing emphasis on individual and community empowerment, the notion of poverty reduction that entails a simple transfer of a discrete body of knowledge and skills from the ‘haves’ to the ‘have nots’ is politically and intellectually objectionable. Traditional training approaches are, therefore, being fundamentally questioned, to the extent that there is a denial that training is taking place at all!” (Bennell, 1999: 7).

One root of participatory skills development can be found in Paulo Freire’s critique of education as being elitist, conservative and not geared toward the large majority of the people. This education, according to Freire and his predecessors, benefits only a small group of economically privileged students who go on to get ‘good jobs’ in the formal economy. The response to this injustice was the creation of non-formal education and training that encourages empowerment and greater understanding of unequal power relations and ways of challenging the status quo.

Freire labeled traditional, formal education “banking education” because it is “an act of depositing, in which the students are the depositories and the teacher is the depositor” (Freire, 1970, 58 as quoted in Elias, 1994: 113). Freire considers ‘depositing’ an act of domination, as it does not allow students to challenge the political, economic, and cultural institutions that oppress them (Elias, 1994: 113). Freire’s criticisms of formal education have had a profound impact on adult education and training in literacy. However, Freire’s “pedagogy of liberation’ has now been expanded into other areas of training.

3) Participatory training methodology: That is, 'instructors' and 'trainers' act as 'catalysts' and 'animators' and 'facilitators'. Once again the importance of indigenous knowledge being recognised is stressed:

The principal reason for a non-directive approach is the assumption that informal sector artisans have their own ideas about what they need to know and how they want to learn it; the role of the external agency is to act as a kind of mid-wife and bring the ideas and interests to life. In some ways, this is a healthy contrast to the often negative experience which informal sector workers have with formal schooling (King, 1989: 33).

4) An emphasis on the process of learning and gathering knowledge.

However, King warns that this type of popular education priority borrowed from Latin America sometimes means that the content is not seen as important as the process – he warns against this danger (King, 1989: 33).

Usha Jumani's work with SEWA also highlights 3 components necessary for participatory skills development for workers in the informal economy (from de Moura Castro, 1989: 204):

1. Organisational skills (organising meetings, workshops, demonstrations)
2. Workers education (rights and legal change and processes)
3. Media training (using alternative media for trainees because many are illiterate)

Participatory skills development advocates argue that difficulty for workers in the informal economy will not be overcome until they are better organized and their work is recognized by the labour movement (Fluitman, 1989: x).

This so-called community/participatory skills development model for training in the informal economy requires the national training organization to be flexible and offer credit, business skills, and other services at the demand of the trainees (King, 1989: 34). In other words, participatory skills development also requires a *training package* to be present.

It is argued that this model contains a romanticised emphasis on the power of 'community participation' when in reality, this is a euphemism for women's unpaid work within the community (Bennell, 1999: 20). Further, as noted by King above, the process sometimes takes precedence over content. This means that strong personalities can

drown-out the voices of others and consequently grind the skill development process to a halt. Bringing this model to scale is also cited as a difficulty and organisations seldom have the resources to do so (Bennell, 1999: 20).

One of the greatest limitations of the participatory skills development model is that there has not been enough research into the impact that this model has had on the skills development of the poor. This study of Ndwedwe members of SEWU who were trained in blockmaking is a cursory attempt at adding to the knowledge base surrounding the impact of training for women in South Africa's informal economy. I began the study of Vezi Khono with the following four research questions:

1. What impact has the training had on women's ability to earn incomes in the short and medium term?
2. Has their entry in a more lucrative and male-dominated field been met with opposition? If so, has training been able to overcome such obstacles?
3. What is the link between the larger policy environment and a survivalist micro-enterprise on the ground?
4. How can training be improved to increase chances of success?

The following chapter will discuss the methodology that I used to answer these questions.

Due to the negative connotations surrounding 'training' many use 'skills development' and replace 'trainers' with 'facilitators' (Bennell, 1999: 22). The idea here is to inculcate participation in the process of overcoming poverty and oppression and thus, a trainer who simply provides technical knowledge without facilitating the process of 'conscientisation' is complicit in the oppression that keeps the poor impoverished. Allan Kaplan, Dirk Marais, and James Taylor refer to this type of learning as 'action-learning' and describe it as a process where knowledge is a two-way transfer.

Insight and judgment has to be developed by building on what the learner already knows. Action-learning assumes that all participants bring valuable experience and knowledge to the situation. The teacher and the student learn together as the action-learning experience unfolds. Therefore, we no longer refer to teachers and students but rather to facilitators and participants (Taylor, Marais, and Kaplan, 1997: viii),

Importantly, 'action-learning' is grounded on the premise that the people are knowledgeable of their situation and are best able to strategise courses of action. Ownership of processes of development can only occur when such knowledge is recognised. This is an important step in empowering processes and rectifies the past injustices of development practice that have occurred with colonial intentions of imparting civilization. People-centred development is reliant on action-learning methodologies of skills development.

The action-learning cycle is based on four phases: Action, Reflection, Learning, and Planning. This cycle is important if past mistakes are to be avoided in future situations. It is key that this cycle is thought of in terms of moving in an upward spiral of increasingly greater effectiveness in so that repetition of errors does not occur (Taylor, Marais, and Kaplan, 1997: viii).

King outlines 4 ingredients that are now usually involved in participatory skills development in the informal economy.

- 1) Consciousness-raising of the socio-economic context of the informal economy.**
- 2) An emphasis on community/group organization (solidarity).**

Chapter 3: Methodology

The research began with a review of the literature on the international and South African experiences of training women in the informal economy for enterprise development. Publications gathered from library and Internet searches covered such areas as training, non-traditional skills development, the informal economy, adult basic education, poverty, women and development, and SMME promotion. Relevant pieces of South African legislation were also consulted.

After reviewing the literature, interviews were conducted with key informants, including staff at the head office for SEWU in Durban and training organisations such as Valley Trust and Khuphuka. These interviews were conducted in English, over the telephone and/or in person.

Although there are three other SEWU branches that have been trained in blockmaking, Vezi Khono in Ndwedwe was chosen as it is considered a 'success', and this research aims to highlight best practices. Although the research would have benefited from a comparative study of SEWU members from different branches who were trained in either blockmaking, electrical wiring (another traditionally male field of work), or a traditionally female skill such as sewing or baking, the research was limited due to the time constraints of the master's dissertation.

After meeting the president of the Ndwedwe branch, Alexia Mashazi, permission was granted to conduct the research and a date was set for the initial visit to Ndwedwe.

Vezi Khono was visited 6 times between October 1999 and January 2000. A range of research techniques was used to gather information. Initial visits to Ndwedwe established trust and focused on general information surrounding the blockmaking enterprise and the women in it. Details surrounding the exact production of the blocks were also gathered (including all inputs, middlemen, linkages, and competition).

Further trust was established during the individual interviews and the researcher and translator were housed in the area, in the home of the treasurer, Agnes Khuluse for 3 days. Although Agnes Mashazi is fluent in English, a translator was used to ensure

greater voice for the rest of the members and to encourage greater objectivity in the research.

The individual, in-depth interviews asked each of the 8 women: biographical details, skills levels and history of training, opposition they have faced because of their involvement in a traditionally male skill, their position within their household and within the group, experiences in running a business, shocks that have occurred since they were part of this enterprise, and how they rank their relative wealth within the greater community of Ndwedwe. Only 8 of the 11 members of Vezi Khono could be interviewed as 3 were working on a Public Works project throughout the time the research was conducted. Interviews ranged from 45 minutes to 2 1/2 hours. Interviews did not interrupt the enterprise's operation as rainy weather had already halted the production of blocks. The women interviewed were Ntobengezinye Ngithi, Zuzile Makhanye, Nozipho Assiline Khuluse, Ivy Manzi, Alexia Mashazi, Agnes Khuluse, Dora Khuluse, and Bonangani Dlamuka.

The following visit used focus groups with the members of Vezi Khono. Focus groups were conducted using participatory rural assessment techniques. This meant that the research process relied extensively upon visual aids, as many of the women are illiterate. The researcher acted as a facilitator during the following four exercises:

1. Time Line

A time line is a visual aid used to chronologically detail the major events of the enterprise, the history of the women as a group, and seasonality. Starting with the 'low talkers' each woman was asked to list 3 important events for Vezi Khono. These events were then chronologised on the time line. This exercise allowed for in-depth discussion surrounding events to occur.

2. Finances Chart

Using images of various expenses (such as tools, repairs, cement, truck hire, storage costs), the women assessed how much is spent on each. This was followed by a discussion of profits (how they have risen or fallen over the years) and ways of better competing against the local competitor (how much they could raise price of blocks while maintaining a good customer base).

3. Who Does What Work

This exercise, also known as 'pictures plus roles' used pictures of the women (taken on a previous visit) and assessed the roles each woman plays in the enterprise. Tasks were assigned to each woman according to: who buys the cement, who goes to the bank, who does the payroll, who takes the tools to be repaired, who deals with the customers, and who markets/advertises. This exercise established the democratic nature of the enterprise and whether the women wanted the tasks to be redistributed.

4. Where are We Going and How to Get There

A large bottomless triangle pointing upward to 'Vezi Khono 2010' was drawn. Pre-made 'future cards' with images that depicted what different members of the group want for the future of the enterprise (that had been mentioned on earlier visits). The women were asked to prioritise what would be best for the group in the future.

The next section of this exercise asked, "how do we get there?" Issues such as buying a truck, buying inputs in bulk, how to get capital, and the group's fears of loans were then discussed.

A final part of this research will include discussing the findings with members of SEWU and Vezi Khono. The input from this workshop is not included in the body of this dissertation.

This is a small study, done in a short period of time. The case study approach is not representative, but allows for detailed information to be gathered. There is currently a lack of research in the area of training in non-traditional skills in South Africa and the results will feed directly into the broader project on the informal economy at CSDS.

Chapter 4: Vezi Khono!

The women of Vezi Khono share a history that spans four decades. Before being organised by SEWU in 1995, the women had worked together as a sewing club, as gardeners, and as producers of reed mats and beadworks for the Durban Beachfront tourist market. The following chapter will provide a profile of the Ndwedwe area and trace the establishment of Vezi Khono.

