

**ASSESSING THE ROLE OF NON-GOVERNMENTAL ORGANIZATIONS IN  
POVERTY ALLEVIATION THROUGH THE CREATION OF SUSTAINABLE  
LIVELIHOODS IN UTHUNGULU DISTRICT**

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**2012**

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POVERTY ALLEVIATION THROUGH THE CREATION OF SUSTAINABLE  
LIVELIHOODS IN UTHUNGULU DISTRICT**

By

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submitted in partial fulfilment of the requirements for a degree of

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in the faculty of

**ARTS**

at the

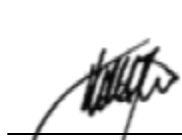
**UNIVERSITY OF ZULULAND**

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## DECLARATION

Student Number: 20055083

I, Lindokuhle Vukani Mkhwanazi, hereby confirm that the study, **Assessing The Role of Non-Governmental Organizations in Poverty Alleviation Through The Creation of Sustainable Livelihoods in UThungulu District**, was done by me in the area of UThungulu District within KwaZulu Natal province. All the instruments, data collection, analysis and report were compiled and presented by me before the University of Zululand. Appropriate citations have been used in case of other authors' works being used.



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Mr. L.V. Mkhwanazi

Date: 03 April 2013

## **DEDICATION**

This research is dedicated to my mother, Nomusa Ntuli and my entire family. Their unfailing love and belief that I can do anything has lightened up my spirit to complete this study. Through thick and thin times; I know that somebody believes, “yes I can”.

## **ACKNOWLEDGEMENTS**

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- Mr. Q.B. Siveshe, a personal friend and brother, Principal Agricultural Economist, Owen Sitole College of Agriculture;
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- Steven Jacobson, Project Manager; Winrock International;
- My friends, family and colleagues;

To all of you, I thank you.

## ABSTRACT

The responsibility of social development and improvement of living standards for the rural poor has, in the past, been solely the responsibility of governments. Through changes in scope and new partnerships, this responsibility has been partially entrusted on the civil society which is deemed to be very close to the communities and has a better capacity to contribute towards the betterment of living standards in rural communities. This study, *Assessing the Role of Non-Governmental Organizations in Poverty Alleviation through the Creation of Sustainable Livelihoods in UThungulu District*, seeks to bring an understanding on the role of the civil society towards creating sustainable livelihoods in a bid to alleviate poverty. The study comprises literature from various sources to present the argument on the subject. It also reveals the assessment of the work done by essential oils NGO, Winrock International, in the area of UThungulu District. It then proposes the recommendations for the future development initiatives on the role of the civil society towards creating sustainable livelihoods.

The study was conducted using expanded methodology with qualitative and quantitative research approaches. The research study made use of explanatory and contextual designs with a mixed model. The researcher used purposive and snowball sampling methods to draw the sample. Data was collected through semi-structured interviews using questionnaires to guide discussion. The data was analyzed using tables with numerical and percentage representations for each category. For non-numerical data, explanations were developed to make an understanding of the responses from the study. Archived reports and information from interested parties and organizations were also used to intensify the quality of the study.

Based on the findings and conclusion of the study, recommendations were made to the future development initiatives in creating sustainable livelihoods through job creation. The results will be disseminated by means of a written research report.

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# **CHAPTER ONE**

## **1. ORIENTATION TO THE STUDY**

### **1.1.INTRODUCTION**

Non-government organizations (NGOs) have become a very popular sector in South Africa, particularly within the last decade of our democratic dispensation. To many, they are perceived as the most reliable agencies through which poverty is addressed. Unemployment, poverty and inequality are the commonplace of issues usually addressed by the activities of the non-government organizations. This sector consists of organizations, not in any way dependent on either, the public or private sector, (Swanepoel & De Beer, 2006). These authors are of the view that, usually, NGOs come into existence to address specific problems such as health, education and housing needs in communities. These are the most common and critical needs that are rife in rural areas; and, as such, give rise to the issue of rural development which is one of the government's top five priorities in South Africa. The NGO sector is sometimes referred to as the civil society or voluntary sector by many other different authors. This terminology does not differ from the way Nzimakwe (2008: 91) refer to the non-government organizations in his definition. He perceives NGOs as characterised by their voluntary association and availability to addressing the needs of the community in which they operate.

He further alludes that those interested in NGOs' development activities should have the opportunity to participate in their activities as partners in development. NGOs are institutionally independent of government. They are privately set up, as opposed to being set by the state, and are normally under the control of independent board of directors or trustees. Swanepoel and De Beer (2006: 18) mention a few of the popular examples of non-government organizations as local government associations, development institutions, international, national and local government organizations and advocacy organizations such as legal aid bureaus.

Non-government organizations do not have the profit motive; but have the developmental objectives towards the community. Any surplus of funds generated

during the course of their activities is reinvested back into the organization, (Nzimakwe, 2008: 91). The study proposed to assess the role of non-government organizations in poverty alleviation through the creation of sustainable livelihoods in UThungulu District. The study would also analyze how non-government organizations are currently positioned to catalyze development, income generation and the betterment of standard of living for the people.

Earlier literature presents the perspectives of earlier scholarly work on the prospects of expansion in social development and reduction of poverty through the engagement and partnerships reached with non-government organizations. Patel (2005:310) considers trade unions and non-government organizations as useful vehicles which exert pressure to expand social assistance to address mass poverty and inequality. In a study conducted by Bhaskar & Geethakutty (2001; 53) the results showed that major rural development programmes of selected NGOs are agriculture, health and hygiene, human resource development and trade and industrial programmes. All the organizations that were considered exerted a considerable effort on rural development.

Similarly, in South Africa, it is almost impossible to separate NGOs' work from rural development due to the nature of their activities. Since the work of the non-government organizations is always geared towards improving the standard of living and the lives of people, rural areas are the utmost target. Patel (2005:109) is of the view that a new trend emerging in the voluntary sector is towards income-generation strategies and entrepreneurial initiatives to achieve sustainability, cross-subsidization of social programmes, and the diversification of programme funding-bases while increasing these organizations' independence from the government.

The study by Bhaskar and Geethakutty (2001: 53) indicated that the majority of the programme activities ultimately lead to progress in health and hygiene, education, technology transfer, employment generation, self reliance, economic development and behavioural changes. There is a consensus on the role and activities undertaken by non-government organizations as can be depicted from the different views and perspectives by different authors. Patel (2005: 109) concurs that, in addition to the developmental role that underscores the existence of NGOs, voluntary organizations

play a pivotal role in complementing governmental efforts in meeting human needs and therefore strengthening democracy. She is also of the view that South Africa's collaborative approach towards social development partnership is a viable option in middle-income countries faced with resource constraints and limited institutional capacity to meet human needs. He then warns that in everything, it should be remembered that the state has the primary responsibility to meet the human needs and voluntary sector partnerships should not lead to the abdication of responsibilities, (Patel; 2005: 109). This purports accountability of the government to social assistance despite every effort and contribution brought about by the voluntary sector in development.

According to Mercer (1999:247) as cited by Seabe (2011:1) non-government organizations are hailed as the drivers of economic development and perceived as the universal solution to the problem of poverty. He believes that the importance of their role is recognised through their inclusion in world forums, such as the World Economic Forum and World Social Forum and also by the acknowledgement from the International Monetary Fund (IMF) as the development partners whom they have been searching for to assist in the fight against poverty (Leite 2001:1) as cited by Seabe (2011:1). This consolidates the pronouncement by Nzimakwe (2008:91) that NGOs should take opportunities to participate in development activities as development partners.

The South African government also envisages a strong role for NGOs and regards them as partners in socio-economic development, which, according to Seabe (2011:1), is evident from various policy statements. He also concurs with many other authors that despite their useful role as development partners, NGOs in South Africa, as elsewhere, rely on private and government donations to fulfil their championed role to assist in poverty alleviation and act as critical watchdogs. The majority of them are non-profit organizations, mainly dependent on donated funds from government agencies, business and other donors from the international community. As a result, NGOs' independence remains vulnerable to funder conditions and demands, and there is a real danger that this dependency may affect their efficient functioning in discharging their duties, (Seabe; 2011: 1).

Seabe (2011:1) brings into discussion the distinction between the demand and supply theories where demand theory refers to the NGOs which come into existence because of government failure whereas the supply theories advocate the formation of NGOs which come into existence by individual motivation driven by altruistic motives. He believes that economic theory and empirical evidence support the important role of NGOs in development whereas supply theories explain the existence of NGOs as being the result of individual motivation, driven by either altruism or self-interest. Demand theories, premised on markets as well as government failure, suggest that incomplete markets and lack of information, which leads to contract failure, are the main reasons behind the role of NGOs. For example, Ilon (2002:42) notes that the importance of NGOs in economic development relates to the fact that people are dissatisfied with official institutions and their failure to solve problems of underdevelopment and poverty, (Seabe; 2011:1).

According to Seabe (2011:1), Salamon's (1987) theory of voluntary failure on the other hand refuses to acknowledge the existence of NGOs based on the failures of government and markets, but proposes that NGOs bear the full responsibility of the delivery of specific public goods and services and suggests that government should intervene when they fail to do so. This study is intended to establish knowledge on the reasons for failure of community projects initiated by NGOs after those NGOs have stopped their participation in the projects.

## **1.2.BACKGROUND OF THE STUDY**

In 2008, an American NGO, Winrock International, funded by United States Agency for International Development (USAID) and Ford Foundation, settled in South Africa in Melmoth town, located under Mthonjaneni Local Municipality, in the northern region of KZN. This NGO runs a variety of development projects worldwide depending on the needs and suitability of environmental conditions of that particular country. Before settling in Melmoth, Winrock International had already conducted a study on the means by which sustainable livelihoods in the country can be created. The idea of essential oils project came into picture.

The areas of northern KwaZulu-Natal and Mpumalanga were identified as most suitable for essential oils in South Africa. A number of communities were approached and, after having followed necessary procedures and obtained permission from authorities, were trained about the production of essential oils and farm business management. However, the focus of the study conducted for the project was not on all essential oils crops, but rose geranium; one of the many essential oils crops. The areas which received attention of this NGO are communities of KwaMagwaza and Yanguye (both in Melmoth), Eshowe, Dundee, Ongoye, Port Durnford, Mangethe, Thugela Mouth, Sokhulu, Matshana, Mtubatuba, Hluhluwe, Esikhawini, Ntambanana and Hlabisa. However, the project could not continue in Yanguye and Dundee owing to some other conflicting issues that arose during the planning phase of the project.

Ntambanana, Matshana, Port Durnford, Ongoye and Sokhulu residential areas were trained at the beginning of the project and the results thereof were, to a large extent, tangible. The study was conducted to assess the impact of this project in creating sustainable livelihoods within these district municipal areas.

During the time when trainings were conducted, it emerged that there is a lot of other NGOs who had been coming and leaving the communities. The people out there cite a variety of organizations which had tried to assist them. This also raised scepticism in the communities as they normally accuse some of these organizations that they come to take advantage of their situation.

The government of South Africa encourages partnership with the civil society and private organizations in order to ensure that the development of the country is achieved. Shuping & Kabane (2007:152) portray the seriousness of the South African government with service delivery through entering into private public partnerships and complement its budgetary capacity with the wealth of innovative and special skill that is available in the private sector.

### **1.3.STATEMENT OF THE PROBLEM**

In South Africa, there are many NGOs which initiate community development projects with the aim of creating sustainable livelihoods so as to reduce poverty in



communities. Soon after those NGOs leave, the community projects tend to fall. Once these have fallen, the communities return to live on government support grants which then increase the dependency burden in the country. There is a serious concern about the sustainability of community development projects after the exit point of initiating agencies. In order to ensure poverty alleviation, this must be given enough attention to reverse this norm.

#### **1.4. AIM OF THE STUDY**

The aim of this study is to establish reasons for failure of community development projects soon after the NGOs that initiated them have left. This will mobilize awareness to the future development endeavours in order to ensure sustainability to the projects initiated for ensuring better livelihoods in rural areas.

#### **1.5. MOTIVATION TO DO THE STUDY**

The researcher has observed from time to time that different organizations get introduced to the communities. These organizations all have one purpose: to better the lives of people. However, it comes into effect that regardless of the maximum effort that is invested in communities to create sustainable livelihoods, there is no sustainability in these projects. Soon after those organizations have left, the projects aimed at bettering the lives of people fall. This made the researcher to be motivated to conduct this study in an attempt to identify possible solutions to ensure that these community development projects do not fall, and that the standard of living for the people is improved.

#### **1.6. OBJECTIVES OF THE STUDY**

The research was undertaken with the aim of achieving the following objectives:

- 1.6.1. Establish the livelihood status of the project beneficiaries before their involvement in the NGO project.

- 1.6.2. Assess the sustainability of the NGO community development projects within rural household settings.
- 1.6.3. Critically, analyze the NGO projects as a reliable source of income for the impoverished communities.
- 1.6.4. Investigate the role of the NGO in ensuring that capacity-building leads to the creation of a hallmark of success in poverty alleviation.
- 1.6.5. Document lessons acquired from the study for future use and referencing of the project's ability to uplift poor rural communities.

## **1.7. RESEARCH QUESTIONS**

The following are key questions which the study will answer:

- 1.7.1. How many people are involved in the NGO projects under UThungulu District?
- 1.7.2. What measures are in place to ensure sustainability of NGO projects once the project has come to an end?
- 1.7.3. What is the nature of NGO projects aimed at improving the lives of people?
- 1.7.4. What has been done to ensure the transfer of knowledge for the management of community development projects so as to alleviate poverty to communities?
- 1.7.5. What lessons can be learnt by other development projects' practitioners from the community development projects in UThungulu District?

## **1.8. HYPOTHESIS**

- 1.8.1. It is hypothesized that the community development projects initiated by NGOs create more jobs for the poor communities.
- 1.8.2. The researcher assumes that the initiation of these projects to the communities has led to improved standard of living for the people.

## **1.9. SIGNIFICANCE OF THE STUDY**

NGOs have been widely known as quick cash vehicles for their owners, and to some extent, perceived as promoting the sense of dependencies among communities. Very little is known of their ability to uplift the poor and needy communities through creation of sustainable livelihood strategies in rural household settings. This study would contribute to a pool of knowledge available about the NGOs and also their ability to alleviate poverty through creation of sustainable livelihoods. This would also assist the community development workers together with the communities on what need to be done to ensure the sustainability of these projects in the hands of the impoverished communities. The study would also assist the future projects through the facts that will be documented in the report for referencing in the near future.

## **1.10. RESEARCH METHODOLOGY**

Welman *et al* (2005) refer to research methodology as the consideration and explanation of the logic behind research methods and techniques. The research methodology for this study comprises of the subjects as can be seen below.

### ***1.10.1. Research design***

According to de Vaus (2001:9) as cited by Mashigo (2007: 42), research design can be equated to a work plan that details what has to be done in order to complete a project. The primary function of a research design is to ensure that the evidence obtained enables the researcher to answer the research question as unambiguous as possible, (Mashigo; 2007: 42). Welman et al (2005: 52) is in agreement with this definition as he defines research design as the plan according to which the researcher obtains research participants and collect information from them. Leedy & Ormrod (2005:85) add that research design provides the overall structure for the procedures the researcher follows, the data the researcher collects, and the data analyses the researcher conducts.

Basically, the research design describes how the study will be conducted, or was conducted in the case of the completed study, (McMillan & Schumacher; 2006: 22). In simpler terms, research design refers to research planning, (Leedy & Ormrod, 2005: 85). It summarizes procedures for conducting the study, including when, from whom, and under what conditions will the data be obtained, (McMillan & Schumacher; 2006: 22).

According to de Vaus (2001:9), obtaining relevant evidence entails specifying the type of evidence required to answer the research question, to test a theory, to evaluate a programme or to accurately describe a phenomenon. Yin (1989:91) as cited by de Vaus (2001:9) mentions that research design deals with the “logical” problem and not the “logistical” problem. White (2005: 80) reckons that when describing research design, the researcher should attend specifically to two aspects, namely; research approach and research method to be implemented. The research approach means the qualitative or quantitative paradigm to be used in the study whereas the latter refers to the methods such as experimental, descriptive, ethnographic or action research, (White; 2005: 80).

Research designs can be categorized into three major categories, namely, quantitative, qualitative and mixed method, (McMillan & Schumacher; 2006: 22). McMillan & Schumacher (2006: 23) also mention that within each category, there are different types of designs. The table below shows the research designs according to McMillan & Schumacher, (2006).

**Table : Research designs by McMillan & Schumacher (2006)**

<b>Quantitative</b>		<b>Qualitative</b>		
<b>Experimental</b>	<b>Non-experimental</b>	<b>Interactive</b>	<b>Non-interactive</b>	<b>Mixed-method</b>
True experimental	Descriptive	Ethnographic	Concept analysis	Explanatory
Quasi-experimental	Comparative	Phenomenological	Historical analysis	Exploratory

Single-subject	Correlational	Case study		Triangulation
	Survey	Grounded theory		
	Ex post factor	Critical studies		
	Secondary data analysis			

The study that was conducted by the researcher is an evaluative research. By definition, the evaluation research is the determination of the worth for an educational programme, product, procedure or objective, (McMillan & Schumacher; 2006: 439). The evaluation research provides means through which a researcher can judge the effectiveness of particular policies, practices or innovations, (Leedy & Omrod; 2005: 135). Weiss (1998) as cited by Engel & Scutt (2009) define evaluation research as a systematic assessment of the operation and/ or the outcomes of a programme or policy, compared to a set of explicit or implicit standards, as means of contributing to the improvement of the programme. It uses the tools of research to do a variety of different tasks, such as describing the clients using a particular programme, exploring and assessing the needs of different communities or population groups, evaluating the effectiveness of a particular programme, monitoring the progress of clients, or monitoring the performance of staff.

