

**THE ROLE OF LOCAL GOVERNMENT IN INCOME GENERATING POVERTY
ALLEVIATION PROJECTS IN THE AMAHLATHI MUNICIPALITY**

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CHAPTER 1

RESEARCH FRAMEWORK

1.1 INTRODUCTION

The early industrialization and subsequent emergence of migrant labor system in South Africa disrupted conventional economic methods and social cohesion of society, particularly in the former rural homeland areas. Insufficient economic resources in villages pushed people to search for work in the urban areas. On the other hand, abundance of employment opportunities in the urban areas pulled people to venture into the cities. Apartheid control of out-migration from the rural areas added to this complexity. The system encouraged male migrants and placed restrictions on the migration of women to towns (Banks 2001:18). These conditions led to a host of social and economic problems that perpetuated poverty in rural areas. The coming to power of the African National Congress in 1994 has not significantly changed these dynamics.

Two major problems emerged in rural areas. Traditional agriculture and livestock productions were replaced by heavy dependence of rural households on migrant remittances, which were often unreliable. Secondly, the migration of men forced rural women to develop their own strategies for income earning in order to support their families. In facing the challenges many women organized themselves into groups and made use of the available resources to establish income-generating projects (IGPs).

Income generating projects are initiatives to generate income and employment in order to deal with the scourge of poverty. However, the projects are often too small to generate any meaningful income, particularly when viewed in relation to the time and effort invested on them. According to Muchena (1987:44), the projects are often within the realms of women's traditional roles of sewing, knitting and baking.

This study focuses on these projects. While IGPs sprung up as ways to alleviate poverty, there are questions as to their effectiveness. Mayoux (1989:1) states that, IGPs have not been economically viable, they have had serious problems and they have not achieved their aims. Despite this, women have continued to initiate and engage in such projects. Furthermore, men have also participated though to a lesser extent.

1.2 STATEMENT OF THE PROBLEM

The elimination of poverty has become the overriding objective of many international development agencies, national governments and non-government organizations (Mullen 1999:v111). Furthermore, the majority of governments have also committed themselves to the same Program of Action of the World Social Summit committed to poverty elimination, held at Copenhagen in 1995. Many governments have since 1995 pursued substantive poverty reduction initiatives in terms of policies, realignment of public expenditures to address deprivation and investment in the productive capacities of low-income population (Ibid.). Like many other countries South Africa has also committed itself to poverty reduction efforts.

The Eastern Cape is one of the poorest provinces in South Africa. The province has a large rural population, which is mainly located in the former homelands of the Transkei and Ciskei (Bank 1999:1). The major problem is unemployment, which arises from the massive retrenchments of the 1990s that have affected people in the area. The rising rate of unemployment has compounded problems of poverty. With the new municipal demarcations, local governments are expected to take part in poverty alleviation. This is seen as part of its mandate in terms of development.

Amahlathi municipality as a local government also shares this mandate. The main challenge faced by the municipality is to counter the effects of endemic poverty (Amahlathi IDP 2002:1). At present the municipality is making use of a variety of new approaches such as the Local Economic Development Plans and Integrated Development Plans to participate in poverty alleviation. Simultaneously, due to the unavailability of conventional employment, communities in these areas engage in the old approaches of

income generation. Considering that poverty is an issue in the district and that at their inception IGPs are expected to create employment and incomes, the role of Amahlathi municipality in supporting these initiatives is seen to be of fundamental importance as part of a poverty alleviation strategy. Nonetheless the dilemma is whether it is a realistic or appropriate route for local government to support IGPs.

There is a growing expectation that local government should get involved in IGPs, but the role it is required to perform is not clear. So far, the Amahlathi municipality has provided funding and organized skills training to support IGPs. The question is whether this is appropriate or not. It is therefore, the purpose of this study to investigate whether local government's current and proposed forms of support are appropriate and address the endemic problems of these projects.

1.3 RESEARCH QUESTION

In Amahlathi, what should be the role of local government in the support of IGPs?

1.4 SUBSIDIARY QUESTIONS

- Why is there a need for local government to support IGPs?
- What are the problems of supported and non-supported IGPs?
- How are IGPs currently supported?
- Are these interventions likely to make a difference to the problems experienced by projects?
- What is the impact of projects on poverty in Amahlathi?
- In the case of Amahlathi, what kind of support is planned by local government in terms of?

Management

Skills

Business aspects and marketing of projects

Community involvement

Rural context in terms of distance to market places

Links to local government.

- What roles should local government play in projects?

1.5 HYPOTHESIS

Current forms of support provided by Amahlathi local government does not adequately address the unsustainability of IGPs and their weak impact on poverty, and they is thus need to be restructured.

1.6 WORKING DEFINITIONS

The following are working definitions that are going to be used to show how a term is understood and will be used for the purpose of this study.

1.6.1 Local Government Support

The word 'support' is a difficult concept to define particularly when it has to be measured relative to objectives and circumstances that might vary considerably within projects.

Local government can provide support in a variety of areas:

- Government could provide training on how to establish and maintain projects through offering business management courses and updating training linked to the product produced.
- It could monitor and evaluate the projects.
- It could advise and help project participants in conducting viability and feasibility studies for the projects to operate efficiently.
- It could encourage communities to be entrepreneurs rather than employees.
- It could try to establish market linkages for the products.

1.6.2 Income Generating Project

An income-generating project is a small-scale individual or communal business enterprise like vegetable gardening, poultry or pig farming, and handicraft and baking project. The rural poor embark upon the initiative in order to gain income and employment and to improve their social and economic conditions.

1.6.3 Project Sustainability

Sustainability refers to having qualities of resilience and adaptability to respond to change (Eade and Williams, 1995:79). A project is sustainable when it offers continued benefits from an activity, copes and recovers from problems and gradual changes of its surroundings and maintains or enhances its capabilities.

1.7 RESEARCH METHODOLOGY

The research methodology involved both primary and secondary sources of data.

1.7.1 Secondary Data

A variety of secondary sources proved to be insightful for this dissertation. The reading of this material, particularly on IGPs was essential, though scanty. The Institute of the African Alternatives (IFAA) conference papers edited by Mayoux and the Oxfam publications proved to be useful and contributed invaluablely to the study.

With respect to data concerned with the current initiatives on poverty alleviation, recent government documentation on various sources was used. The sources included various National, Provincial and Local Government Policy papers; government web sites, especially the Department of Provincial and Local Government (DPLG) and programmes such as the Integrated Development Plans. Access to these policies was gained from the Gauteng Department of Public Works (national policies) and the Department of Agriculture (provincial policies).

1.7.2 Primary Data

Conducting interviews was favoured as being the most practical and effective way to elicit information from the respondents. The interviews conducted were semi-structured. A variety of officials were interviewed in the process. Miss Manzi, an Assistant Director in the Department of Agriculture was interviewed as a provincial official responsible in anti-poverty projects. The questionnaire was structured in a way to understand how the provincial government is conducting poverty alleviation projects, what are the problems encountered and plans to counteract pressing issues (see Appendix 1). In Amahlathi municipality Miss Khonza, an Executive Committee member involved in local economic development provided information on current analyses of IGPs undertaken by the local government. The interview focused on a variety of issues such as empowerment of communities, training of project participants and assessment of plans to support IGPs (see Appendix 2). The interviews lasted between thirty minutes to an hour depending on the depth of the information needed.

Finally, semi structured questionnaires were administered to 8 income generating project leaders in Amahlathi. The projects studied vary between local government supported and non-supported projects. The approach used was to visit various sites in which the IGPs were located. The questions were directed in such a way that the project leaders reveals the type of the projects, the history of its initiative, the activities that are undertaken in the projects, the type of support obtained, performance and problems experienced by the projects (see Appendix 3). The people interviewed were therefore as follows:

- Mrs Majola (Sisonke women's baking project)
- Mrs. Makapela (Masincedane sewing project and Sophumelela poultry)
- Miss Rantyi (Nompumelelo sewing and knitting project)
- Mrs. Sigwabe (Abesuthu sewing project)
- Mr. Skeyi (Silwindlala garden project)
- Mr. Matewu (Masizakhe garden project)
- Mr. Nzuzo (Isithebe soluntu umbrella project)

During the interviews the interviewer was free to vary the sequence of the questions depending on the response obtained, to explain the meaning of the question and to add additional ones and even to change the wording when necessary. This method of interview ensured that all relevant topics were discussed. The respondents were also asked to give their own views with regard to the topic at the end of the interview.

At the end, the information obtained from both the primary and secondary sources was synthesized and analyzed to understand the nature and the dimensions of IGPs. This information is presented in detail in the next chapters. Notably, there were similarities in the findings of the interviews with those of the studies by Mayoux (1988), Wallace (1991) and Besha (1994).

1.8 STRUCTURE OF THE DISSERTATION

Chapter 1 sets out a brief introduction to the study, explains the topic, research problem, questions and the hypothesis. It further presents the working definitions and method that will be used to collect data and the chapter outline of the dissertation itself.

Chapter 2 is the literature review to provide a framework within which the study is undertaken

Chapter 3 provides the South African context of national policies towards poverty alleviation projects and their support by government. It further presents the context of the Amahlathi municipality, its Integrated Development Plan and its approach to poverty alleviation.

Chapter 4 presents detailed analyses of the projects in Amahlathi.

Chapter 5 draws some conclusions and recommendations of the study. Its main purpose is to draw together the arguments and conclusions of the dissertation as a whole.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

Due to the impact of poverty in destroying the social fabric in terms of income and employment, the Government of South Africa has committed itself to the elimination of poverty. To ensure that the commitment is fulfilled, responsibilities have been assigned to local governments for a more effective impact and focus. An effective local government is seen as key to poverty alleviation. Local government in line with the national commitments has developed various anti poverty approaches whose purpose is to target the most vulnerable people and communities.

This chapter begins with a definition of poverty in order to understand the dimensions of the concept. To supplement the concept, a brief overview of the composition of poverty in South Africa is provided to give an insight as to why is there a need to commit to poverty alleviation. The notion of a developmental government is then discussed in a manner that will potentially shed light on the current approaches of local government to poverty alleviation.

The focus then shifts into theoretical approaches to poverty alleviation and development. These approaches are to provide a basis to lead the argument into the core concern of the study, which are income-generating projects. As the main theme of the dissertation, the history of IGPs will be traced, and international experiences with IGPs will be explored. Lastly, the chapter concludes by summarising the issues.

2.2 DEFINING POVERTY

The word 'poverty' projects a particular image: lack of money, living below the breadline, being in need, and being helpless or powerless (Wuyts, 1992:18). The images create a list of questions that addresses some of the images on poverty and ignore others.

It is in the writings of Lipton and Ravallion (1997:1), that the three tasks of poverty analyses are strongly highlighted. The tasks are, to define and describe poverty, to understand its causes and to inform policy on poverty alleviation. These tasks capture the various ways to explain and understand what poverty is.

Shaffer (1996:23) defines poverty as deprivation of basic needs that usually results from inadequate command over commodities, largely determined by income. General basic needs, according to the Maslow's hierarchy of needs refers to food, clothing and shelter. The definition by Shaffer suggests that being poor is measured by incomes, meaning a requirement to fulfill a certain standard of living. Basic needs also involve issues such as health and education. Having no education or sickly health due to lack of income to address the problem is also part of poverty.

The aforementioned definition encompasses the categories used to classify poverty namely, absolute and relative poverty. Absolute poverty is a situation where the basic needs are barely met. Relative poverty refers to the standards of a specific society. In this case it should be recognized that what is necessary to satisfy basic needs varies in time and society.

There are other efforts that have been made to measure living conditions of the poor in order to understand poverty. Poverty in these efforts is measured along human development lines contrary to poverty lines based on income data. These indicators are empirical measures of other phenomenon, which allude to poverty and levels of living. The measures include life expectancy, child and infant mortality and extent of literacy. The indicators are preferable because they draw attention to the actual realization of basic needs, 'as opposed to the potential values of income in achieving those needs' (Razavi, 1987:51).

2.3 COMPOSITION OF POVERTY IN SOUTH AFRICA

It is stated that South Africa is an upper-middle-income country. Despite this relative wealth the majority of South African households experience either outright poverty, or continued vulnerability to poverty, (DSD, 2002:11). In measuring poverty the Department of Social Development mentions that, the rate of poverty in South Africa (a measurement of the extent of absolute poverty) is 45%. This translates into 3,126,000 households or more than 18million people living below the poverty line (pegged at an income of R 353), (DSD, 2002:12). The Department's estimation of unemployment is around 33%, with figures as high as 50% in rural areas.

Provincially the incidence of poverty varies. The following table shows the provincial rates of poverty in South Africa

Table 1: The Proportion of Populations Affected by Poverty by Province

Province	Poverty levels
Northern Province	77.9%
Eastern Cape	74.3%
Mpumalanga	63.9%
KwaZulu-Natal	63%
North-West	60.9%
Northern Cape	57.5%
Free State	54.1%
Gauteng	32.3%
Western Cape	29.1%

Source: Department of Social Development (DSD) 2002:13

It is apparent that the Eastern Cape is the province with second highest levels of poverty. The analyses of poverty in this province is provided in detail in Chapter 3

Statistics SA (2000) considers household's spending less than R600 to be very poor. Furthermore, expenditure of R601 to R1000 was considered to be poor. Vaughan (2002:2) states that at the time of the Census 2000, 17% of households in South Africa were very poor with an expenditure of less than R600 per month, while 25% were poor.

Given the latter background, this means that the war on poverty in South Africa has become a challenge and should be a priority. Although there is an indication of progress that has been made towards poverty in the past few years of democracy, the progress is more in terms of the provision of infrastructure and basic needs such as water and sanitation. By contrast, many households still have either unsatisfactory employment, or are not employed at all to create income. Based on estimations, R28 billion would be required merely to increase the income of those South Africans living below the poverty line (DSD, 2002:16). Poverty alleviation is an important goal of government and has been incorporated into the notion of developmental local government.

2.4 DEVELOPMENTAL LOCAL GOVERNMENT

Developmental local government represents a new era in the municipal history of South Africa. It represents a shift in political expectations and legal provisions and marks a radical break from previous (pre-1994) local government dispensation (Nel and Binns, 2001:355). Developmental local government, according to its most common and general definition is one that intervenes effectively to promote the economic development of its region, town or country (Mackintosh, 1991:37). This is now balanced with other responsibilities of local government. Appalraju(1994:9) asserts that local government has a clear role in providing the appropriate framework for development and acting to counteract inefficiencies, inequalities and environmental damage, but these interventions need to be more selective, more strategic and more realistic. These new roles are different to local government roles in the past apartheid era.

The mandate of the past local government (LG.) was limited to the provision of municipal services. Then, local government was an implementing arm of the government not the decision making arm of local government. It was therefore subjected to a

centralized system of government, where it has little financial control and decision-making power. However, the present local government is urged to promote the social and economic development of the community. It is stated that, local government will be a very different type of institution from the sidewalks and sewerage municipalities of the past (Atkinson, 2001:554).

This study supports the developmental approach of the local government. Devas and Rakodi(1993:33) state that, “it has generally been seen as the role of the state to protect the poor from being further disadvantaged by the operations of the market, and to redress at least some of the inequalities in income and wealth”. The new responsibility of a local government requires that municipalities develop programs aimed at meeting the particular needs of its community, specifically, job creation and poverty alleviation. As a result, in defining a developmental local government the Local Government White Paper (1998:17) states that, a developmental local government is local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives. These principles of a developmental LG have further been analyzed in various documents such as the Municipal Structures Act of 1998, which defined the structures of local government. The Municipal Systems Act of 2000 required municipalities to develop an inclusive strategic plan, the Integrated Development Plan, for the development of the municipality.

There are two distinct elements of a developmental local government stated by Mackintosh. The first is developmentalism in the policy sense whereby the local state plays an active role in economic reconstruction and distributional issues. (Mackintosh, 1991:38). While economic reconstruction is an important element of developmental local government, it must be viewed in relation to how infrastructure is distributed and who benefits from it. To engage in economic development alone is not sufficient. It is also important to ensure the delivery of local government goods and services directed to those that require them the most. In South Africa it will mean delivery to the previously disadvantaged areas such as the rural areas and townships.

The second element is developmentalism in a process sense. This defines a way of working within the local state that shifts the location of power, changes the access to information of different social groups and develops capacities of the previously less powerful. (Mackintosh, 1991:38). It encourages community participation so that even the marginalized communities have say in developmental issues.