Profile of Ndwedwe Area and Infrastructure

The women live and work in the area of Makhulusine in Ndwedwe, just north of Verulam. Ndwedwe is a rural area with high unemployment, poverty and poor infrastructure. Ndwedwe relies more on fresh produce than livestock relative to other rural areas in KwaZulu-Natal, although poultry, cattle and goats are still relied upon (DRA, 1999: 7).

According to a DRA-Development study of the area conducted in 1999 for the Public Works Anti-Poverty Community Based Rural Program, unemployment² stands at 58% and this number rises to 69% if informal work is not included (DRA, 1999: 4). The average household income per month is R956, which means a meager R157/month per capita (Ibid). Unfortunately, the data was not disaggregated according to gender.

In terms of infrastructure and service provision, Ndwedwe has been unevenly electrified. Only 60% of households have access to electricity (DRA, 1999: 6). The area of Makhulusine where Vezi Khono operates falls within the unfortunate 40% without electricity. While those without electricity use other forms of energy, these have been associated with the poor levels of health in the area. For example, paraffin poisoning is common (DRA, 1999: 21).

Just over half of all Ndwedwe households have access to piped water in the form of a yard tap while one-quarter get their water from a flowing stream or river. High rates of diarrhoea are attributed to use of river water. It takes between 45 minutes and 1 hour for 40% of residents to collect water (DRA, 1999: 6). This burden falls predominantly on the women and girls of Ndwedwe. The area where Vezi Khono operates has no piped water

² This rate of unemployment is based on the economically active population. That is, only school-age children and retired persons have been excluded from the employment data.

and the women must fetch water for the blockmaking production from the Mdloti River. Although this river is very close, the production process requires a great deal of water. This water is carried on the women's heads in 25 litre drums and causes mild to severe neck pain according to the women.

The majority of Ndwedwe residents use pit latrines located outside of their homes. Flies and odour are a problem (DRA, 1999: 6).

The roads in Ndwedwe are frequently impassable. There are no paved roads in the interior of Ndwedwe which means that rains effectively shut down the area to two-wheel drive vehicles. The poor condition of roads means, "traveling to work, shops, and the clinics cannot be done and this endangers lives" (DRA, 1999: 4).

The roads are considered 'life threatening' when wet. Research appointments were cancelled on two occasions because wet weather made Makhulusine inaccessible. According to one-third of households interviewed by DRA, the roads are not usable for more than half of the year. This has important implications for economic activity and will be revisited in later sections. The health of the community is not only jeopardized by improper roads because of traffic accidents, but also because of the dust. The health committee for the area attributes the aggravation of illnesses such as TB (Tuberculosis) and allergies to the dusty roads (DRA, 1999: 21).

Access to telecommunications is limited. Nearly 97% of residents of Ndwedwe do not have telephones in their homes and only 10% have a member in their household with a cellular telephone (although this percentage may be rising with the growth of cellular telephony sales). A roundtrip to the nearest telephone, including waiting takes up to 2 hours (DRA, 1999: 50).

Skills Development And The Establishment Of Vezi Khono

The education and skills levels of Ndwedwe are very low. A little over 10% of the population has completed their matriculation. None of the women in Vezi Khono have matriculated and the average amount of schooling in the enterprise is just below standard 5 (grade 7) while one-quarter have never been to a formal school at all and are

illiterate in both Zulu and English. Only 3 of the members are literate in both English and Zulu. Skills levels for Ndwedwe as a whole are also weak. The DRA study found that nine-tenths of residents have no skills in any of the following areas: computing, finances, agriculture, first aid, driving, leadership, administration, health care, legal, and managerial (DRA, 1999: 14).

By comparison, the women of Vezi Khono are more skilled than other members of Ndwedwe. Although none of the women had previous experience in running a business and only 2 had previous experience in the formal economy, the women share a history of working together, training together and sharing skills with one another since the 1960s.

In 1962, the women began to garden together in plots beside one another. In 1964, a representative of the Agricultural Department cleared the land to make three main plots in the area of Makhulusine (plots A, B, and C). Plots B and C are still used by the women in Vezi Khono. The representative of the Agricultural Department also taught the people in the area how to garden vegetables. The women still garden using the techniques they were taught. There are numerous problems associated with the gardens and the possibility of generating income through them. First and foremost, there is no market for the surplus vegetables that are grown. Without a market, the crops simply rot in the fields. The plots were never fenced, thus making them vulnerable to the stampings of cattle. Finally, without piped water, the job of watering the plots is made extremely difficult. These three problems have lasted from 1964 to the present.

The women came together to create The Sewing Club in 1994. Admission to this club was R5 and the women taught one another what they knew. That same year, SEWU came and began to organise the club to become a branch of the union. In addition to selling the vegetables, clothing, and reed mats the women produced, they began to make and sell beaded items. These were mainly for the Durban Beachfront tourist market.

The women of Vezi Khono, similar to poor people the world-over, pursue a mix of activities to generate income. According to David Hulme and Paul Mosely, "in terms of

economic behaviour they [the poor] are closer to the manager of a complex portfolio than the manager of a single-product firm" (Hulme and Mosely, 1996: 108).

The combination of market saturation, increasing difficulty in gathering reeds for the mats, and poverty led the women to search for new skills that would increase their incomes and security. At the same time, SEWU began to offer subsidies to its members for training courses. In 1996, the women chose to be trained by the KwaZulu Training Trust (KTT), which is now defunct. At first, KTT pressured the women to learn baking. However, SEWU advised the women that they did not have to do this course if they did not want to. Instead the women decided to be trained in glue appliqué for T-shirts with the intention of selling the T-shirts.

Members of the group made little or no money in making T-shirts with appliqué. The paints and the T-shirts were very expensive and forced up the price of their products beyond the reach of people in Ndwedwe – each T-shirt was priced at R70 to cover costs and make a minimal profit.

SEWU then presented its members with a list of training courses and asked its members to look at their own areas and assess market demand. The Ndwedwe branch saw the need for strong houses to replace mud huts that were prone to crumbling and collapsing. According to DRA, over half of the housing in Ndwedwe is constructed with mud and dugga, a tenth made from wattle and dung, while only a third are made from brick and block (DRA, 1999: 5). Lack of cement block/brick housing is one of the greatest indicators of poverty (Budlender, 1999: 202).

Before being trained in blockmaking, the women went door to door to tell people in the area that they were going to be making blocks and asked their neighbours if they would support them. They found that many of their neighbours wanted to buy blocks to build houses.

Having firmly established market-demand, the women were trained in December 1996 by Khuphuka Skills Training and Employment Programme (simply known as Khuphuka). The training lasted 5 days and was done in Makhulusine and conducted in Zulu. The women speak highly of the trainer, who showed them a great deal of respect according

to Zulu tradition (he never looked them directly in the eye) and all women interviewed said that they would like to deal with Khuphuka again. Khuphuka taught the women on two different machines, one of which is the same style as the manual blockmaking machine that they still use.

Shortly after completing the training the women established the blockmaking enterprise, Vezi Khono in early 1997. The initial contracts for blocks were for schools and the crèche in Makhulusine. These early days were very difficult for the enterprise as the school contractor was repeatedly late with payments, forcing the women to use their own money to buy equipment and stock.

In 1998, both The Valley Trust and LIMA approached Vezi Khono to offer support to the enterprise. Disagreements about who should fund this enterprise were finally resolved in favour of Valley Trust. Valley Trust acted as a trust for money donated by a woman from Germany amounting to R20 000. This money was used to build a slab, buy equipment, and to put up a fence. This funding also covered the cost of training the committee members of Vezi Khono. Three committee members were trained in basic banking and income and expenditure sheets: Alexia Mashazi (President), Agnes Khuluse (Treasurer), Nozipho Assiline Khuluse (Secretary). Only Agnes Khuluse was specifically trained in Bookkeeping. Like the blockmaking training, these trainers came and taught in the Makhulusine area.

What impact has this training had on the women's ability to earn incomes in the short and medium term? This is the focus of the next chapter.

Chapter 5: Impact of Training on Women's Incomes

Vezi Khono has been running for just over 3 years and has experienced varying periods of success over this time. As mentioned earlier, the initial period was fraught with financial frustration and worry. The women initially had to cover the costs of tools and stock out of their own pockets. Khuphuka offered the women of Vezi Khono 'bridging finance' to help cover costs and wages until the orders were paid. However, the women refused this money as they interpreted it as a loan that they feared they would not be able to repay. The enterprise managed to pull through this first period because of the decision to make every member of the enterprise contribute R20. This initial fee excluded some members of the Ndwedwe branch of SEWU from joining Vezi Khono, but the women state that this was the difference between the life and death of the enterprise.

After their first big sale in 1998, Vezi Khono began to thrive. Following the cooperative ethic of SEWU, the women decided not to run the enterprise hierarchically and to split all profits equally – many of the women said that Vezi Khono followed a policy of "5 cents for me, 5 cents for you." With the exception of one member of Vezi Khono all of the women make a larger income now than they did previously selling clothing, fruit and vegetables, beadwork, and reed mats. However, the one woman who did make more money selling clothing she had sewed argues that being part of Vezi Khono is still better because it is easier to work and learn as a group of women.

Vezi Khono is still more of a subsistence than a sustainable enterprise. The women decided to be paid by the enterprise at the end of the year. Money that comes in is first used to cover all costs, including cement, tools, repairs, transportation to the shops and repair centre, and to cover the cost of hiring the truck. The members then split whatever profit is left over in December. Since 1997, the women have experienced greater demand for their product and have had their incomes rise accordingly. However, this is a minimal amount of money – in December 1999, the last pay period, the women only received R1 000 each. While this may seem like a meagre amount for an entire year's worth of work, it is a significant improvement to the R100 that the women each received in December 1998.

Training in blockmaking has had a positive impact on the women's incomes. However, it is questionable if Vezi Khono would have been able to succeed without the R20 000 donation administered by the Valley Trust. It is important to recognise that the training the women received was only in a technical skill – importantly, it was not training for enterprise development in the informal economy. The training has never involved advice and no follow-up has been conducted – these omissions have contributed to the enterprise remaining at a subsistence level of operation.