Hence, this study is evaluating the performance of Winrock International as a non-government organization aspired to reduce poverty, promote job creation and improve the livelihoods standards of the participants in the programme. This project was also determined to transfer skills to the communities which participated.

The design approach for the study is the expanded methodology with the mixture of quantitative and qualitative approach due to the nature of the study conducted. The nature of the evidence required by the study is in the form of numbers, choices among a range of answers provided, words and interpretations. At certain stages of the research, the researcher will integrate both the quantitative and qualitative approaches where explanations are given by the respondents and interpretations have to be formulated.

With this study, the researcher aims to evaluate the effectiveness of Winrock International's intervention to reducing poverty, creating employment opportunities, enhancing capacity building and improving the livelihoods of the communities of UThungulu District. This evaluation also extends to the interventions made by other non-government organizations in the district municipal areas involving the participants of the Winrock International's project.

#### ***1.10.2. Selection of the site and participants***

The research area, UThungulu district, was selected on its exposure to the NGO development projects that are geared towards poverty alleviation and creation of sustainable livelihoods. Among other projects that have been introduced in the area is an essential oils project by an American NGO, Winrock International. The participants in the study were selected based on condition that they have participated in an NGO community development project in the past. This is to ensure that appropriate, accurate and reliable information is received first hand from the participants.

#### ***1.10.3. Population and sampling***

The population for the study refers to all community individuals and organizations who have been involved in a community development project in the UThungulu district. The sample was selected from the population of participants in Winrock International's essential oils projects. A group of 30 individuals and representatives of organizations from amongst those that have participated in community development projects was selected. This selection was dependent on the fact that each individual or organizational representative have participated in the community development project.

The sampling method used in the study is the purposive sampling where the researcher would go to the ready known participants in community development projects initiated by NGOs. The researcher also combined purposive sampling with the snowball technique where the participants were hard to locate within the

particular communities. With this, the respondents started to identify each other on the system and therefore making the task of identifying other respondents less straining to the researcher.

#### ***1.10.4. Data collection strategies, analysis and interpretation***

Semi-structured questionnaires were designed in order to obtain in-depth information during the interviews with the respondents. Respondents may also be re-interviewed using focused group discussions to clarify any contradictory information. Any necessary written information in the form of reports and statements from the participants will be used as important instruments to provide evidence in the study.

The data collected will be presented categorically depending on the nature of the questions asked in the face-to-face interview guide. All the responses provided by the respondents will be captured in a computer system for storage and ease of use in the near future. For numerical data, each question will be recorded in responses coding form where all the data will be captured per question asked.

The data will be analyzed by developing explanations that are close to concrete data and contexts. The researcher will put information on tables analyzing the quantity and percentages of respondents per category. In so doing, the researcher will use ordinary, less abstract theory which is grounded in concrete details. Where possible, the researcher will supply supportive evidence to eliminate some theoretical explanations and increase plausibility of the study conducted. Before data is analyzed, the researcher will organize them into categories on the basis of themes, concepts or similar features. He will formulate conceptual definitions and examine relationships among concepts. Then the researcher will engage in the process of coding data where he assigns meanings to the data.

In designing the responses coding form, next to each question, a meaning will be attached explaining the possible conclusions that can be drawn from the responses given. The data will be interpreted from the responses that the respondents provided during the study.

## **1.11. DEFINITION OF KEY CONCEPTS**

### **1.11.1. Poverty**

Whilst it becomes ineffective to come up with one definition that encompasses poverty, various authors have attempted to consider all factors that have implications towards poverty. Poverty can be defined as the inability of an individual or household to obtain the minimal standard of living, where standard of living is measured in terms of consumption or income levels, (Woolard & Leibbrandt; 2001). Narayan *et al* (2000:33) as cited by Patel (2005:2) appreciate that poverty is like heat; one cannot see it, it can only be felt; hence, he reckons that, to know and understand poverty one has to go through it. These definitions can be considered for the purposes of generic understanding of poverty only; for a broader definition, types and extent of poverty, more details are contained in chapter 2 of the study.

Poverty is a strong determinant of the other important aspects of life. It contributes to physical weakness through lack of food, small bodies, malnutrition leading to low immune response to infections, and inability to reach or pay for health services. It also leads to isolation because of the inability to pay for the costs of schooling, to buy needed amenities and living near the village centre, (Chambers; 1983:111) as cited by Swanepoel & De Beer (2006:7).

### **1.11.2. Poverty alleviation**

Poverty alleviation can be defined as successfully lessening deprivation of well-being, (Sunderlin *et al*; 2004:1). This refers to the gradual lessening of the poverty among the individuals and households that is characterized by low standard of living. Poverty alleviation may also be viewed in the same wavelength with poverty elimination; where poverty elimination refers to a situation where resources help lift the household out of poverty by functioning as a source of savings, investment, accumulation, asset building, and permanent increases in income and welfare, (Sunderlin *et al*; 2004:1).



### **1.11.3. Livelihoods**

According to Patel (2005: 277), livelihood approach focuses less on what people lack, but on what they have; that is their assets and strengths, and how these could be mobilised to help people make a living and improve their standard of living as well.

Chambers and Conway (1992) as cited by Krantz (2001: 10) propose the following composite definition of a sustainable rural livelihood:

A livelihood comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living.

### **1.11.4. Non-government organization**

NGOs are non-profit groups outside government, organized by communities or individuals to respond to basic needs that are not being met by either the government or the market. Some produce goods, while some render services, or both, (Nzimakwe; 2008:91). These organizations are involved in socio-economic development and are altruistic and do not distribute profits. They are prohibited by law to distribute any excess income to executives and board members. A non-government organization is not controlled by either the government or the private sector and is not inspired by profit generation, (Swanepoel & De Beer; 2006:18).

### **1.11.5. Sustainable livelihoods**

According to Krantz (2001: 10) the concept of sustainable livelihoods was first introduced by the Brundtland Commission on Environment and Development as a way of linking socio-economic and ecological considerations in a cohesive, policy-relevant structure. The 1992 United Nations Conference on Environment and Development (UNCED) expanded the concept, especially in the context of Agenda 21, and advocated for the achievement of sustainable livelihoods as a broad goal for poverty eradication. It stated that sustainable livelihoods could serve as ‘an integrating factor that allows policies to address “development, sustainable resource management, and poverty eradication simultaneously”, (Krantz; 2001:10).

A livelihood is sustainable if it can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels in the short and long terms; (Krantz; 2001:10).

### **1.12. GEOGRAPHICAL LOCATION OF THE STUDY**

The study would be conducted in the five local municipalities of the UThungulu district; namely, Umhlathuzi, Mthonjaneni, Mlalazi, Nkandla and Ntambanana. The choice of these study areas is premised on the fact that the project run by an NGO Winrock International on which this study is based operated in these four regions, before Nkandla was withdrawn. Also, the areas constitute a majority part of the district.

### **1.13. ETHICAL CONSIDERATIONS**

This study is intended to establish knowledge on the reasons for failure of community projects initiated by NGOs after those NGOs have stopped their participation in the projects. It is by no means intended to harm any individual or organization. The researcher also pledges that the information acquired, through the respondents or any other form, will be treated with confidentiality and will be used for the purposes of the study only. The respondents will give their informed consent to participate in the study through signing consent forms which will be explained to them prior to signing.

### **1.14. WORK STRUCTURE AND TIMEFRAME**

In its completion, the study will comprise of the following chapters:

- Chapter one—Orientation to the study
- Chapter Two—Literature review
- Chapter Three—Community profile of targeted communities
- Chapter Four—Research Methodology
- Chapter Five—Findings, Presentation, Analysis and Interpretations of Data

## **CHAPTER TWO**

### **2. LITERATURE REVIEW**

#### **2.1. Introduction**

In the past, the pre-democratic social welfare policies denied the state's full responsibility for the protection of individuals. However, the new policy framework envisions the state nearing the full responsibility for ensuring the progressive achievement of social security for all, including appropriate social assistance for those who are unable to support themselves and their dependents, (Whitepaper for Social Welfare, 1997, Chapter 2, #8). In South Africa today, the state has almost taken charge for all the societal needs of the communities which cannot take care of themselves. With the current noise regarding the youth wage subsidy bill and the payment of social grants that is currently in place, one can almost speculate the kind of South Africa that we are likely to have in the next decade or two, if this is not thwarted and dealt with decisively.

However, in the post-democratic social welfare policies, emphasis has been made on that social welfare should not be left for the state alone, but should be a collective team effort from various individuals, communities, organisations and other stakeholders which play a pivotal role in the society. This White Paper emphasizes the other important role players in the welfare for the society as being the civil society, NGOs.

Mazibuko (2008:7), states that the White Paper for Social Welfare is very clear with the role of civil society, stating that, "promotion of national social development is a collective responsibility and the co-operation of civil society will be promoted". Apart from monitoring and accountability, Mazibuko (2008: 30) further emphasizes the role of civil society groups as focusing on proposing interventions which can be used to address the current challenges.

Amandla Development (2010:4) addresses the issue of skills scarcity in the country as the major deterrent factor in creating opportunities for the communities to pursue

their advancement. This organization poses a very serious and critical rhetorical question of whether or not ameliorative measures beyond the scope of government are necessary to undertake development initiatives. It then advocates that there exist grassroots efforts by civil society in general and the non-government community in particular having transformational impacts, (Amandla Development; 2010: 4).

## **2.2. Defining the NGOs**

Bernstein as quoted by Nzimakwe (2008:91) defines NGOs as non-profit groups outside government, organized by communities or individuals to respond to basic needs that are not being met by either the government or the market. Some produce goods, while some render services, or both. With the rise in poverty levels, there is an urgent need to gear activities towards employment creation and development of sustainable livelihoods. In this fashion, the poverty levels can be reduced immensely while the standard of living for the people is also improved. These organizations are involved in socio-economic development and are altruistic and do not distribute profits. They are prohibited by law to distribute any excess income to executives and board members.

This sector consists of organizations not in any way dependent on or responsible to either the public or private sectors, (Swanepoel & De Beer; 2006: 18). Swanepoel & De Beer (2006) emphasize that usually NGOs come into existence to address specific problems, usually health, education or housing. More often, the sector addresses a number of problems in the field of development. This is also concurred by Bhaskar & Geethakutty (2001:53) when they mention that all the organizations that are NGOs are involved in mainly agricultural, health and hygiene, human resource development and exert considerable effort on rural development. Swanepoel & De Beer (2006:20) also emphasize the essence of ownership of the development by stressing that as long as the communities are not allowed to take centre stage to own the development, the success of the development efforts shall never materialize.

Unemployment rates have reached critical proportions; this is a significant factor in the declining standards of living and rising poverty in the society, (Patel, 2005:242). Even though this may not be accepted politically, it has proved fervently clear that the government alone can no longer cope with the growing poverty levels ensued from high unemployment levels. Meanwhile, the NGOs enjoy comparative advantage in service delivery because of their focus on community empowerment and greater ability than government to respond more directly and immediately to community needs, (Nzimakwe, 2008:90).

NGOs by definition are independent, impartial and neutral agencies, which provide relief, rehabilitation, reconstruction and development assistance, (Jelinek; 2006: 4). Davids *et al.* (2005) specifies that NGOs are institutionally independent of government; they are privately set up, and are normally under the control of independent board of directors. Gasela & Masiwa (2007) point out that partnering of municipalities and NGOs throughout is an indication that there is a space for increased efficiency in the delivery of services through a collaborative and concerted effort.

However, the issue of non-government organization's accountability and election of the board of directors have become a thorny political question so lately. This goes as far as who are the NGOs accountable to, who elects the boards of directors, the terms of reference for operation, etc. These and other questions surround the existence of NGOs and their operations in as far as the nation have entered a season of high societal contestations of service delivery. Some argue that this however should not be construed as an appellation that NGOs are not performing, but rather as a notion through which political gurus want to control everything. The view by many opposing sides is that if NGOs start to account to politicians, as the nation, we will be turning into a state where government controls everything. Be it as it may, this may bring service delivery into a standstill.

In other countries as well, for example, the case of India and Indonesia, the evidence of non-government organizations' performance has received mixed feelings and reactions. However, according to Suharko (2007:3), it is generally assumed that NGOs have the institutional capacity to reduce poverty and enhance the standard of

living for the people. Suharko is of the view that even though poverty reduction has become a major task of the NGOs, they have also been involved in the issues of relief, emergency and longer term development work or the mixture of the three. Suharko (2007:3) also argues that the non-government organizations generally have comparative advantages compared to the government. The said comparative advantages include, among others the following, according to Surhako (2007):

- the NGOs' ability to deliver relief services at low costs;
- the ability to reach out to many people;
- ability to access people in remote areas;
- their rapid, innovative and flexible responses to emerging financial and technical assistance needs at the grass roots level;
- their long standing familiarity with social sector development and poverty alleviation;
- their experience with the small-scale development projects as well as those requiring high degree of involvement, by and familiarity with the concerned target groups.

Many authors are of the view that due to the increasing pressure to realize the Millennium Development Goals in 2015, the non-government organizations have a greater opportunity to increase their roles in reducing poverty and improving the standards of living for the people they serve.

Shivjii (2007:30) points out three classes of NGOs which can be identified; each of the classes is briefly examined below.

The first class of NGOs which can be identified is the radical elite that was previously involved in the political struggles, with an explicit vision for change and transformation, but which found itself suppressed under the statist hegemony. Many of these elites took a stand to express themselves politically through the NGOs, (Shivjii: 2007: 30). They saw the NGOs as the possible terrain to pursue struggle and

change the way they live. This section of NGOs is politically motivated without essentially getting involved in party politics.

The second category, according to Shivji (2007:30), includes well-intentioned individuals with altruistic motives to improve conditions of their fellow human beings and compatriots. This is a class which is morally motivated.

Shivji (2007: 30) goes to mention the third and last category of NGOs which is the mainstream elites which are mostly former bureaucrats who shifted to the NGO world once the donor funding was being directed there. The motivation for these elites is simple careerist, personally motivated and driven by motives of material gains and personal advantage. According to Shivji (2007: 31), this category of elites keeps swelling as jobs in the private sector and the state become more and more competitive. In Africa, Shivji (2007:31) appreciates that most of the non-government organizations are donor funded and have to request funding through donor-tailored customary procedures.

### **2.3. The state of poverty in South Africa**

According to Hoogeveen and Ozler (2006) as cited by the Public Service Commission (2007: 6), a comparison of poverty rates as measured from the income and expenditure surveys of 1995 and 2000 indicates worsening of poverty over that period, especially among the poorest of the poor; similar to the survey conducted between 1996 and 2001, Leibbrandt et al 2006, as cited by the Public Service Commission, (2007:6). However, the statistics show that from year 2000 onwards, there has been a discernable reduction to poverty rates in the country, owing to a large increase in government expenditure through social grants, (Van der Berg et al, 2006) as cited by Public Service Commission (2007:6). The report argues that if this analysis is correct, it is both encouraging and discomfoting at the same time. Of course, while it is good to hear about poverty reduction, one cannot afford to have the entire nation's poverty rate reduced by social grants expenditure.

The Economic Commission for Africa (ECA) (2010:9) provides a synopsis of the progress and the possibility of Africa to meet it Millennium Development Goals (MDGs) on the agreed timelines. With notable exception of North Africa, Africa is

generally off-track with meeting the Millennium Development Goals (MDGs), ECA (2010: 9). The eradication of extreme poverty and hunger is listed as the first millennium development goal (MDG1). This commission pronounce that by year 2000, only 8 of the Sub-Saharan African countries were on track with the eradication of extreme poverty and hunger, and the rest were lost. However, the ECA (2010:10) speculate the prospect of South Africa meeting of the MDG1 as brighter compared to its counterparts. This, according to ECA (2010), owes to the report that at one extreme, the middle income levels for South Africa, Mauritius and Botswana were generally higher compared to the ones of their counterparts. The report highlights the following to be taken into cognisance for these countries to meet their MDGs: maintaining existing growth rates; emphasizing targeted programmes for key disadvantaged groups; and developing effective policies to address spatial inequalities.

### ***2.3.1. The extent of poverty in South Africa***

According to Mbuli (2008:3), the various studies to attempt to arrive at a state of poverty in South Africa have yielded the varying results. He mentions that available estimates gauge poverty in the region of 45 and 57% of the population depending on the poverty line that has been used by that particular study. He, however, cites a generally accepted trend among the studies regarding the whereabouts of the poor as well as where they live. Mbuli (2008:3) is of the view that poverty in South Africa has, inter alia, rural, regional, race, age, gender, illiteracy and unemployment dimensions and that poor people tend to live in large households with many dependants and without access to basic services.