In explaining the developmental expectations placed in South African local government, Nel and Binns (2001:356) state that, the emerging developmental local government is a result of broadly interrelated contextual and policy considerations including the following:

- The country's unemployment crisis, a situation aggravated by the loss of approximately 1 million jobs in the 1990s. This is a matter of serious concern and requires urgent innovative employment creating strategies, including those at local government level. To participate in employment creation strategies the local governments are engaged in local economic development plans (LED). An LED plan takes into consideration the current situation of the area in terms of needs and available resources and processes the information into applicable projects. The key theme is to create employment and boost the economy of the area.
- Local government has shifted from the previous service-oriented focus. Now it is charged to work with local communities, 'to find sustainable ways to meet their needs' as provided in the aforementioned definition of a developmental local government.
- The principle of devolution of power to communities reinforces popular participation in the local affairs and development. This is entrenched in the Municipal Systems Act (2000) as it says that municipalities must develop a culture of municipal governance that complements formal representative government with a system of participatory governance.
- The role of local government has been enhanced, as it is not only the lowest tier of government, occupying a subordinate position. But rather it is a distinctive sphere of government occupying a unique and important position.

The analysis of a developmental local government and the broad considerations in which the concept emerges makes it clear that local government is at the heart of a developmental process in South Africa. It is a sphere of government in its own right. Through its proximity to grassroots linkages, infrastructure investment programs, local economic development strategies, partnerships with the private sector and integrated development, local government is believed to be the public service agency best able to have a direct and enduring impact on the lives of the citizens (May, 2000:38).

2.5 THE ROLE OF DEVELOPMENTAL LOCAL GOVERNMENT IN POVERTY ALLEVIATION

It should be noted that government does not have a single policy directed towards the elimination of poverty but various policies and programs aim to reduce poverty. In this section the consideration is on the local government policies associated with poverty alleviation. The policies examined are the Local Government White Paper 1998 and the Local Economic Development Policy Paper 2000. The Integrated Development Plan will be examined as a tool for local government to achieve its role.

2.5.1 Local Government White Paper

In March 1998, the Ministry of Provincial Affairs and Constitutional Development issued the White Paper. The key theme running through much of this policy is development in every aspect that the municipalities engage in. Swilling (1997), LED News (1998) and Nel and Binns (2001) reinforce this notion, including the White Paper itself. In order to achieve the objective of being developmental, the local government is expected to: maximize social development and economic growth by using its municipal powers and functions; help ensure that local economic growth and social conditions are conducive to the creation of employment opportunities; ensure that development is democratized and that benefits accrue to the marginalized communities; and to build social capital and empower communities.

The policy calls for all municipalities to become more strategic, visionary and ultimately influential in the way they operate. In undertaking this responsibility it is expected that three outcomes will be achieved, namely:

- Provision of household infrastructure and services. This gives a priority to the delivery of basic level services to those who currently enjoy little or no access to services.
- Creation of livable integrated cities, towns and rural areas. This focuses on spatial integration of settlements that have been disintegrated by the apartheid planning
- Local economic development by promoting job creation and boosting the local economy. This is achieved by enhancing existing small and large businesses, revising procurement procedures by giving preference to local suppliers and small enterprises, and by providing marketing and investment support in order to secure potential investors. (RSA 1998:22).

The arguments raised in the above discussion feature poverty alleviation however, in a broad manner. The key theme of a developmental local government is a need to empower people at a local level in order to find collective ways to improve their lives.

2.5.2. Local Economic Development Policy

The second policy, which looks at poverty, is local economic development (LED). There is no clear single definition of LED because it is dependent on a particular local initiative undertaken by a particular community. Although there is no consensus in definition, LED is to promote the social and economic development of the community.

The Department of Provincial and Local Government (DPLG, 2000:1) states that, local economic development is a broad field characterized by a series of interlocking challenges for municipal officials and their counterparts in civil society and other tiers of local government. The aim of LED is to create employment opportunities for local residents, alleviate poverty and redistribute resources for the benefit of the local residents. LED is regarded as a mechanism to achieve the following:

- To balance local economic strategies so they achieve both increased competitiveness through economic transformation, poverty alleviation and job creation.
- To address enormous pent up demand for service delivery, particularly where services have not reached vulnerable members of society, as well as severe affordability constraints.
- To engage in more open, transparent and mutually respectful state-society relations.
- To forge new reformed intergovernmental relationships. (DPLG, 2000:1).

In 2002 an LED policy paper entitled “Refocusing development on the poor”, marked a shift in thinking on LED. It is argued that local government LED must focus more strongly on poverty alleviation. The paper states that municipalities will gain support above and beyond existing programs and meet particular targets in the combination of various strategies. There is no single approach to LED, which will work in every local area hence the suggestion is to combine strategies. Each local area has a unique set of opportunities and problems and must develop an LED strategy that is specific to its contents.

In promoting the strategies the municipality takes on various roles as:

- Coordinator: whereby the municipality acts as a coordinating body to establish LED policy, propose strategies, and lead the planning and coordination of local service provision.
- Facilitator in improving the investment environment in the community by streamlining the development process.
- Stimulator: municipalities can stimulate business creation or expansion by a variety of actions such as compilation of brochures on local investment opportunities and providing premises at low rents to small and medium sized enterprises.
- Entrepreneur or developer in taking on the full and or substantial responsibility in the establishment and or operation of the business enterprises or cooperative ventures (DPLG, 2002:12).

Some of these roles may require institutional changes and additional resources to carry them out effectively. In essence, LED is about mobilization of local resources, ideas and

skills to stimulate economic growth and development. It is an outcome that is based on local initiative and driven by local municipality.

To achieve an effective LED, an LED strategy should be in line with the Integrated Development Plans (IDP). Furthermore, municipalities must monitor and assess their performance against their IDP.

2.5.3 Integrated Development Plans

In the foreword of the IDP Minister Sydney Mufumadi said that, integrated development planning (IDP) is one of the key tools for local government to cope within its new developmental role (DPLG 2001:2). An IDP is a management tool that enables municipalities to be better organized and to have better control of their affairs. IDPs are designed to indicate:

- The vision of the municipality
- Development objectives which are likely to include issues such as employment in the local area, eradication of poverty, economic growth and redistribution of wealth and opportunities
- Strategies are formulated to realize these development objectives

These help in identifying key priorities in order to speed development and deliver according to the situation needs of the area. It is through these processes that a plan to alleviate poverty emerges as formulated strategies lead to identification of projects

IDP is a participatory process and requires input from various stakeholders and communities. In all regards the IDP process ensures that LED strategy is being subjected to public scrutiny and that financial resources are being wisely used (Ibid.). The linking role played by an IDP is that planning inclusive of communities and municipalities makes a difference to an LED strategy.

In sum, IDP is a core function of local government providing a systematic and structured format for making choices and coordinating development and cooperation.

2.6 LOCAL GOVERNMENT APPROACHES TO ALLEVIATE POVERTY

This section provides the current approaches applied by local government to alleviate poverty. The approaches are: local economic development initiatives, small business development, and local government and community partnerships.

2.6.1. LED Interventions

In contemporary South Africa the question of local economic development strategies has emerged as an important issue. Rogerson (1995:129) states that, successful local development is the foundation on which the country's prospects for stability and sustained democracy will rest. To foster a sustained democracy and development numerous interventions are emphasized. The interventions are the ways in which LED can contribute to poverty alleviation and they fall into six categories.

- **Fostering community based economic development**

The initiative refers to municipal assistance aimed at the grassroots. Beneficiaries range from community businesses and cooperatives. Nel (1999:42) states that the recent focus on communities has been motivated by the failure of traditional economic development strategies and the recognized importance of grassroots movements in unifying communities and achieving concrete results. Community economic development encourages the municipality to participate with community businesses to overcome obstacles that delay growth of the businesses. The core focus of the community economic development is “ to facilitate household diversification of economic activity as the principal way to improve livelihood and reduce poverty and vulnerability” (Helmsing, 2001:8).

- **Promoting linkage of development**

This strategy ensures the flow of resources from prosperous areas to impoverished neighborhoods. The method ensures that poor areas receive the same consideration from investors. For example a bank opening a branch in a wealthy area is forced to also open a branch in a less wealthy area. If the bank resists or hesitates, municipalities make such branch openings a condition of access to municipal funds and accounts.

- **Investing in human capital**

Local economic development in alleviation of poverty is not only concerned about increasing incomes and creating employment. It is also about education, skill development and health. Human capital is critical to economic growth. This is pertinent to IGPs, where lack of training is often a problem. Interventions aimed at development of human capital can include general and customized education and vocational training, basic skill development and targeted placement (DPLG, 2002:7). Development of human capital ensures skills that are not only applicable to income generating projects but also relevant to other employment opportunities

- **Delivering and maintaining infrastructure**

Delivering of infrastructure to the poor is a critical role of municipalities in poverty alleviation. Infrastructure is a base to enhance the limited access to the full range of services and opportunities. For example the provision of roads and water can improve the profits made by garden projects in the sense that good road linkages make it easy to transport vegetables and seeds from and to other areas. At the same time water is important for watering the vegetables. There are many other ways in which delivery and maintaining of infrastructure and services will show quick economic returns. During the construction of roads, installation of water pipes and electricity, jobs are created as the construction services employ the local people.

- **Plugging the leaks in the local economy**

The approach emphasizes government programs that promote the circulation of money in a local area. Through the programs local people are encouraged to buy locally produced products. The rationale underlying the approach is that a municipality is a significant economic agent in the local economy, and can empower emerging business through sourcing products and services from them.

- **Retention and expansion of existing business**

The objective is to assist local businesses to improve their productivity and increase their market share. The components include idea generation and the development of local business skills, providing advice, capital and technological support and developing under-exploited sectors with comparative advantages (DPLG, 2002:8). The motive is fast tracking the development of local economies through retention and expansion than to develop new businesses. The approach prepares businesses to compete fairly with outside businesses.

The above approaches are focused on improving local economies by alleviating poverty and increasing employment. Achieving these outcomes suggests the use of the approaches in combination. Compatible with the approaches is the need to develop small businesses

2.6.2. Small Business Development

A small business is the key component of any local economy and in South Africa it has been neglected. Small businesses are a means of livelihood for the poor and the unemployed but are often constrained by a lack of formal credit and training opportunities. The businesses face a wider range of problems compared to big businesses and are not able to address the problems on their own. The White Paper reinforces the argument by stating that, the problems relate among others, to the legal and regulatory environment confronting the small business; the access to markets; finance and business premises (at affordable rentals); the acquisition of skills and managerial expertise; access to the appropriate technology and the quality of the business infrastructure in poverty areas (White Paper, 1995).

The current focus on small business development in South Africa and the support given to it by all levels of government as well as by the other sectors has great significance and potential for local economies (Stiftung, 1997:4). It is essential to ensure that programs are not implemented in isolation from the broader economic, social and infrastructural development. The aim of a municipality should be to support small businesses in order to

make them more viable economically, while at the same time enabling the people making a living from them to build their capacity. Support systems are needed to develop the initiatives. As a starting point for intervention, Vaughan (2002:22) suggests that communities should be mobilized around economic issues. Furthermore, basic training should be provided in economic literacy focused on understanding the principles of payment for services, hire purchase and loan finance.

2.6.3 Local Government /Community Partnerships

Partnerships are the new approach of the local government to engage communities in delivering of development. This partnership depends on the type of service that the municipality has to deliver and recommends the use of community enterprises to deliver the services. The South African government's motivation for partnership stems from the recognition of its human financial and technical constraints in delivering development (www.dplg.za). Partnerships are attractive proposals for communities to engage in. For example in rural areas there is a need to maintain the public facilities that have been provided by government. To ensure sustainability of the facilities communities can enter into contracts with the local government in order to maintain the facilities. This will also ensure that the facilities are secure from certain acts like vandalism. It should be noted that partnerships are not intended to substitute for traditional methods of service delivery but they are informed by the aim that development objectives are socially negotiated.

2.7 APPROACHES TO DEVELOPMENT AND POVERTY ALLEVIATION PROJECTS

As mentioned earlier, elimination of poverty is a worldwide objective. Throughout the world there have been a proliferation of policies, programs and approaches to assist in poverty alleviation. This concern for poverty alleviation has coincided historically with the changes brought to the Western countries by the World War 11. A variety of writers have responded similarly as to why and when the emphasis on poverty alleviation emerged. Most literature on poverty alleviation refers to the phenomenon as it affected countries in the West (Lipton and Ravallion, 1997:2). When the War ended serious inequalities started to emerge: poverty, unemployment, racial injustice and violation of

basic human rights (Mico, 1982). Welfare programs widely initiated in Europe after the end of World War 11 included the emergency relief programs accompanying the economic assistance measures intended to ensure reconstruction (Moser 1993:59). The response of Eade and Williams (1995:481) is that, 'poverty is a sufficient grounds for concluding that the economic, social and cultural rights of those persons in poverty are being denied in a massive scale'. Regarding these concerns it is clear that poverty is a gross violation of people's human rights.

Since then many different interventions have been formulated. Naturally these approaches were influenced by whatever definition was set for poverty and its causes. The interventions evolved from the 'top down' trends championed by the welfare approach to the later 'bottom up' policies of the anti poverty and empowerment approach. To identify the extent to which the approaches have been applied, it is necessary to examine their rationale from the poverty alleviation project's perspective

The earliest approach to poverty alleviation programs, which is still used, is the **welfare approach**. The rationale of this approach is that the social welfare institutions should come into play when the normal structure of supply, the family and market, break down (Moser, 1993:58). The approach targets vulnerable groups and helps them without involving them in the development process.

Although the most important concern of the welfare has been family survival through provision of food aid, the scope has widened over past decades. In 1984, the World Bank's World Development Report marked the change of the welfare approach. The report identified the raising of incomes and employment as the key incentive.

In South Africa post 1994, one of the major challenges of the new government has been to address poverty inequalities and advance economic development. The newly designed welfare budget is intended to reduce poverty and promote human development. Welfare services and programs form an integral part of the government strategy for responding to poverty. The social component of the welfare budget is the largest (88.1%) and impacts

most directly on poverty, whilst the welfare services component of the budget (11%) contributes towards social development (May 2000:44). In most cases, the welfare approach takes the form of statutory grants. However, the anti-poverty program of the current Department of Welfare in South Africa is not only focused on providing grants but also emphasises empowering people through skill training. Programs are therefore designed to expand people's access to opportunities and improved living standards.

The **anti-poverty approach** aims to increase the employment and income generating options through better access to productive resources. The working poor are identified as the target group in need of attention. The informal sector through its capacity and autonomy to generate employment is seen as the solution. IGPs are an example of the anti-poverty approach as they are classified within activities of the informal sector. Moser (1993:66) states that the income of IGPs tends to remain small in scale and to be assisted by grants rather than loans. The approach puts an emphasis on problems experienced by IGPs in the implementation process. It is stated that, in the design of projects, fundamental conditions to ensure viability are often ignored, including access to easily available raw materials, guaranteed markets and small-scale production capacity (Ibid.).

The current trend in anti poverty programs is towards support of local activities. According to Blakely (1989:40), "an anti poverty approach is to encourage the development of special programs by which the residents of an area, may through self initiatives and mobilization of the community at large or interested individuals, with appropriate assistance, improve the quality of their economic and social participation in community life in such a way as to contribute to the elimination of poverty and the establishment of permanent economic and social benefits".

The **Empowerment approach** is an approach of the 1980s. It focuses on the right to determine choices in life and to influence the direction of change, through the ability to gain control over both material and non-material resources. Moser (1993:74), states that

empowerment is about poor people identifying their plight, resources, and abilities and consolidating them into the formation of projects that could increase self-reliance.

The Reconstruction and Development Program (RDP) of South Africa upholds the empowerment approach. It emphasizes providing an enabling environment for self-reliance of the most poor and marginalized sections of the community. The objective of the policy is to attack poverty and deprivation through the process of empowerment, which gives the poor control over their lives and increases their ability to mobilize sufficient development resources (RDP, 2002/04/01:10).

The key to empowerment is capacity building, providing skills needed to develop in a suitable environment. Anon (2000:102), supports the development of skills for self-reliance by stating that,

“Give a man a fish and he’ll eat for today. But teach a man to fish and he’ll eat for a life time... is the greatest half truth ever spoken, for if the man has no tools to fish with nor place to fish, all the knowledge in the world will not produce the next days catch”

To teach a man to fish, give a man tools to fish and a place to fish is the challenge of all the current governments in dealing with poverty. An appropriate support of IGPs by local government through adoption of policies could cover these necessities. This could be done through training of skills (teach to fish), provision of loans or funding (tools to fish) and establishment of networks to sell produce (place to fish), hence viability, progress and self-reliance on projects.