There are various factors that hinder greater income being made from this enterprise. Similar to street trading members of SEWU, the women of Vezi Khono are impeded by lack of shelter, storage facilities, security, and piped water. Although a fence surrounds the work area, there is no structure that protects the blocks from the elements. According to the women, the R20 000 administered by Valley Trust was supposed to be used for a shelter, however the funds ran out before a shelter could be constructed. Without a shelter, summer rains destroy blocks.

Although the women recycle these destroyed blocks into new ones, recycled blocks are of lower quality and must be sold at a reduced rate. A 'regular' block is sold for R2.15 while a recycled one can only fetch R1.50.

Lack of shelter also forces Vezi Khono to operate on a seasonal basis. The summer months are typically wet and thus time is lost because the women cannot work without a shelter. Products are also lost at a greater rate in the summer months because the rains and humidity either destroy the blocks or do not allow for them to dry properly. Production is doubled in the winter months because of drier conditions: "when there is no rain, our business blossoms." However, shelter is important for the winter months as well – not only to protect the blocks from occasional rains, but to also protect the women from the sun.

Vezi Khono's production capacity and thus income is also inhibited because there are no storage facilities on site. At present, cement is stored in the school that is right next door to the enterprise (the bags are put around the circumference of classrooms). The equipment (tools, drums, and the blockmaking machine) is kept at the house of a woman named Masinga. Masinga is not part of SEWU, but is the wife of the chief's son and is

thus considered trustworthy. Masinga's house is about 15 minutes away from the blockmaking slab. Storage facilities on site would eliminate the production time that is lost from gathering and putting away the equipment and cement everyday and would also help to prevent theft. The first blockmaking machine owned by Vezi Khono was stolen the first day that it was at the enterprise. The machine was replaced out the R20 000, but was of poorer quality than the first machine and has been prone to breaking.

The tools and equipment that the women use also slow production down due to the constant need for repairs. The members of Vezi Khono estimate that they need to have a tool or the blockmaking machine itself repaired at least every 3 months. The women have neither the skills nor the welding equipment to repair the machine and tools themselves. The equipment must be taken to the repair shop. No transport costs are incurred for repairs as the women carry the equipment on their heads, but loss of production time is significant as is the cost of the actual repair. Approximately R400 is spent on repairs per year.

Another cost that is incurred is for transport to deposit money in the bank. There are no banks in the vicinity and members of Vezi Khono must go to Verulam to do their banking. A return trip to the bank costs R20 and the condition of the account is that at least 2 of the 3 committee members must be present. In total R480 is spent each year for transport to the bank.

Vezi Khono does not have its own transportation vehicle. Not only does this mean that the women must spend for transportation to access the bank and the stores to buy cement stock, it also means that they are unable to buy in bulk. At maximum, the women can bring 20 bags of cement in a neighbour's car. Not being able to buy in bulk (because of lack of transportation and facilities to store the cement in) means that cement must be bought for R24 per bag. In total, Vezi Khono spends R7 920 per year on cement because they are not able to buy in bulk.

Without their own transportation, the members of Vezi Khono feel powerless. In order to transport block orders to customers, the women must spend a great deal on the hiring of a truck and be dependent upon the availability of the driver. The truck can only hold 250 blocks at a time and thus repeat trips must be made - at the expense of Vezi Khono.

Vezi Khono spends at least R800 on transportation for each order and makes about 8 orders per year. Since 1997, Vezi Khono has spent over R8 000 on the hiring of the truck. According to the women, the driver is becoming rich on their orders: “he lives in a mansion because of our blocks.”

Yet, it remains uncertain if acquiring a truck would be to the economic advantage of Vezi Khono. None of the women have drivers' licenses and the dismal state of the roads in Ndwedwe remains an inhibitive factor. Compounding these difficulties is the rising price of petrol and the fact that the school behind the enterprise may expand and thus cut off the truck's access to the blocks.

Various 'shocks', both good and bad have also been to the detriment of the women's work in Vezi Khono. Weddings and funerals, as well as the illness of members and their families have put a strain on the operations of the enterprise. Taking time off to attend events and tend to illnesses has meant many lost days of work. For example, the shocks experienced by Bonangani Maye Dlamuka in 1999 had tremendous impact on her ability to work in Vezi Khono:

The bad thing that happened to me was that my husband's brother died and we had to go far for the burial. I couldn't work on the blocks. For 7 days, I was not working on the blocks. This was in 1999. We had to leave right away. We were just about to celebrate Good Friday. We slaughtered a cow and hung it on the wall and then we had to go and leave it there. We got the money for the funeral from my work on the blocks and my husband's work. We couldn't sell a cow because all of our cattle were stolen. This was a great loss because 2 of the cows were pregnant. Now, we don't even have one cow. Nothing good has happened since then.

At present, Vezi Khono does not penalise its members for being absent if it is for a valid reason. However, members must pay R5 per day if they simply choose to stay at home. While the amount of money gathered from members who stay away from work was not established, interviews made it clear that the R5 penalty is an effective deterrent to missing work without good reason.

In the context of the growing HIV/AIDS epidemic, the ability of members to maintain current production capacity is still in question. Whether the members fall ill with the disease themselves, or must take care of family members that do, the impact will definitely be felt in Vezi Khono.

Still, the short-term impact of being part of Vezi Khono has meant increased incomes for its members. Some members commented that since they have joined Vezi Khono they “no longer go to bed hungry”.

The medium-term prospects for Vezi Khono still seem bright as can be seen by their current backlog of orders. The women have now established a clientele that includes repeat customers who pay their orders on time. After enduring the fighting of NGOs who wanted to fund this enterprise, the success of these women is more a testament to their perseverance than to the actual technical training in how to make a block.

Yet how could training have overcome the limitations that have been mentioned in this section? This question will be discussed in the concluding chapter looking at ways to improve training. Moreover, have the women faced opposition to being trained in a skill traditionally dominated by men? Was training able to mitigate such obstacles? This is the subject of the next chapter.

Chapter 6: Opposition and the Ability of Training to Overcome Obstacles

We, this group of women, have come from very far. We're opening up the forest to pave our way. We have worked very hard. There's no time to go back. We can only go forward.

Agnes Khuluse

The women of Vezi Khono faced many hurdles in attempting to set up this enterprise because it was based on a skill traditionally performed by men. In line with the finding of Mona Prytz, the members of Vezi Khono faced opposition from local authority structures, the community and their neighbours, and from family members.

Although hut making was traditionally seen as man's job according to Zulu tradition, this view is slowly changing in important ways throughout the province of KwaZulu-Natal. One SEWU organiser notes that greater acceptance of women's changing work roles is occurring throughout the province. The organiser pointed out that even in areas such as Ingoye (considered a conservative area), people have begun to accept women making blocks and playing other roles in construction.

In the beginning however, the women of Vezi Khono faced resistance. Although the local Induna granted the women a plot of land beside the Mdloti River, he did so with the reservation that he did not believe that they would be able to do anything with it. Yet, the Induna also pointed out that he should allow the women to set up this enterprise because "at least the women are trying to do something. This is better than the men."

Neighbours and people of Makhulusine in general were not supportive in the initial stages. In some cases, neighbours openly mocked the women for trying to do a man's job. Most of the women in Vezi Khono believe that the general community thought that the enterprise would fail miserably during this early period.

Opposition from family members and in particular, husbands was a reality for most of the women in Vezi Khono. While some husbands were hostile, others blatantly refused to allow their wives permission to be trained in blockmaking. Three of the women spoken to were forced to steal money given to them by their husbands (for groceries and household items) to cover their R25 of the training costs.

Yet the opposition the women faced initially soon evaporated when it became clear that Vezi Khono was a viable enterprise with the potential for success. Once family members, neighbours, and the local Induna were able to see that the women of Vezi Khono were making a positive difference in Makhulusine and within their own households, opposition gave way to support. The following testimonials reveal how acceptance replaced the initial hostility that the women faced both as individuals and as members of Vezi Khono:

My husband was really fighting me to do this. He didn't want me to do this. He asked me, 'Are you so hungry for money?' It was like fire. He was concerned, he said, 'you are sick, you have high blood pressure.' But me, I wanted to be with the other women making blocks and helping the community. When my husband would come home from work, he would see new things in the house. The house was as clean as ever and the field was planted. He could also see that people's houses were built and schools too. Then he said, 'hey these women are working hard!' He released me; he couldn't hold me back anymore – Agnes Khuluse

My husband didn't like it at first. He thought it was too heavy. He said, 'she's going to kill herself.' Now, he's sick and I'm keeping the family together and taking care of him. When I first began and my husband was working he would come home and see all the things that were in the house that he didn't have to buy. This is when he saw that things were going well. He had no choice but to accept - Ntombengezinye Ngithi

My husband was complaining a lot because he was worried that no one would be home to take care of the house and especially the cows. He changed his mind when he saw that these women were good at making blocks. My husband always encourages me now. When I'm tired and want to stop, he takes care of me and tells me what a great and important job I'm doing. The neighbours were laughing, 'these women are going to collapse, they're crazy, this is a man's job!' Now they say, '*hai*, these are committed women. They have been going for years now' – Ivy Manzi

My neighbours first said, 'these women have no direction – they are lost.' As soon as they saw us with the slab and a house being built, they had to come and see. Then they started to say, 'we love you!' They never thought we could do this as women. Now they know we are real – Bonangani Maye Dlamuka

My husband was saying, 'this is a waste of time.' Monday to Friday I'm always there and I'm still asking for money. But now that we've made a house from the blocks, it has gotten better. He's no longer thinking that I'm wasting my time because he's sleeping in a house built out of that wasted time! - Nozipho Assiline Khuluse

The local Induna now gives the women encouraging words of praise. In the group discussions, the women agreed that clients come to them not only because of their superior quality and prices (relative to their local competitor), but because they want to support strong women – “they’ve never seen something like this before.” Indeed, the sheer novelty of women operating a ‘male’ enterprise has now worked to the benefit of Vezi Khono. While it is not surprising that the women were advised not to follow this path by others, what is surprising is that the success of the enterprise has changed many people’s perceptions of women’s work in Makhulusine.