As such, the common finding in literature is that people who live under poverty in South Africa are found in rural areas, (Mbuli; 2008:4). He argues that approximately 70% of the people living in rural areas are living under poverty whereas only 30% of people in urban areas live under poverty. Although less than 50% of the total population live in rural areas, 70% of the poor people in South Africa live in rural areas, (Mbuli; 2008: 4).



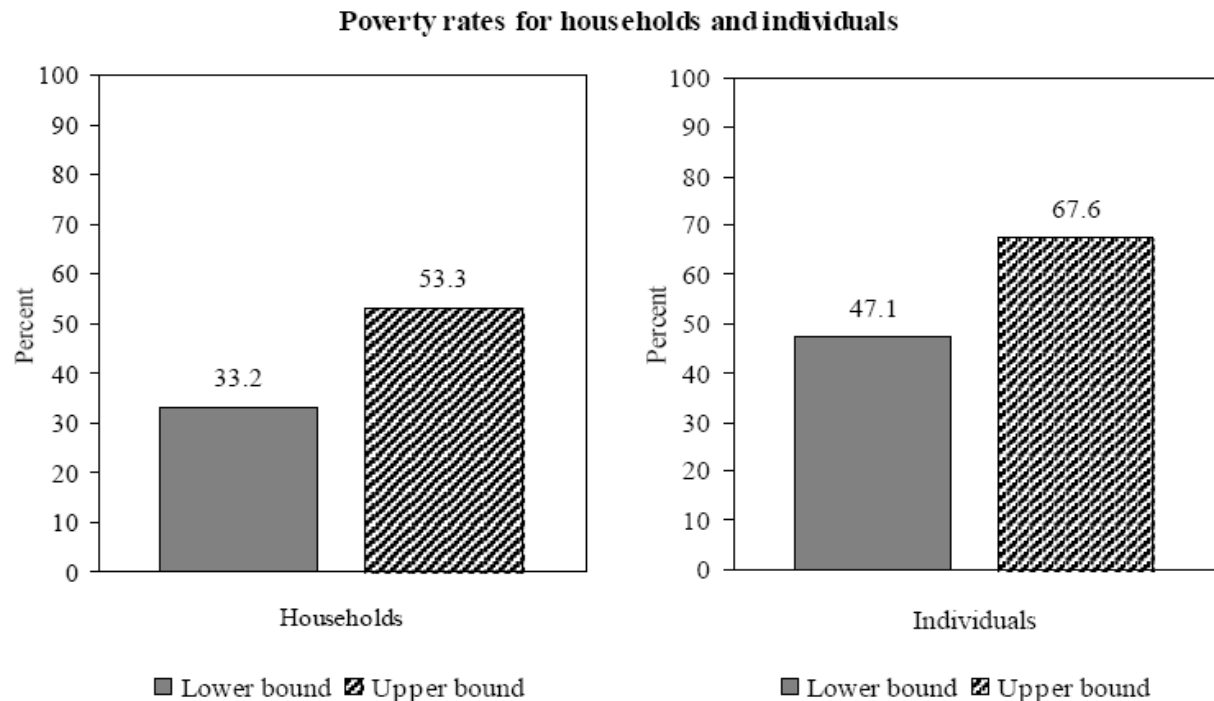
Armstrong *et al* (2008:8) presents summary measures of poverty in South Africa which serves as an introduction to and provides a context for the rest of the section, which presents disaggregated data on various markers of poverty. They consider the setting of a poverty line (or poverty lines) as obviously constituting a critical aspect of the estimation of poverty. Armstrong *et al* (2008:8) use two absolute poverty lines which were proposed by Statistics South Africa. The "lower-bound" poverty line, which provides for essential food and non-food consumption, amounts to R322 per capita per month in 2000 prices. The "upper-bound" poverty line, which includes an additional R271 for non-essential non-food items, amounts to R593 per capita per month. The determination of these poverty lines is explained briefly in a discussion below according to Statistics South Africa as cited by Armstrong *et al* (2008).

Statistics South Africa determined the two poverty lines referred to in the text as follows:

- IES2000 indicated that an amount of R211 per person (in 2000 prices) was adequate to satisfy a daily energy requirement of 2 261 kilocalories with the foodstuffs widely available to low-income South Africans. This amount constituted the food component of the poverty line, (Armstrong *et al*; 2008: 26).
- The estimate of the non-food component of a poverty line rested on the assumption that those non-food items typically purchased by households that spend about R211 per capita per month on food could be regarded as essential, because such households forego spending on food to acquire these items. The cost of such essential non-food items amounted to R111 per capita per month. Hence, the sum of R211 and R111 (*i.e.* R322) represented an estimate of the per capita monthly minimum cost of essential food and non-food consumption. Statistics South Africa regarded this amount of R322 per capita per month in 2000 prices as the "lower-bound" poverty line, (Armstrong *et al*; 2008: 26).
- Statistics South Africa further estimated that the average per capita expenditure level of households that spend approximately R211 per capita per month on food was R593 in 2000 prices. This implied that such households spent R382 per capita per month on non-food items: R111 to acquire essential non-food items and the remaining R271 to obtain non-essential non-food items. Statistics South

Africa regarded the amount of R593 per person per month as the "upper-bound" poverty line, (Armstrong *et al*; 2008: 26).

**Figure : Poverty rates for households and individuals**

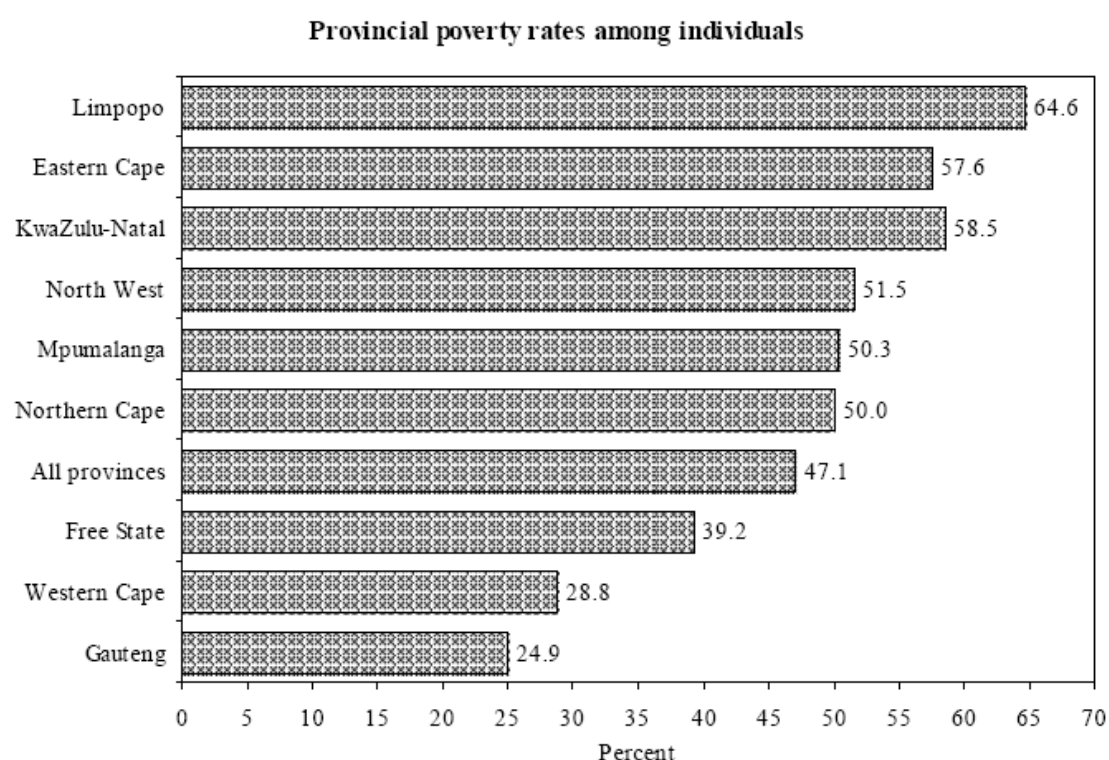


*Source:* Statistics South Africa (2008a)

Figure 1, which depicts findings of IES2005, confirms that poverty remains high in South Africa. The consumption levels of 33.2% of all households were below the lower-bound poverty line, while 53.3% of households consumed less than the upper-bound poverty line. Poorer households were bigger, on average, than richer ones; hence, there was even more poverty when measured in terms of the proportion of individuals rather than the proportion of households who were poor. The proportions of the population that consumed less than the lower-bound and the upper-bound poverty lines were 47.1% and 67.6% respectively, (Armstrong *et al*; 2008).

The paper by Armstrong *et al* (2008) shows that the poverty rates of South Africa's nine provinces differ significantly, as do those of the urban and rural areas of the country.

**Figure : Provincial poverty rates among individuals**

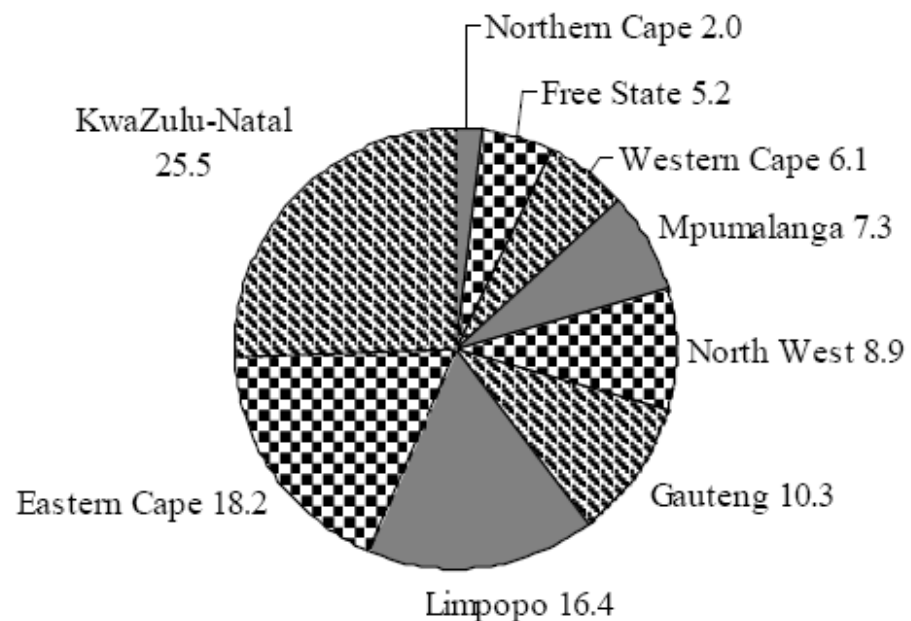


*Source:* Statistics South Africa (2008a)

Figure 2 shows that in 2005/06 the poverty rates in the various provinces ranged from 24.9% in Gauteng and 28.8% in the Western Cape to 57.6% in the Eastern Cape and 64.6% in Limpopo. The three provinces with the highest poverty rates are KwaZulu-Natal, the Eastern Cape and Limpopo which are also relatively populous – at the time of IES2005; they housed 47.4% of the South African population, Armstrong *et al* (2008:9). They believe it should come as no surprise then that fully 60.1% of poor individuals lived in these three provinces as shown in figure 3. The two richest provinces, Gauteng and the Western Cape, housed about one-sixth of the poor, (Armstrong; 2008).

**Figure : Provincial distribution of poor individuals**

**Provincial distribution of poor individuals (percentages)**



*Source:* Statistics South Africa (2008a)

According to Armstrong (2008:11), the provincial distribution of the households who made up the first (poorest) and fifth (richest) quintiles of the South African population in 2005/06 confirms the picture that has emerged thus far. Table 3 indicates that 62.3% of the households in the first or poorest quintile resided in the three poorest provinces (KwaZulu-Natal, the Eastern Cape and Limpopo), while Gauteng and the Western Cape housed 52.5% of the households in the fifth (richest) quintile. The residents of the most populous province, KwaZulu-Natal, were well represented in the fifth and the first quintiles.

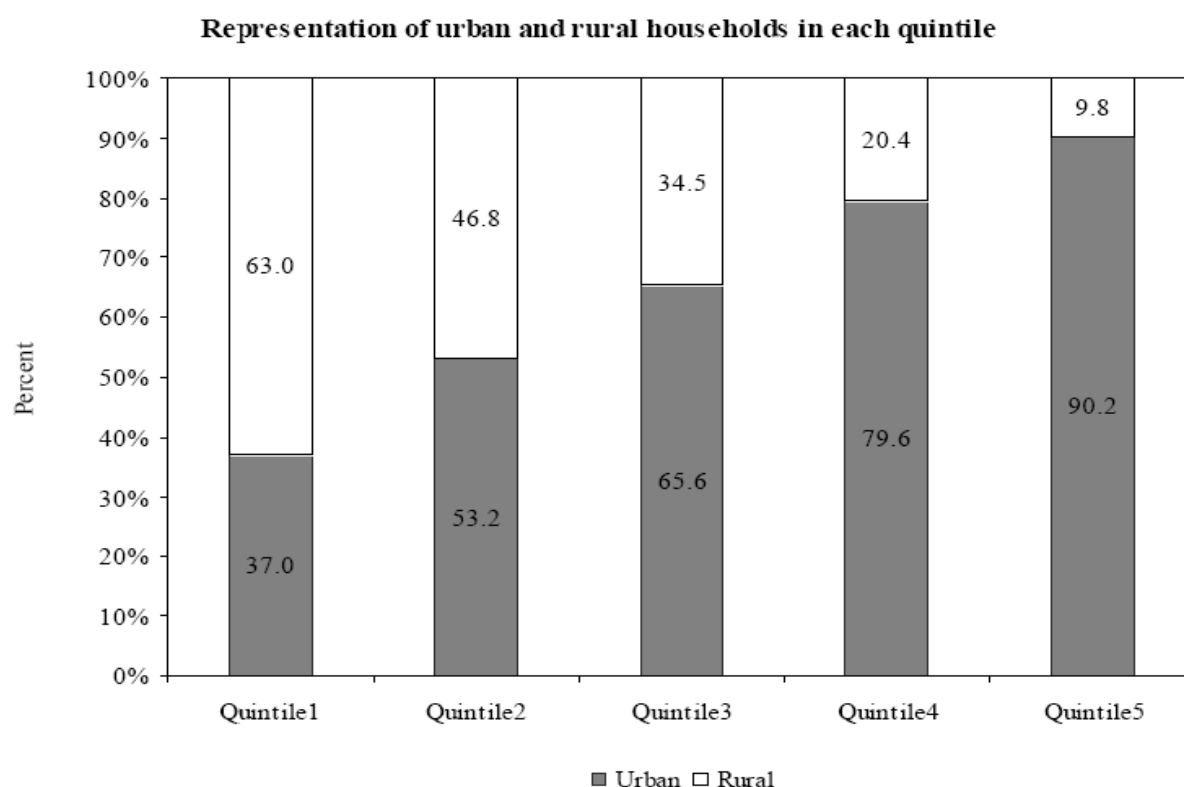
**Table : Provincial distribution of households in the first and fifth quintiles**

<b>Provincial distribution of households in the first and fifth quintiles</b>		
Province	Percentage of households in the	
	first quintile	fifth quintile
Gauteng	8.5	35.2
Western Cape	4.9	17.3
KwaZulu-Natal	24.1	12.8
Eastern Cape	20.4	8.9
Free State	5.5	7.7
North West	9.2	6.9
Limpopo	17.8	4.8
Mpumalanga	7.6	4.8
Northern Cape	2.0	1.5
<i>Total</i>	<i>100.0</i>	<i>100.0</i>

*Source:* Statistics South Africa (2008a)

*Note:* Percentages may not add up to 100 because of rounding

**Figure : Representation of urban and rural households in each quintile**



*Source: Statistics South Africa (2008a)*

### **2.3.2. Types of poverty**

#### **2.3.2.1. Absolute and relative poverty**

Mbuli (2008:20) appreciates a long standing debate in the definitions of absolute and relative poverty. He defines absolute poverty as a state in which a person cannot secure his long-term physical survival. He further mentions that this is a measure which is universal and not time-bound, and has the advantage of international comparability. Mbuli (2008:20) is of the view that a definition of absolute poverty should also include various needs besides pure physical survival, i.e. a state in which a person does not have enough to live on, based on socially acceptable living conditions, which include other essential goods besides nutritional requirements, e.g. clothing and shelter in hostile climates.

On the other hand, the relative definition of poverty is on the comparison, often with some notion of prevailing living standards in the community being researched,

(Mbuli, 2008:21). In other words, the relatively poor are those people whose income or consumption level is below a particular fraction of a national average. Examples of relative poverty definitions include people in the lowest 20% of the income distribution or people earning less than 50% of the mean income, (Mbuli, 2008:21). Mbuli (2008:21) concludes his definition of relative and absolute poverty by emphasizing the dependence of such definition on the need for comparability between countries and the overall wealth of a country (for instance, if the average person cannot even sustain physical survival, the relative poverty definition becomes meaningless).