Although these approaches are described in order of their appearance on the development scene, in practice the approaches have overlapped. This manifests in the practice of income generating projects.

2.8 INCOME GENERATING PROJECTS

Income generating projects takes on various forms. Some projects emerge as small businesses, while others are initiated in the form of cooperatives. This section will acknowledge these various forms but more focus is on IGPs.

2.8.1 Emergence of IGPS

There have always been instances in the history of various societies whereby individuals have come together to achieve certain goals. This has been common mostly in traditional societies even though it served a temporal need. For example in African societies, preparations of the soil for crop planting were done in groups to speed the process.

Permanent groups were first noted in Europe during the eighteen and nineteenth century. Growing urbanization in response to industries disintegrated the traditional society, which was centered on self-contained villages (Helm, 1968:1). The social and economic unrest and insecurity in rural areas provided grounds for ideas for a new economic direction. Because most of the villagers were previously peasants they organized themselves into agricultural projects. The motives of these early IGPs were on the mere feeling of a man faced by misery (Helm, 1968:2). As a result the projects never gained a great general significance. However, these ideas found their way to other countries through immigrants.

Emergence of a new type of IGP focusing only on women was first noted in India. Mayoux (1991:220) states that attempts to develop handicrafts for women are traced back to the 1920s in India. The projects were advocated as a preferred means for the development of women and to increase their incomes. According to Mlambo (2000:25), the prominence of the concept of IGPs is mostly associated with the changes brought by the United Nations Decade for Women (1975-1985).

Phillip (1988:2) states that, in South Africa, many of IGPs which mushroomed from the 1980's took the form of cooperatives. Most were based on construction, craft and sewing. These cooperatives emerged out of dismissals and retrenchments of industrial workers.

The projects were promoted by the Congress of South African Trade Unions (COSATU) in support of the National Unemployed Workers Co-ordinating Committee (NUWCC), which served the interests of the unemployed. In areas where the projects were started an average of eleven people were encouraged to work in one project in order to maximize dividends. Membership of the projects has usually been reserved for groups or classes either marginalised by the present economic system, or in position of economic inferiority (Ibid.). After that, the projects were designed by a variety of organizations such as the National Union of Mineworkers (NUM), exploring ways to involve people in new activities to help them survive harsh economic and social conditions. These ideas trickled down to other members of society, resulting in the popularity of IGPs especially amongst women as another way of employment.

2.8.2 Characteristics of IGPs

It is the women who by large live in rural areas mostly undertake IGPs. The reason is that, being left behind in rural areas, they look beyond their households not only to find alternative sources of income but also to enlarge their social networks in the village for support. Eade and Williams (1995:598) assert that, income-generating projects are often associated with projects for women. The reasons why women take up these activities are:

- Some women, who are single parents, widowed or divorced, find that the only way to survive is to engage in IGPs in order to help them meet their basic needs.
- Married women engage in IGPs to supplement their husband's incomes, and salaried women find that they need to supplement their low incomes. (Ndwanga, 1994:20).

The income generating projects are keyed to special areas with high and persistent unemployment, low incomes and populations with low skills and low training. (Mico, 1981:6). Communities combine these traits to make a profit oriented business development. The members of the project contribute whatever skills they have including capital to operate the project with the aim of providing jobs, increasing income and ownership opportunities.

The projects are often very small, at least in the early stages of formulation. Many disappear as rapidly as they emerge because of financial limitations and technical resources. IGPs that grow very large in size undergo extremely complex processes as they achieve strength and size (Weber, 1982:40).

Not all IGPs are autonomous: some are initiated by governments. Ruttan (1984:58) states that, a project that was initiated in India by government in 1948 was designed to encourage stable and self-reliant communities. The state involvement in some projects has been in the form of credits, training and marketing facilities (Mayoux; 1988:7). Particularly in socialist countries cooperatives have been formed by the state as a means of delivering social services and agricultural development programs to the rural population (Ibid.). Furthermore, some projects have been developed by agencies other than governments, in particular NGOs.

The circumstances in which IGPs emerge and the character they possess influences their performance. Experiences though, vary according to country and type of project. This can be understood through the examination of different projects with better experiences from countries such as Gambia, South Africa and problematic experiences from India and Zimbabwe

2.8.3 Experiences of IGPs

The case of a communal garden income-generating project in Gambia is a rare success story. Brown (1988:42) writes about a garden project in Sukuta in Gambia set up in 1987 by the Ministry of Agriculture and international donors. The group was given a 15-ha site for planting. The project is run as Sukuta Women's Society, a group that was set up formally in 1982 to undertake vegetable production during the dry season (Ibid.)

The women work on communal plots and each receives an equal share of profits. The marketing of the produce is controlled by Citro Products and is mainly exported. A cooperative union with whom the group is registered saves the income of the project. The

significant feature of the project is that water is supplied through pumped sprinkler irrigation, which makes the burden of watering less for women.

In the first year of operation no incomes were paid out to members as the group was trying to build up reserves. However, the women could make money by cultivating individual plots and the Citro Products did not control this produce.

The success of the scheme was due to many factors. First, there was an established market as the products were exported. Secondly, the president of the project was a well-educated, respected and forceful person who worked hard to develop and promote the scheme (Brown, 1988:43). Thirdly the project was well supported throughout and the community and project members were enthusiastic. Fourthly, the women already had agricultural skills, which were extended by an agricultural officer assigned to the project. Lastly the project fitted perfectly with the other traditional responsibilities of women.

Another experience worth mentioning although it has mixed results is that of the Zamukuphila women co-operative in the Eastern Cape province in South Africa. In 1994, a group of thirteen women living in Upsher close to Balfour came together to establish a community vegetable growing project named Zamukuphila meaning 'trying to survive' (Binns and Nel, 1999:400). Motivated by low levels of income and nutrition particularly among their children, the women approached Ulimocor (Ulimo cooperative) to seek advice and land. The Ulimo cooperative was the agency of the Department of Agriculture to assist small farmers and train the emerging ones. The advice from Ulimocor was that the women should establish a cooperative and assisted them in drawing up a constitution. The women insisted that men should be excluded from the project. The group was given 2 hectares of land and irrigation water adjacent to the village by Ulimocor. A local farmer assisted them with cheap fertilizers and seeds.

Binns and Nel (1999:401), state that the women admit that the project has experienced mixed fortunes, but it has provided them with a valuable supplement to household food budgets. The problems experienced were with ploughing and water supply. The

ploughing was done manually which is time consuming and tiring for women. It is only in 1996 that the women managed to supplement their household income from the sale of surplus produce (Ibid.).

Other projects have not enjoyed such fulfilling experiences. In the study of women handicraft schemes in India, Mayoux (1991:219) discovered that even though the Indian Government has expressed a substantial change in attitude towards women's employment, women are still largely ignored in general development programs. In practice, the employment of women has been limited to IGPS in handicraft through encouragement of small-scale organizations. The training courses provided by government for women were designed to enhance their traditional roles in bag weaving, tailoring and embroidery.

As part of setting women's organizations, loans were given by both governmental and non-governmental organizations after the training. Out of the 43 groups that were studied by Mayoux following a period of three years after training and funding, only three had benefited members by providing substantial incomes. However, even though the projects had received government funding, they did not differ at all from private establishments in the same projects in terms of incomes. Mayoux (1991:221) argues that the projects were offering women regular employment, but at a lower wage (Rs50-100 a month or Rs 2.50-3.00 a day).

The projects suffered from bad administration and planning. The administration did not consider other duties that were undertaken by women. For example, the training course was an example of particularly bad planning. It was aimed at tribal women, but it started just before the rice-planting season in which these women are a major part of the labor force (Mayoux 1991:228).

After Zimbabwean independence in 1980, donor funds helped to rehabilitate the country after the destruction of war (Mlambo, 2000:21). This is the period in which IGPs became

visible. The projects were encouraged under the community development initiative of government by the then Prime Minister Mugabe. (Mzilethi 2000:21)

At each budget government would allocate money for distribution to community development projects in a form of loans. Women in rural areas ran the bulk of the projects. The work undertaken at these projects was a continuation of women traditional and domestic chores. The projects were basketry, bread making, sewing and weaving.

It is difficult to find successful income generating projects, (Garcia-Moreno, 2000:30). Most projects in Zimbabwe collapsed or remained small. The failure of the projects in Zimbabwe was attributed to low start up capital. The loans offered by government were to be repaid and this proved to be difficult as the businesses were slow.

The experiences of these countries seem to reflect many of the problems of IGPs.

2.9 PROBLEMS WITH IGPS

IGPs vary in their historical origin, activity and structure as well as in their social, economical and political context in which they operate. In most countries there has been some state involvement in the form of credit, training and marketing facilities. In other countries IGPs have been developed by NGOs by received funding from these agencies. Other countries where IGPs are operated have not received any of the above assistance. Regardless of who and how IGPS originate, it must be admitted that the large numbers of these projects have been unsuccessful, or at least have had major problems. The reasons for these problems vary.

Governments which have either initiated or assisted IGPs have complained that rural people at whom most of the projects are aimed are hard to reach, less educated, less in contact with communications and less likely to use government services (Chambers, 1978:210). In areas where they are assisted in development projects, it is difficult to monitor and inspect the project. Furthermore, the governments also complain that, in practice the projects are slow to implement; scattered projects are difficult to supervise;

remote areas are difficult to reach; local participation (so widely advocated but so rarely analyzed) implies going at the people's pace; poor people often take time to realize what they can achieve; and there are many obstacles to their becoming organized (Ibid.) However, it is argued that the project failures noted by Chambers have two sides. Undoubtedly, rural people are difficult to organize but on the other hand, the problem of controlled or imposed projects is that they underestimate the human relations, capacity and interaction of individual functioning. Samuels (1988:43) states that it must always be understood that people have their own aspirations, personal agendas, competitive spirit, values and ways of doing things. It means people know what they want and what works for them. Imposing a project without consulting them can be futile.

In autonomous projects Eade and Williams (1995:598) have pointed out that inadequate research on the market, and the fact that the income generated is seldom offset against the real costs of women's labor time, which is typically undervalued, is the major problem. The income generated in these projects seldom generates significant incomes and also often results in loss. Another issue is that women engaged in the projects do not have enough working capital to run their projects effectively.

This has been attributed to the fact that IGPs mostly do not have access to credit from financial institutions. The projects are started with very small amounts of capital put together from personal savings or loans from friends. With limited capital they incur greater costs. For example the sewing groups buy material in small quantities and have to make frequent trips to obtain the material. This makes the project suffer: although it starts, it is unable to grow. The lack of guarantee to borrow money from these institutions is due to the fact that women are mostly regarded as minors relative to their men. This is the spillover of traditional societies.

Most of the time the IGPs are not seen as a serious economic activity but a way for women to earn money in their spare time. The consequence of not taking seriously the need for women to generate income has been that poor women do not have the time to become involved. This has been based on the ideology of male dominance and domestic

roles of women. The social division of labor classifies women as nurturers of their families and men as breadwinners. Based on this perception Eade notes that, IGPs are considered to be of marginal significance and is the reason why they are called income generators rather than small-scale industrial producers (Ibid.).

Most writers have attributed the level of education possessed by members of a project as a limitation to advancement. Ndwanga (1994:21) states that the low levels of education affect women's group projects. Their inability to read, write or do simple arithmetic makes women keep inaccurate records or no records at all. This results in loss and lack of managerial expertise to run the projects. The lack of education to manage and run projects effectively is linked to the fact that the projects undertaken by women lack diversity. The multiplicity of identical projects has resulted in low returns. However, the low returns due to multiplicity do not disregard the social position of women. The products of the projects are based on the only skills women know best.

Some of the problems of projects stem from the workers mentality, a mentality that is a state of oppressed thinking, Roberts (1988:21). It has been noted that this mentality manifests itself through members having difficulty to accept responsibility for their own destiny. The argument is that project members want someone they can blame and react to for the failure of their projects. To take risk of being your own boss is too insecure and requires a considerable education to transform the mind from a state of dependency to a state of independence. In a case study presented by Roberts (1988:22), it is stated that the Khula sewing cooperative practiced in the Eastern Cape township of Dimbaza have experienced a variety of problems in its operations. An Independent Cooperative Agency (I.C.A) had funded Khula. The lack of business expertise and the attitude of being employed rather than self-employed made the cooperative to suffer considerable from the competition of factories in Dimbaza. The participants of the co-op moved to the factories to work for wages varying from R10-R15 per week. Out of ten participants only two remained. However, the project was turned around when Roberts (the author) involved in the initiation and organization of cooperatives intervened. The initial stage of assistance was to teach the two women how to run a business. The suggestions made were to stop

the funding; the state of accounts and debts was analyzed; simple accounting was introduced, education was carried out on quality control and marketing was revitalized (Ibid.). At the end motivation increased and the group also increased to eight members. The cooperative rose above the pessimistic thinking.

Markets are the general concern of IGPs because when they start the project member's wonder if their product is going to sell. However, the general practice of most IGPs is to start production and then look for a market later on. But, such a market may not exist or may already be saturated by similar products. Market linkages for the projects are non-existent and the distance from appropriate markets means local selling that is not enough for profit making.

Friedman and McIntosh (1988), reinforce various arguments that have been mentioned above. Their paper on rural women in Natal who work in rural craft production looks at the problems faced by these women. It draws distinction between groups which are managed by an outside agency and those, which are not. The paper shows that it is more economical for groups to be assisted in the buying of materials and marketing through an outside agent. But the disadvantage of an agent is that the relationship can lead to a loss of autonomy and increased dependency. The paper also examines the problems experienced by women with regard to distances from markets, financial and time constraints. For example, it is stated that women are burdened by household chores. In the independent groups, which have to do their own buying and selling, the fact that women have also to perform household tasks places constraints on the income-generating project. The authors argue that until some of the structural problems are addressed, it is going to be difficult for the projects to develop. The structural problems include the problems in the household such as time and family relations, the lack of cooperation from local leaders, lack of skills and financial management (Friedman and McIntosh 1988:101)

In sum, IGPS in general have to survive under these difficult conditions. On one hand they have an extremely difficult task of rising above their problems. On the other hand,

they are impeded by a variety of factors that hinder their ability to grow and create employment and significant incomes.

2.10 POTENTIAL ROLES OF LOCAL GOVERNMENT IN SUPPORT OF IGPS

With all the above-mentioned problems there is a need to inquire about the possible roles in which, local government can support these projects. Rogerson (1999:4), states that, the emphasis in the local government intervention is to provide support packages for those local entrepreneurs who are either operating existing projects or those who wish to start projects. The role played by local government could ease the problems of IGPs.

2.10.1 Provision of Business Infrastructure

Local government intervention could make an improvement in business infrastructure. The White Paper (1995) states that, the development of small enterprises and infrastructural facilities, including the supply of electricity, water and telecommunications is usually seen as the responsibility of either the private sector or local authorities. Due to the past neglect of some rural areas where IGPs are operated there is a serious backlog of the basic services. Therefore, the development of basic infrastructure including water supplies, roads and electrification is crucial for IGP development and will go a long way for improving productivity. In fact, infrastructure provision is crucial for IGPs to grow.

2.10.2 Access to Finance

Stiftung (1996:14) states that accessing credit for small venture start-ups or expansion is a high priority in any program to support and develop projects. Many local authorities have initiated some form of financial or investment scheme directly to assist local enterprises (Rogerson, 1999:10). Furthermore he goes on to say that, the scale and operation of these initiatives differ remarkably between local authorities. Financial needs of different types of projects vary widely, with the access problems particularly severe in rural areas. The Khula and Ntsika financial institutions discussed extensively in Chapter 3, finance small ventures but the problem is that IGP operators are not aware of such

institutions. Therefore what is most important is the information on access of finance, which is a constraint to most IGPs.

2.10.3 Access to Marketing and Procurement

IGPs always regard market constraints and the inability to sell their products and services as one of the most serious obstacles to the growth of the business. The South African Government has learnt a lot from the Brazilian State of Ceara, which demonstrated the potential for a demand driven approach led by the public sector and coupled with both technical support and the promotion of collective action (Rogerson, 1999:10). The state sought to promote labor-intensive production of items needed for public works themselves, such as wooden wheelbarrows as well as items purchased by other departments such as wooden furniture for schools. The key success is that the procurement contracts were offered only to the associations of small producers and associations, which were made liable for quality and product warranties.