Yet, membership in Vezi Khono has not meant the full rejection of gender roles. As can be seen in the testimonials given above, the acceptance of women making blocks has occurred in the context of women still managing to perform their traditional reproductive and productive roles. All of the women spoken to still fulfill the domestic responsibilities that they had before working in Vezi Khono. In essence, membership in the enterprise has meant the creation of a ‘double day’ for all of the women:

My time working at home is not less. I want to work at home. I wake up at 4:30 to do work at home then I go to work. When I come back from the blocks, I continue working at home. It’s not like someone who stays home all day – I do the same work that they do too! – Nozipho Khuluse

The amount of work that I do at home is still the same as before. I want to impress my man, show him that I can do both things. – Ntombengezinye Ngithi

I wake up at 4:00am so that I can cook food for my children to eat when they come home from school – Ivy Manzi

The double day is a form of opposition that the women must still deal with. Although some of the women can rely upon their family members to share in domestic responsibilities, many still want to maintain work roles in both private and public spheres or are forced to do so. The women consequently must deal with the stress of domestic obligations being sidelined while working in Vezi Khono – “A large problem with working with the blocks is that it keeps you away from home for a long time and things need you at home” – Zuzile Makhanye.

On the positive side, the women of Vezi Khono have benefited by the enterprise being situated so close to the school and the crèche. Although school finishes before the women stop working, children either come to the blockmaking enterprise and wait for their mothers/grandmothers or are taken care of by older siblings and unemployed fathers.

Outside of financial difficulties and the creation of double days, the women of Vezi Khono have also endured the physical strain that blockmaking involves. The work of making blocks requires endurance and strength that many of the women had difficulty summoning when they first began. In particular, the task of mixing the cement is arduous. While the actual molding of blocks is not difficult, cement is very heavy and difficult to mix. Once it became viable, the women employed a young unemployed male from Makhulusine to mix cement for them. The hiring of this young man has eased the physical burden of the blockmaking process. According to Ivy Manzi, “it has been difficult doing this. It is hard to mix cement. Before we hired the boy, I couldn’t sleep because of pains all over my body.” Since the cement mixer was hired, many of the women commented on feeling healthier and that the rest of the tasks involved in the blockmaking process are actually making them fit. Mashazi noted “since last year, I’m in a good position because I’m gyming everyday by making blocks”

Ability of Training to Overcome Obstacles

It became clear throughout the research process that the women’s membership in SEWU was the single most important factor in overcoming sexist opposition. Although training in blockmaking gave them the skill to start an enterprise, membership in SEWU allowed for training to be accessed.

As was noted in the chapter on training for women in the informal economy, it has been found that focusing on women’s personal development has been key in establishing successful enterprises.

Cooperation

SEWU has instilled in the Ndwedwe branch the importance of working together in order to make change and improve incomes and livelihoods. The emphasis on the

cooperative³ ethic is, in part, a rejection of the negative experiences many women have had working in hierarchical work situations where their voices have been silenced at worst and marginalised at best. Instead, the women in Vezi Khono stated, “SEWU teaches us that we women should work together, that we are not alone, and that we women must know our legal and personal rights.”

Legal Rights

In terms of legal rights, SEWU has been instrumental in stressing the importance of members knowing the best legal channels to follow in order for the women to optimally benefit. For example, SEWU's stress on enterprises having a constitution in order to secure contracts and funding has been to the benefit of Vezi Khono, who are now in the process of establishing such a constitution. A constitution would allow for the enterprise to receive funding directly, and thus avoid using NGOs as an administering body for funds.

Confidence

Many of the women did not believe that women should perform traditionally male occupations before they were encouraged by SEWU. With SEWU's support, members were able to break away from stereotypical occupations for women that offer minimal incomes. According to Zuzile, “we were told by SEWU that we can do any job that can be done. There's no such thing as a man or a woman's job. If you feel you are fit enough that you can do the job, then go for it. We went and learned a man's job and we can handle it.”

Control of Money

SEWU has played a particularly important role in convincing Ndwedwe members of the importance of controlling their own money. Through the greater incomes the women receive by using a 'male' skill, the women are more economically independent than beforehand. Greater economic independence has been to the benefit of their households. This has been in line with well-documented evidence that women tend to use their money for the basic needs of their families while husbands spend more on personal items for themselves. While some of the women of Vezi Khono discuss

³ The term 'cooperative' is used cautiously here as it has negative connotations to the previous system of colonial land use. The term is instead being used here to refer to forms of work organisation that are democratic and where profits are split evenly.

money matters with their husbands in a cooperative manner (what to do with the earnings of both the man and the woman), many have full control over the money they make from selling blocks.

The money that I get, I take home and put it on the table and talk about what to do with it. My husband brings all of his money to the table too - Ivy Manzi

It's my money that I'm getting. Nobody's going to tell me what to do with it. My husband gives me some money. He doesn't tell me what he does with the other money he doesn't bring home. Sometimes I give him money for transport when he's used all the money he had – Zuzile Makhanye

There's no one who creates laws about my money. I'm the one who controls that money. I use it to buy things around the house that are needed. If my husband wanted to see the money, I would show him, but he doesn't control it. He cannot take it from me – Nozipho Khuluse

The money I make from the blocks is mine. I control it, but if I come home and I have R50, I can give him [husband] R20 and tell him, 'here, go buy cigarettes for yourself, a drink for yourself.' I'm the one who gives this money to him. He doesn't control it – Agnes Khuluse

The money I make is my money. I say everything about it because I know what the needs of this house are – Alexia Mashazi

Esteem

Greater economic independence has come with greater voice in the operations of the household. It has also come with greater respect and admiration from family members. Nozipho stated, "my children listen to me because they see my work and my husband respects me more than when I used to work at the firm".

SEWU's work has also concentrated in improving women's position outside of the household as well. The Ndwedwe branch of SEWU was encouraged by the union to actively participate in the local development committees. The women have been encouraged to act assertively within their community to agitate for change. According to Agnes Khuluse, women non-members of SEWU rarely attend the meeting and when they do they are silent.

Subsidies

Another way in which SEWU has acted as a support for its members is through the subsidies it provides for training. While SEWU offers to cover 50% of members training

costs if the skill is considered to be a traditionally feminine one, it will pay for 80% of training in a skill traditionally performed by men. At the time when the members of Vezi Khono were trained, SEWU only covered 75% of the cost for 'masculine' skills training. This institutional support was increased to 80% so as to further encourage members to leave the over-saturated fruit and vegetable market to pursue work in more lucrative areas. Despite this subsidy, members of SEWU are persistently entering fields that are extensions of their domestic roles (cooking, sewing). The following table outlines the number of members who have enrolled in training courses in the province of KwaZulu-Natal 1995-8.

Table 1

SEWU Training 1995-8, KwaZulu-Natal

Course	1995*	1996	1997	1998
Blockmaking		8	17	12
Bricklaying				3
Business Skills			3	3.5
Traditional Medicine/ Herbalist Training			3	3.5
Glue Applique	22	34		16
Sewing (Basic)	29	23	44	31
Sewing (Advanced)	3			1
Childcare		3		
Literacy	23	14	23	5
Carpet-Making				25
Electrical Installation	2			
Upholstery			5	
'Train the Trainer'			5	
Fashion Design		18		
T-shirt Making	6			
Tie-Dye	10			
Self-Defense	5			
Total	100 N=310	100 N=239	100 N=153	100 N=113

Source: Compiled from SEWU Annual Reports 1995-8

*number of members trained listed as a percentage for whole year.

Although statistics were not available for the number of women enrolled in electrical installation, a representative of SEWU stated that this number was limited. As can be

seen, the percentage enrolled in sewing courses is still relatively large, while interest in blockmaking has waned. There is still resistance to being trained in a skill that will provide greater income, but has been traditionally done by men. The women of Vezi Khono were asked why they think that this resistance still exists. All responded that this was because other women in SEWU and in Ndwedwe believe that traditionally male jobs are too physically straining. Moreover, Mashazi argues that resistance is also based on demand for such skills. For example, rural women, such as the members of the Ndwedwe branch do not want to take electrical installation classes because their area is still without electricity. At the same time, SEWU members who live in urban and peri-urban areas may not have a demand for blocks because they have less space for housing, while women in rural areas do because mud huts are dangerous and overcrowded.

The role that SEWU has played both institutionally (through subsidies) and in terms of empowerment has been key. It is clear from the interviews that the consciousness-raising role played by SEWU has been important in overcoming opposition. This raises important questions surrounding the replicability of Vezi Khono for other women in the poorer ends of the informal economy. It appears that replication would be impossible without an organisation such as SEWU that is willing to provide subsidies and act as an empowering facilitator. This is not to say that subsidies and confidence-building can only be provided by a union such as SEWU – such services could easily be provided by different levels of government – but, does show the necessity of such provision if poor women are to establish enterprises

Despite the initial opposition the women of Vezi Khono encountered and the burden of a double day, its members have been able to overcome through the support of SEWU and through their personal perseverance. SEWU has acted as an important facilitator in this regard. SEWU has offered training in assertiveness, leadership, and organisational skills, legal and personal rights, and has also been instrumental in deconstructing gendered work roles, highlighting the importance of controlling one's money and being active in local development committees.

The success of Vezi Khono has forced neighbours, the local power structures, and the women's families to accept the work of this enterprise – in the process changing views of

'women's work' is important, although difficult to quantify ways. The women of Vezi Khono are creating an important precedent for the residents of the Makhulusine – a legacy for the future:

I am very proud of myself because I'm known around here because I have made schools and my own house. People see that I'm a hard worker and that I'm not a lazy woman. Even if I die, my name will be here. People will say, 'look at this house, my aunt made it' or 'look at this school, my mum made it' – Ivy Manzi.