#### **2.3.2.2. Chronic and transient poverty**

There is a slight difference between the chronic and transient poverty. The chronically poor is characterised by deep-rooted, impoverished condition, which is the sequence of multiple deprivations over time, such as poor health, substandard nutrition and inadequate access to productive assets, and is often associated with persistent, intergenerational poverty, (Mbuli; 2008: 21). According to Mbuli, this element makes it more difficult to manage the chronic poverty. On the other hand, transient poverty normally results from one-time decline in living standards, from which a household gradually emerges, (Mbuli; 2008: 22). This may show itself in fluctuations in well-being that result in frequent declines in living standards. For example, seasonal variations in food security may result in some households periodically falling in and out of poverty, sometimes quite regularly over time, (Woolard & Leibbrandt, 2001) as cited by (Mbuli; 2008:22).

#### **2.3.3. Measurement of poverty**

According to Mbuli (2008:45), income or access to money is not the only measure of poverty in a country like South Africa where the old and outdated ancient barter system has been done away with; it still remains as one of the salient determinants of poverty. He argues that while this can be ignored, the household's access to most measures of well-being such as nutrition; health and education are usually the function of income. In any case, this correlation reflects the power of money in providing goods and services, (Mbuli; 2008:45).

Undertaken by Statistics South Africa between September 2005 and August 2006, IES2005 involved the gathering of data on the income sources and expenditure patterns of a nationally representative sample of 21,144 households, (Armstrong; 2008:6). Such surveys are conducted every five years; the results are used to compile the basket of goods and services whose prices are monitored for the calculation of inflation rates, but also convey important information on changes in consumption patterns and levels and the distribution of income. Statistics South Africa used two survey methods to compile the expenditure data. The diary method required of groups of respondents (which changed monthly) to record their expenditures on food and personal care items for four weeks in the form of a diary, whereas the recall method required them to complete a questionnaire to record their total expenditures on other items during the eleven or twelve months prior to the survey.

In this respect IES2005 differed from IES1995 and IES2000, which relied only on the recall method for all items. Another innovation in IES2005 was the inclusion of imputed rent (the estimated value of the use of owner-occupied dwellings) in data for housing expenditure. Previous IESs reported mortgage costs as part of housing expenditure, but these costs could not be measured reliably and therefore were replaced by expert assessments of rental yields. An international system of classification – the Classification of Individual Consumption According to Purpose (COICOP) – was used to group the large number of surveyed spending items into the reported categories of household expenditure. The reported income data are the sum of regular income and irregular income for periods of twelve months each. As with IES1995 and IES2000, the recall method was used to capture income data *via* the main survey questionnaire.

#### **2.3.3.1. Income Poverty**

According to Armstrong *et al* (2008:5), the Gini coefficient is a widely used summary measure of income inequality which ranges from 0 to 1 where 0 is perfect equality in the distribution of income and 1 is perfect inequality in the distribution of income.



**Table : Income inequality as provided by Statistics South Africa in 2008**

<b>Income inequality in selected countries</b>			
Country	GNI per capita <sup>1</sup>	Gini coefficient	(Year)
South Africa	5 109	0.72	(2005)
Botswana	5 846	0.61	(1993)
Namibia	3 016	0.74	(1993)
Tunisia	2 860	0.40	(2000)
Brazil	4 271	0.57	(2004)
Chile	7 073	0.55	(2003)
Malaysia	5 142	0.49	(1997)
Romania	4 556	0.31	(2003)
Thailand	2 750	0.42	(2002)
Turkey	5 030	0.44	(2003)
Kenya	547	0.43	(1997)
Nigeria	752	0.44	(2003)
Sri Lanka	1 196	0.40	(2002)

*Sources:* South Africa: Statistics South Africa (2008: c); Other countries: World Bank (2007)

*Note:* <sup>1</sup> Current US dollars (2006)

The findings of IES2005 on the consumption shares of each decile of the South African population, which are summarised in Table 6, confirm the extent of inequality in the distribution of income and expenditure. Table 6 below depict that the poorest 40% of households (which comprise 55% of the population) were responsible for only slightly more than 10% of total consumption expenditure. The poorest 10% of households (17% of the population) accounted for less than 2% of total consumption, compared to the 45% of the richest 10% of households (which comprised just 6% of the population), (Armstrong *et al*; 2008:6).

### **2.3.3.2. Quality of Life**

As one would expect, South Africa's social indicators are better than those of most low-income countries, especially African countries such as Kenya and Nigeria, (Armstrong *et al*; 2008:4).

**Table : Social Indicators as provided by World Bank in 2007**

Social indicators in selected countries						
Country	GNI per capita <sup>1</sup>	Life expectancy at birth <sup>2</sup>	Infant mortality rate <sup>3</sup>	Adult literacy rate <sup>4</sup>	Total fertility rate <sup>5</sup>	Access to clean water <sup>6</sup>
South Africa	5 109	50.8	55	82.4	2.8	88
Botswana	5 846	48.1	87	81.2	3.2	95
Namibia	3 016	51.6	46	85.0	3.6	87
Tunisia	2 860	73.5	20	74.3	2.0	93
Brazil	4 271	71.7	31	88.6	2.3	90
Chile	7 073	78.3	8	95.7	2.0	95
Malaysia	5 142	73.7	10	88.7	2.9	99
Romania	4 556	71.9	16	97.3	1.3	57
Thailand	2 750	69.6	18	92.6	1.8	99
Turkey	5 030	72.5	26	87.4	2.2	96
Kenya	547	52.1	79	73.6	5.0	61
Nigeria	752	46.5	100	69.1	5.8	48
Sri Lanka	1 196	71.6	12	90.7	2.0	79

*Sources:* GNI per capita: World Bank (2007); Social indicators: United Nations Development Programme (2007)

*Notes:* <sup>1</sup> Current US dollars (2006)

<sup>2</sup> Years (2005)

<sup>3</sup> Infant deaths per 1 000 live births (2005)

<sup>4</sup> As percentage of population aged 15 and above (most recent between 1995 and 2005)

<sup>5</sup> Average number of births per woman (most recent between 2000 and 2005)

<sup>6</sup> Percentage of the population (2004)

These authors are of the view that the data for Sri Lanka nonetheless show that even some low-income countries have achieved better social outcomes than upper-middle-income South Africa. When turning to the middle-income countries, it transpires that South Africa's social indicators are broadly in line with those of African countries such as Botswana, Namibia and Tunisia, (Armstrong *et al*; 2008:4). Middle-income countries in Asia, Eastern Europe and Latin America, however, generally have significantly better social outcomes than South Africa and its peers in Africa. There are gaps most pronounced in the case of health indicators (where HIV/Aids has severely affected life expectancy and infant mortality rates in South Africa, Botswana and Namibia), but extends to measures of education, access to basic services and the demographic transition towards lower levels of fertility, (Armstrong *et al*; 2008: 4-5).

One of the major reasons why South Africa's social indicators are relatively poor for an upper-middle income country is that the distribution of income is particularly skewed, (Armstrong *et al*; 2008:5). These authors argue on the basis of Table 4, which shows the Gini coefficients of the same group of countries. In this table, South Africa's Gini coefficient exceeds those of all the comparator countries except Namibia. They further argue that in most middle-income countries, growth in per capita incomes was accompanied by widespread improvements in standards of living and, hence, social indicators. In South Africa, by contrast, social indicators remain relatively poor, partly because of the exceptionally unequal distribution of income which has prevented large sections of the population from sharing in the benefits of economic growth, (Armstrong *et al*; 2008:4).

### 2.3.3.3. Inequality

The table below shows the inequality in South Africa by the consumption shares by deciles. Thereafter, figure 5 shows the poverty rates according to the households and individuals.

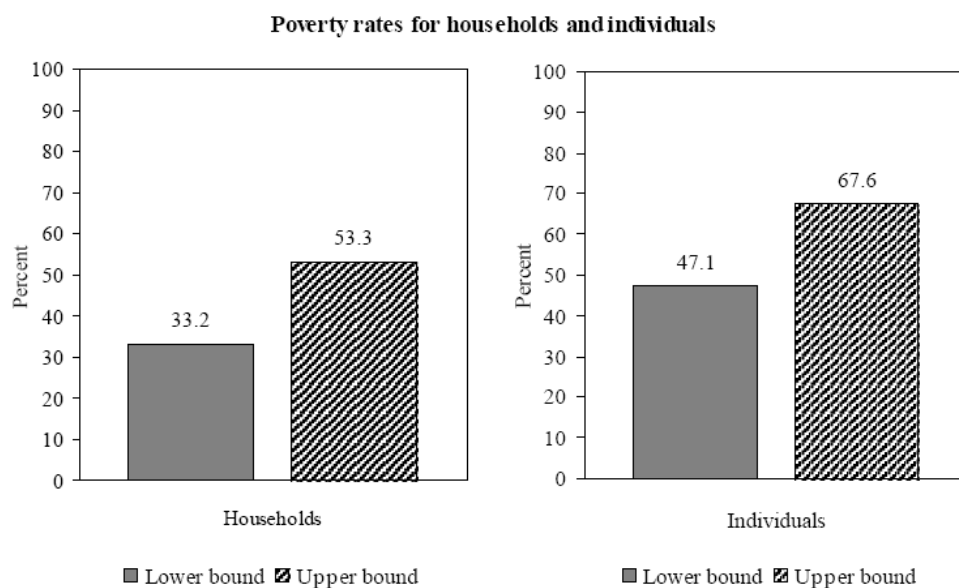
**Table : Inequality in South Africa: consumption shares by deciles**

<b>Inequality in South Africa: consumption shares by deciles</b>		
Decile	Percentage of population	Percentage of total consumption
1	16.9	1.7
2	14.0	2.4
3	12.6	3.0
4	11.1	3.5
5	10.1	4.3
6	8.9	5.2
7	7.4	6.5
8	6.7	9.4
9	6.6	17.6
10	5.8	46.4
<i>All</i>	<i>100.0</i>	<i>100.0</i>

*Source:* Statistics South Africa (2008a)

*Note:* Percentages may not add up to 100 because of rounding

**Figure : Poverty rates for households and individuals**



Source: Statistics South Africa (2008a)

### **2.3.4. Symptoms of poverty**

#### **2.3.4.1. Unemployment**

Unemployment is both the cause and a result of poverty in South Africa, (Swanepoel & De Beer; 2006: 6). The cause sense comes through the argument that a person without a job cannot afford to pay for the amenities of living such as food, housing, medical care and education for the parents and their children. It is a result because poor health caused by unbalanced diet, poor housing and lack of appropriate education prevents a person from finding and keeping gainful employment, (Swanepoel & De Beer; 2006: 6). Terblanche (2002:114) laments the loss of contact with “the imperfect reality of and deep-seated inequalities in South Africa”.

Swanepoel & De Beer also believes that unemployment is, in many instances, the result of isolation, physical weakness and vulnerability. Because of the distance and poor communication, the poor people are also isolated from the job market and metropolitan areas which usually have something to offer to people in needs for jobs, (Swanepoel & De Beer; 2006: 6). As a result of this, poor people find it difficult to gain access to the employment opportunities. As long as the poor people are

excluded from active participation in the economy, poverty and inequality will be solidified, and the gap between the rich and the poor will continue to grow, (Lombard; 2002: 5). Swanepoel & De Beer (2006:6) argue that unbalanced diet and prolonged illness leads to physical weakness. Physical weakness then increases the vulnerability to diseases such as tuberculosis, malaria and HIV & AIDS which break down the person's natural immune system.

#### **2.3.4.2. Shelter**

In urban areas, many people build shacks in squatter settlements, (Swanepoel & De Beer; 2006: 5). These authors argue that some shacks are very neat and safe to live in whereas many leak rain and dust, have bad or inadequate foundations, and almost all are too small for the number of people living in them. They also maintain that shacks built with the traditional material in rural areas require a lot of maintenance on them. The shortage of these materials may also make it difficult for these people to maintain these houses. Mbuli (2008:90) believes that homelessness can lead to malnutrition and infectious diseases such as flue, which could compromise the earning potential of working household members as a result of poor productivity. In addition to that, being homeless renders the treatment for illness difficult as one needs to be under supervision to ensure that treatment is taken in time, (Mullay & Wolf; 2000) as cited by (Mbuli; 2008: 90).

There are other important characteristics that are imminent in the poverty-shelter link. The size of the household and the structure is cited as one of the conspicuous characteristic of poverty in rural areas and informal settlement, (Mbuli; 2008: 77). Swanepoel & De Beer (2006:5) also mention that because of living in poor conditions, the problems of the poor people are not known by the government officials who are supposed to help them better their living conditions. Mbuli (2008:50) believes that exposure to poor living conditions may result to the exposure to a number of diseases and illnesses due to lack of insulated protection for the children in poverty-stricken areas.

#### **2.3.4.3. Water, drainage and sewage**

According to Swanepoel & De Beer (2006: 6), the absence or inadequate provision of water, and poor drainage and sewage services pose serious health problems. They regard the lack of safe drinking water as one of the clearest signs of poverty. Drinking of unsafe water may result to ill-health of people, especially children. The provision of basic services such as clean water, sanitation, electricity, primary healthcare and basic education are the foremost important interventions that can be utilised to ameliorate the livelihoods of poor people, (Mbuli; 2008: 153). He believes that despite the fact that these services do not provide financial rewards to the communities, but they supply may have positive impact on the quality of life thus leading to improvements ranging from health to productivity.

Lack of proper sewerage system leads to rainwater washing sewage on the surface into streams and stagnant pools; this then leads to the flourishing and spread of diseases (Swanepoel & De Beer; 2006:6). According to Geyer (2007:20), the function of infrastructural development including the maintenance of sewerage system is a function of the municipalities through the integrated development planning. Swanepoel & De Beer (2006:6) perceive the situation of poor infrastructural developments to be far worse off in urban squatter areas owing to the population density. They believe that the problem also occurs in rural areas even though it is less visible to people from outside the settlements.

#### **2.3.4.4. Inadequate health facilities**

The provision of healthcare facilities lags far behind rural areas due to the increase in urban settlements and the scattering of distances between the villages, (Swanepoel & De Beer; 2006: 6). The pair believes there is a need to expand the preventive primary healthcare facilities. These authors argue that the curative facilities provided by large hospitals and clinics are situated in long distances from where the poor people live; and leaves them vulnerable to diseases.

Swanepoel & De Beer (2006:6) also believe that poverty contributes to the squalor in which many people live and leaves them vulnerable to diseases. Mbuli (2008:50)

also concurs with this in that women in rural areas find themselves with many challenges most of which are attributed to poor living conditions that they find themselves subjected to. Discrepancy of location limits the access to proper medical care and contributes to the physical weakness caused by prolonged illness and inadequate medical care, (Swanepoel & De Beer; 2006: 7). The issue of ill-health also transcends the concern of difficulty in finding and maintaining a job since it is difficult for a sickly, uneducated person with little access to proper transport and facilities to enter an employment market.

The South African Presidency (2008:39) is adamant that the supply of adequate healthcare is critical in the struggle against poverty to maintain good quality of life, ensure adults are able to work and care for their families, and that children grow up healthy. If healthcare is unaffordable, an illness can plunge a marginal family into crisis, (South African Presidency; 2008:39). Moreover, providing adequate healthcare for all is a critical element in building social trust and solidarity. Some authors also argue that the plight of ill-health is, to some degree, a function of inadequate dietary patterns. In South Africa, all drivers of food insecurity—inadequate availability, access, stability of both supply and access, and individual utilization—contribute to the problem of undernourishment and therefore ill-health, (Midgley & de Wit; 2013: 8). There is a resounding consensus from many authors studied in this study that food insecurity and ill-health are interrelated.

As such, according to the South African Presidency (2008:39), the achievements in healthcare provision include, but not limited to:

- Desegregation of healthcare, which under apartheid was rigidly separated by race.
- Expansion of primary healthcare, including construction of new clinics and roads.
- The rolling out of HIV and AIDS and STI Strategic Plan for South Africa, 2007-2011, which promised to be a decisive action against the pandemic.

The South African Presidency (2008:39) however believes that despite these important steps in moving forward, major challenges remain:

- The public health system continues to face underfunding and understaffing, particularly in hospitals and clinics in poor communities.
- The public healthcare systems are still used by the majority of the public which is the poor people.

The challenges are also concurred by Midgley & de Wit (2013; 8) in that the majority of lower income populations are unable to afford a healthy and balanced diet. The result to this is malnutrition, obesity and related health and child developmental problems which yet bear another heavy costs to the societies, (Midgley & de Wit; 2013: 8).

### ***2.3.5. Ways of reducing poverty***

#### **2.3.5.1. Build on what exists in the community**

Shackleton (2009) believes that it is of utmost importance to start by recognizing the local natural resource trade as a legitimate means to generate much needed income although it is unlikely, on its own, to provide a route out of poverty for most households. He mentions considering the support for natural resource commercialization as part of an integrated approach to rural development, with this being only one of a number of strategies households rely on for income. In terms of the prioritization, Shackleton reckons that it is important to prioritize supporting livelihoods rather than developing enterprises, unless there is real potential for the latter. Evidence shows that only in special cases can local natural resource trading activities be turned into sustainable, full-time, high-income occupations.

#### **2.3.5.2. Be realistic about the targets to be met**

In any case during the community development initiative, it is important to be realistic about what can be achieved, and view even small increments in producers' incomes as progress. In many cases, when developers set targets about the development



initiatives that they want to achieve, they set standards so high that it becomes difficult for them to even start to consider the initiative as a success since it becomes too way out of the progress.