Currently in South Africa the hosting of the World Summit in Johannesburg has encouraged the use of small enterprises in creation of furniture, and cushions to be used for the President Thabo Mbeki's office in the Sandton Convention Centre. Viljoen, representing Johannesburg World Summit Company (Jowsco's) said that the company was launched this year. Its policy was that small disadvantaged communities and micro enterprises get the contracts rather than the large companies. The project has been a great success, as Viljoen said, "we were overwhelmed by the speed and efficiency of these communities as they took ownership of the project and produced work which is proudly South African and world class" (Sunday Times, 25/08/2002).

Although local municipalities have not introduced this mechanism, it indicates that the work of local people is appreciated and acknowledged. Local governments still have a chance to engage in such opportunities.

2.10.4 Training in Entrepreneurship, Skills and Management

The acquisition of relevant technical and business skills is generally regarded as one of the critical factors for success in IGPs. In addition, literacy and entrepreneurial awareness are seen as particularly important to enable people to advance from the survivalist nature of the projects into larger and better earning enterprise. For projects, what is required is knowledge of business skills such as bookkeeping, inventory control, production management and marketing. All of this must be specific and appropriate to the conditions in which the project is operating.

2.10.5 Creating an Enabling Environment

Creating an enabling environment involves limiting obstacles and creating a suitable environment that allows the growth of the projects. South Africa has learnt from the experiences of other (semi) developed countries in Europe, Asia, and Latin America. The countries have shown that in order to recognize the importance of small enterprises in the process of economic reconstruction and development, properly designed legislation can play a positive role (White Paper, 1995). Existing Acts include:

- A National Small Business Act: this gives formal recognition to the governments involvement in the small business support.
 - A transaction and Procurement Act: involves marketing of access for small enterprise
- However, at present there is no indication to suggest that the Acts have been used by local governments to support IGPs.

Rogerson (1999:12) states that, among the most important types of enabling support is the provision of local advisory centers. For example Dakar municipality in Senegal municipality established an organization tasked to support small business development particularly for the youth. The activities of the organization involve, providing potential entrepreneurs with information, performing feasibility analyses, assistance in finding financial support, provision of basic training and assisting in day-to-day operations of small sector entrepreneurs.

2.10.6 Access to Appropriate Technology

This applies to both ends of the technology spectrum. For example the sophisticated technology needed for competitiveness of small enterprises in the modern manufacturing and services sectors, and “appropriate” technology for small enterprises operating in the labor intensive, low skill spheres (White Paper, 1995). The experience of Dortmund presented by Rogerson (1999:14) provides an example of small enterprise promotion, which is linked to job creation as part of a high technology LED strategy. The local authority established a Development Center with the task of supporting small businesses “through transferring knowledge and appropriate technologies and to identify promising areas of creation of employment initiatives”(Ibid.)

2.11 CONCLUSION

This chapter has provided variety of information in order to understand the concept of poverty and the strategies used. From these approaches it is clear that the theories of poverty are not new, hence most discussions are on poverty alleviation rather than poverty eradication. Poverty eradication seems to be impossible since new problems arises as new approaches are developed.

It is argued that the concept of IGPs is subsumed within the policy literature on local economic development, small businesses and cooperatives and rarely discussed in its own terms. Therefore, there is a need to both consider IGPs within LED, small businesses and cooperatives as well as to consider them in their own terms. The lack of attention to IGPs specifically means that it is neglected within general discussions of LED.

To economically develop an area, there is also a need to enhance the small activities that the local people engage in and local government could explore various roles to make this possible. Even though the projects do not yield significant results for their beneficiaries, they continue to exist. The issue of poverty and unemployment in South Africa cannot be overemphasized.

CHAPTER 3

POLICIES AND PROGRAMS TOWARDS POVERTY ALLEVIATION IN SOUTH AFRICA

3.1 INTRODUCTION

In this chapter, the relevant policies and programs towards poverty alleviation, and the project support provided by various government departments and spheres will be reviewed. This is done in order to provide insight into the major policies and programs that influence the eradication of poverty. The chapter is therefore organized as follows. The first section discusses the national policies, programs towards poverty alleviation, provided by various departments such as, the Department of Social Development and Welfare (DSDW), Department of Agriculture and Land Affairs (DALA), Department of Trade and Industry (DTI) and Department of Public Works (DPW). The second section looks at the Eastern Cape development profile that underpins the current conditions of poverty. The provincial agricultural policy on poverty alleviation will be reviewed. The policy provides the position of the Eastern Cape provincial government on poverty eradication. Some other policies in the province are adopted from national policies. The third section outlines socio-economic conditions in the Amahlathi municipality and its interventions through the integrated development plan to alleviate poverty. Lastly, the final part is the conclusion of issues raised in the chapter.

3.2 NATIONAL POLICIES AND PROGRAMS ON POVERTY ALLEVIATION

The South African government has reviewed a great deal of international experience on poverty alleviation policies that is evidenced: in DSDW policy's (2002) analysis of Uganda's poverty reduction strategy, Vietnam and Sierra Leone. The review draws an international consensus that has declared elimination of poverty a priority. "Post-apartheid South Africa has the advantage of rich international experience and the opportunity to develop economic programs at the time when the ideological differences are giving way to more pragmatic approaches" (Harrison 1994:15). There is a variety of

policy documents and programs that have greatly influenced understanding and provided a way forward to poverty alleviation in South Africa. The policies include: the Department of Social Development and Welfare poverty alleviation program, Department of Agriculture and Land Affairs policy, the Department of Trade and Industry Interventions and the Department of Public Works Program. These policies and programs are explored fully in the following section.

3.2.1 The Department of Social Development Poverty Alleviation Program

The Department of Social Development and Welfare (DSDW) document on poverty alleviation published in 2002 begins with definitions of poverty and the past approach to poverty alleviation. Until recently the approach to poverty alleviation and reduction strategy focused on funding individual projects (DSDW, 2002:3). In this approach, members of the public submitted applications for funding for consideration by the department. The projects would be screened and projects identified were funded. However, the document points out that the approach did not necessarily meet the key objectives of the department in a number of respects. To mention a few, most of the funded projects were not sustainable and could not develop beyond the funding provided by the department. Funding became limited to those having access to assistance in developing business plans whilst those who did not have such access were left out (DSDW, 2002:4). In most cases the members of projects do not have entrepreneurial skills to run to the project. Lastly, the approach to funding did not ensure integration of poverty alleviation projects funded by the department with those of other departments and spheres of government (Ibid.). In agreement with these criticisms, Vaughan (2002:3) states that, the government programs have failed to reach the very poor, vulnerable and marginalised populations, specifically those residing in the former homelands. It is because the government approaches clearly catered for individuals and did not benefit the whole community. The assumption is that, the knowledge possessed by different households or individuals about relevant issues that affect them determined whether they received funding for projects. Most people who should have benefited from government funds for alleviating poverty were not aware of such assistance; they needed to be enlightened.

In analysis of the previous approach and in consultation with various stakeholders and spheres of government, the DSDW has developed a new approach to poverty alleviation modified from “ the state of welfare dependency to self-reliance”. The current approach focuses on the funding of poverty alleviation projects to be targeted at communities as opposed to the individual targeting of the previous approach. This objective is to be met through the establishment of development centers. The approach advocated involves firstly, the declaration of poor areas as poverty pockets by the Member of Executive Council (MEC) of the region. This requires Decentralized Services Officers (DSOs) to initiate development centers within the declared areas. DSOs together with development centers then identify and recommend the services to be provided by the development center. The MEC, subject to criteria of development centers being met and in consultation with other stakeholders, approve the funding for the center and projects linked to it.

The document states that the mandate of development centers is that they should serve as incubators, bridging stepladders from the state of poverty to a state of self-enrichment (DSDW, 2002:13). According to the plan, the development centers will render a variety of services and they are not limited to income generating projects as such. The services provided will be based on the needs of the community served. The plan envisages that every poverty alleviation project will be attached to a development center.

The center will be responsible to provide support to the projects linked to it. The objective is to create capacity at a neutral level as opposed to building the same capacity within each project. The capacity within the center will then be available to all projects as long as they are within the center. The center will capacitate projects and release them when appropriate to do. At the same time, the center will carry some of the operational responsibility of projects whilst building capacity. This is done to enable projects to function on their own and become sustainable (Ibid.).

The ultimate objective of having a center is for projects to become viable businesses. This service ensures growth and movement of projects from one level to the other, and

self-reliance and independence of project participants. At the same time it puts pressure on the project to perform.

According to the plan the criteria for funding is as follows (DSDW, 2002:11)

- Consideration must be given to the number of beneficiaries participating and the number of future potential participants based on the growth of the project.
- Overall benefit of the community: the project must contribute to the overall development of the community and must contribute to addressing a particular community problem.
- Potential growth and development of projects: consideration must be given to the potential growth or possible duplication of the project in other areas or within the same area.
- Sustainability: consideration must be given to projects which are economically viable and whose services and products are in greater demand. Factors such as competition for the services and products together with the viability of the market must be taken into account as determining factors.
- Community ownership and participation: consideration must be given to projects that enjoy community buy- in, support and participation.
- Private sector involvement: consideration must be given to the possibility for private sector support and involvement in the project and further possibility of public-private partnership funding. This will deal with the issue that has been raised by Vaughan (2002:3), that Local Economic Development (LED) initiatives have been limited in scope, have fragmented into a dualistic paradigm of investment attraction on the other hand and poverty alleviation on the other, and have tended to exclude the private sector and civil society.
- Existing infrastructure: projects must as far as possible be located closer to existing infrastructure such as roads, water, electricity and sanitation. Where possible, existing government infrastructure must be used.
- Potential to take part in the mainstream economy: consideration must be given to projects, which have the potential to take part in mainstream economy particularly as part of SMME sector.

It is not clear whether these development centers relate to local government or not. The national policy only states that, where there are other service providers whether government or not all attempts must be made to rather supplement as opposed to competing with existing services within a community. On the other hand the provincial department of Social Development and Welfare in Gauteng acknowledges that, the interaction between local government and the department has been limited to date and it is essential to start a dialogue with this sphere of government. Furthermore, in the medium term poverty reduction programs should be informed by the Integrated Development Plans of local governments.

In consideration of the approach in general and specifically the criteria of funding and the role of the department to support the initiative, this ensures that once the projects are funded they become sustainable and meet the objective of poverty alleviation. Simultaneously the projects are accessible to all the community members who want to take part. There is, of course a danger that the approach of funding projects through the center may not receive the necessary attention from the community because the initiative could be perceived as “top down”. This initiative is however a timely contribution to the alleviation of poverty in South Africa. With regards to local government, the IDP of the municipalities and their implementation plans are useful tools.

3.2.2 Department of Agriculture and Land Affairs Policy

Agriculture in South Africa has a central role to play in building the economy and increasing incomes and employment opportunities for the poor. To determine this role, it is necessary to understand the dynamics through which income generating agricultural projects emerges. Firstly, people experiencing the consequences of poverty have few resources and opportunities for economic activity. They combine the limited resources they have to meet a minimum level of living. The combination of resources is termed as livelihood strategies by the Department of Agriculture and Land Affairs (DALA) document. It is stated that, the livelihood strategies may include agricultural production, non-farm wage labor, small and micro enterprise activities and reliance on social networks (DALA 2002:18). Secondly, people have been traditionally practicing

agriculture for sometime, hence the various initiatives to alleviate poverty are agricultural. However, at present there is a decline in the extent to which people are engaged in Agriculture. It is therefore important to have policies that create opportunities for agriculture to make a larger contribution to poverty alleviation.

The following approaches are one of the several national policies applied by agriculture in various agricultural projects.

Gardens

In 1998 the Agricultural, Rural Poverty and Food Security objective of agriculture (1998:11), stated that some of the encouraging developments in the recent years have included growth in support for home gardens, where small plots of vegetables can contribute to poverty alleviation (Ibid.). The Government has welcomed the involvement of Non- Government organizations (NGOs) and sponsorship of the private sector in these projects. However, it stated that much more needed to be done in the projects. Furthermore, the contribution that own production can make to alleviating poverty is restricted by factors such as the availability of land and the difficulties of obtaining water, as well as inadequate and inappropriate research and extension support. Consequently, government proposed the reforming of agricultural extension to promote all agricultural activities. Agricultural extensions bridge the gap between available technology and agricultural practices through the provision of technical advice, information and training (DALA 1998:45). The extension support program was designed as a collaborative partnership, between the Provincial Departments of Agriculture and the National Development Agency (Ibid.). Extension officers are like supervisors and the idea is that they should devote time to understand problems of farmers, specifically small project farmers and work with them to find solutions.

Despite this, the National Food Security document of 2002, states that the extension staff lacks the required technical background and practical skills. Moreover, the limitation on land and water resources and the intention to facilitate a more equitable distribution of resources has tended to lead to the promotion of over- large farmers groups. More needs

to be done both in capacitating the staff to work productively with communities. Limits to water will soon be issues of the past as the Department of Public Works discussed in 3.2.4 addresses the matter.

Poultry

The objective of the government policy in supporting poultry is to address the issues that currently constrain increase in productive output to improve the effectiveness of support services. Poultry constitute a significant portion of the animals kept by income projects for marketing and consumption. The DALA (1998:63), states that poultry has an advantage to provide producers with regular significant cash incomes and therefore fits in well with the increasing need for alternative sources of income for rural people. Although the demand for poultry products mostly in rural areas is visible and adequate to support local marketing enterprise, it has received limited support from Government. The Agriculture Research Council Fowls (ARCs) for Africa program is a significant contributor to the drive to expand poultry keeping (DALA: 2002:63). The program provides training, adapted generic material, access to supplies and health care of chickens. The program promotes the establishment of a number of small-scale hatcheries, dispersed in the areas serviced by local poultry markets for an easy access that is a problem for poultry keepers. Already experienced and equipped small-scale poultry producers including new poultry keepers are encouraged to make technological advances to boost their production. The groups will receive training and support for some time while they are gaining experience in poultry from ARCs.

Threats to this program might include crime and the inability of people in communities to afford to support the enterprise.

3.2.3 The Department of Trade and Industry Interventions

The structure of the economy is changing, so new opportunities to deal with changes are opening up. In consideration of these opportunities and to provide a conducive environment for support the new government of the country created new policies. In 1995 the Department of Trade and Industry (DTI) released the very first attempt in South

Africa to address Small Medium and Micro enterprises (SMME). The attempt is through the White Paper on the National Strategy for the Development and Promotion of Small Businesses. The Paper sets the basis of DTI's role in SMME promotion. SMMEs are categorized into broad sets of enterprises and this categorization is important to understand the relevance of SMMEs in this study.

The White Paper (1995: 4), identifies four categories of small business as follows:

- The survivalist enterprises – are activities by people unable to find a paid job or get into an economic sector of their choice. It is further stated that, income generated from these activities usually falls far short of even a minimum income standard, with little capital invested, virtually no skills training in the particular field and only limited opportunities for growth into a viable business.
- The micro- enterprise – are very small businesses, often involving only the owner, some family member(s) and at the most one or two paid employees. They usually lack 'formality' in terms of business licenses, value added tax registration, formal business premises, operating permits and accounting procedures. Most of them have a limited capital base and only basic technical or business skills. However, some micro enterprises advance into viable small businesses and this depends on the particular sector, the growth phase of the business and access to relevant support.
- Small enterprise - constitutes the bulk of the established businesses, with employment ranging between five and about 50 people. The enterprise is usually owner-managed or controlled by the owner community. It is likely to be operated from business or industrial premises, be tax registered and meet the formal registration requirements.
- Medium enterprises - are difficult to demarcate from small and big business categories. The enterprise is still viewed as basically owner/ manager – controlled though the share holding or community control base could be more complex.

The White Paper was launched from the premise that, historically SMMEs were neglected in favor of big businesses. The paper was to address this issue and promote these types of businesses. The projects examined in Chapter 4 of the study fall under survivalist or micro enterprise strategies, enterprises that also need careful consideration

and promotion. The projects or enterprise are a driving force to ultimately achieve local economic development of a country depending on the local initiatives undertaken by local stakeholders with interest of improving social and economic conditions in their community.