CHAPTER 7: THE ROLE OF GOVERNMENT IN SKILLS DEVELOPMENT FOR INFORMAL ECONOMY WORKERS

Verwoerd's education plan for the black South African was an unqualified 'success', as the bulk of the black population is only equipped for the most menial, lowly skilled occupations (Brian Stewart, 1990: 49).

With the transition to democracy, there has been a resolve to rectify the injustices of South Africa's past with a skills development strategy that creates better opportunities for the masses. This seems to be a daunting task in light of the low skills levels and high rates of adult illiteracy. Policies of the former regime established a system whereby blacks were unable to access good quality education and training. Segregation in the education system meant that the average educational expenditure on white students exceeded that of blacks by a factor of more than 15 in 1975 (Dar and Gill, 1998: 1). The Census indicates that 41% of all black adults were functionally illiterate in 1991 (Ibid). Simon McGrath also points out "technical education and training institutions have historically been gendered institutions" (McGrath, 1999: 28).

The link between the macro environment and a microenterprise on the ground is essentially about the best role for government to play. Before discussing the changes that have occurred in South Africa's skills development strategy, it is important to first contextualise these changes within the international debates surrounding the ideal role of government in skills development.

Internationally, there is great debate as to the proper role of government in skills development in the informal economy and for the economically excluded and socially vulnerable, in general. Training has not been accorded the same poverty alleviating status as other interventions such as primary education and microfinance. For example, the United Nations Human Development Report indexes health care and primary education as basic social services, yet training is not indexed as a basic social service although it could be argued that it should be (Bennell, 1999: 3).

One reason for the failure of governments to recognise the importance of pro-poor training in the informal economy has been due to the absence of a demand for training on the part of workers in the informal economy. In many studies, it has been found that informal enterprise operatives give relatively little importance to the need for training.

They must be persuaded which inhibits the success of training from the start. Lack or little education of IE enterprise operators is usually cited in these studies as the reason for the low demand for training and for the difficulty in training these workers (Bennell, 1999: 10). According to King, because informal workers seem to need to be persuaded to be trained, training for the informal economy is not properly acknowledged by governments:

In a situation where ministries and their political masters are faced by one set of clients demanding more high schools, colleges and universities, and another set who are apparently somewhat resistant to further training, it is not difficult to understand the budgetary outcome (King, 1989: 18).

Three broad schools of thought concerning the role of government can be identified in the literature on training for the informal economy. One school advocates government to play a heavy role as a public trainer, while the World Bank and other proponents view the best role of the state to be minimal and for training to be privatised. The third and final school sees government playing a regulatory and financing role as the optimal way in which to inculcate skills development among the poor.

School One: The State as a Public Trainer

The first school of thought contains those who advocate for the state to act as a public trainer for the informal economy. There are two main ways in which the state can act as such: through publicly funded and crafted training programs and through curriculum reforms in the public education system. Numerous criticisms have been made against both of these forms of public training.

The image of public training has been tainted in developing countries because it exclusively supplied training for high and middle level manufacturing and technological skills. In particular, state-led import industrialization strategies have been inextricably linked with national manpower development and “consequently, public sector VET has come to be closely associated with the widespread failure of this particular development model” (Bennell, 1999: 6).

Public training is also criticized for being elitist and exclusionary. Public training has reinforced unequal power relations by promoting stereotypical skills training for women

while at the same time, the main beneficiaries of public training institutions have usually been relatively well-off males from urban areas that attend training in these institutes in order to access high-paying, formal sector jobs – usually in technical fields (Bennell, 1999: 5).

Although many governments have established enterprise development centres, these cater to non-poor almost exclusively. As noted in earlier sections, the targeting of women in survival enterprises in the informal economy has been “the exception rather than the norm “ (Bennell, 1999: 14).

Moreover, public trainers are without the capacity or the incentive to revise their training so that it is pro-poor. It is often argued that NGOs are ‘closer to the people’ and are therefore better able target their training for the poor. However, King cautions against thinking that the work of NGOs in training for the informal economy is transferable to a larger, state-led scale due to the commitment of those who work as trainers within NGOs. He argues that the commitment of NGO trainers produces committed trainees, thus “when there are suggestions for ‘going to scale’, or borrowing from the experience of such projects, it must be remembered that this factor cannot be transferred like a successful training manual” (King, 1989: 32).

For a discussion of the debate around providing skills training within schools, see Appendix II.

School Two: The Minimalist State and Privatisation of Training

Development has its own cruel limits: left to itself, the market, with its already distorted rhythms, can only reproduce the inequality that is already embedded there (Sitas, 1998: 47).

The second school of thought concerning the role of government and training in the informal economy argues for the removal of the state and the privatisation of training. There are two different camps with seemingly irreconcilable principles that argue for the state to act in a minimalist way. First, there are those who argue that the emphasis that is placed upon the ‘self’ (self-management, self-evaluation, self-instruction, self-reliance, self-employment) is in jeopardy if the state intervenes in a manner which creates

dependence. Other proponents of the minimalist state, however, argue for privatisation based on market-led development arguments. These second arguments are made by those Bennell has labeled as *training impact pessimists* – those who believe that training has little to no impact on the lives of the impoverished and resources should be spent in other areas such as credit, primary education, and primary health care. These pessimists also view training as being important only in high skill areas that will increase the international competitiveness of formal firms (Bennell, 1999: 2).

The World Bank's position against publicly-funded technical and vocational training is based on research into rates of return. During the 80s there were great debates on educational priorities within the Bank. The cost-benefit and rates of return evidence in favour of primary education lead the bank to withdraw its support of VET funding (Bennell and Segerstrom, 1998: 274).

The Bank's studies have found that the rate of return on general (basic) education is better than more costly technical education, yet they provide about the same economic benefit. Although researchers such as Bennell and Segerstrom have found that these studies lack vigor, they nonetheless lead the Bank to argue that technical education is a drain on the budgets for education. The World Bank has shifted money away from VET in favour of primary and junior secondary education. While in 1984-5, 25% of Bank lending for education went to VET, by 1996 this had been reduced to a mere 3%. (Bennell and Segerstrom, 1998: 271).

Moreover, the Bank argues that out-of-date equipment (and thus equipment that is not compliant with that of the workforce) and the hiring of the "least marketable teachers" (because pay is so low that the best artisans are not teachers) make graduates have a slim chance of finding employment. Some in the Bank argue that 'developing' country ministries of education do not have the capacity to plan vocational education "as they are more complex to plan than purely academic programmes"(McGrath, 1999: 28). The World Bank (in a 1991 report) did make the following concession: state-sponsored training may have to be provided in some developing countries because of the "weakness in market-driven provision" (McGrath, 1999: 28). However, the Bank still prefers on the job training.

It is apparent that the Bank's reason for not supporting state-funded training, is based upon concern for the formal economy only. The Bank is interested in making countries competitive in an increasingly globalised environment – for this reason it advocates VET to be done in-firm, at the firm's expense. Essentially, the size of the informal economy and training and employment that occurs (or could occur) in it is overlooked. In any case, to fulfill this Bank vision of world-class competitiveness requires huge state intervention because "VET cannot be left to be determined by market forces alone because most enterprises acting in isolation have neither the vision nor the capacity to provide the level of skills training that is needed to create an optimally trained workforce" (Bennell and Segerstrom, 1998: 279). Ultimately, privatisation of training means that only a small group of workers employed in the largest of firms will receive training.

Another argument made to justify not funding training is that indigenous training mechanisms supply for the training needs of the poor. Here, they are referring to traditional apprentice systems (Bennell, 1999: 11). However, the apprentice systems of West and to a lesser extent, East Africa are not prevalent in Southern Africa.

Throughout the 1990s the World Bank has pushed for low-income countries to reduce their budgetary expenditure for VET. One of the strategies has been the privatization of training provision. The logic behind privatisation is so that resources and funds can be freed-up for the provision of primary education (Bennell, 1999: 9).

Privatisation of training does not serve survivalist operators in the informal economy. In the absence of money to pay for their own training, the cost-recovery mechanisms endorsed by those advocating privatisation has simply meant that training that is pro-poor does not occur. According to Bennell,

The failure of World Bank-sponsored initiatives to introduce significant cost recovery measures for primary schooling in a number of low income countries during the mid-late 1980s provides a salutary warning in this regard (Bennell, 1999: 9).

Privatization of VET will undermine pro-poor training strategies, as most funding for the poor will have to come from the public purse. It is important to note that not all who are associated with the Bank promote privatisation measures. Bennell and Segerstrom argue that there are also those who are "less ideologically driven" who "recognize this is

not a feasible option...and that governments will therefore still have to take the lead in funding" (Bennell and Segerstrom, 1998: 285). It is to this group that we now turn.

School Three: The State as a Regulator/Financer

*If billions are spent in training people in the formal sector, why do we have to ask the informal sector to finance their training themselves?
(De Moura Castro, 1989: 203)*

The third school of thought concerning the role of government in training in the informal economy attempts to rectify the past experiences and mistakes of both public training and privatisation. Proponents of this school argue that the state should play a role in funding training provision, but not act as trainers for the informal economy themselves. Ultimately, it is argued that government should contract out training provision – in this way, it can ensure that training for poorer enterprises in the informal economy is being made available.

As noted earlier, the role of NGOs in providing training is considered paramount to a pro-poor training strategy. NGOs, CBOs (Community Based Organisations), organisations of workers in the informal economy, and even private trainers are considered to be 'closer to the ground' than government training bodies that have historically worked with large industries exclusively. It is these organisations that should be supported by governmental funds and resources. Politicians and bureaucrats tend to target those just below the poverty line because there is a greater ability to lift more people out of poverty. For this reason, organizations that are closer to the ground tend to target the poorest more effectively (Bennell, 1999: 13).

McGrath asserts that NGO training is currently more effective at accessing the informal economy than the state or donors. He argues that NGOs provide individuals with another chance at improving their general education, which is linked to raising income potential. He cites the successful work of SEWA in directing training for work in the informal economy (McGrath, 1999: 33).

However, caution must be applied when relying upon these organisations. In particular, people experienced in the area of community and not microenterprise development have traditionally staffed NGOs and CBOs (Bennell, 1999: 19). It is argued that the state can act as regulator in this regard (Bennell, 1999: 23).