#### **2.3.5.3. Strengthen local capacity and build linkages**

Shackleton has emphasized the necessity of building on what is already happening from within the communities in order to better their lives and living standards. If people are more interested in bead work, then the effort would be to strengthen them in that field and establish markets for them. When people do what they like, they are more likely to invest more energy on the work they do in particular if they know that they stand to benefit immensely from their actions. There are many producers who show considerable initiative and who have been trading for years, (Shackleton; 2009).

#### **2.3.5.4. Aim to remove the barriers and constraints**

Shackleton (2009) advises the community development workers to aim at improving the incomes and remove barriers and constraints for those who are already taking initiative to better their lives through small business initiatives. This means providing a service-orientated approach to dispersed producers rather than working intensively with a small group of people in one place. Ensure that intervention does not undermine what already exists, nor creates dependency where there was previously self-sufficiency.

#### **2.3.5.5. Rural Infrastructure Development**

The provision of infrastructure is widely cited as a means of alleviating poverty in many communities. However, in South Africa, there has been wild growth in the construction industry with no change in poverty status of many communities. This, to some degree, has been compounded by the quality of the infrastructure provided to

the communities. For example, poor road infrastructure has benefited tenderpreneurs with little or no effect to the desired beneficiaries of the initiative.

Roads that were meant to improve access to communities and service centres such as schools, hospitals and community care centres have seen wide deterioration owing to the quality of the materials used in constructing those roads. Infrastructure has a potential to bring about much needed changes in the communities and reduce poverty. Proper roads and schools can attract service providers and investors to come in the area for business partnerships and also encourage people with skills to want to work in that particular area.

#### **2.3.5.6. Creating and increasing economic opportunities**

The South African Presidency (2008:16) has a resolve to reduce the incidence of poverty in the country. Key to this resolve is creating and increasing economic opportunities and facilitating access to these opportunities by the population at large. Unemployment and/or the absence of earned income are the major causes of poverty. The efforts should therefore be focused on ensuring that the country creates economic opportunities that will ensure the promotion of self-sufficiency, (South African Presidency; 2011:16). The presidency emphasize that to this effect, efforts should create opportunities that match the current pool of the unemployment in the country.

Whereas economic growth has, over the past years produced jobs, these are not sufficient to address the challenge of unemployment we are facing as a country. There is a need to therefore develop new approaches to the creation of sustainable economic opportunities and jobs on a larger scale. The presidency encourages that all our economic strategies must prioritize shared growth, particularly by generating opportunities for employment and self-employment, supplemented by a substantial expansion in public employment schemes. Again, efforts should also be focused on facilitating access to these economic opportunities by the greater public at large. For many unemployed people, particularly the young, subsidized employment opportunities, job search assistance and other workplace-related training opportunities will enable the acquisition of skills and workplace experience that is

critical for them to access formal skills-biased jobs, (South African Presidency; 2011:16).

#### **2.3.5.7. Rural development and agricultural support**

Rural development has been widely acclaimed within the political fraternity as a cornerstone towards achieving economic growth and improving the standard of living for the people. A focus on rural development and agricultural support for families is also at the centre of the Anti-Poverty Strategy by the South African Presidency. Reinforced interventions are required to change the situation of the people in rural areas, (South African Presidency; 2008:16). The interventions should ensure that people in rural areas can have acceptable living standards and access to better services and benefits as those that are living in urban areas.

According to South African General Household Survey (2010), on average, 24% of households suffer from food insecurity, (Midgley & de Wit; 2012:8). Government should actively promote the development of smallholder farm schemes and enhance the processing of agricultural products in ways that support increased rural employment, including self-employment, (South African Presidency; 2008:16). This attempt is witnessed in many farm operations in which farms were acquired using the government's redistributive strategies where jobs on the farms must, preferably, be granted to the local and emerging businesses in the area as contractors to encourage economic growth and support of local economic development in rural areas.

Agricultural support to families would provide food security, especially in the light for lack of earned income. For some families, the support will go further and become a source of income as they develop their smallholding into productive small farms. It is, again, part of the government's land reform programme to graduate small holder farmers into commercial farms that are producing in order to sell to the market. This would increase food security to the public. This would also include improving the level of physical and institutional infrastructure in rural areas, such as rural roads, irrigation, access to markets, credit, resources, education and training, technical support, as well as land reform that supports the generation of rural livelihoods on a

mass scale, (South African Presidency; 2011: 16). For example, after realizing the challenge that many land reform beneficiaries were struggled to run their farming operations because they were unable to access enough resources for the initial investment, the Department of Rural Development and Land Reform introduced a Recapitalization and Development Programme to rescue inadequately supported land reform farms, (Mashala; 2013: 54).

The government perceives the prevention of intergenerational reproduction of poverty as another strategic focus area in a bid to combat poverty. It also believes that improving the parents' economic situation, by ensuring that they participate in economic activities, will have a significant impact on improving the circumstances of their children and breaking the cycle of poverty. The presidency also draws attention in ensuring that the future of children who grow up in poor families is not determined by their parents' life circumstances. To this effect, human resource development, in particular education and skills development will play a significant role in preventing the intergenerational transmission of poverty, (South African Presidency; 2011:16).

The South African Presidency believes that education and training opportunities are critical for the older children or young adults. Efforts should be focused on ensuring that those who can still benefit from acquiring education and skills do so, (South African Presidency; 2008:16). There is a need to ensure that young people stay in schools longer, acquire quality education and training that will enable them to take advantage of the various economic opportunities which the developmental state through the anti-poverty strategy, industrial strategy and other initiatives will work towards ensuring are available. The Department of Rural Development and Land Reform also run a nation-wide programme of National Rural Youth Services Corps (NARYSEC) which has enrolled 11, 740 young people in various training programmes, (South African Presidency; 2013: 5).

Furthermore, the government's strategy would aim to reinforce partnership at all levels among departments, agencies and non-government organizations. Within government, over and above the current initiatives, it is about doing some things differently as well as emphasizing implementation and co-ordination, (South African Presidency; 2008:17). According to the South African Presidency (2008:17), the

current initiatives to combat poverty rely heavily on government-sponsored and administered programmes and projects. While the Government has a significant role to play in the communities, it should also focus on facilitating the involvement of other stakeholder institutions. It also has a role of providing political leadership and using its resources and other capacities to steer all the role-players to the desired direction. This includes the private sector, non-government organizations (NGOs), community based organizations (CBOs) and the faith based organizations (FBOs).

#### ***2.3.6. The pillars of the anti-poverty framework***

According to the South African Presidency (2008:13), the following are the pillars which, in line with the adoption of a multidimensional nature of poverty, anchor the anti-poverty framework:

- Creation of economic opportunities – aimed at ensuring that the economy generates opportunities for poor households to earn improved incomes through jobs or self-employment.
- Investment in human capital – providing health care, education and training needed to engage with the economy and in political processes.
- Income security – providing safety nets for the most vulnerable, primarily through social grants. This to ensure that vulnerability associated with disability, age and illness does not plunge poor households into destitution.
- Basic services and other non-financial transfers – what has been termed a social wage, consisting of services such as subsidized housing, and expanded access to water, electricity, refuse removal and sanitation; as well as a raft of minimum free basic services for vulnerable sectors of the population. Inability to pay for basic services should not prevent the poor from accessing these services altogether.
- Improving healthcare – ensuring that poor children grow up healthy, providing quality and efficient preventative and curative care, and ensuring that illness or disability do not plunge poor households into destitution.

- Access to assets – particularly housing, land and capital, including public infrastructure, both to improve economic and social security and to provide the basis for economic engagement in the longer run.
- Social inclusion and social capital initiatives – combining programmes to ensure a more inclusive and integrated society, based on the development of more integrated structures and engagements across class and race, as well as community solidarity in communities and society as a whole. The focus is also on strengthening social capital, especially for the poor to expand their networks and ensure they have access to information.
- Environmental sustainability – requiring strategies and programmes that help link increasing economic opportunities for the poor to the protection and rehabilitation of ecosystems, reversing environmental degradation and promoting eco tourism.
- Good governance – accountability to citizens, direct intervention in the provision of information, facilitating participatory, pro-poor policies and sound macroeconomic management. This is to ensure proper use of public funds, encouraging shared economic growth, promoting effective and efficient delivery of public services and consolidating the rule of law.

#### **2.4. NGOs' approaches to poverty reduction in Africa and other countries of the world**

In developing countries, there are various strategies developed by non-government organizations to alleviate poverty. At a macro-level, this includes a pro-poor growth strategy combined with social development as promoted by many economists; whereas at micro-level, promotions of small-scale enterprises and microfinance have been advocated by many NGOs, (Surhako; 2007: 4). However, Shivji (2007: 31) advances an argument around the issue of NGOs' legitimacy from the donor companies. He is of the view that despite the fact that non-government organizations may be accepted by people whom they purport to serve, NGOs through their nature do not only derive their sustenance, but also their legitimacy from the donor-community. He argues that even the elites from the state or political parties seek

their legitimacy from the so-called “development partners” as opposed to the people they serve.

Clark (1995) as cited by Surhako (2007: 4) suggests that the ability of NGOs to assist poor communities climb out of their poverty encompasses two approaches; the supply-side and the demand-side. Fowler (1997) as cited by Surhako (2007:4) suggests two types of NGOs; micro-tasks and macro-tasks. These can be construed as supply (micro tasks) and demand (or macro tasks). From the supply-side or micro-tasks, the NGOs provide various basic public services to the poor. By far, most authors are in agreement that in countries where government lacks the provision of various public services, NGOs play a significant role in the provision of this.

Unlike the supply-side where NGOs provide direct public service, the macro-tasks NGOs play an indirect role as being an articulator of the peoples’ voice. These NGOs mobilize and clarify demand for services in both government and the market so that the people are able to achieve its development’s goals. Shurhako (2007:4) is adamant that NGOs role in the context of service delivery is to improve the access of people to the services provided by the state. It is also the role of non-government organizations to engage in policy advocacy to influence public policies concerning the poor, (Surhako; 2007: 4). Whilst these two NGO approaches are not mutually exclusive, the recent trends in NGO sector entails the NGOs combining the two approaches to enhance their efficacy in the provision of service to the people they serve, (Surkaho; 2007:4).

## **2.5. Role of NGOs**

Moroso (2004) considers NGOs as a useful tool through which the donors identify more precisely the best remedial measures and provide a channel for public opinion at a local level in order to customize official international programmes to specific local needs. Their primary objective is to render assistance to individuals or developing communities in order to promote sustainable development at grassroots, (Nzimakwe, 2008: 90). Mitlin *et al* (2005: 4) suggest the role of NGOs in three dimensions; the first examines development as both a process and as intervention.

The second concerns the tripartite division between the three key institutional arenas of state, civil society and market. And the third one relates to the issues of scale, from local to global perspective. Mitlin et al (2005: 4) is of the view that NGOs should be perceived as part of the societal and political economies in which they operate. These are part of the development while at the same time as they try, through big development, to intervene and modify the nature and effects of broader development. According to Mitlin et al (2005:4), these are endogenous to development despite the fact that many consider them as external factors.

The NGO sector can act as an external lever, functioning largely as an intermediary step between policy mandates and actualized effects in people's daily lives, (Amandla Development; 2010: 9). Amandla Development (2010: 9) is of the view that not only does the government lack the capacity to spend allocated funds and to have a lasting impact, but NGOs are also closer to the communities they work with and can respond more quickly to the needs on the ground. NGOs also have the capacity to communicate more clearly with the government to make known the success and failures of certain policy directives. Amandla Development (2010: 9) is of the view that the long-term success will depend on the government taking up ultimate responsibility since it can be held accountable in a way that NGOs cannot.

Lombard & van Wyk (2001:30) also agree with Amandla Development (2010:9) on the grounds that non-government organizations are ideally and uniquely located closer to the community levels. Hence, they tend to have a comparative advantage over the development structures such as government initiatives. These have a more localized viewpoint of the needs of the community and a greater understanding of the issues that are relevant to the community. The fact that they tend to have a greater emphasis on the community needs puts them in a more trustworthy relationship with the community and communities are therefore in some instances more willing to co-operate with NGOs than with government, (Lombard & van Wyk; 2001). The pair also acknowledges the fact that NGOs enjoy the freedom to operate in politically volatile areas and thus reach the poor and disadvantaged which the state sometimes does not. The NGOs possess abundant knowledge about the development processes and the approaches and also have good relations with the communities, (Lombard & van Wyk; 2001: 30). Among other critical roles played by



the NGOs, Lombard & van Wyk (2001: 32) have mentioned the following roles, namely; skills training, knowledge dissemination, financial support, policy development and advocacy.

Sengsouriveng (2006) as cited by Seabe (2011:6) is of the view that the autonomy of non-government organizations provides flexibility and allows room to be innovative and to derive efficient ways to deliver public goods and services. Sengsouriveng cites a success story of the increase of access to credit facilities for the poor and the proletariat in establishing their livelihoods projects. He advocates that micro-credit and savings for initiatives by NGOs created self-employment and provided income-generating opportunities. Torado & Smith (2008) as cited by Seabe (2011: 8) state that the capacities of NGOs place them in a better position to be solely responsible to execute the problems that drive development and alleviate poverty. Like Lombard & van Wyk (2001) and Amandla Development (2010), Seabe (2011:8) also acknowledges the organizational form of NGOs for their closeness to the local communities as being advantageous in mobilizing the kind of social action and sense of obligation needed to deal with problems of poverty and inequality. The optimal functioning of non-government organizations allow the governments to promote welfare without an increase in the government's administrative responsibilities, (Seabe; 2011: 8).

Seabe (2011:2) believes the relative importance of these organizations has aroused interest in their effectiveness and in the quality rather than the quantity of their services. In an attempt to ensure quality of services and effective use of resources, governments and private funders have derived policy and performance conditionalities to which these institutions should adhere. According to Peterson (2010:6) as cited by Seabe (2011:2) these conditions form part of contracts and incentives that exist to ensure a beneficial partnership and closer co-operation between funders and NGOs. Shivji (2007:31) concurs with this as he raises a debate around the issue of NGOs' legitimacy from the donor companies. The failure of these organizations to derive their own sustenance condones the element of dependency to donor funding which to some degree may result to them losing track of their visions and missions.

Although justified, there is a possibility that such conditions, when incorrectly applied, may have negative consequences for NGOs and their functioning in the dispensation of their responsibilities, (Seabe; 2011). The financial management and quality control demands of funders, together with the need to adhere to policy priorities, may constrain the capabilities of NGOs. Seabe (2011:2) supports this argument by advancing an argument brought by Edwards (1999:30) who warns against the behaviour of funders, as being stuck in what he refers to as “project delivery mode”. Chau & Huysentruyt (2006:1910) as cited by Seabe (2011:2) also question “The viability and desirability of competitive procurement schemes targeted at organizations to improve effectiveness”. Funder conditions may therefore lead to voluntary failure according to which NGOs will sometimes fail to fulfill their objectives as set out in their respective missions. They fail because of philanthropic insufficiency, particularism, paternalism and amateurism, (Seabe; 2011:2).

Philanthropic insufficiency may lead organizations to partake in activities that divert their activities from their main mission, (Seabe; 2011:2). Furthermore, voluntary failure may result from the need for financial certainty which increases their vulnerability to funder particularism and paternalism. Organizations may adapt and change their missions to secure funding. This seriously impacts on their envisaged role as development partners, (Seabe; 2011:2). For this Edwards (1999: 29) as cited by Seabe (2011:2) criticizes organizations and states that “NGOs tend to import the philosophy of the market uncritically treating development as a commodity, measuring market share as success and equating being professional in their work to being business like”.

## **2.6. NGOs and funding**

Most NGOs depend on donor-funding for survival. This then compromises the autonomy and the objectives of the NGO in terms providing the service it aspires to the community. Lombard (1992:156) emphasizes the essence of funding since there is no community work programme that can start without the funding aid. As a result, the scope at which NGOs can operate is limited to their ability to get funds from the donor agencies, (Shivji; 2007:31). Of course, one can appreciate a huge task that

these NGOs have when they have to apply for this funding from the funding agencies since they go through a normal customary process; and, each donor agency has its own criterion through which the application must be assessed. Moroso (2004) adds that NGOs represent a fundamental link in the aid chain which is the final phase of a process that, from donors funding, leads to the implementation of development-oriented projects in the Third World countries.

The issue of NGOs and reliance to funding has huge implications in terms of conditions imposed by funders. Peterson (2010) as cited by Seabe (2011: 10) advocates that the issue of funder conditions may be justified with little consideration to their application. He mentions that one should be cognisant of the fact that these conditions may give rise to the condition he mentions as “mission creep”, which the gradual deviation from mission to meeting donor requirements. Seabe (2011: 10) believes that these conditions distort NGO incentives and lead to the failure of organizations to fulfil their missions. Mission creep is especially prevalent where conditions that maximise mission impact and those impact on financial resources are different, (Young *et al*; 2008) as cited by (Seabe; 2011: 10).

For most organizations, revenue maximization becomes a primary point of focus over mission fulfilment for many organizations, (Seabe; 2010:10). The mission creep is said to damage the reputation of NGOs, their identity, transparency, accountability and partnerships. Cited by Seabe (2011:10), Ilons (2002) reckons that the NGOs can only have an impact in socio-economic development if they do not succumb to the market based goals that are dissimilar to their initial missions.