The mostly cited constraint of SMMEs is the difficulty to access credit to finance the costs to start the enterprises. In response to this criticism, the DTI in the inception of the White Paper tasked various institutions. The key actors to address the criticism are identified as:

1. Khula enterprise finance set up by the IDT around 1996 to improve access to finance for SMME. Currently, Khula's market is divided into survivalist, micro enterprise growing and mature enterprise sectors (Lewis, 2002:26). The function of Khula is coordination, to ensure that the outcome of its activities in financing SMME is more sustainable.
2. Ntsika enterprise promotion agency is currently faced with a variety of issues. First, is the development of skills for SMMEs as part of a wider human resource government development strategy. Secondly, the role of market opportunities in assisting enterprises to become viable businesses. Thirdly, it is involved in a mentorship program in order to support small businesses so that they can manage their own businesses better and create more opportunities for themselves (Lewis, 2002:34).

The involvement of the institutions acknowledges that improved access to finance, credit, training, market and management of projects is of major concern

The DTI stresses the link with local government and the metros. Local government is key to SMME development. They provide the immediate environment in which SMMEs operate. The experience of the DTI is that there is no formula to success of small enterprises. The broad explanation is that much depends on the structure of the economy within which SMMEs operate.

In support of the enterprise, DTI states that small business support packages have to be put together to fit the local circumstances and the needs of specific sectors. Capacity is of

particular concern since many enterprises are not always able to supply the right quality of their products or services at the right time and at the right place. (Lewis 2002:13). In these issues the public sector can help with infrastructure facilities, access to finance and skills.

Many projects under the SMME sector are expected to fulfil a number of roles ranging from poverty alleviation and employment creation, hence the increasing number of participants. With interventions of this nature from the DTI, projects can grow beyond their current levels. With the assistance from mandated institutions and coordination between public sector and communities the projects can grow to create more jobs. To date much investment has been focused on infrastructure provision such as building of road, schools, provision of water and sanitation and electrifying of homes. However, these services are also important as they contribute towards poverty alleviation and growth of projects. In reflecting on investments and growth of small sector whether survivalist, micro or small, very little has been done to assist them directly.

3.2.4 National Department of Public Works Program

The Department of Public Works is mandated by Government to drive the National Public Works Program. The challenge is to deliver infrastructure to meet the social, economic and physical needs of the population. The program incorporates two approaches. The approaches are the Community Based Public Works Program (CBPWP) and the Construction Industry Development (CIDP). The CBPWP is the most applicable in development and support of projects.

The community based public works program (CBPWP) is a government initiative with the objective of poverty alleviation and job creation by way of employment while creating community assets (DPW 2002:1).

The program had encouraged communities to manage their own programs. Communities had to identify their needs and apply for CDPWP funds to meet the needs (DPW 2001:3).

By so doing the DPW had to enter into partnership with communities to implement, manage and maintain assets during and after implementation or construction.

Program Implementing Agents (PIAs) on behalf of the NDPW implement the program. The PIAs are local authorities responsible for the areas where the projects occur. However, the approach has not yet been practiced in local municipalities. The key benefit of the approach is that it covers a wide segment of the community and therefore alleviates poverty on a broader scale rather than implementation of single projects to individual communities (DPW 2002:4).

Amongst the range of projects undertaken by the program are:

- The construction of the Bleugumbosch primary school in the Free State.
- The irrigation system for the community of Xhefu in the Eastern Cape,
- Fencing and provision of irrigation system for the Kroza community garden in Eastern Cape.
- The home production center involving baking also in the Eastern Cape.

These projects are part of DPW's effort to change the face of communities and alleviate poverty.

3.3 THE EASTERN CAPE POLICY PERSPECTIVE

This section provides a profile of the Eastern Cape Province as a context for the policies of poverty alleviation. There have been innovative ideas to poverty alleviation initiatives from the Department of Agriculture. The Department of Agriculture and Land Affairs policy of unlocking agriculture potential will highlight these ideas

3.4 A PROFILE OF THE EASTERN CAPE

The Eastern Cape province is regarded as one of the poorest provinces in South Africa. According to the census of 1996 it is the third largest province of about 6.3 million people. Igodan (1999:2) states that the population density is 38-people/sq. km (15 % higher than the national average). It is further stated that, 65% of the population are rural dwellers and 47% of all rural people in the province are under the age of 15 years. This

indicates a high birth rate and contributes to the high level of poverty, as almost half of the population comprises children and adolescents.

Igodan suggests that the province's absolute poverty is its most striking feature. The employment index is blurring in the province. The unemployment total is 41% of the economically active population compared with 21% nationally (Igodan 1999:2). However, the percentage seems to have decreased to 32% in 2001 as indicated by DTI (2002:4). The female population constitutes 54% of the total population but they hold only 45% of all jobs.

The province has 5 universities, 3 technikons and 20 technical colleges (www.dplg.gov.za). Furthermore, despite the existence quality of educational facilities, 20,9% of those aged 20 years or older have never received any schooling, while 4,7% have completed some form of higher education. These statistics indicate a high level of illiteracy that could have implication for the utilization and management of resources.

Some key features of the province are:

- The Eastern Cape is the hub of SA motor industry,
- It has a large manufacturing sector, accounting for about 35% of private production (DTI 2002:2)
- Other industries in the province include agriculture, textiles and timber.
- Tourism is expected to be a major growth industry as the province has over 800km of unspoiled tropical beaches as well as abundant big game fishing and other attractions (Ibid.)
- The area has two ports, East London and Port Elizabeth and a new planned third port Coega.
- The major real economic projects are:
 1. The Wild Coast SDI- comprising the development of the Pondoland Park, a marine and terrestrial park on the Wild Coast.
 - The construction of the N2 toll road to create a toll road between Umtata and Port Shepstone.

- The European Union Program supports NGOs working with local communities to identify and operate community-based tourism.
2. Coega Industrial Development Zone - intended to generate sustainable economic growth and development and employment creation in the long term.
 3. East London IDZ – whereby 500 hectares of land will be developed and future expansion to 1700 is possible for key projects **including** infrastructure development in joint venture with Portnet and local government. (IDT 2002:6).

There are strong economic features in the province that is disappointedly unable to accommodate the percentages of people in need of formal employment. This could be due to the low literacy percentages as prescribed by government documents. However, there are other underlying issues. The fact that the economy of South Africa is undergoing change is one of the issues. The history of the province in formerly being a homeland is another issue. It is expected that the three economic projects will make some changes and significant contribution to the province.

3.4.1 The Agricultural Policy

The policy is derived from two fundamental government policies namely, the National Policy on Agriculture, which emphasizes the importance of agricultural support in respect of research, training and extension as well as resource conservation. The second policy is the Growth and Development Strategy of the Province of the Eastern Cape with specific reference to job creation, investment in people, meeting basic needs and sustainable use of natural resources (DALA, 2001-2002:1). The combination of these policies has led to formulation of individual schemes to target particular areas within agriculture

The community vegetable garden scheme:

The scheme has an objective of promoting food security through increased production from home gardens and applies to all the communities of the Eastern Cape participating in Community Garden Projects. To participate in the scheme all participants will be required to sign an undertaking to abide by a prescribed production plan and all sites will be visited before approval of funding.

Applicants to the scheme are required to show through their business proposals that the project is of benefit to the community. A maximum subsidy of 400/member/scheme/annum shall be available for production inputs, for a maximum of 5 years (DALA 2002:15). A subsidy of 100% of material required to fence off the area shall be available and an amount of up to R3000.00 is made available for the provision of irrigation where needed (Ibid.). The funding and support of a project will be ceased on failure to make satisfactory progress and when there is evidence that the participants are not acting in good faith.

A book keeping system indicating how the subsidy money is spent is required from project participants and the book shall be subject to an annual audit. Any amount spent not in accordance with the production plan is subject to repayment to the Department.

There are various institutions appointed to implement or assist the implementation of the scheme. The policy document states that, the Regional directors shall be responsible for the implementation and administration of the scheme in their areas of jurisdiction. The Director of Agriculture Technology and Development & Transfer shall draw the prescribed production plan to be followed by the applicants. Lastly the Member of Executive Council (MEC) for Agriculture shall appoint an Executive officer to take full responsibility of the scheme and management (DALA 2001-2002:16).

For evaluation of the projects the local extension officers are required to submit monthly reports informing on the crops being grown and their condition, weed insects and disease control. Lastly, they should also report on the level of commitment of beneficiaries.

The rural finance scheme:

The objective of the scheme is to provide:

- Funding to resource poor communities engaged in agricultural projects that impact on food security and poverty alleviation.
- Developmental base for creation of financial stability within the community through the establishment of rural banks

- The improvement of the economic viability of households through the support of income generating opportunities for disadvantaged communities (DALA 2001-2002:22).

The scheme finances agricultural inputs for crop, vegetables, poultry, piggery and dairy production. The category of projects funded is that, poultry should be a minimum of 200 chicks and 10 sows for pigs. The scheme applies to all organized agricultural groups and groups should have a constitution, business plan and must have proof of interest in agriculture.

The funding will cover 100% cost of input for the projects in the first year and there is an agreement between the project participant and the Department of Agriculture. The procedure for the administration of the grant provided by the DALA is:

- A letter of approval to participate in the scheme shall be issued to the successful applicants of projects. This approval letter is subject to the condition that the selection committee is convinced that the project is viable and will be sustainable, economically sound and secure markets.
- The applicant will then seek 3 quotations from different suppliers of agricultural inputs.
- By using the letter of approval the applicant arranges with the suppliers for provision of goods.
- The supplier must issue an invoice for signature of the applicant for the supplied goods.
- The invoice is then submitted to the relevant official in the Department for payment, made straight to the supplier.

The activities of projects under the grant are controlled and monitored. The contract is binding to the project group to follow the production plan. However, there is provision of assistance to see to it that everything goes according to plan. Provincially the Executive Officer should ensure the management of the fund.

Regions shall

- Ensure that the project objectives are adhered to and achieved.
- Provide advice, guidance and assistance to the projects in reaching their objectives.
- Undertake frequent site visits
- Organize and facilitate monthly meetings
- Intervene when progress is slow
- And monitor and evaluate the financial and technical progress of the projects using key performance indicators (DALA 2001-2002:24).

Simultaneously the local government also has a responsibility to undertake. They will identify key performance indicators for the projects and establish feasibility studies for the assessment of short and long-term impact of projects. On the other hand the local governments are required to submit monthly reports until the funds have been successfully spent and business plans implemented fully. Thereafter-quarterly reports will be required for the lifetime of the project.

These two innovations by the DALA including many other innovative schemes have the ability to eradicate poverty. The approaches involve working closely with various spheres of government to improve the condition of the Eastern Cape. This shows that the government is seriously considering the contribution of community-based activities towards generating income. This is a significant change from the past policies and will require a special attention to the administration and financial management of the conditions of the schemes. The implementation of the schemes requires the correct staff, correctly trained and placed for the implementation of the policy in general.

3.5 LOCAL GOVERNMENT INITIATIVE: AMAHLATHI POLICY AND IDP APPROACH TO POVERTY ALLEVIATION

The Amahlathi municipality is situated within the Amatola District Municipality. The municipality comprises Stutterheim, Keiskammahoek, Carthcarth and Kei Road. Amahlathi constitute 20 wards and is characterized by a range of settlement patterns and

associated land uses, including formal urban areas, formal and informal rural settlements areas, and extensive, privately owned farmland (Amahlathi IDP, 2001:7)

Amahlathi is estimated by the PIMSS Net statistics as being some 143,000 people. The IDP document states that, 80% of the population of Amahlathi, lives in rural areas, mostly villages. Most of these villages have rural lifestyles and practice mostly subsistence type of farming activities and little income farming projects. Households in the area may own few livestock (chickens, pigs cattle) and have small gardens to grow crops for household consumption (IDP 2002:22). However, very few surpluses are produced for economic profit and state support services are close to non-existent in many of these areas.

The greater percentage of people living in Amahlathi are children (50%), 21% are young adults, 21% middle aged (35-65) and 7% elderly (IDP, 2002:2). This population distribution indicates a need to develop and increase the number of jobs to accommodate the high percentage of youth. 47% of the population is male and 53% is female (www.demarcation.org.za).

Data indicate that only 17.42% of the economically active population within the municipality is employed, however, 21.5% of the population is actively seeking employment (IDP 2002:9). This is indicative of the high levels of poverty in the area and correspondingly, lack of employment and low participation in the economy. The income figures obtained during the 1996 census suggest that 17.3% of households within the municipality earn nothing whilst 62% of the households earn less than R1500 per month (Ibid.). Employment status of the area calls for urgent initiatives to stimulate both the economic and social development. The Community, Social and Personal Services sector are key economic sectors in the municipality, followed by Agriculture, Forestry, Fishing and Hunting creating 23.4% of employment (IDP 2002:10).

The Amahlathi completed its IDP process hence the demographics. The IDP is intended to assist Amahlathi in its efforts to build its organizational capacity, and to develop and

render appropriate services, and facilitates an improvement in the quality of the life of the communities in its area of jurisdiction (IDP 2001:1). The plan focuses more on significant backlogs that exists in the provision of infrastructure. It is stated in the IDP that key local economic development initiatives that appropriately and directly impact on poverty in terms of income are to be undertaken through the Local Economic Development Strategy (IDP 2002:10). The strategy is still being processed and programmed for finalization. The outcomes of this strategy will also provide invaluable input on how the municipality will support small local enterprises. Despite this, Amahlathi has an estimated budget for local economic development projects over a period of 5years amounting to R14, 730,000 that take into consideration poverty relief (Ibid.).

With regard to the budget, focus areas of LED initiative include facilitating growth of tourism; local manufacturing, agriculture, forestry and small locally based enterprise development. Within these sectors the issues to be addressed have been identified as: poor access to tourists sites, limited market facilities for communities to market local produce and goods, insufficient training and skills development opportunities and untapped potential for agricultural schemes (IDP 2002:10).

In the interim, for the purpose of the IDP, the municipality has listed broad LED objectives that are to be used as important inputs in the formulation of the LED strategy.

These are broad objectives towards poverty alleviation and support of projects however, through the objectives a number of priority projects have been identified. The projects are expected to be implemented by end of 2003. The projects include promotion of piggery, poultry, and provision of miscellaneous agricultural equipment and small business grants for business enterprises.

Currently, Amahlathi has drafted one policy specific for its use. The policy is Grants and Donations Policy. The policy is to ensure that whatever grants or donations applied for and approved will benefit the local communities that it serves. It will also serve as the mouthpiece of the Council to the relevant applicants, guiding them through the council

requirements before final consideration of the application is undertaken by the Amahlathi local Council (Amahlathi 2002:135). One of the conditions of receiving the grant towards a specific project is that the municipality shall be provided with a detailed report on the progress or finalization of a project.

The municipality is still addressing the issue of building its capacity to participate effectively in local economic development and in projects run by communities. There are arguments to recruit suitable qualified officials for LED, as councilors and only one formally employed official currently perform the role. Both the councilors and the official are not certain of the role they ought to play in IGPs because there is no formal structure to guide them. As a result their approach to supporting IGPs is not well developed. At present the municipality is only playing the role of arranging funding and training for projects. However the council is in a process of drafting policies particularly meant for managing the projects of the area.

Amahlathi is an example of a municipality that is committed to implement development and alleviate poverty in partnership with and for the benefit of the community. This is represented in its vision: “Amahlathi Municipality as an integrated unit shall become the model for community empowerment, participative management, and a transformed and proactive municipality”, (IDP 2002:23). However, to fulfill this vision there is a need to take critical resolutions to either continue with the appointment of councilors as LED officials or to assign people who are relevant and familiar with LED.

3.6 CONCLUSION

The chapter has drawn from several policies and programs focusing on poverty alleviation and support of income generation projects. The policies have provided a base focusing on creating jobs and identifying various institutions to assist in the implementation of the policies. The feature of all the policies is the involvement of various governments through the appointment of new staff members to concentrate on the development of projects. The newly appointed staff ranges from Extension Officers and

Decentralized Officers depending on the approach of the department, but all have the same responsibilities.

Income generating projects emerge in many forms and their success depends on both the type of initiative and the economic environment within which they operate. The projects are becoming one of the important job and income generators in South Africa. The policies and programs are mechanisms to attentively endorse the government responsibility towards development, as opposed to past neglect. The support and assistance of these enterprises falls upon a wide range of organizations, associations and agencies. These might include all levels of government, a range of parastatals, a number of NGOs, CBOs, business associations, private institutions and foreign donor agencies. The commitment and co-operation of all these associations and agencies determines the degree to which projects can grow, as policies alone are words in pursuit of action.