The state can play a better role than simply acting as a regulator and financier; it can actively seek to create an enabling and pro-poor environment. According to Fred Fluitman, government "should be indirect and mainly concerned with creating an 'enabling environment' and providing material support as appropriate. An interest limited to regulation and quality control would almost certainly be counterproductive" (Fluitman, 1989: 215-6).

However there is difficulty with this proposition. Bennell outlines the hazards in creating a truly 'enabling environment':

While it is generally acknowledged that creating an enabling macro-economic and legal environment is often likely to have a much greater impact on MSE [micro and small enterprise] development than specific promotional measures, deeply entrenched political and social forces prevent governments from doing this. Faced with this situation, it is far easier and more politically visible to construct a few subsidized shelters to protect a few lucky informal sector mechanics than to liberalise the regulations which continue to constrain the majority. There are, therefore, real worries that government training provision is a way of avoiding hard political decisions about creating truly 'enabling environments' for the poor in the informal sector" (Bennell, 1999: 8).

South Africa's new skills development strategy must be viewed in light of this skepticism. Despite international pressures to do otherwise, South Africa continues to publicly fund skills development for the poor through the outsourcing of training to service providers. While the new skills development strategy commits some resources toward training for the unemployed and the retrenched, there is no clear commitment toward the skills development of workers in the informal economy.

The popularity of SMME creation has occurred at the same time as the overhauling of the training system. As discussed earlier, the White Paper on SMMEs fails to give concrete strategies for survivalist enterprises. The new skills development strategy also fails to make the link between skills and enterprise development. For a detailed discussion of South Africa's new skills development strategy, see Appendix III.

It is not possible at this point in time to assess how South Africa's new skills development strategy will benefit women's survivalist enterprises on the ground. The new system has only recently been introduced and most of the SETAs (Sector Education and Training Authorities) are still in the process of finding office space and

hiring personnel. Caution must be exercised concerning the ability of the new system to meet the needs of survivalist enterprises when SETAs are not specifically mandated to look at the informal economy or enterprise development generally. However, there is still a window of opportunity at this time to encourage the individual SETAs to look at the enterprises in their sector from the most informal to the most formalised and to develop skills development strategies that shift survivalist enterprises into more sustainable ones.

At this time, the Department of Labour will still continue to wholly fund training programs for the unemployed through grants to training providers. However, among trainers in the Durban Metropolitan Area, there has been a great deal of dissatisfaction with the provincial DoL's administration of training funds. In the last fiscal year, the KwaZulu-Natal DoL sent back R33 Million that it was not able to administer to training providers in this province. Several providers complain that favouritism plays a role in deciding which trainers are funded for their training for the unemployed, while others blamed the department's narrow understanding of training to be a primary difficulty. Funding has been described as ad hoc and thus skills development has not been viewed in a programmatic way (Workshop, 29 May 2000). Ultimately, this has meant that providers have received money to cover courses in sewing or baking, for example, but have been unable to provide follow-up or counseling in business development. More importantly, the limited funding provided by the DoL does not allow for feasibility studies to be conducted to assess market demand for certain skills.

Chrystal Rosenberg of Khuphuka Training also argues that funding has been limited for programmes that are geared toward illiterate people, as it has been difficult for providers to receive accreditation for courses that use methodology suitable for people who cannot read or write. Whether the NQF will credit non-formal ways of learning under its 8 levels of qualification remains to be seen.

At the same time as the training system is coming under criticism, training providers in South Africa have come under a great deal of criticism themselves. According to Ari Sitas,

There are in this sector many unscrupulous trainers who feed off ignorance and train poor people in what appears to be 'office work' or work for 'tourism' which, in reality, is a fraudulent fleecing of ordinary people (Sitas, 1998: 37).

According to Brian Stewart, former director of KwaZulu Training Trust, “training agencies have concentrated largely on limited skills courses, often entrenching the poor in activities which will keep them poor” (Stewart, 1990: 52) while still others stream women into traditionally female skills. Ari Sitas’ research into training providers in the Durban Metro Area also found that evaluation of training and follow-up after completion of the course is basically nonexistent among training providers. Research conducted by Caroline Skinner also found that few agencies provide job placement or self-employment services.

The influence of macroeconomic policies and shifting donor priorities on training provision must be recognised. Following the lead of government and donor policies, many training providers have shifted their concentration to construction and business skills. The failure of many organisations to conduct follow-up evaluations of their trainees or to provide advice services to their clients who are setting up businesses must be understood in the context of the difficulties experienced by South African NGOs since 1994. After the 1994 elections, NGOs experienced a ‘brain drain’ as many of their best personnel left for work in the public service, while at the same time donors began to withdraw their financial support of NGOs and direct these resources to the new government. In this context, many NGOs have closed their doors while others have become primarily preoccupied with their own financial sustainability.

There is a growing consensus that local government should have a greater role in the regulation and financing of training. In light of the financial strain of training organisations because of the withdrawal of donor funding and the limited ability of the DoL to administer funds, there is a great need for local governments to ensure that skills development is being made available in their jurisdictions.

Bearing in mind the shift in donor priorities and funding, the creation of a new skills development strategy, and government’s auspicious drive for SMME creation, how can training be improved to increase the chances of successful establishment of microenterprises? This is the subject of the concluding chapter.

CHAPTER 8: CONCLUSION - IMPROVING TRAINING TO INCREASE CHANCES OF SUCCESS

How can training be improved to increase chances of success? The history of training women in the informal economy makes it clear that training on its own is negligent of the obstacles that hinder the successful creation of women's enterprises. When training has been presented as part of a package of services, there have been better chances of success. However, as discussed in the literature, both minimalist training and the training package do little to address the root causes of poverty and have often been conducted without participation or greater community development in mind. Ultimately, increasing chances of successful enterprise development in the informal economy requires two components:

1. The use of a participatory/community skills development methodology, and that
2. Government acts to ensure an enabling environment.

The women of Vezi Khono have had a long history of training, both as individuals and as a group. They have been trained in gardening, sewing, beadwork, glue appliqué for T-shirts, and blockmaking – yet, the training they received in blockmaking was the first to result in greater security and income. Although Vezi Khono is not operating at its full potential, the reason for it being more successful than other attempts at enterprise development is because there was the understanding that the blockmaking training must be part of a greater pro-poor strategy of community development. This has meant that market-demand was established, that the training took into consideration women's reproductive and productive roles (Khuphuka and Valley Trust had trainers sent to Ndwedwe), appropriate technology was used (manual machines requiring no electricity), greater participation in community development was encouraged (both in the selection of the skill to be developed and through encouragement to participate in local development committees), and the training respected the ways in which poor adult women learn (through visual and practical learning methods). These are important best practices which should be taken into consideration when designing enterprise development programs for the poorer end of the informal economy.

Participatory Methodology

Essentially, to increase the chances of success, training must be understood as part of a greater pro-poor strategy. This requires training to be participatory in its methodology and to take into account the context under which women's survivalist enterprises exist in the informal economy. The training the women received from KTT was originally intended to be for baking only. No participatory method was employed. Only after the Ndwedwe branch consulted with SEWU did they demand to be trained in a skill other than baking. The skill they were then trained in was glue appliqué for T-shirts. Although the women eventually consented to this training, it is important to note that their participation in the designing of the training programme was never required.

In contrast, the women of Vezi Khono actively took part in the selection of blockmaking training after conducting their own assessment of market demand in Makhulusine. Yet, this training also left much to be desired. No contact was maintained with Khuphuka once the technical training component was completed. The importance of *action learning* was overlooked. *Action learning*, as mentioned earlier, relies upon the continuous process of action, reflection, learning, and planning. Without follow-up with Khuphuka, Vezi Khono has not been able to learn from its past as an enterprise. It is encouraging to note that Khuphuka has recently begun to redefine its organisational functions and is now aiming to act as an organisation that builds the strength of microenterprises.

Microfinance

As noted in the section on the participatory/community development vision of training, alongside a methodology stressing empowerment, a package of services must also be present. This requires that microfinance is available, and that business development centres widen their mandates to include survivalist enterprises in the informal economy.

Microfinance is stressed here instead of credit on its own, as there is a growing recognition that savings and insurance may be more important in creating greater security for the poor and people in the informal economy, specifically. The women of Vezi Khono expressed many fears about credit – that they would go to jail if they could not repay the loan, for example. As noted earlier by Sanyal Bishwapriya, the pushing of credit onto the poor must come to a stop. Credit is debt and can push people further into

poverty if it is not carefully administered (if the loan exceeds the expansion capacity of the business, or if it is too small to make a real impact) (Lund and van de Ruit, 2000). Microfinance, on the other hand can play an important role in ensuring the savings of the poor. A microfinance facility that allows for small deposits to be made, provides insurance and either came to Ndwedwe or had a branch there would be of great benefit to Vezi Khono, who presently spend a great deal of time and resources accessing a bank account in the next city.

Business Development Centres

In the case of shifting women's survivalist enterprises into more sustainable ones, this requires business development centres to also provide personal skills such as assertiveness, negotiation, and leadership so that women are better able to overcome opposition when setting up enterprises that have been traditionally operated by men. The women of Vezi Khono enjoyed the benefits of these skills because of their membership in SEWU. However, for women survivalist entrepreneurs who are non-members, having these type of personal development courses available at local business development centres would be of great benefit not only for their business, but also for the position they have within their households.

Given the importance of SEWU in increasing the chances of successful enterprise establishment, increasing the organisational strength is of pressing importance. The organisation must not only concentrate on increasing its membership base, but also focus on consolidating the membership it already has. One effective way to do consolidate would be through the further organisation of workers along sectoral lines. Although SEWU branches are already divided by sectors, an important next step is to bring together women involved in the establishment of enterprises in the same sector. That is, it may prove fruitful to bring together the 5 SEWU branches that operate blockmaking enterprises together so that they may strategise and possibly buy in bulk. The participation and sectoral approach used by SEWA may work to the advantage of SEWU as well.