Kalima (2004:5) has cited some contradiction and duplication among the civil society. He is of the view that almost all NGOs are working on the same Millennium Development Goals (MDGs) throughout the rest of the world and are demanding research and studies to be conducted. This alleged duplication of work can be attributed to the funding relationship with the donors who, in most cases, would detect the areas of concern which should take a lead in global discussions, (Kalima, 2004: 5). In other words, Kalima (2004: 5) is of the view that the issues which are run by NGOs today are not of their own initiation, but rather what the funders feel should

be done. As a result, as long as the NGOs still depend on donor funding for the execution of their duties, there will always be duplication; so it is with mission creep.

Kalima (2004: 7) believes that although governments are the sole signatories to the MDGs, and thus implementers, but civil society organisations have the capacity to implement some of the MDGs projects which can be funded by the governments, the private sector and international organizations. The cuts from the budgets of governments and international organizations pose a huge threat to the ability of civil society to implement its operations, (Kalima; 2004: 7).

The issue of non-government organizations funded by donors does not only limit their scope to perform their duty, but also points out to issues of accountability. One may end up asking a question of “to whom is the NGO accountable?” Is it the government of the day, whose interests it is trying to pursue or the donor agencies that provide money to undertake the jobs? In most cases, in developing countries, the NGOs are funded by foreign donors; hence, this also places the greatest limitations since the donor may become theoretical about the practical implementation of the projects at an operational level, (Shivji, 2007: 54-55).

Justification for the role awarded to NGOs does not automatically ensure that it will be executed effectively, (Seabe; 2011:8),. This then calls for other mechanisms to ensure efficiency, such as funder conditions. In other words, Seabe advocates that there is a need to develop funder conditions otherwise the NGOs themselves would be found wanting in executing their responsibilities for development in the communities. Following are the reasons brought by Seabe (2011:8-9) as the rationale for the funder conditions in order to enhance the functioning of the NGOs.

### ***2.6.1. Exploitation of information failure***

Seabe (2011:9) believes that exploitation of information failure by NGOs may not be totally eliminated by the non-distribution constraint, but the profit motive may exist in disguise as lack of governance may fuel foster corruption among organizations. He advocates that funder conditions act as tools to either minimize information asymmetry or reduce the incentive for NGOs to exploit. He expands his argument by

an analogy that when the principal has information to verify agent's behaviour, the agent is more likely to behave in the interests of the principal. Furthermore, funder conditions provide avenues to secure the efficiency of NGOs through their emphasis on performance and accountability.

NGOs as agents are not immune to information failure; there is a high likelihood of the presence of the principal-agent problem between them and their multiple principals which arise from the failure of pricing their services, (Seabe; 2011:9). Although they can undertake measurements of their inputs, they have no way of comparing the realized results with the expected results (Boettke& Prychitko2004:2) as cited by Seabe (2011:9). As a result, it is difficult for stakeholders, funders and beneficiaries to assess the results of NGO initiatives and to determine the appropriateness of their actions.

### **2.6.2. Failure of self-selection**

There are also NGOs that are established to take advantage of the NGO status which allows founders to take advantage of certain benefits, such as tax exemption. In these organizations, staff members are not limited by the non-distributive constraint as they can do so through higher salaries or perks. This is the model referred to by Weisbrod (1988: 16), as cited by Seabe (2011:9), as "NGOs for-profits in disguise". According to Kalb (2006:305), the failure of self-selection in developing countries due to inefficient markets and government failure causes professionals to join NGOs because they offer more lucrative remunerative packages and stable employment, (Seabe; 2011:9).

It is also cheaper and less laborious to start a non-government organization than a private business in developing countries (Kalb 2006:306) as cited by Seabe (2011:9). The inability of the non-distribution constraint to curb opportunistic behaviour among organizations has compounded the concerns raised with regards to the role of NGOs as a remedy to contract failure.

### **2.6.3. *Lack of governance***

Lack of governance within NGOs and the absence of effective government regulation regarding NGOs in certain countries also justify the existence of funder conditions, (Seabe; 2011:9). The absence of effective regulation condones the rife existence of corruption in the system. Gibelman & Gelman (2004:370) are concerned that governance failures, where managers and boards neglect their oversight responsibilities, may lead to misappropriation of funds and stronger incentives for NGOs to misrepresent themselves, (Seabe; 2011:9). The absence of regulation creates the incentive for funding organizations to invent mechanisms to police the organizations to which they provide funding.

### **2.6.4. *Increased efficiency***

Cooley & Ron (2002:9) believes donor conditions are also there to increase efficiency of NGOs in their operations. Without the profit incentive and competitive forces, there is likelihood that NGOs maybe less cost-conscious (Pindyck & Rubinfeld 2009: 634) as cited by (Seabe; 2011:9). Cooley & Ron (2002) believe that Western and Japanese donors are increasingly issuing short-term, renewable contracts for discrete aid projects, requiring aid contractors to bid competitively and demonstrate concrete results. There is another debate about donors who only seek to fund projects, and not the administrative overhead with a hope that this will push the NGOs to rationalize procedures and demonstrate effectiveness, (Cooley & Ron; 2002). Competition cuts waste, curbs corruption, and allows new international NGOs to become transnational players.

### **2.6.5. *Principal-agent problems***

Various authors have cited the problem regarding the length of contracts for funding of these NGOs. According to Cooley & Ron (2002:15), short-term contracting can lead to acute agency problems. They believe that relations between donors, contractors, and recipients can be modeled as a double set of “principal- agent” problems wherein the donor is a “principal” and contractors are “agents.” On the

other hand, when it comes to implementation of projects funded by principals, the contractor functions as the principal and the aid recipient is the agent.

As in all relations of authority, an agent's fulfillment of a principal's directives cannot be taken for granted and donor-principals face the problems of hidden action and information. Because contractor-agents often have control over a project's resources, they will try and guide the project so that it promotes their own goals, which may or may not be identical to those of the donor. If the project is not going according to the donor's plan, contractors or recipients—or possibly both— may conceal, withhold, or distort information harmful to their interests. Seabe (2011:10) speaks about the mission creep where this refers to the deviation from initial mission by the contracted NGO to fulfill the mission of the donor (or funder) in order to continue receiving funding. Such idea by Cooley & Ron (2002) that NGOs may also sway away the resources to fulfilling those needs which are of interest to them clearly declares the lack of trust and loyalty between the funders and the contractors. This may likely to cause misalignment of operations in the functioning of NGOs and their funders as one would be concealing some information for the other.

More important, most projects are renewed after an initial evaluation, giving contractor-agents little incentive to report failing or inappropriate projects, (Cooley & Ron; 2002:15). If contractor-agents were to be entirely truthful about implementation problems, they might cripple their chances of contract renewal and threaten their own organizational survival.

More often than not, relations between contractors and project recipients are also characterized by agency problems.

Cooley & Ron (2002: 15) believe that recipients may genuinely welcome all project support and use aid resources for the purposes for which they were intended. On the other hand, without adequate monitoring, recipients may appropriate the contractor's resources for opportunistic gain. This qualifies the need for the funder conditions which are widely cited by many authors as the impediments towards achieving success by NGOs. One of the key hypotheses is that when faced with pressure to renew existing contracts, aid contractors will be reluctant to report

recipients' opportunistic behavior unless donors can credibly guarantee that they will not terminate or reduce funding for the project.

#### **2.6.6. *Competitive bidding***

The competitive nature of short-term contracts acts as a powerful institutional constraint on international organization and NGO contractors, (Cooley & Ron; 2002:16). Donors initiate projects with a semi-public tender, for which contractors have to bid. In war-related relief, three to six-month contracts are the norm, with contractors constantly facing threats of layoffs, cutbacks, and capacity reductions. Cooley & Ron (2002:16) believe that NGO contractors incur significant start-up costs to service a new contract—hiring staff, renting offices, and leasing new equipment—and can recoup their expenses only by securing additional contracts. Because alternative contractors threaten to appropriate projects, NGOs are under constant pressure to renew, extend, or win new contracts, regardless of the project's overall utility.

Some NGO headquarters order their country offices to become financially self-sufficient, exacerbating the competitive dynamic. Securing new funding is an ever-expanding part of the NGO's function, pushing other concerns—such as ethics, project efficacy, or self-criticism—to the margins, (Cooley & Ron; 2002:16).

#### **2.6.7. *Multiple principals***

A final institutional constraint arises when multiple donors or contractors compete for the same project. If international organizations and NGOs were members of a purely normatively driven and robust global civil society, one might expect them to cooperate, pool resources, and share information. Cooley & Ron (2002:16) believe that there are good theoretical reasons, however, to believe that the opposite may occur due to the multiple-principals problem. The more contractors there are, the more each organization's position within the market seems insecure. As a result, some organizations may seek to undermine competitors, conceal information, and act unilaterally, (Cooley & Ron; 2002:16).



Rather than burden and cost sharing, this generates project duplication, waste, incompatible goals, and collective inefficiencies. Seabe (2011) concurs with Cooley & Ron (2002) on the alleged duplication and proposes a complementary relationship between the funders and the recipients to help curb the duplication. In addition, competing multiple contractors often dilute the coherence of their collective project goals, advice, and strategies.

The presence of multiple contractors also increases recipients' ability to play contractors and donors off against each other. Recipients can use cross-cutting advice and strategies offered by multiple principals to pick and choose among the project elements they most like, disregarding projects that are more disruptive. This is especially likely when recipients seek concessions or payoffs from one or more principals and can threaten to withdraw their cooperation as a bargaining tactic, (Cooley & Ron; 2002:16).

Calls for international organizations and NGOs' coordination are ubiquitous in the humanitarian aid literature, prompting periodic creation of new UN coordination studies and agencies. Recurring coordination problems, however, are not caused solely by poor communication, lack of professionalism, or a death of coordinating bodies. They are also—and perhaps chiefly—produced by a crowded and highly competitive aid market in which multiple organizations compete for contracts from the same donors, (Cooley & Ron; 2002:16).

## **2.7. NGOs and Government**

NGOs have been widely perceived as a stretching arm of the government to some extent. This is due to the fact that they are used, through receiving funding, to pursue the goals most sought after by the government. However, as mentioned elsewhere in this document, NGOs are not administered according to the governmental bureaucracy. One can argue that the extent to which the NGOs implement the goals of a government depend on who the funder is. If the funder is the government of the day, definitely the funds will be channelled towards pleasing that particular

government. Donor agencies as well also have their own criteria through which they perceive the correct and acceptable use of their funds.

Kalima (2004:2) regards the NGOs as key stakeholders in the development process although the space for engagement still remains limited and highly conditional. In his report, Kalima (2004:1) points out that regarding the NGOs, “the Declaration commits the governments to develop partnerships with the private sector and civil society organizations in pursuit of development and poverty eradication” and to “give greater opportunities to private sector, non-government organizations” to contribute on the realization of goals and programmes. He also mentions that both the Northern and Southern NGOs are confronted with the need to focus on the poorest of the poor and to widen their constituencies to meet the Millennium Development Goals (MDGs). Kalima (2004:3) is of the view that civil society’s role is to be effective advocates of national development as well as strengthen the capacity of communities to realize the MDG vision at the grassroots level in partnership with the local authorities.

Jelinek (2006:4) perceives NGOs’ state across the globe as being occasionally tense where government is fearful of being substituted by NGOs, or being exposed for their lack of accountability and transparency with donor or public funds. According to Jelinek (2006:4), in developing countries where resources are scarce, some governments may perceive NGOs as competitive rivals for donor funding. In contrary, Seabe (2011: 8) believes government and NGOs should be in a complementary relationship as governments provide funding and NGOs deliver public goods and services. This is a case where resources are not scarce and funds are available. The complementary relations between the government and the NGOs also assist to circumvent the duplication of provision of certain services since the needs of the communities are determined following a democratic process. Seabe (2011:8) also believes that the governments are very effective in the setting of quality control measures and standards to ensure accountability and this should be utilized to the benefit of the public to whom the service is delivered.

One of the primary reasons that necessitated the devolution of government responsibilities to the NGOs are fiscal imbalances in the developing countries,

(Zaider: 1999) as cited by (Seabe; 2011:8). Seabe (2011: 8) reckons that the devolution of governments' responsibilities to NGOs leads to higher levels of efficiency and lower costs which result from competition among NGOs for government grants and the ability of NGOs to tailor services to local circumstances.

## **2.8. Functioning of NGOs and poverty alleviation**

It is very important for the NGOs to start by recognising the local natural resource trade as a legitimate means to generate much needed income even though this is unlikely to provide a gateway from poverty on its own for most households, (Shackleton, 2009). Shackleton (2009) is of the view that support for natural resource commercialization and building on what already exists should be part of the strategies of an integrated approach to rural development. This also speaks to the skills capacity of the local community to actually undertake this activity. If the local communities are not trained to actually undertake activities on their own, they tend to be more reliant on external service providers to actually come and exploit their resources. In any community development programme, the point of departure should be to recognize what already exists in that particular community. When capacities of local institutions are not built through development projects, the result is inability to sustain the gains of the development project in the long term, (Lombard & van Wyk; 2001: 28).

Lombard & van Wyk also advocate that in order to ensure long term effect on development initiatives, the development programmes should be organized to strengthen the local institutions within the communities to actually provide the service post the period of termination for the NGO participation. These authors reckon that these institutions require administrative and management capacity so that they can continue their functions after the support from the NGOs has been terminated or reduced. As such, there is no development that goes in isolation. Any development should be backed up by the opportunities of local economic development to enable communities to gain access to the necessary resources needed for development, (Lombard & van Wyk; 2001: 29).

Nzimakwe (2008: 98) mentions that NGOs have the features that make them more appropriate than public and private sector institutions for the promotion of micro-level development. These features give them a comparative advantage that justifies the assistance being given to them by international donor agencies and national governments.

Nzimakwe (2008:97) classifies two sides of NGO activities; firstly, service with the intention of improving the general welfare of people, and secondly involvement in government institutions which entails contributions and efforts they make to involve government institutions. There is a need to strengthen partnership between the government and its people and ensure mutual respect for each other, (Kalima; 2004: 4). According to Kalima (2004:4), the government need to exercise committed leadership for poverty reduction and for achievement of MDGs which would include efforts to redirect national resources towards community activities. This does not set the communities, households and individuals off the record to become relaxed. Their key role is to become self-motivated to contribute to development in general and to improving their general welfare as it is deemed far easier to work with motivated community than the community that has subscribed to poverty, Kalima (2004: 4).

Zhang (2005:33) articulates one of the important roles of NGOs as not only to work towards meeting the needs of the poor, but also to assist them in articulating those needs as well. He goes on to say that the basic task of NGOs as an external agent is to “animate”, which is, to blow the breath of life into the soul of the community and move it to appropriate actions. Zhang (2005:33) believes these are meant to spark the endogenous change from within, and not to carry out the change programme since this is the responsibility of the organized community. He believes that a question that remains unanswered is the how part in attaining the effectiveness of the NGOs in attaining this task to the far end.

Zhang (2005:33) considers this an enormous task given the fact that there is a range of circumstances which are normally not taken into account given the general nature of complexity of social development programmes. This stems from the fact that under normal circumstances these programmes are not designed with a single focus and tangible goal. In addition, there is uncertain and unpredictable world of human

action that is always going to prevail. He noted the following as other things that are likely to happen in reality of a social development project:

- There are certain hidden goals which in actual fact influence and guide the behaviour of participants.
- Many of the goals are interrelated and to extract individual goals from evolving measuring indicators will be difficult.
- There may be several conflicting goals of the different interest groups within the project.
- Explicit tangible goal setting at an early stage may reduce the flexibility and operating space of the NGOs.

Zhang (2005) also elaborates that many authors believe that participation is a spontaneous process that occurs at a grassroots level. He contradicts this with the argument from Gideon (1993) who is not in agreement on the following grounds:

- People lack the information, skills and resources required to initiate, expand and maintain the community development programmes.
- Communities under pressure tend to lack formal organizational structure. They are disorganized because they lead isolated existences.
- Despite an inherited antagonism in relationship between disadvantaged communities and formal authority structures, such communities are, in several ways, entirely dependent on, and at the mercy of, the authorities. To oppose authorities in any way could elicit strong punitive reactions from authorities.

## **2.9. The future of NGOs in creating sustainable livelihoods in South Africa**

One must appreciate the huge growth of the civil society over the past decade or so, inside and outside South Africa. The civil society demands high political and economic accountability and governance of their governments, (Kalima; 2004:5). He

mentions that this can be proven by considering the growth of specialized NGOs to enhance the fight against poverty and hunger. However, as discussed elsewhere in this document, the degree of duplication has also taken place through the functioning of NGOs at the same time; through stringent regulations passed on by the donor agencies, the degree of flexibility has been largely compromised. There is a view that developed countries must increase aid flows with less stringent conditions set if the targets are to be met, (Kalima; 2004:6).