CHAPTER 4

A PROFILE OF PROJECTS

4.1 INTRODUCTION

During the fieldwork phase of the research a visit to eight projects in different villages of Amahlathi was undertaken. The projects observed include those with an agricultural focus namely gardening, poultry and the ones with a non-agricultural focus, namely sewing and baking. In this chapter the focus will be on existing projects rather than on projects that might be developed in the future. The aim is to show how various projects started, their problems and how they work in practice. The conclusion assesses whether the projects have a potential for growth and whether they have a capacity to relieve poverty.

4.2 NON AGRICULTURAL PROJECTS

A feature of the Amahlathi initiatives is that older women are the ones participating in the projects and they generally have confidence in their capacity to change their lives if they are assisted. These women are keen for progress and are enthusiastic about their participation in local development projects. They have realized that in a situation of difficulty caused by poverty and weakening family support structures, they need to work together in order to achieve their individual and collective objectives, that of maintaining their families. They are committed to exploring and bringing in new opportunities in their villages rather than traveling to other areas in search of employment.

Case 1: Sisonke women's baking group project, (Keiskammahoek town)

Since the area of Keiskammahoek (KKH), had no bakery a group of women from different villages, mostly of whom were African National Congress Women's League (ANCWL) members, decided to start one in 1996. At first, the group of 30 members, all unemployed, formed the KKH Women's Development Club in order to create programs

for economic activities. At their meetings the group decided to create members of a steering committee to speed up decision made and to represent the group in various discussions with the community at large. The members of the committee drew up a list of possible projects based on the needs and wishes of the whole group. After discussions and consultation with members of the community the baking project was selected as a priority. Steps were then undertaken for setting up pilot bakery projects in all the 8 villages that had members in the club. However, because some of the club members did not have money, 5 villages managed to collect money amongst them to buy ovens. The amount collected from the members was not fixed; a member donated what she could afford. The ovens were brought from Mr. Madiba running a small business. The ovens produced bread that was sold locally mostly during pension days and some was sold on credit.

The ovens experienced a lot of technical problems and the pilot projects in the villages were stopped. A central point was decided for the location of the existing bakery. The small town of KKH was chosen because of the concentration of business. The bakery is run in one of the KKH small business sites. Now, because of lack of progress the group had decreased from 30 to 20 members.

In 1998, through the efforts of Mrs. Njobe, a member of parliament in Cape Town born in area, the group received a donation of R30 000 from the Unama Association in New York. With the money, baking equipment and a new oven was bought in addition to the already available equipment. The oven produced 16 loaves at a time, so in a day 30 loaves were baked. Other problems emerged caused by lack of support from the locals claiming that the bread was not up to standard. There were 20 people using one oven and this decreased the group further to 7 members. Three men were recruited into the project.

On May 25 2001, the project received an amount of R186 000 from the Department of Social Development. The group bought other baking equipment and another oven. The ovens are able to bake 60 loaves at a time. Simultaneously, the Department of Labor

offered training in bookkeeping and how to bake using the South African standard for the weight of bread.

The quality of the bread and market has improved. Currently, there are 3 local shops ordering bread from the project. It is only now that the members are being paid. The amount paid to members varies according to their working shifts. They earn R490 a month for a night shift and R340 for a day shift, and they alternate between shifts. This income is not enough for the members to run their households. However, the women were pleased, as there are no other alternatives available.

The women are delivering the bread to the shops by putting the bread crates on the heads, which is unhygienic, but tolerated. They walk around to sell to the community as few people come to buy on the premises. Other shops are still hesitant to support the project.

The group wants the local municipality to assist in establishing a wider market. For example, there is a boarding school, a prison and a hospital in the area, which consumes bread delivered by the well-established Star bakeries located in King Williams Towns, 60 kilometers away. The group tried to negotiate with the institutions but failed. They do not want to displace the distributing bakery but ask for sharing of the work. Another problem is that of a delivery van, which they do not have and makes it hard for them to make their deliveries and access the surrounding villages, which are served by the same mentioned bakery. Lastly, the project aspires to have a bakery building that is noticeable by the community and within the central business district as they feel that their current location makes it difficult for them to be noticed hence they do not have a large customer base. These are the issues they require the municipality to consider.

Case 2: Masincedane sewing group (Upper Mnyameni village)

The Masincedane sewing group has its roots back in 1998 when the then Transitional Local Council (TLC) Councilor Makapela organized a meeting to talk to the women of the village about their social and economic upliftment initiatives. People who attended the meeting were mostly the members of the local South African National Congress (SANCO). The result of the brainstorming on appropriate projects that could be initiated in the village was that the group agreed on poultry and sewing projects. The Councilor motivated the group to write a business plan that was to be submitted to the Amatole regional council. He also helped to prepare the plan. When the plan was approved the group was required to open a bank account. The members each donated R50 to open the account.

A company called A-ket that was assigned by the Amatole Regional Council provided training for sewing and craft making in the Fort Cox Agricultural College. For the training, individuals brought their own hand machines some borrowed from neighbors. The training was not enough since the group did not have any prior sewing skills. Triple Trust Company, a local training and business development non-government organization (NGO) organized by the Welfare department conducted another training session. The Amatole region through the local councilor's motivation donated 3 machines. The training was for a period of 3 weeks and members had to pay an amount of R275 for the training. After the training 3 more machines were donated by the same Amatole Council.

The Masincedane sewing group consists of 10 unemployed members. Any community member who wants to join is allowed to do so. Membership is annually renewed and ceased in non-payment of the R50 joining fee. If a member decides to retire from the project, she forfeits the benefits. The profits are shared equally amongst the members. Meetings are held every second Friday of the month and no one is allowed to miss meetings in three consecutive months without a valid reason. If that happens, a member is required to pay R5 for each month non-attended and the money is saved in the bank when accumulated.

The group does not have a permanent place to do their sewing, so members use their homes as a sewing place in turns depending whether the room is available and when it will be needed again. The group closed the Standard Bank account and opened a post office account because of the bank charges and distance to the nearest branch, which is 60 kilometers (kms). The group purchases their material in East London, 120 kms away. At times selected members buy material at their own expense and are later paid back when there is enough profit made. The products range from tracksuits, baby bags and traditional garments. The outfits are sold within the community and at times the group gets individual orders.

After expenditures on salaries of R100 a member (only when there is enough money), constant servicing of machines and purchasing of material, the group has managed to save R630 in the post office account so far.

At the time of the interview, the group was being trained. An Amahlathi local economic development (LED) official Mr. Quma through the Department of Labor organized the training. The trainer had brought her own machines. Since the start of the project in 1998 some members dropped out and others joined. At the time of the interview there were 12 members in total, 2 youths had just joined.

The women complained that there is heavy reliance on four machines as they have stopped using others because of difficulty in getting the damaged parts repaired by servicing companies. This means that when one of the machines needed to be serviced or repaired, the production output fell. Moreover, they said that the costs of repairs were high and generally not budgeted for. The women also said that they would like to have a dedicated facility erected, so that they could work without the disturbances of having to move from one place to the other. They also feel that this would help to advertise their garments.

The range of products produced varies greatly. On one hand, their response to the need for tracksuits and other school related clothing has not been enthusiastically welcomed, as tracksuits need to have a logo attached or writing on the back. There is a good demand for these items locally, but it is also common for parents to travel to the cheap clothing outlets in town to purchase the garments. The main problem mentioned by the group appear to be related to the low levels of affordability in the local market which results in difficult credit situations and the absence of buyers beyond the village. Lack of commitment is another hindrance to progress, as women become demotivated because of lack of fixed monthly income.

Case: 3 Nompumelelo sewing, knitting and beadwork project (Tshoxa location)

The project was initiated in 1994 in Mthwaku village by a social worker working at the Mthwaku TB center. The project was meant for women patients suffering from tuberculosis, but other people were also allowed to join especially the disabled people. At this stage the group was trained in beadwork only and the trainers were 2 local women who traditionally knew about the beadwork, organized by the social worker. The group trained came from different villages and when they left the hospital few of them kept contacts with other project members. With the collapse of the TB center the project moved to S.S.Gida hospital in Keiskammahoek town. In this new center the group wrote a proposal to the Development Bank of South Africa (DBSA) asking for assistance and guidance.

The DBSA sent a business counselor to teach the group the skills of running a project. The counselor advised the group to open a bank account as a requirement in operating a small business. There were 10 members and each contributed R40 and the amount was also treated as a joining fee. This membership was now not only made by the disabled or the sick people but other people who had a little bit of skills in sewing and knitting.

In 1995, the group was funded an amount of R10 000 by the Department of Welfare as the DBSA forwarded the proposal to that department. With the amount the group bought

a used overlock machine, 3 sewing machines and one knitting machine. The total amount spent was R8000 and the rest was used on rental backpayment and electricity. The garments made were sold within the community and agricultural shows. The group members get a salary of R300 a month depending on credit payments. The credit extends up to 3months, which makes it difficult to make ends meet because monthly rental is R150 and the electricity bill is R400 monthly. If customers have paid well, the group is able to bank at least R500.

In the same year the group was then trained by Siyakha training center operating under the Department of Labor and the training lasted for 5 months. The training was further on sewing and business skills. The long training period caused a problem because there was no production to be sold and customers on credit did not pay because it was impossible for the project members to collect debts. After the training, even though it was beneficial for the group, it was difficult to improve or either maintains the standard of sewing the group had before because the machines were damaged.

At the time of the training the Siyakha center had stipulated that the requirement for training is that a group should at least have 10 people. This was not the case for these women because there were six members left and fear of forfeiting training made them recruit four other members without any skills. This is what caused many of the machines to be damaged. Four other original members of the group left after the training.

It should be noted that the project was meant for sick and disabled people. DBSA was doing all these efforts to improve mostly the lives of the disabled. Even though the project has not progressed or developed the bank is still giving advice when needed as the group resorted to be its members. At the time of the interview there were only 5 members left and one sewing machine. All the others were being repaired. The women complained that at the beginning of the project the salaries they received did make a difference, as all of the members were not employed. However, now things are back to where they started because there is no money generated and the project is static. The damaged machines and lack of money to repair them was reported to the bank. So far the group has not received

a response. Application for funding has been made to the local municipality but is not through yet. One other important thing is that in the remaining group 4 people are disabled and are receiving government disability grants.

The group highlighted that if they can be monitored every now and then, the possibility is that they will be motivated as they will be aware that their product is evaluated against other project products. They also stated that they have applied for loans at other formal lending institutions but were turned down because of lack of collateral. Assistance desired from the local government is funding, monitoring, establishment of a stable market, and their own center.

Case: 4 Abesuthu sewing project (Gwili Gwili location)

This group was set up in 2000 and comprises 10 women under the leadership of Mrs. Sigwabe. The project is solely the initiative of the women and they have not received training yet other than the skills they had prior to formation of the group. The general idea of the project was the formation of a group to supply local demand in traditional wear. Initially each member donated R50, as a start up. The main output of the group is traditional dresses, school uniforms, curtains and beads. The group markets their product in nearby schools and villages, so the group has not made significant income. The little profit made is again used in purchasing material and beads.

At the time of the interview the woman had applied for funding to the Amahlathi municipality and had not received a response. The women mentioned that at times they feel that running the project is a waste of time since there is not much money made, to pay the salaries. They complained of the time they invest in the project without returns whilst they should be performing other chores at home. However, the improvement of their quality of work as they produce motivates them to continue. They feel that with the help and consideration of projects as a means of employment by local government, projects like theirs could thrive.

4.3 AGRICULTURAL PROJECTS

Agriculture is a means of survival in the rural areas of Amahlathi but it has declined dramatically. The effect of the past TRC and TLC was that it started to reflect on the decline and offered new opportunities for groups interested in farming initiatives. The problem however, was that the vast majority of villages had neither the means nor resources for the renewed interest. In this context the past Amatola regional Council (ARC) currently known as Amatole District council (ADC) regenerated farming opportunities.

“Income generating projects in the past TLC’s were taken into account by the ARC by permitting villages to apply for funding to the ARC through the TLC’s. The ARC approved the applications and there was an allocation of R88 000 to each TLC that had applied for income generating project funding. The ARC appointed Ms Xhanti, a developer from government to help in the implementation of the projects by assisting communities to do quotations and submit them to the ARC to buy equipment for the projects. With the involvement of the department of agriculture the money was distributed evenly to different villages in order to start projects”, (Mr. Mgunyasi, ex-TRC Councilor).

Case 5: Sophumelela poultry (Mnyameni village)

The history of this group closely tracks that of the Masincedane sewing group. The group of 10 works closely with the sewing project, as the majority of members are the same as in sewing. In 1998 the group prepared a business plan submitted to the past TLC requesting assistance for the start up of a poultry project. When the application was approved the group received 100 chicks, water bowls, 50kg x 6 of feed, sawdust and medicine. The chicks are sold only when they are fully-grown chickens. The chickens are sold for R20 both on credit or cash to the village residents. Out of the 100 chicks 7 died, 8 sold were sold for cash and the rest on credit. In total the group received 1000 chicks in batches of 100s over a period of ten months.

On the arrival of the first batch of chicks the group erected a chicken run but it was demolished when thieves wiped out the second batch of chickens. Now, the group keeps the chickens inside one of the member's unused house. The group members take turns to feed the chickens. Each member feeds for two consecutive days. A member who has not fed the chickens in her turn has to pay R5 for a day at the next meeting of the project. The project's most reliable customers are the pensioners.

One of the major problems facing the group is the high number of chick fatalities shortly after arrival. The deaths range between 7 to 20 chickens at a time. The group explained that the problem is that they do not have the correct lighting and heating equipment to keep the chicks warm enough to survive. They stated that although the village has access to electricity, the cost of electrifying the chicken run is far beyond the means of the group. Currently they use paraffin lamps to keep the chickens warm and at times they run out of the fuel and lack of income from the project makes this difficult. The members of the group stated that they receive R100 after every two weeks whenever they can, but only when all the expenses have been paid. A member does not get this amount if she still owes the club chickens taken on credit.

The members feel that a properly constructed and secure chicken run is essential. They also stated that they are unable to build a highly secured run on their own, as they have not made enough money so far. They want to slaughter the chickens and package them so that they can further increase their profit, as slaughtered chickens will cost more than the live ones. The group hopes to produce eggs as well.

The women in the project complained that there are a number of problems that have to overcome. The first is the increasing prevalence of theft. With a secured chicken run, this could be dealt with. The other problem is the issue of people buying on credit, but not being able to pay at the end of the month. The group felt that a lot of money is lost through this type of purchase and the economic condition of the village makes it difficult for them to cover the losses. With careful consideration of these problems the group feel that they can expand to the outer market.

Case: 6 Silwindlana garden project (Keiskammahoek)

The project is composed of 15 members who are women, youth and the disabled. The members were elected by their communities to form the group. The project came about when the local ANC office in KKH was approached by the provincial Department of Welfare in 2001 to look for people in need in order to form a group as a way to alleviate their poverty. The group that was selected by the community had to decide what kind of project they want to embark on. The elected members were ones of the most disadvantaged families in the community. It was decided that a farming project would be appropriate because of a vacant piece of land that was previously used for crop planting by a farmer. The land leased from the municipality is approximately 36 ha.

Although the project was planned to kick-start in 2001, due to delays in receiving the funds promised by the Welfare Department the project only came to effect in 2002. With the donation from welfare the group purchased seeds and equipment. They also had to fence the land to protect it from animal destruction. So far there have not experienced any problems of theft because the men in the group alternate as watchman. The original group of 15 members decided to increase the number to 50. Since the piece of land is big they felt that it would help them to produce more. The first crops that were planted this year by the original 15 members did not grow properly since the members did not have first hand experience in crop production. It is only in the second batch with the additional members that the garden produced.

In the meantime the group sell their vegetables to the villagers for cash. The vegetables that have been produced are not yet of good quality since the land has not been used for grazing after the previous farmer who used it. Due to the scale of production no attempt has been made to market this produce outside KKH. The group wants the community to be satisfied first. With the expansion of the group there is a combination of skills to the extent that the group thinks of involving farming and beadwork as sidelines to the

project. The group has been trained by the Impofu training center on both agricultural and administrative skills.

The project is a full time job and members are urged to work everyday. At present the group does the labor manually with the help of one tractor that they hire from local farmer. Currently the members have not received any incomes. At the time of the interview the group was still selling the second batch of vegetables. So far they had collected R800 and expected more as they still had some vegetables.

This project is an attempt to create ties and working relations between the Department of Welfare, local government and the community of KKH. The Department has donated funds for the project to start and there are still more funds to come for tractors when the production improves and the input of the members proves to be worthwhile. The vision of the project is to create jobs and distribute their produce to the whole of the Amahlathi area. This vision is still to be tested, but with all the support they have the members feel that they could make the difference. With a larger and improved output they feel that they would need to find markets outside their area. During the interview Mr. Skeyi, a group member highlighted keen interest and collaborative work amongst the members.