Increasing opportunities for skills development is also an important way in which SEWU create greater incomes and security for its members. According to SEWU Annual Reports, the number of members who have been trained dropped significantly between

1995 and 1998 (from 310 in 1995 to only 113 in 1998). Greater efforts on the part of SEWU are needed to increase trainees and to ensure that the skills development its members receive is in line with market demand. SEWU should also ensure that the training institutions that it sends members to use participatory methodologies that address the complex causes of poverty and concentrate on enterprise development in a holistic manner through follow-up and mentoring.

Enabling Environment

Increasing chances of success also requires that government create an 'enabling environment'. Provision of infrastructure must take priority. Infrastructure which includes at minimum roads to access markets, electricity to extend the working day, and piped water to decrease time spent collecting water from the river, is necessary to make successful enterprise development possible. Lack of infrastructure accounts for some of the biggest obstacles facing Vezi Khono's ability to meet orders and to increase the incomes of its members. Lack of infrastructure also highlights the importance of skills development to also emphasize the importance of organisation so that workers in the informal economy, and the poor generally are able to lobby for service provision in their areas. Once again, the women of Vezi Khono have benefited from SEWU's influence in encouraging their greater participation in the local development committees in their area. According to Agnes Khuluse, other non-members of SEWU either do not go to meetings or are silent when they do attend:

I go to Development Committee meeting to help build our community. If the Induna talks crap, I just raise my hand and tell him, '*hiii!* Repeat that statement Induna. I think you are wrong.' I don't just go there like other women who don't say anything. Maybe they just look around and only say, 'we support you, we support you'. Me, I say, 'Induna, you're wrong – explain what you mean'. These other women who say nothing... you ask them what happened at the meeting and they can't even tell you"

There is a particular need for the development of negotiation skills that will better enable women to deal with power structures whether in the form of tribal authorities or local government. However, it must be recognised that not all women will take an assertive role in relation to power structures – despite learning negotiation skills and attending confidence-building workshops.

In terms of creating an enabling environment, there is a large role for local government to play. Local government can directly play a role by ensuring that infrastructure that allows for enterprises to be sustainable is being made available in the areas of its jurisdiction. Local government can also directly improve the chances of success for enterprises in the informal economy by allowing government land, buildings, and tools to be used.

Subsidising the cost of training courses and other services that are part of the training package is another way in which local government can contribute.

Generally, government can play a part by removing restrictions and barriers that act as impediments to survivalist enterprises operating. This may mean the removal of laws that prohibit operations or the use of government buildings for workshops. In particular, the local schools, clinic, and community hall could be used. Governments can make training provision a basic social service and support microenterprises in the informal economy to demonstrate this commitment (Bennell, 1999: 22). Regulations can also be written that require training to be participatory, couched in community development, and in market demand before providers are allowed to receive grants to provide technical training.

At a macro level, an enabling environment means following development trajectories that are labour intensive. McGrath refers to creating an enabling environment as a leveling of the playing field and advocates for small and microenterprises in the informal economy to “receive special treatment which takes account of their particular circumstances” (McGrath, 1999: 39). This may mean that government encourages medium and large industries to out-source from the local informal economy instead of providing import subsidies (McGrath, 1999: 40).

Research and Dissemination of Findings

Government also has a role to play in research and dissemination of findings. One of the reasons why women’s survivalist enterprises in the informal economy have not been prioritised in skills development strategies around the world has had to do with the lack

of good quality research being conducted and the findings of these studies being properly disseminated (King, 1989, Bennell, 1999).

The absence of research is one factor contributing to the marginalisation of training for the informal economy that looks specifically at the oppression women receive as women. Male-bias in the informal economy and in research looking at training in the informal economy has placed more emphasis on the manufacturing/productive sides of the informal economy rather than the services/trading segment, where women are predominantly situated (Goodale, 1989: 48).

This lack of gender analysis is part of a greater research problem. Bennell argues that there is currently an *information crisis* regarding VET and the informal economy. Due to the minimal amount of quality research into training “most attempts at global experiences of training for the poor are characterized by sweeping, unsubstantiated observations, generalizations and recommendations and chronic anecdotalism” (Bennell, 1999: 6).

Adding to this *information crisis* is the rarity of representative samples of graduate trainees being conducted and the low response rate when such samples are carried out (Bennell, 1999: 6).

Other authors, such as King, have also highlighted the lack of good quality research concerning training in the informal economy. King asserts that the absence of a time dimension in most studies of the productive elements of the informal economy means that little is known about 1) social dynamics 2) avenues for advancement for trainees, 3) where technological change comes from and how it is dispersed 4) analysis of the skills knowledge that is gained in the informal workshop, 5) business cycles. (King, 1989: 23).

Although NGOs do a lot of innovative work within the informal economy, there is not enough analysis, evaluation, and dissemination of findings. This is a matter of capacity and finances. King advocates for greater feedback of the work and findings of NGOs to be fed into national training boards. He states that if national training boards used their money for research instead of using it entirely for direct programmes in the informal economy, money and resources would go farther (King, 1989: 32).

Compounding the information crisis has been the lack of communication between countries about attempts at training for the informal economy. While the Latin America region has the ILO sponsored CINTERFOR which acts a resource centre for the dissemination of research findings, such an established organisation does not exist in either southern Africa or in Africa as a whole.

The creation of the Skills Development Planning Unit by the Skills Development Act, 1998 is a step in the right direction. According to the Act, the Planning Unit is to perform the following functions:

- a. to research and analyse the labour market in order to determine skills development needs for—
 - i. South Africa as a whole;
 - ii. each sector of the economy; and
 - iii. organs of state;
- b. to assist in the formulation of—
 - i. the national skills development strategy; and
 - ii. sector skills development plans; and
- c. to provide information on skills to—
 - i. the Minister;
 - ii. the National Skills Authority;
 - iii. SETAs;
 - iv. education and training providers; and
 - v. organs of state

Effort must be made to ensure that the work of this Unit does not solely focus on research that is only concerned with making South Africa internationally competitive through high tech skills, as has been the case internationally. It is of utmost importance that research and evaluation is conducted into non-formal training and skills development in the informal economy. A pro-poor training strategy is dependent on such information.

Reform will only occur when it can be shown that training for the poor can make a significant difference when it is participatory, accompanied by a package of services,

and an enabling environment is being fostered. Thus, agencies such as The Centre for Partnerships in Enterprise Research and Technology Transfer (CEPERTT) have important roles to play in the support of research and the dissemination of findings. The aims of CEPERTT are: 'to co-ordinate research on and assistance to the developing SMME sector in KwaZulu-Natal, particularly the manufacturing sub-sector, and more particularly women micro-entrepreneurs in the survivalist sub-sector'. Clearly, CEPERTT has an important role to play not only in commissioning research, but also in ensuring that women in the informal economy are actively involved in research processes, and that findings are not only disseminated to researchers and service providers, but also made available in an accessible format for workers in the informal economy while at the same ensuring that their input has been integral to the research.

Although this dissertation is based on a modest case study, the experience of Vezi Khono provides valuable lessons. Vezi Khono is an excellent example of how microenterprises in the informal economy can be made more successful and sustainable. Vezi Khono also demonstrates that success is reliant on market-demand for the product, skills development that is participatory and takes into consideration the way in which poor women learn, that a package of services is available, and the recognition that organisation is important in pushing government to create enabling environments and for fostering the independence, confidence, and assertiveness needed to create successful enterprises.

Appendix I: Microfinance Institutions

It has only been in the recent past that the ability of the poor to save has been recognised. Stuart Rutherford's work highlights the importance of savings for the poor. He points out the irony that current MFIs (Microfinance Institutions) have exploited the capacity of the poor to save only by forcing the poor to go into debt (Rutherford, 1998:1).

Rutherford argues for the urgent need for MFIs to shift their approach, thus allowing for the very poor to access financial services while at the same time offering a better range of services to a wide client base (Rutherford, 1998: 1). Moreover, he argues that if MFIs were more like financial intermediaries they "would be able to offer the poor a better service, encourage poorer customers to use their services, and move more quickly away from dependence on donors for their finance" (Rutherford, 1998: 2). Rutherford outlines the following changes that are necessary to bring about a pro-poor shift in MCI provision:

1. Intermediation of savings into loans (Small deposits, convenient locations, convenient times and loans that are in sums that correspond to ability to save),
2. Disciplined procedures (this includes incentives to save on a regular basis such as interest rate bonuses and fines, access to loans, offers to place savings in higher interest rate fixed deposits once a substantial sum has been achieved) (Rutherford, 1998: 10).
3. Elimination of entrance barriers (this would allow the very poor to access a safe place to deposit with a holder that is willing to accept very small amounts "they would be neither excluded initially nor part of a system which eventually spits them out. Rather, as savers, they would be sought after as valuable customers" (Rutherford, 1998: 11),
4. lower transaction costs (for both the provider and the customers), and
5. flexibility and range of services

Microfinance has often been argued for in terms of greater gender equality. It has been assumed that the provision of loans, for example, will be to the benefit of poor women as it will increase the economic leverage they have within the home and in the wider community. However, work by Goetz and Gupta conducted in 1994 reveals that it has been naïve to assume that loans targeted at women will necessarily contribute to greater power within the household. They found that of 4 agencies that provide loans targeted at poor women (Grameen Bank, BRAC, PROSHIKA, and BRDB) 39% of the loans are fully controlled by men while a further 24% of these loans are partially controlled (Hulme

and Mosely, 1996: 128). Clearly, Rutherford's argument that MFIs need to shift their activities must also include measures to ensure that savings are kept under the name of the woman as has now become the case with the SEWA bank.

Appendix II: The Vocational School Fallacy

Providing skills training in schools has had wide appeal with politicians, government bureaucrats, and others who advocate for the state to play a heavy public trainer role. The interest in providing skills training in schools has been primarily motivated by issues of scale. While NGOs and training institutions are capable of training only limited numbers, "basic schooling reaches hundreds of thousands or millions of young people for six or more years"(King, 1989: 27).

As early as 1972, the ILO mission to Kenya argued that school curriculums should be more practical and now students are taught how to make the same type of split chairs and tin lights sold in the informal economy. The students are subject to national examination.