Norton & Foster (2001:2) regards sustainable livelihoods as holistic approach which creates platform for understanding the root causes and dimensions of poverty without collapsing focus on economic issues and food security. The realisation of sustainable livelihoods is through placing people and their priorities at the heart of development process, starting with their capabilities and assets, and not with their problems. According to Department for International Development (DFID) as cited by Norton & Foster (2001:3), the principles of sustainable livelihood approaches (SLAs) are poverty-focused development activities that should be:

- People-centred: sustainable poverty elimination will be achieved only if external support focuses on what matters to people, understands the differences between groups of people and works with them in a way that is congruent with their current livelihood strategies, social environment and ability to adapt.
- Responsive and participatory: poor people themselves must be key actors in identifying and addressing livelihood priorities. Outsiders need processes that enable them to listen and respond to the poor.
- Multi-level: poverty elimination is an enormous challenge that will only be overcome by working at multiple levels, ensuring that micro-level activity informs the development of policy and an effective enabling environment, and that macro-level structures and processes support people to build upon their own strengths.
- Conducted in partnership: with both the public and the private sector.
- Sustainable: there are four key dimensions to sustainability - economic, institutional, social and environmental sustainability. All are important – a balance must be found between them.

- Dynamic: external support must recognise the dynamic nature of livelihood strategies, respond flexibly to changes in people's situation, and develop longer-term commitments.
- Sustainable Livelihood approaches must be underpinned by a commitment to poverty eradication. Although they can, in theory, be applied to work with any stakeholder group, an implicit principle is that activities should be designed to maximise livelihood benefits for the poor.

Kadozo (2009:43) outlines the general areas of concerns regarding sustainable livelihood approaches. She discusses the concerns as per the following:

### ***2.9.1. Underplaying of Vulnerability, Gender and Markets***

The usage of Sustainable Livelihood Approaches needs one to have an understanding of economics, markets and the private sector, as lack of this background can result in the downgrading of market and economic issues. This is unfortunate because economics is as much a part of SLAs as other dimensions, (Kadozo; 2009:43). She mentions that the majority of the poor in urban areas are net buyers of food and therefore require food markets that are efficient, accessible and provide a degree of price stability and predictability. For instance, when members of a food garden cultivate one crop rather than another or a dressmakers group decide to sew uniforms, they are making economic decisions, set within social and cultural contexts and constraints. How well markets function depends on many factors related to trust, information, contract enforcement, application of the rule of law, freedom of movement of goods and people and the market structure, (Kadozo; 2009:43).

### ***2.9.2. Lack of clear policies***

Jones (2002:273) as cited by Kadozo (2009:43) argues that the practical implications of utilizing SLAs are complicated because of the range of debates about poverty responses and their effectiveness. This is because there is no clear policy guidance

and the livelihoods debate is an evolving one. Krantz (2001:4) further argues that the SLAs do not address the issue of how the poor are identified. This is important because the way in which resources and other livelihood opportunities are distributed locally is influenced by the informal structures of social dominance and power within communities.

### ***2.9.3. Governance, power and rights***

Sustainable Livelihood Approaches sometimes fail to emphasize sufficiently the need to increase the power and rights of the poor and to stimulate changes in social relations. Kadozo acknowledges Carney's (2000:23) argument that the practice of SLAs can also be extractive, like the traditional approaches, in that information gathered locally may be processed and decisions made elsewhere. This has to do with how the governance framework is understood and what role the poor people play. Therefore users of SLAs should seek to understand how people relate to the institutional environment, where power lies, and how and why change takes place.

### ***2.9.4. Sustainability***

The principles of SLAs emphasize four types of sustainability: economic, institutional, social and environment. Kadozo (2009) believes that the point of contention rises from balancing concerns about poverty reduction and environment. The urban, agricultural and industrial areas are the main culprits that compromise sustainability. The future generation should not be deprived but cities should utilize resources sustainably hence the world is faced with global warming related challenges. The argument of this magnitude does not only propel cities to protect environment but motivates cities to be accountable and responsible to the needs of future generation.

### ***2.9.5. Superficial use of sustainable livelihood approaches***

Sustainable Livelihood Approaches aim to achieve poverty reduction through inclusive people-centred development, but the process has often been reduced to a



set of rules. Carney (2002:23) observes that in the worst cases SLAs have been used to justify existing development activities, instead of being of a process of working with poor people to identify their strengths and build on these.

Loughhead & Rakodi (2002:225) as cited by Kadozo (2009:53) state that in India, for instance, while the infrastructural improvements on the slums made a significant impact on the poor people's lives, they were less successful in meeting the needs of particular vulnerable groups. The benefits which were targeted at these groups, such as vocational training did not reach them, as the local elite had control over slum-based organizations. It was also observed during the study that because people-centred development was time consuming and as a result of the lack of skills, it was easier for the volunteers and the community workers to identify the community's needs and then decide as the experts which interventions would be implemented and how and when. Kadozo (2009:53) also cites Singh and Gilman (1998:543) concurring that it is difficult to work with development stakeholders who are used to working with local communities, while essentially ignoring the larger environments impinging on these communities.

## **2.10. Unemployment and poverty in South Africa**

According to Leatt (2006:24), in September 2004, 26% of South Africa's economically active population was unemployed. Official unemployment definitions only partially reflect the situation as expanded definitions includes those who would like to find employment but who are discouraged, and therefore have not actively sought work in the previous month. By this expanded definition, unemployment levels were at a staggering 41% at the end of 2004, (Leatt; 2006). The unemployment rate has remained almost unchanged since then until we have seen the recent dramatic changes in unemployment figures in census 2011 from Statistics South Africa. Statistics South Africa reported an official unemployment rate of 25% in March 2006.

Employment levels are also highly differentiated by race. According to the General Housing Survey 2005 (GHS), Africans had a 31% unemployment rate, whereas

white South Africans experienced a much lower (5%) unemployment rate. The GHS 2005 indicated that 42% of South Africa's children live in a household where neither parent is employed. Women's situations are particularly important because far more children are living with women than with men. In March 2006, the official unemployment rate for women was 30%, compared to an unemployment rate of 22% for men.

## **2.11. Strategies to eradicate poverty in South Africa**

### **2.11.1. *Employment creation***

McKinlay (2004:78) mentions that poverty and vulnerability will not be reduced without broad-based growth which is fuelled by the private sector. It is therefore imperative that governments join partnerships with private sector as a strategy to alleviate poverty and ensuring sustainable development.

### **2.11.2. *Pro-poor growth strategy***

Promoting pro-poor growth strategy refers to enabling a pace and pattern of growth that enhances the ability of poor men and women to participate in, contribute to and benefit from growth. Adelzadeh *et al* (2001:232) identifies the following as notable income-generating activities for the poor rural households:

- Agricultural production, which includes growing food and fibre for exchange as well as for sale;
- Distribution, which refers to the sale of food and manufactured products;
- Petty commodity production, which ranges from the manufacture of clothing and other commodities to the construction of houses;
- Niche services or services with a competitive advantage, like backyard mechanics, childminding, traditional healing, taxi services, etc;

- Wage labour, which refers both to well-paid jobs offering career advancement (primary market) and poorly paid and insecure jobs (secondary market);
- Claims against the state, in the form of pensions, disability grants, child support, etc;
- Claims against households, which refer to remittances and other claims against relatives and community members; and
- Unpaid domestic labour, which is unremunerated work performed mostly by women.

### ***2.11.3. Mainstreaming the eradication of poverty and unemployment into the national policy***

Public expenditure on infrastructure has a huge role in promoting productivity, growth and private investment in South Africa. Adelzadeh *et al* (2001: 244) advocate that there must be ways to promptly improve the conditions of the rural poor in agricultural sector. Over the past few years however, the government has strengthened its helm in terms of addressing wage thresholds in agriculture. One thing that it dismally fails to address is the state of housing in which the farm workers stay. The living conditions in many of them are not acceptable. Usually, the houses are overpopulated, dilapidated and right to privacy is compromised.

Rakodi (2002:10) as cited by Kadozo (2009: 6) highlights that the sustainable livelihood approach recognizes that the poor may not have cash or other savings, but they have other material or non-material assets, such as their health, labour, their knowledge and skills, their kinship ties and friends, as well as the natural resources around them. The poor's assets constitute a stock of capital which can be stored, accumulated, exchanged or depleted and put to work to generate a flow of income or other benefits, (Narayan and Pritchett; 1999:871), cited in Kadozo (2009: 7).

#### ***2.11.4. Speedy transformation of labour market***

There has always been an ongoing debate in the labour market regarding the phasing out of labour-intensive techniques for capital-intensive techniques. Employers prefer to use machines since it is easier and cheaper to hire than people. This aggravates the unemployment rate in the country. Business-wise, capital-intensive techniques are very ideal as employers seek to maximize profits through lowering input costs.

#### ***2.11.5. Agriculture as a way of reducing poverty***

Overall, the available evidence suggests that, while agriculture may not be the principal source of livelihood for the great majority of households in the homelands, it does provide an important supplementary income for a substantial proportion, albeit with a high degree of differentiation between households, (Lahiff, 2003: 9). Lahiff points out that access to land, even relatively small plots, forests or communal grazing, allows households to maintain a diversified livelihood strategy that may include wage employment, pensions, agricultural production (for consumption or sale), and the keeping of livestock as a form of investment, which together enhances their ability to obtain a livelihood under difficult conditions.

#### ***2.11.6. Investment in human capital***

Over the past few years, the government and private sector have been very vocal regarding the issue of capacity building in South Africa. This is done through increasing accessibility of education and training to the rural and underprivileged communities. Empowering the people with skills increases their opportunities of finding, or even establishing, jobs and therefore developing sustainable livelihoods. The government usually engages in partnerships with Sector Education and Training Authorities (SETAs) and private sector to transfer industry and sector-based skills to suitable candidates. The government has also increased access to tertiary education for financially needy and academically deserving youngsters through various financial schemes such as National Students Financial Aid Scheme (NSFAS), Fundza Lushaka, Social development bursaries, etc. with this, the role of private

sector and NGOs cannot be underestimated as well. In a way, these people who get trained are expected to become a shining light in the near future to eradicating poverty.

#### **2.11.7. Corporate Social Responsibility**

The government policies on environmental affairs and education compel the private sector to invest some resources back to communities as a way of ensuring sustainable development practices. Sustainable development refers to conducting business in a manner that protects the natural environment while making economic progress, (Hellriegel et al: 2004; 125). For this reason, the private sector enterprises invest a sizeable amount of money in community development projects as a way of giving back to the communities in which they operate.

Corporate Social Responsibility (CSR) in community affairs can take the form of creating employment for the local community, development of infrastructure, and funding or partnering with organizations that do so for the development of societies and alleviating poverty.

#### **2.12. The Sustainable livelihoods approach to poverty**

According to Krantz (2001:11), sustainable livelihoods approaches can contribute immensely to the reduction of poverty in the developing countries. These various interpretations and elaborations of the sustainable livelihoods concept have, in one way or another inspired a number of development agencies to apply what is now becoming known as a sustainable livelihoods approach to poverty reduction, (Krantz, 2001: 10). This has emerged in response to negative experiences with conventional approaches to poverty reduction, but also as a result of recent findings regarding the nature and understanding of poverty. The Sustainable Livelihoods Approach (SLA) can be seen as one of a number of analytical frameworks which deal with the dynamic dimensions of poverty and well-being through establishing a typology of assets which poor individuals, households and communities deploy to maintain well-being under changing conditions, (Norton & Foster; 2001: 6).

Three factors shed light on why the sustainable livelihoods approach has been applied to poverty reduction, (Krantz, 2001: 10). The first is the realization that while economic growth may be essential for poverty reduction, there is no automatic relationship between the two since it all depends on the capabilities of the poor to take advantage of expanding economic opportunities. Thus, it is important to find out what precisely it is that prevents or constrains the poor from improving their lot in a given situation, so that support activities could be designed accordingly, (Krantz, 2001: 11). Norton & Foster (2001: 12) argue that poor people, especially in rural areas manage a complex assortment of assets and activities to sustain themselves and that development professionals and officials fail to adequately understand this.

Secondly, he argues that there is the realization that poverty, as conceived by the poor themselves, is not just a question of low income, but also includes other dimensions such as bad health, illiteracy, lack of social services, etc., as well as a state of vulnerability and feeling of powerlessness in general. Moreover, it is now realized that there are important links between different dimensions of poverty such that improvements in one have positive effects on another.

Raising people's educational level may have positive effects on their health standards, which in turn may improve their production capacity. Reducing poor people's vulnerability in terms of exposure to risk may increase their propensity to engage in previously untested but more productive economic activities, and so on, (Krantz, 2001: 11).

Finally, it is now recognized that the poor themselves often know their situation and needs best and must therefore be involved in the design of policies and projects intended to better their lot. Given a say in design, they are usually more committed to implementation, (Krantz, 2001: 11). Thus, participation by the poor improves project performance. Several international development agencies are now applying such a 'livelihoods approach' in their practical development work. However, it is difficult to talk of one unified approach since each agency has adopted a somewhat different version, ranging from seeing it primarily as an analytical framework (or tool) for programme planning and assessment, to a particular type of programme in itself, (Krantz, 2001: 11). Pachauri (2004:2) is of the view that improving people's lives

while fostering healthy markets in developing countries is increasingly a growth strategy for many leading companies looking for the next significant business opportunity. This comes as many donors and NGOs are increasingly supportive of a private sector approach to creating wealth in developing countries.

There are, however, three basic features which most approaches have in common. The first is that the approach focuses on the livelihoods of the poor, since poverty reduction is at its core. The second is that it rejects the usual sectoral entry point (e.g. agriculture, water, or health) and instead begins with an analysis of people's current livelihood systems to identify an appropriate intervention. The final feature is its emphasis on involving people in the identification and implementation of activities where appropriate.

In many respects, the sustainable livelihoods approach is reminiscent of the old Integrated Rural Development (IRD) approach, which was also broad and multi-sectoral, (Krantz, 2001: 11). The crucial difference is that the sustainable livelihoods approach does not necessarily aim to address all aspects of the livelihoods of the poor. More so, Pachauri (2004:7) believes that the business has a clear role to play in promoting a stable and sustainable socio-political and economic environment. It is increasingly accepting the responsibilities associated with this broadening role in the society.

Krantz (2001: 11) believes that intention is rather to employ a holistic perspective in the analysis of livelihoods to identify those issues or subject areas where an intervention could be strategically important for effective poverty reduction, either at the local level or at the policy level. Some of its proponents have therefore likened it to an "acupuncture" approach to development ("putting the needles in the right place"), (Krantz, 2001: 11). NGOs, business, government and the society all have a role to play in this move. Business needs to assist the government in shaping and implementing an appropriate and effective regulatory framework; hence, it can become an effective enabler of sustainable livelihoods.

### **2.13. Conclusion**

In conclusion, it is fervently clear that the government on its own can never satisfy the needs of the entire country without the assistance of other relevant sectors. Centremost to those sectors are the popular or community based sector. Development without the ownership from the people is unsustainable. As a result, one realizes that without the people-centred approach to development, it is impossible to change the lives of people. From the discussion, one of the key role players in development is civil society, the NGO sector. The NGOs throughout the countries of the world have proved their potential to eradicate poverty. However, where there are misalignments of political and governance discrepancies, the NGOs have found it hard to operate. This is caused by the fact that development in its nature is political. Hence, political misalignments cause fear in the civil society where the country and power custodians are not properly organised.



## **CHAPTER THREE**

### **3. COMMUNITY PROFILE OF TARGETED COMMUNITY**

#### **3.1. Introduction**

UThungulu District Municipality is a category C municipality and is located in the north-eastern region of the KwaZulu-Natal province on the eastern seaboard of South Africa, (UThungulu District Municipality; 2012: 27). It covers an area of approximately 8213 km<sup>2</sup>, from the agricultural town of Gingindlovu in the south, to the Umfolozi River in the north and inland to the mountainous beauty of rural Nkandla, (UThungulu District Municipality; 2012:27).

UThungulu District is one of the districts with areas rated as Comprehensive Rural Development Programme (CRDP) sites by the national government. The area of Nkandla is one of the areas ranked as the poorest of the poor by the national government, and this area falls within UThungulu District. According to the latest socio-economic development profile, dated 2008, and later updated in 2010, UThungulu District's population is reportedly growing at 1.5% per annum compared to the 1.1% population growth of the provincial and national level, (UThungulu District Municipality; 2010:2). This has increased UThungulu's population share in KwaZulu Natal from 9% in 1996, to 9.5% in 2008, (UThungulu District Municipality; 2010: 2).

According to the annual report of 2010/2011 from uThungulu District Municipality, the Integrated Development Plan (IDP) for the municipality has 5 key development strategies; namely, economically sound district; effective infrastructure; integrated environment; leadership excellence; and people empowerment, (UThungulu District Municipality, 2011: 13). The assessment of the municipality's ability to deliver its mandate to the community is measured against these key developmental strategies. This chapter gives an insight in the community profile of the study area, UThungulu District, in terms of its formation, administration, demographic information and

infrastructural development. This goes to separate each local municipality under the district. It begins with the definitions of key concepts as well as the acronyms that will be found in the chapter.