Case: 7 Masizakhe garden project (Lenye village)

Mr. Adonisi and Mr. Tshaka, members of the community committee, initiated the project in 1999. The land was provided by the former Ciskei government with the idea of starting a community garden, but that never materialized even though water pipes were already installed and working. With the new government the land was then transferred to the Department of Agriculture for use. The Department in 1999 gave the land to the village community to start their projects.

The two members contacted the past TLC and expressed an interest in launching a garden project. The enquiry resulted in an invitation to the members to write a proposal and a business plan. When the proposal was approved 8 more members joined the group. Now

the group is made up of 5 men and 5 women, all unemployed. The group of 10 opened a bank account by donating R20 per person. The Amatola Regional Council first funded the group with 130 bags of potato seeds because potatoes seem to have fewer problems in terms of planting and growing. They also received equipment such as spades, wheelbarrow, rakes and fertilizer. On receipt of this equipment, each member of the group donated R60 to hire a tractor to prepare the land for planting. A farmer from the Department of Agriculture who was assigned by the ARC to assist in the starting of the project organized this.

Agricultural officers trained the group, but the training was not sufficient or appropriate because it was not conducted with a focus of practical application. With the training, but mostly with individual agricultural experiences half of the land was tilled. Mainly cabbages, mielies and potatoes were produced. The produce was sold to the locals and passers by as the garden is in the strip of the gravel road connecting other villages. The members each receive one bag of each product during harvesting. So far there is no income that has been earned as profit is spent on hiring tractors, paying for water and buying new seeds. The group has savings of R2500 in the bank. With the high rate of theft the group has difficulty in harvesting in time. Once thieves wiped out the whole garden and the next morning there were truck tracks to prove it. The garden is fenced but that does not stop thieves. It is only recently that the men in the group decided to be night guides but this is not safe as they only have their canes as weapons.

The group consults a local farming official when they have a problem because no further training was received after the first session. Recently, the group joined a Farmer's Trust linked to Zanyokwe irrigation scheme. The joining fee is R20 per person and the reason for being members of the Trust is to be assisted in times of problems. One important reason for being members of the trust is that it serves the means of getting loans from the Vimba Farmer's Bank when there is a need. However, the Trust is still new and the group has not gained from its membership.

The project leader complained of lack of commitment from members because they want to be paid for their efforts. This has led committed members to decide on dividing the land into individual plots and maybe others will be committed since they will not even receive the bags of produce when they have not cultivated their plots. The project seems not to have improved the economic situation of its members since there is no income obtained. With the division of plots some of the members are thinking of trying to find jobs again and work in their gardens during weekends. The project has not made any difference in the lives of these people other than giving them something to do.

With these problems the members feel that they need more training to improve their crops, skill and knowledge on agricultural activities. They believe that with long fences the problem of thieves will at least be lessened. At present they are not interested in market links with other areas as they feel that they have not even supplied their surrounding area enough. The group also feels that having a tractor will boost their products. The group wants intervention from local government in terms of monitoring and evaluation because they indicated that maybe if they receive funding on certain conditions then members could be motivated to put in more effort.

Case: 8 Isithebe Soluntu project (Cenyuland in Stutterheim)

The village of Cenyuland has an alarming number of unemployed people. As a result people depend on each other for daily food consumption. Families depend on pension funds and disability grants. In the past some members of the community were fed by a group of business people arranged by the local doctor.

The Isithebe Soluntu is an umbrella project for a whole lot of projects such as vegetable gardening, poultry, pigs, bricklaying, carpentry, and sewing. In 2000 the chairperson of the community with members of farmers association met with Mr. Kwelita, a provincial ANC official at a launch of the local ANC branch. The group brought to attention the problem of unemployment and poverty in the area, and Mr. Kwelita promised to talk to Ms Kondlo a department of Welfare MEC to check if there is a budget for poverty

alleviation projects. The community also wrote a letter to Ms Kondlo with the advice of Mr. Kwelita. The plea was responded to and the community was promised to receive an amount of R307 400 to start projects. In response the interested community members formed the Isithebe Soluntu project. The community divided into smaller projects according to interests.

The projects opened separate bank accounts. Project groups received training in bookkeeping and running of projects from the Department of Labor through the Welfare Department. The only group that has not been trained yet is a carpentry group because of unavailability of electricity in the village as the machines are electrically operated. The sewing, poultry and pig projects started operating towards the end of 2001.

The **pig project (Masakhe)** comprises of 10 women who received training in the basics of commercial pig breeding. The group was taught how to wean the pigs and to feed them up to ensure they achieved maximum growth. The group with the help of an agricultural official bought 5 quality piglets as start up. The piglets cost between R100- R150 depending on their weight. They bought a 100kg of what is called 'weaner meal' and 75kg 'pig growth'. A pigsty was built to keep the pigs. The group has not dealt with problems of theft so far. The group has sold two batches of pigs so far. The pigs are sold for R500 each to traders who slaughter them for sale. A large portion of the meat is consumed locally.

The **poultry group (Ncedololuntu)** made of 8 women received a batch of 100 chicks, equipment and feed to feed them from the Department Of Agriculture. The chicken run was built in the premises of the chosen project leader. **The group** sells the chickens within the range of R22-R30 depending on the mass of the chicken. A group of 10 women has also started to sell eggs. This project has also has a problem of chicken fatalities. The women alternate to feed the chickens.

The **sewing group (Phakamisa)** received 3 hand sewing machines and material. The group of 5 women does not have a sewing center at present and use the home of one of the members. The group has started with the basic pinafore and seshwewshwe skirts. The consumers have determined these garments because it is mostly the older people who buy their product. The garments are mostly sold on loan. So far the group has saved R500 but no incomes have been received. Most of the money made is spent is purchasing material.

The **(Ncedolabantu) vegetable garden project** is made up of 5 men and 5 women. The group is in a process of owning the piece of the land they grow their vegetables on but in the meantime the land is leased from the owner. This is one project that started earlier than the others are, but it still has a problem with water. The members have to fetch the water from communal taps, which makes the job time consuming, and labor intensive. The produce that has been harvested so far is cabbage and potatoes. This produce has been sold mostly during pension days in the village. The vegetable is sold for cash and on loan and the group is strict on loan payments. Loans are made for only a month as longer payments pose a problem for the group in terms of purchasing seed, as they have to wait for all the loans to be paid. The quality of the produce is still not that good yet and the problem with transportation to sell to other villages is currently a hindrance to the growth of the project. Lack of commitment is another problem as members only attend to the garden when they want to. At the time of the research, this was reported to the LED officials for consideration and the official was to call a meeting to discuss the issue with group members.

In reflecting to all the Isithebe Soluntu projects there is dominance of women because the Welfare department stressed their involvement in the projects. Adults operate all of the projects because the youth has reserved themselves to be involved in the carpentry project. In the analyzed projects the cultural assumption that pigs and poultry are women's animals is still upheld since women are the ones involved in these projects. On the other hand the projects that have not been started yet have men as members. In all the projects there is no significant income that has been received yet. Profits made have not been shared. In the vegetable garden project much money is spent on payment of rent.

The projects are to be monitored by Welfare and Local government. The local government is to do spontaneous visits to check on problems and to provide advice. Local business support in purchasing the products is also to be established.

4.4 FINDINGS ON PROJECTS

Based on the project profile presented in the above section, findings indicate that IGPs of Amahlathi have the same experiences. Weaknesses and problems characterize the projects.

From the interviews conducted it should be noted that out of the eight projects, only one project (Abesuthu sewing group) has not received any kind of support. The support received by the projects varied between financial supports, skills training to equipment donated to operate the projects. Various government departments, organizations including local government provided the support. However, the projects did not show any better performance than the non-supported projects, and all experienced severe problems.

Most of the project leaders complained of stagnation and there is no long-term solution that has been found to resolve the issue. Such weaknesses have led to the decrease of the number of participating individuals in some projects and the demoralization of the few left. This is the weakness of both the projects that have received funding and the ones that have received none for the operation and maintenance of projects. It is difficult to state that autonomous or externally financed projects are more effective than one another.

Apart from the weaknesses, there is a host of problems brought to light by the project leaders. The major problem highlighted is of the amounts earned because in starting the project, participants expect enough incomes to improve their economic conditions.

Amounts earned

The amounts earned from the project ranges between R100 in a fortnight and R490 monthly. With these low amounts it is difficult for the project participants to support themselves, let alone their families. Judging from the study of projects and the amounts

earned, there are underlying problems that lead to the tiny incomes. These problems range from selling on credit and lack of support from locals to more complex problems described below.

Inadequate entrepreneurial and business skills

It was noted that almost all of the surveyed projects identified a strong need for local government to intervene. Although the study acknowledges the intervention of local government, the way it is sought by project participants is exaggerated. It can be attributed to lack of entrepreneurial ambition and vision. This became evident from the responses of the project leaders, when asked about their initiatives to market their products outside. The excuses made were that, the products produced are not yet good enough to be sold in other places. However, the local government was expected to provide market linkages for products that the participants themselves were not confident of.

The Sisonke baking group is an exceptional case. Although, the group wants the local municipality to establish market links with surrounding institutions, it is because their own initiative to do so failed. Besides, as mentioned in case 1 the women carry the bread on their heads.

A further constraint identified by the project leaders is the lack of business skills. Although various institutions have provided training courses, they are inadequate. For example some groups involved in agricultural production claimed that the training received was more theoretical than practical. On the other hand some groups involved in sewing complained of their poor bookkeeping methods.

Infrastructural problems

Certain types of infrastructure were regarded as an obstacle to the growth of the projects.

Roads to improve access and linkages to the near towns as well as to increase access between projects were seen as important.

Electricity is one of the overlooked assets of IGPs. On observation of projects the findings are that the projects need to use electrical machinery. Electrically powered machinery is an efficient technology that is also versatile although it can be expensive for the projects to afford. Interviews conducted in the Isithebe Soluntu projects indicated that some of the projects have been delayed due to unavailability of electricity. In the Sophumelela poultry project, women linked the fatality of chickens with unavailability of electricity to provide enough warmth.

Unsuitable working premises

Premises are mostly a problem to sewing and baking groups. For example Sisonke mentioned that the premises they operate in are not noticeable to the public. Furthermore, the sewing groups mostly do not have appropriate premises.

In spite of all these problems, there is still a chance for IGPs. Shragge (1997:61) states that the present social and economic condition greatly favors interventions at the community level almost everywhere. The mandate of local government to deliver development could promote IGPs. In Amahlathi the local government has managed to provide support for some projects.

4.5 FINDINGS ON LOCAL GOVERNMENT SUPPORT

The distinct role that is played by the local government in IGPs of Amahlathi is that of transferring money to the projects without any additional mechanisms of either monitoring or evaluating the projects. Most of the time the finances are accessed by people who either know how to draw business plans or are enlightened on such requirements to the disadvantage of the less knowledgeable. The concern of the local government is that people are in need of finances to start up their projects but there is no follow up to make sure that the money is spent appropriately. This has been the general routine in which IGPs have been supported throughout the world but has failed. Currently in Amahlathi financing of the projects is the only support supplied to projects and the project participants of the area want more than that. The reason is that people admit the

fact that they are unable to achieve the desired outcomes from projects. Receiving financing from the municipality is just a vicious circle of getting the money, spend it and despair. This is the character of projects whether they have received funding from government and or not. There is more that needs to be done in order for projects to impact on poverty alleviation.

Given the usefulness of promoting and supporting IGPs in Amahlathi and given the nature of the constraints faced by the existing projects in the area, the need for a policy aimed at facilitating support in such enterprise becomes obvious. The policy must be aimed at creating an environment conducive for projects to thrive. However, the problem is that currently there is no policy available that is used to determine the role and the contribution of the local government in such projects.

In providing the support for IGPs there is a need to address the negative business and community attitudes towards the products of the projects. More importantly it is necessary to change the attitudes of the IGP members themselves from the mind set to demand support from the local government and to one of realizing that they can find solutions to their problems within their own communities. The problem of demanding support is that when the support is not received or delivered on time the projects and their members become helpless and despair. However the local government has the ability to facilitate delivery of appropriate support through the use of the local economic development plans and integrated development plans. The plans emphasize economic development that is done locally.

Rogerson(1999:48) states that, a special category of small business support is those interventions geared to assist individual entrepreneurs drawn from minority or disadvantaged communities. If it is acknowledged that there are entrepreneurs from disadvantaged communities then IGPs fall under this realm requiring special attention. On the other hand Friedrich (1997:14), states that the interventions by support agencies should be sensitive to local circumstances and priorities and operate with and through organizations established to develop the local economy. In examining these statements

they share the same sentiments that agencies or who ever is involved in small enterprises should provide support necessary for the uniqueness of the needs of operating individuals.

The support of local government on projects is emphasized because compared with other anti poverty agencies, they at least have a direct contact with the enterprises. Therefore, key endeavors by local government in Amahlathi should be directed towards:

- Promoting an enabling environment for projects to prosper through provision of infrastructure.
- Providing finances to all projects that are in need by enlightening people about the services available
- Providing a threshold to support IGP activities through business contracts and linkages
- Increasing the efficiency of IGPs by fostering an entrepreneurial culture, encouraging positive attitudes and providing appropriate training and skills.

4.6 CONCLUSION

Income generating projects require special support that ranges from the direct welfare of the local government on one hand, and activities that directly enhance their competitive advantage on the other. It is clear that the support provided to IGPs in Amahlathi is inappropriate and that the local government needs to be assisted to undertake this role. The responsibility to alleviate poverty through IGPs needs to be assigned to a partnership between local government, with other institutions such as NGOs, CBOs, private sector and business associations. Finally, it is impossible for the government alone to devise strategies to fight poverty. Therefore if given support by unlocking the opportunities to counteract their weakness, IGPs can make the difference, at least in the daily lives of the people.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

The economic changes of the country prove to have challenged communities particularly the rural poor to pursue alternative means of sustenance. The current fact is that, the number of people without formal employment is increasing and more pressure is being generated by retrenchments resulting in the decrease of remittances from the city to rural areas. Poverty alleviation in South Africa has become a national issue and it is a contributing factor that urges the government to take necessary steps.

Given the situation of poverty in the whole country, various forms to generate income other than those that are community initiated are considered. These include strategies that blend the “top down” and “bottom up” initiatives. Therefore the national initiatives by the Department of Public Works, Department of Trade and Industry and Department of Agriculture cannot be overlooked in contributing towards poverty alleviation. The initiative of the Department of Social Development and Welfare through provision of grants for the destitute is also important however dependence must be discouraged.

As a response to a number of considerations Government has decentralized considerable power to local governments. Local governments now have the necessary authority to play a role in poverty alleviation. Various policies specifically designed to take care of poverty strengthen this position. Through these policies the government has devised approaches focusing on community participation to alleviate poverty. On the other hand communities make use of their own methods to alleviate poverty. However, the problem with these methods that are often called IGPs, is that they have long existed with no impact on poverty alleviation. It is clear from the various experiences with IGPs that the project participants are trapped in cycles of poverty and dependency.

The main conclusion of the findings on IGPs operated in Amahlathi is that, while the projects are operating under difficult circumstances in mobilizing resources, they are not

yet able to generate the economic returns required to support the members and their families at large. They make a financial contribution, but at the stage it is small and uncertain. The projects are operating on a very small scale and are mostly directed towards everyday basic needs, which is the opposite of the initial objective of starting the projects. The local people should be encouraged to support the projects but it is nearly impossible at the stage to suggest that the projects have the potential to provide anything more than a supplement to subsistence needs. With unemployment it is difficult for projects to be fully supported by local people. Moreover, local people are more confident of products sold by established businesses. On the other hand most villages are involved in similar projects, so the projects and their products easily crowd the market. The projects lack originality and innovation in the types of activities pursued.

The projects are generally not run by individuals, but are put together collectively by groups. They involve co-operation and collective efforts among members and also have collective benefits. Unemployed people who have no other alternative characterize them. The women members are the most dominant in the projects. They have worked as domestics and some have previously been supported by their husbands. But, with retrenchments all over the country projects have become their only means. There is an indication of government support on the projects but more still needs to be done to take the projects to another level other than that of survival. The main weakness of the projects is related to limited market opportunities and the range of products produced. It might be sensible for villages in proximity to embark on different projects. Consideration should be given to accessing large profitable markets.