However, in light of the 'Kenya experiment' various criticisms have been made of training for the informal economy being conducted in schools. These criticisms are rooted in the *vocational school fallacy* that was put forth by Phillip Foster in 1968. Foster's vocational school fallacy is a critique of those (primarily Thomas Balogh and the UN) who were arguing at this time that the African school system should promote agricultural education because of agriculture's importance to the continent. Formal schooling was seen as the principle culprit responsible for 'the flight from the rural areas to the towns' because of the curriculum's hostility to agriculture. Balogh argued that technical agricultural skills should be taught in schools because this education was more practical and poverty alleviating than formal academic education (Foster, 1968: 396).

While Foster agrees that agricultural development is important for raising incomes and that this must take priority before industrial skills training and industrial development in general, he has two main criticisms of vocational schooling: 1) "reliance on *formal* educational institutions in instituting change" (Foster, 1968: 398) and 2) emphasis on vocational schooling tends to "view vocational and general education as substitutes for each other rather than to see them as essentially complementary and hardly substitute" (Foster, 1968: 398).

In contrast to those advocating vocational schooling as a means of achieving the goals of economic planners, Foster is suspicious of the ability of schooling to meet such aspirations. He argues instead “schools are remarkably clumsy instruments for inducing prompt large-scale changes...and the schools have not often functioned in the manner intended by educational planners” (Foster, 1968: 398).

Foster’s vocational school fallacy is relevant to the more recent discussion of training for the informal economy being conducted in schools today. He points out that it is ludicrous to expect schools to provide relevant vocational training when they experience difficulties in providing even the most basic levels of education (particularly literacy) upon which to base successful vocational instruction:

If at present the schools perform these basic functions ineffectively, it is patently absurd to expect them to incorporate a range of auxiliary vocational activities – quite apart from the relative absence of staff either competent or willing to undertake such activities” (Foster, 1968: 418).

More recent literature repeats these criticisms. Using similar arguments, Simon McGrath comments in 1999:

there is a need for caution in theorizing new roles for education and training. These systems are frequently criticised for failing to provide preparation for the formal sector, traditionally one of their functions. What evidence is there for thinking that they will be more able to plan for what has traditionally been unplanned? Clearly any simple vision of schools forming their pupils into young entrepreneurs through mere curricular changes is fallacious. Equally, given the massive criticisms of vocational training institutions’ failure to place their students in formal employment, why should they be expected to be any better at preparing them for the informal sector? (McGrath, 1999: 41-2).

Criticisms have also been made against training for the informal economy being conducted in schools because it can rarely go beyond the technological knowledge of the informal economy and often falls short of this (King, 1989: 28), the informal economy does not need the ‘help’ of schools as it has its own systems of innovation (Ibid), and finally, vocational schooling has not proven to be successful in channeling girls into skills areas that have traditionally been the domain of boys and men (Bennell, 1999: 15).

King also warns

the school system may prepare large numbers for the informal sector by not permitting them to continue their education beyond a certain level. In other words, what is commonly perceived as failure in school operates as one of the first major orientations to informal sector jobs” (King, 1989: 29).

Despite these criticisms, many continue to push for training for the informal economy to occur in schools. This continued push is due to a failure in understanding how and why people work in the informal economy and of the complex causes of poverty more generally. Vocational education does not guarantee employment - informal or otherwise. Although vocational schooling may alter people’s perceptions toward work in the informal economy, it can not guarantee that it will provide them with skills that will lead to secure livelihoods. According to Foster, “the idea that children’s vocational aspirations can be altered by massive changes in curriculum is no more than a piece of folklore with little empirical justifications” (Foster, 1968: 405).

Foster argues that without the institutional complex which would make training in new agricultural techniques useful and profitable, vocational instruction will do little in the way of inducing youth into farming (Foster, 1968: 410). The same could be said of work in the informal sector – that simply offering training in business/entrepreneurial/cooperative skills at the school level will not be enough to induce an entrepreneurial spirit among youth until it is evident that there exists an entire institutional framework which effectively promotes micro-enterprises. One reason why politicians favour vocational schooling is because it lets them off the hook of truly making an enabling and pro-poor environment – a discussion which will be tackled later on.

Foster’s work is also important as it reveals the danger of viewing basic and vocational schooling as mutually exclusive. ‘Getting basics right’ in languages, math and science is integral for success later on in informal enterprises. The schooling system would do well to concentrate on these basics rather than forfeit resources and time in vocational subjects that do not necessarily lead to sustainable incomes.

Appendix III: The South African Skills Development Strategy

There are various pieces of South African legislation that deal with skills development such as The White Paper on Education and Training (1995), The South African Qualifications Authority Act, 1995, The Skills Development Act, 1998 and The Skills Development Levies Act, 1999, yet none of these explicitly draws the connection between training and the establishment of sustainable enterprises. The only vague reference toward skills development and SMME creation that can be detected is in the Skills Development Act. One of the purposes of the Act is to 'promote self-employment', yet how this is to be done and by whom is left in question. Neither the section of the Act that creates the National Skills Authority nor the chapter which establishes SETAs mentions the promotion of SMMEs or self-employment generally.

The new training system has been heralded as a 'skills revolution' by the Department of Labour (DoL) (Staff Communiqué: Department of Labour Newsletter, April 2000: 10). Unification of the training system has been the goal as has been the redress of past imbalances in access to education and training. Although there were efforts to make the process consultative, the poor and organisation representing their interests were not specifically included (Bennell, 1999: 23).

The new system replaces 33 Industry Training Boards with 25 SETAs (Sector Education and Training Authorities). The following is a list of the new SETAs:

- | | |
|---|--|
| 1. Financial and accounting services | 7. Education, training and development practices |
| 2. Banking sector | 8. Energy sector |
| 3. Chemical industries | 9. Food and beverages manufacturing industry |
| 4. Clothing, textiles, footwear and leather | 10. Forest industry sector |
| 5. Construction | 11. Health and welfare sector |
| 6. Diplomacy, intelligence, defence and trade | 12. Information systems, electronics and telecommunications technology |

13. Insurance
14. Local government, water and related services
15. Media, advertising, publishing, printing, and packaging
16. Mining qualifications
17. Manufacturing, engineering and related services
18. Police, private security, legal and correctional services
19. Primary agriculture
20. Public service sector
21. Secondary agriculture
22. Services sector
23. Tourism and hospitality
24. Transport
25. Wholesale and retail sector

The new system is funded by levies collected from employers in each sector and then administered by the SETA for that particular sector's training. The Skills Development Levies Act, 1999 came into effect on 1 April 2000 and requires that employers pay a skills levy of 0.5% of their payroll. This money is to be redistributed by the SETAs in the form of grants for training. Twenty percent of the collected levies are to be put into the National Skills Fund (NSF). The National Skills Fund is mandated to oversee 'national priorities' in skills development. The Fund is to be administered by the National Skills Authority (NSA) which is to contain 24 voting members in total. These members include NEDLAC appointed representatives from organised labour, business, government, community organisations, and training providers. The NSA is empowered to develop national skills policy, strategy, and implementation. The NSA is also to liaise with the SETAs.

In contrast to the National Skills Authority, each SETA is only to contain representatives from employers' organisations, organised labour, and government. It is the task of these tripartite representatives to establish skills development strategies in line with the skills needs of their respective sectors. It is important to note that the SETAs are not mandated to contain representatives from either the informal

economy or organisations representing the poor. Although there is provision made in the Act for the Minister of Labour to include 'any interested professional body' or 'bargaining council with jurisdiction in the sector' to sit as members of the SETA, inclusion of those representing the poor or the informal economy is not mandated. The active participation of organisations representing the poor, the informal economy, and survivalist workers themselves is key for the creation of pro-poor skills development strategies within the SETAs. However, to include the voices of the survivalist enterprise workers may be threatening, as Bennell points out:

...pro-poor training reforms will invariably threaten powerful vested interests – both those of capital and organised labour in the formal sector. Thus, it is rather ironic that conventional tripartism between employer and worker organisations and the state, which was originally introduced as a progressive, social democratic governance arrangement, has become a major obstacle preventing the poor gaining an effective voice in VET systems in many developing countries (Bennell, 1999: 21).

It must be noted, however, that the creation of the National Skills Fund is still a progressive step forward for South Africa relative to other low and middle-income countries. Without such a fund, countries in Latin America, for example have experienced resistance on the part of formal firms contributing toward the skills development of survivalist enterprises in the informal economy (Bennell, 1999: 9).

Included in the Skills Development Act are learnerships. These learnerships have been extended from their past role in blue collar occupations to now include apprenticeships in white collar occupations. There appears to be confusion in the literature as to whether learnerships in the informal economy will be accredited by the NQF (see Bennell, 1999, for example). However, a close reading of the Skills Development Act reveals that there is no such stipulation outlined. According to Thabo Matjabe of the Department of Labour, learnerships will be accredited with the NQF after a SETA has made a proposal. In order for a learnership to be established, the individual SETA is required to show that the learnership is a "reaction to a demonstrable need"(personal communication, 2 June, 2000). Thus, a learnership will not occur unless there is market demand. However, without the mandated representation of the poor and the informal economy in the SETAs it remains doubtful that learnerships in the informal economy will even be recognised as being important.

Following international trends, South Africa adopted the National Qualifications Framework (NQF) through the South African Qualifications Authority Act, 1995. There are 8 levels of qualifications in the NQF. The levels were created with the intention of fostering greater portability of skills from one firm to the next while at the same time rectifying the racist imbalances of the past. According to Linda Chisholm and Bruce Fuller,

The NQF aimed to eliminate segmented and racist divisions between education and training, manifest in examination and licensing procedures that historically controlled access to education and wage-sector jobs (Chisholm and Fuller, 1996: 706)

However, critics argue that this new system of qualification levels will be expensive and deter employers from providing training in the fear that they will lose their employees to other firms (Bennell, 1999: 23). There is also criticism of the NQF because it is a near replica of the qualifications frameworks found in more industrialised countries such as Britain, Australia and New Zealand – countries with entirely different socio-economic situations than South Africa.

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