The projects seem to possess the same characteristics. In terms of their strengths they are at least gender sensitive as they include men and women, adults and youth. Their weaknesses are a lack of resources and finance to make profitable business, a lack of support, cooperation and motivation among the community and between members themselves. The opportunity is that with necessary support and commitment they could benefit their members. Although IGPs have an opportunity to be developed, the major

problem is unavailability of a policy document specifically meant for the projects. Without policy guidelines, there will never be any proper support for IGPs.

Based on the observation made in Amahlathi, adopted policy should consider the following principles for the development of projects.

- The future of the area must rest on the survival and strengthening of its enterprises. This calls on encouraging the local people to support the project by purchasing their products rather than purchasing in established businesses.
- There is a need to invest in human skills. The skills are to promote and foster entrepreneurship and self-reliance.
- Recondition the mind of people. This is important as project participants are still conditioned to the idea of being employed.
- Development of the projects must be planned in an integrated manner. The current IDP of the area does not acknowledge the existence of IGPs hence there is no policy or guide directing the kind of support that the municipality is prepared to provide.
- Provide an integrated range of support to create and enhance the growth of IGPs.
- Provision for financial and technical resources, which can support and encourage local entrepreneurs to engage in these initiatives.
- Business linkages will not only increase thresholds, but it also an effective way to enter new markets and meet market competition.
- Well-located market places will help to overcome the inability to sell the products imposed by inadequate markets.
- Provide an improved business infrastructure.

The principles are to ensure that the projects are sustainable and for members of the projects to possess the necessary business skills. Moreover, the groups will be motivated in knowing that local people support them. An integrated plan will tabulate the kind of support that the municipality is able to provide in order not to raise people's expectations. The key objective of the principles is to promote effective structures, processes and networks to encourage and support the development of the projects. For example Sisonke baking group mentioned that they had approached the institutions (hospital and boarding

school) of the area to buy a number of loaves from them, but were turned down. In promoting effective networks the municipality can evaluate the quality of the bread and if it is satisfactory, try and develop the network for the purchase of the bread by the institutions.

Ideally, the local government could develop a range of support measures to meet these needs.

- It could provide financial and technical resources to support the projects
- Develop opportunities to foster entrepreneurship
- Advise and help project participants in conducting viability and feasibility studies.
- Provide training to equip participants in business management.
- Provide infrastructure according to the needs of the projects. For example garden projects needs more water while sewing projects need electricity. Moreover, the end products of the projects need to be transported to marketplaces and absence of road linkages can pose a problem.
- Provide an integrated range of start up support services to potential entrepreneurs.
- Establish business and market linkages for the projects

However, Amahlathi local government is limited by the fact that, it does not have a support framework for IGPs. The capacity of the municipality is still too weak to provide the necessary support. Since the municipality is quite big the possibility is that it will never be able to provide the support on its own. However there are other methods to increase the incomes of the people. One way to counteract the problem could be involvement of local government in partnerships with the communities. Such partnerships can be seen as a mechanism to secure leadership and good governance from both the municipality and communities. For example in the rural areas where IGPs are operated, services such as waste disposal could be forwarded to communities. The municipalities can sell refuse bags at affordable prices to a project. The project members can collect the refuse of all the households in a rural area using wheelbarrows if they cannot afford a small truck. The bags can then be packed at a central point along the road

where it will be accessible for a municipality truck to collect. An amount to be paid for each bag can be determined by the weight. This is beneficial both to the municipality and the project members. The municipality does not have to spend a lot of money in servicing the truck because the garbage will be collected on the main road. On the other hand it is increasing the income opportunities of the project members.

Partnerships have the potential to increase the scale of resources required for local initiatives. In other words, partnerships can allow municipalities to expand their financial and technical resources and with community insight, they can be enjoined to provide services fairly. In this sense IGPs should take another direction and be encouraged to work with the local government. However to ensure partnership success there must be willingness from the local government and cooperation from community. For this to occur, it is important that the partnership between local government and the community is one developed from the local vision. This will benefit communities by giving them greater control of their social and economic existence.

Mentioned earlier is that the role of local government has been substantially expanded, however in many cases local government is not in a position to take up this extra responsibility. Local government needs additional support to perform some of its roles. Contained in the DPLG (2001) paper is that the role of LG is to ensure (as opposed to drive) delivery and development, by performing a policy and coordinating function. This acknowledges the fact that local government does not have the capacity to do the whole lot on its own. Furthermore, the paper also highlights the clear onus on local government to create an enabling and supportive environment for IGPs by selecting the appropriate agents (including itself) to deliver the support. To establish relations with the selected agents, there is a need to firstly distinguish the links between the various spheres of government in support of IGPs. At issue, the role of local government to poverty alleviation through IGPs, versus provincial and national government's roles are not clear in most legislation of these various spheres of government.

Indisputable is that the national government continually makes budget available for poverty alleviation projects. But provinces, specifically the Eastern Cape province, seem to lack commitment to implement the funds to its respective local municipalities. For example the Isithebe Soluntu project in Stutterheim only received funding after the community drew attention of their problems to Mr Kwelita, in a launch of the local ANC branch. Afterwards an amount of R307 400 was received to start IGPs in the area. The questions that arise from such practice are: why such an amount of money was not voluntarily offered to poverty alleviation projects, and if the people of Cenyulands were not proactive what would be their current situation. It is therefore important for provincial government to implement funds timeously in order to avoid a delay in delivery of development.

The above-mentioned limitations and uncertainties are disturbing specifically for the Amahlathi local government. This is because participants of IGPs strongly hold the opinion that the municipality has all the necessary resources to support the projects. Considering that local government does not at present have the appropriate capacity to support IGPs, perhaps it should be temporarily discharged from this responsibility until its capacity is strengthened. The role it can play at the moment is to receive funds for poverty alleviation projects from the provincial government and channel these funds to an agent to support IGPs. As the lack of capacity restricts local governments from directly supporting IGPs, an option is to group the projects and establish the supportive IGP agent who would provide support to the group. The argument is that focusing on a group of projects could be progressive. The intention behind a support agent is to make IGPs dynamic and highly competitive through a range of practices which include increased cooperation, coordination and networking amongst the projects. This is to ensure that the services such as buying, marketing, skills training and even production can be shared.

Finally, it is clear that local government is struggling with its capacity. With such a predicament, it is currently impractical to expect this sphere of government to support IGPs. On the other hand IGPs requires considerable commitment in order to succeed. Therefore, local government needs to assign capable agents to run the projects while

strengthening its capacity and the lack of various resources restricting IGPs to play a notable economic role needs to be addressed. The projects have to reduce dependence on external sources of funds as soon as they gain momentum. IGPs need to be given a chance to contribute to poverty and the question of their ability to do so, still needs to be seen. Their combination with other local economic interventions such as LED could lead to some solutions. It is therefore, logical that one actively supports and promotes the development of these initiatives through the engaging, cooperation and strengthening the relations between various necessary support institutions so that the enterprises may work effectively towards the ends of fostering their key objectives.

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Appendix 1

QUESTIONNAIRE FOR PROVINCIAL OFFICIAL

Name

Position

- 1) What were the approaches of the past provincial government in poverty alleviation projects?
- 2) How did the provincial government support projects in the past?
- 3) What experiences have been learnt from these projects?
- 4) How does the current government approach differ to that of the past?
- 5) What problems were encountered at the stage of drawing up the project proposals
- 6) What are the key projects that have been undertaken, when?
- 7) How are these projects distributed geographically?
- 8) Who decides what each local government needs?
- 9) What is the process for assessing the need?
- 10) What are the major constraints that the government is facing poverty alleviation terms of policies and other issues?
- 11) Were the community needs considered in the proposals of the projects? Provide details.
- 12) What is the government doing to ensure the sustainability of these projects?
- 13) How are the projects funded or supported financially?
- 14) What problems have been encountered on the projects?
- 15) What mechanisms were set up to train the local government officials in management and implementation of the projects and if so, by whom?
- 16) What is your future plans for?
- 17) What are your goals?
- 18) General comments

Appendix 2

QUESTIONNAIRE FOR AMAHLATHI LED OFFICIAL

Name

Position

Background

- 1) What were the approaches of the past local government to poverty alleviation projects?
- 2) How did local government support projects in the past in this area?
- 3) What experiences have been learnt from these projects?
- 4) How did local government respond to problems experienced in past projects?

Current analyses

- 5) What are the key projects that have been undertaken?
- 6) How many income-generating projects are there and what are they?
- 7) How many projects have been implemented so far and what are they?
- 8) How many projects are still proposed and what are they?
- 9) How are these projects distributed amongst the areas?
- 10) Who decides what is needed locally?
- 11) Who is consulted and what is the process for accessing the need?
- 12) How do you disseminate the information to the community about these projects?
- 13) Are there any other poverty alleviation projects not initiated by the local government in the area, which are benefiting the local community? What is the local government relationship with them?
- 14) What are the major constraints that the government is facing in terms of poverty alleviation projects?
- 15) What capacity does this local government have to support poverty alleviation projects?

Empowerment

- 16) Were the communities involved in the proposals of the projects? Provide details of the way they were involved?
- 17) Was there democratic decision making about the choice of projects and election of project leaders?
- 18) Are the projects controlled by the host community or by the local government, why?
- 19) Generally in what ways has community improved?

Economic

- 20) How are the projects funded or supported financially and how long does support last for?
- 21) Are the projects economic sustainable if yes, how? If not why?
- 22) Do the projects depend on local markets or are there any other markets?
- 23) What problems have been encountered on the projects?

Training

- 24) Were people trained in what they are doing? If so, by whom?
- 25) Are there any broad opportunities for community development and education in these training?

Assessment

- 26) What support is planned in terms of management of the projects?
- 27) On business aspects and marketing of the projects?
- 28) On rural context in terms of distance to market place?
- 29) What is the performance e of government supported projects and why? Give details in terms of the following factors:
- 30) Sustainability
- 31) Management
- 32) Income generation
- 33) Goal achievement

- 34) What about autonomous projects if they exist in terms of the same factors of:
- 35) Sustainability
- 36) Management
- 37) Income generation
- 38) Goal achievement
- 39) What are future plans of the municipality?
- 40) General comments

Appendix 3

QUESTIONNAIRE FOR PROJECT LEADERS

Background

- 1) Name of the project?
- 2) When was the project started?
- 3) Who initiated the project?
- 4) How did the project start and how does it operate?
- 5) How many participants, who are they- men/women/young?
- 6) What is your product?
- 7) Where is your market and how is it- is it stable?
- 8) Does you get support from the community for your products?
- 9) Where did you get funding?
- 10) Was/ is there local government support?
- 11) If not why, if yes what form?
- 12) If there is local government support, how important is it to the success of the project?
- 13) If it is an entirely autonomous how have you managed so far and what are your problems?
- 14) Has the project developed, if so what caused it to develop?
- 15) Have other participants joined or left the project since it was initiated- why?

Economic

- 16) What problems have been encountered financially?
- 17) Has your income improved? If so by how much approximately?
- 18) Has the income made a real/ major difference in your life and other participants?
Provide details?
- 19) What work were you doing before and what was the income?

20) What is the annual profit of the project and how much does each member gets in terms of income?

Employment and training

21) How many jobs have been created and what kind are they?

22) What relevant skills did you have before joining the project?

23) Have you learnt new and relevant skills that you can use in the future?

24) Were you trained? If so what type of training and who undertook it?

Assessment

25) What are the successes of the project so far?

26) What are the weaknesses of the initiative?

27) What are the goals of the project?

28) Can the group manage the project entirely on its own or do you need local government support?

29) If local government support is needed, is it critical and what form does it take?














30) Comment on local government support on this initiative, their strength weaknesses?

31) What do they need to focus on in order for projects to succeed?

32) Other comments

Integrated Development Plan

Legend :

-  Main Towns
-  Amahlathi Municipality
-  National route
-  Trunk roads
-  Main roads
-  District roads
-  Railway
-  Dams
-  Rivers
-  Settlements
-  Local Municipalities
-  District Municipalities
-  Indian Ocean

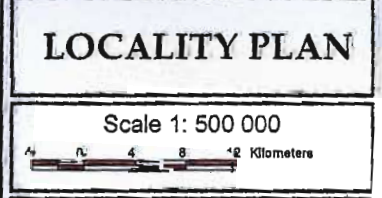
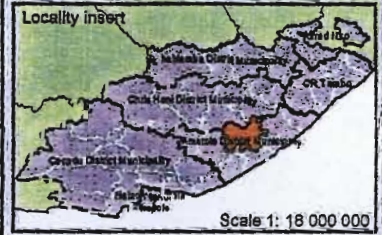
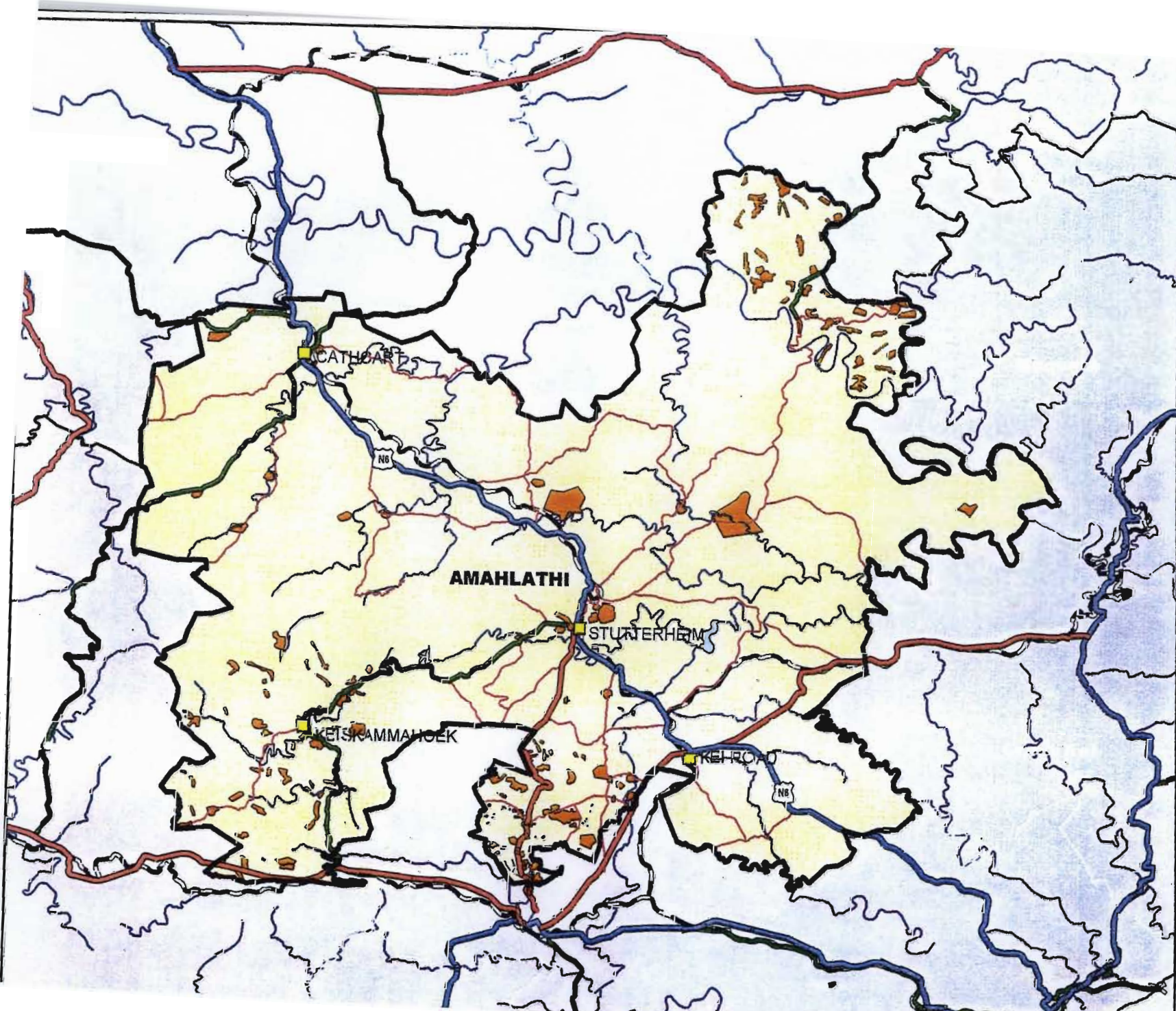


Figure 1.1
 Date : February 2002
 Project Ref :
 Ref : D0816 Amahlathi Municipality IDP/
 Av Projects/Spatial Framework Plan.apx

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