### **3.2. Acronyms used in the document**

The following acronyms shall be deemed to have the following meaning attached to them, unless otherwise stated by the author:

**UDM:** UThungulu District Municipality

**OTP:** Office of the Premier

**HDI:** Human Development Index

**GDP:** Gross Domestic Product

**EAP:** Economically Active Population

**IDP:** Integrated Development Plan

**LED:** Local Economic Development

**LGH:** Local Government Handbook

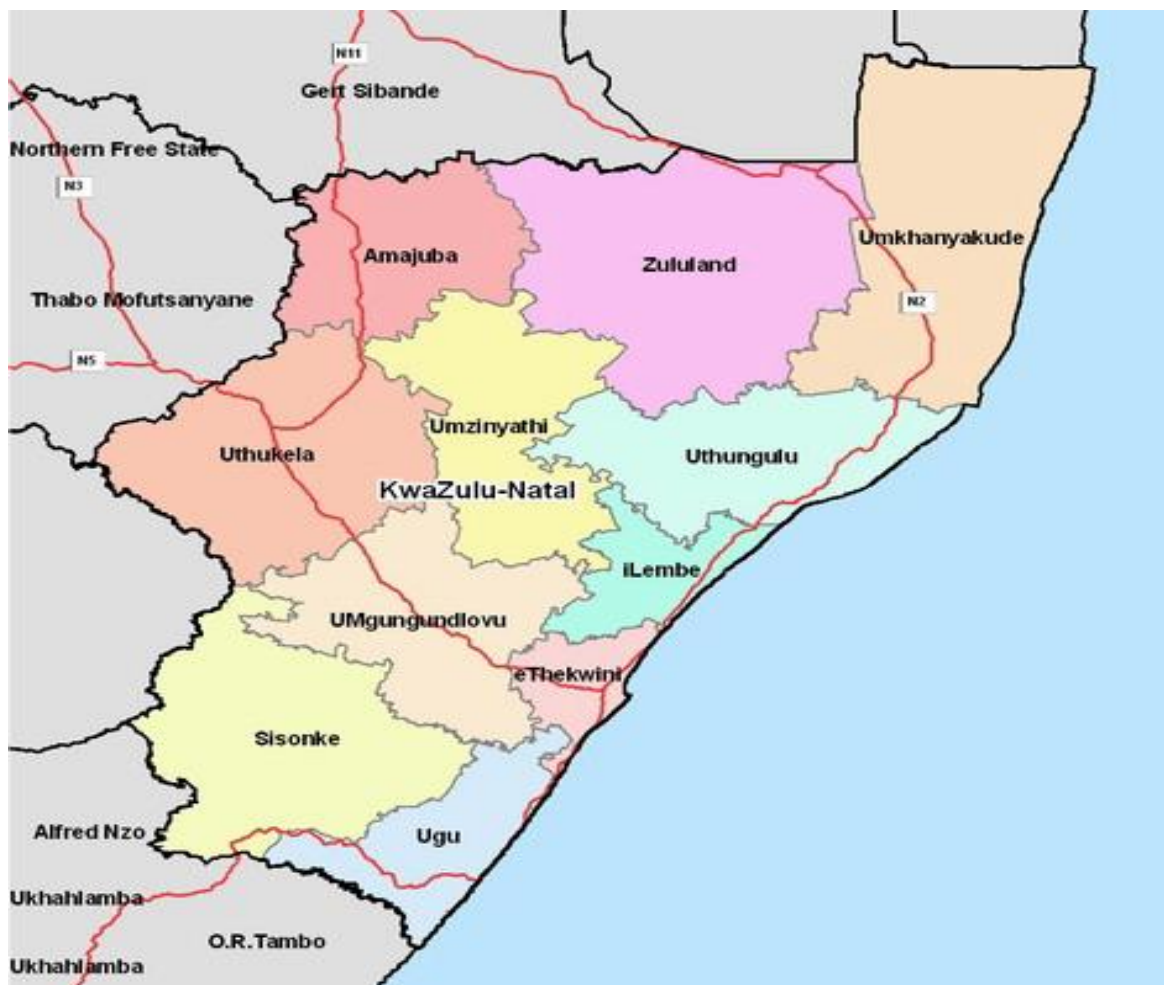
### **3.3. Demography and spatial information**

Since 1996, the population of UThungulu has changed from 791, 287 to 951, 181 in 2010, which brings an average growth rate of 1.5% per annum, (UThungulu District Municipality; 2010; 2). It is however important to note that within the same period, the populations of uMlalazi and Nkandla municipalities have decreased by 1.81% and 0.79%, respectively, over the same period of time. The fastest growing population is Mthonjaneni by 4.07% since 1996.

According to the Local Government Handbook Survey (LGH) commissioned in July 2012, the district measures 8 213km<sup>2</sup> and has an estimated population of 885, 872 people, (UThungulu District Municipality; 2012: 27). The incidence of HIV/AIDS has increased from 50, 382 in 1996 to 132, 627 in 2008. This is 163.2% increase from

1996 and the rate is higher compared to the entire province with 140.1% increase since 1996, (UTHungulu District Municipality; 2010: 2). Whichever way it is, the figures are unbelievably high and they denote the kind of society we have today in the province and the district by far. The urbanization trends show that the province has experienced 47.6% migration versus the 16.8% realized by the district. Within the district, Umhlathuze seems to be one hardest hit by the migration with figures showing 34.9% in 2008.

**Figure : Map of KwaZulu Natal**



Source: Demarcation Board ([www.demarcation.org.za](http://www.demarcation.org.za))

Table 6 shows the comparables of economically active population (EAP) nationally, provincially, by district and by local municipality. As expected, City of Umhlathuze is leading the other local municipality with the economically active population of 94,605. In a surface, this can largely be attributed to the existence of high-lucrative

industrial firms in the city. These include Bayside, Richards Bay Minerals, Foskor, Richards Bay Coal Terminal, Transnet, SAPPI and Mondi. In addition to the operations of these renowned companies, the area is also located coastally and has a harbour next to it. These and other economic activities have led to the increase in economic participation of the local municipality within the district.

**Table : Economically Active Population**

Year	National	KZN	UThungulu	Mfolozi	Umhlathuze	Ntambanana	uMlalazi	Mthonjaneni	Nkandla
<b>1996</b>	11,183,719	1,806,663	123,634	20,652	41,825	10,480	38,304	4,443	7,930
<b>2000</b>	13,808,075	2,313,863	168,129	27,594	63,346	14,907	45,571	6,499	10,212
<b>2004</b>	14,863,774	2,508,814	189,042	30,302	76,945	17,027	45,891	7,936	10,942
<b>2008</b>	16,946,488	2,801,274	217,940	34,211	94,605	19,790	47,096	10,564	11,676

Source: UThungulu District Municipality: 2010

### **3.4. Local municipalities**

UThungulu District Municipality has 6 local municipalities; namely, Mfolozi (also known as Mbonambi), City of Umhlathuze (also known as Umhlathuze), Ntambanana, uMlalazi, Mthonjaneni and Nkandla. One of the challenges facing the district in delivering sustainable service is the persistent drought conditions, (UThungulu District Municipality; 2011:83).

#### **3.4.1. Mfolozi municipality**

Mfolozi Municipality was previously known as Mbonambi. The area covers areas from far North West of Richards Bay right to the boundary of Mfolozi River where UMkhanyakude District begins. The area under this local municipality measures

1208 km<sup>2</sup> and has an estimated population of 109, 308 people, (UThungulu District Municipality; 2012: 30). In 2007, the estimated numbers were 107, 627 and the population growth rate over the years is 0.49%, (UThungulu District Municipality; 2010:2).

According to the socio-economic development profile, only 44.1% of the population had completed grade 7 in 2008. In 2008/09 financial year, the municipality had only 20 615 households, of whom only 11, 571 had water. This highlights a backlog of 43% to the water supply by the municipality. In the same period, the sanitation backlog by the municipality was recorded at 49%. According to the IDP of the district, the 2009 *Quality of Life Survey* showed the local municipality to have the highest percentage of pensioner headed households with 55.9%, (UThungulu District Municipality; 2012: 33).

#### **3.4.2. Umhlathuze municipality**

City of Umhlathuze Municipality combines towns like Richards Bay and Empangeni. It also serves other important areas such as Richards bay industrial businesses, Ngwelezane Hospital, University of Zululand and Esikhawini and Five Ways shopping malls. There is an area earmarked for business offices development between Empangeni and Richards Bay along the John Ross Highway. The municipality can be taken as the heart of UThungulu as its offices are located within the closest proximity to the offices of UThungulu District Municipality. This municipality can be treated as the richest of them all as there are many industrial organizations bringing money to the municipality. Among other organizations that can be mentioned are Richards Bay Minerals, Richards Bay Coal Terminal, Transnet, Foskor, Felixton Sugar Mill, Mondi and Bayside. According to Co-operative Governance & Traditional Affairs (COGTA), Richards Bay has been identified as an industrial development zone and this is sure to boost economic activity and attract jobseekers, (COGTA; 2012: 3).

The City of Umhlathuze measures 795km<sup>2</sup> and has an estimated population of 410, 323, (UThungulu District Municipality; 2012). This is the largest population in the district, amounting to 41.5% of the entire district, given that the total population is

988, 153. In 2007, the estimated numbers were 375, 905 and the population growth rate over the years has always been 0.49%, (UThungulu District Municipality; 2010: 2). According to the socio-economic development profile, only 71.2% of the population had completed grade 7 in 2008, (UThungulu District Municipality; 2010:7).

The vast majority of economic performance in the district is vested in this local municipality as 41.8% of the economic performance is attributed to it, (UThungulu District Municipality; 2012: 29). The IDP also reveals that the area is the third most important in the province as it contributes 9.1% of the total GDP and 8.5% of the total employment, both formal and informal. This local municipality has 42.02% of pensioner headed households, (UThungulu District Municipality; 2012: 33).

### ***3.4.3. Nkandla municipality***

Nkandla Municipality is ranked as one of the poorest municipalities in the province, and the country. As the name implies, the area covers the community of Nkandla. The area covers the Western part of UThungulu District. Nkandla has poor road infrastructure when accessed using the R66 road from Melmoth to Ulundi. The roads are mountainous and full of potholes. The bridge connecting those two towns is in a very bad state and can be easily taken away by the floods if they were to be very heavy. The housing infrastructure of the area suggests poverty in the eyes of the viewer. Most of the houses are built by mud or unplastered stones. Very few houses are built with blocks; not to mention face brick.

The municipality has an estimated population of 123 160 and measures to the extent of 1827km<sup>2</sup>, (UThungulu District Municipality; 2012: 30). In 2007, the estimated numbers were 123 997. According to the socio-economic development profile, only 31.2% of the population had completed grade 7 in 2008. In 2008/09 financial year, the municipality had only 25 757 households, of whom only 17 506 had water. This brings a backlog of 32% to the water supply by the municipality; which means more than a quarter of the population does not have water. In the same period, the sanitation backlog by the municipality was recorded at 56%, meaning that more than half of the population does not have proper sanitation.

#### **3.4.4. UMlalazi municipality**

UMlalazi Municipality was previously known as Eshowe Municipality. The area covers areas from South of UThungulu and cuts off on the north and west where City of Umhlathuze, Ntambanana and Mthonjaneni Municipalities come in. It covers towns like Eshowe, Gingindlovu and Mtunzini. The municipality has an estimated population of 197, 219 people. In 2007, the estimated numbers were 192, 457 and the population growth rate over the years is 0.49%, (UThungulu District Municipality; 2010: 2). According to the socio-economic development profile, only 40.3% of the population had completed grade 7 in 2008. In 2008/09 financial year, the municipality had only 42 623 households, of whom only 21 885 had water. This brings a backlog of 49% to the water supply by the municipality. In the same period, the sanitation backlog by the municipality was recorded at 78%.

This municipality generates most of its economy from restaurants, transport, retail, and other services such as spares, dry cleaning, etc. Currently, the municipality has a population of 186 799 and measures to the extent of 2214km<sup>2</sup>. This municipality was severely affected with drought and wild fires in 2011. The 2012 IDP of the municipality shows that this municipality has a negative population growth of -1.53%. According to UThungulu District Municipality (2011:81), towns such as Eshowe and Gingindlovu were severely affected by drought in the past year. This increases the demand on the service of water tankers which then become the only option to service that community, (UThungulu District Municipality; 2011: 82). The *Quality of Life Survey (2009)* shows that the municipality has 43.91% pensioner headed households.

#### **3.4.5. Mthonjaneni municipality**

Mthonjaneni Municipality covers areas under the town of Melmoth and the surrounding. It is located North-West of UThungulu. This municipality is ranked by the district as the municipality with the highest water backlog. The municipality covers an area of 1086 km<sup>2</sup> and has an estimated population of 66 175. This is only 6.6% of the entire population of the district. By far, this is the municipality with the

lowest population within the district. In 2007, the estimated numbers were 61, 710 and the population growth rate over the years is 4.07%, (UThungulu District Municipality; 2010: 2). According to the socio-economic development profile, only 35.5% of the population had completed grade 7 in 2008. In 2008/09 financial year, the municipality had only 9, 712 households, of whom only 4, 565 had water. This brings a backlog of 53% to the water supply by the municipality. In the same period, the sanitation backlog by the municipality was recorded at 25%. The municipality has only 20.26% of pensioner headed households versus 43.43% of 2007.

#### **3.4.6. Ntambanana municipality**

Ntambanana Municipality is located between Mthonjaneni and City of Umhlathuze. The area covers from KwaMthethwa, Heatonville, Sangoyana, Ntambanana, Mambuka and Buchanana. The municipality measures the extent of 1083km<sup>2</sup> with an estimated population of 92, 389, (UThungulu District Municipality; 2012: 30). In 2007, the estimated numbers were 89, 485 and the population growth rate over the years is 1.3%.

According to the socio-economic development profile, only 33.7% of the population had completed grade 7 in 2008. In 2008/09 financial year, the municipality had only 16 339 households, of whom only 8 987 had water. This brings a backlog of 45% to the water supply by the municipality. In the same period, the sanitation backlog by the municipality was recorded at 41%. The *Quality of Life Survey (2009)* reveals that there is 54.89% of pensioner headed households within this municipality; versus 36.75% of 2007.

### **3.5. Community needs and issues identified by local municipality**

There are countless needs that every community would need from the district municipality. However, there are those that are very important and contribute immensely to the overall hallmark of the district as a whole. Among other important needs of the communities of UThungulu are the following: access to clean water, job



opportunities, bulk electricity supply, improved health care system and improvement in education levels.

In the fight against the lack of water and sanitation in the district, the municipality has donated a number of water storage materials per local municipalities for utilization as storage reservoirs, (UThungulu District Municipality; 2011: 83).

**Table : Source: UThungulu District Municipality 2011 (pp. 83)**

Local Municipality	Number of tanks	Number of jojo tanks	Other storage
Mfolozi municipality	5	140	6 concrete reservoirs
Ntambanana municipality	10	178	2 steel tanks & 1 concrete reservoir
Mlalazi	8	140	2 concrete reservoir & 2 steel tanks
Mthonjaneni	1	14	7 concrete reservoirs
Nkandla	1	18	7 concrete reservoirs & steel tank
<b>Total</b>	<b>25</b>	<b>490</b>	<b>28</b>

The UThungulu District Municipality has spent a total of R14.5m on community projects from 2009 to 2012. The details can be found in appendix 3A of this chapter. One of the major challenges, and therefore a hindrance to development, is vandalism. Vandalism of community infrastructure has left a number of communities in the district without water, (UThungulu District Municipality, 2011: 84). Vandalism reverses the gains of the communities in development and service delivery. This is also applicable with the schooling infrastructure. Many schools are built, or renovated, in rural areas; but, there is nothing to show up for that except for bills and expenditure on financial reports. There seems to be lack of education to communities about the need to look after the community property. If this prevails, the ownership of the development is always compromised.

### 3.6. Rivers within the district

Since access to clean water is one of the major challenges faced by the district, the author has decided to provide the state of rivers within the district as provided by the UThungulu District Municipality, (2012: 46).

**Table : Rivers in the district as provided by UThungulu District Municipality**

<b>Local Municipality</b>	<b>River Name</b>	<b>Comments</b>
<b>Mfolozi</b>	Msunduzi	Never been dry
	Mfolozi river	Dry in winter for at least 2 months
	Small localized dams throughout the municipality	Never dry out
<b>Umhlathuze</b>	Nsezi	Never dry
	Umhlathuze	Never dry
	Lake Chubu	Never dry
	Lake Mzingazi	Never dry
<b>Ntambanana</b>	Mfule	Never dry
	Hlambanyathi	Never dry
<b>Umlalazi</b>	Mhlathuzana	Never dry
	Mozane dam	Localized dam
	Dengwini	Levels get low in winter
	Ntenjane	Levels get low in winter
	Thukela	Never dry
	Phobane Lake	Never Dry has back up supply from Thukela River
	Ndlovini	Levels get low in winter
<b>Mthonjaneni</b>	No rivers	Can benefit from Ntambanana rivers as they are very close
<b>Nkandla</b>	Mhlathuze	Never dry
	Nsuze	Never dry

	Thukela River	Never dry
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### **3.7. Economic activities in the district municipality**

The district has the responsibility to identify and develop Local Economic Development (LED) in the area. UThungulu District Municipality has its own dedicated budget towards LED programmes and projects in terms of the IDP, (UThungulu District Municipality, 2011: 28). The three main pillars of the LED in the district are agriculture, tourism, and business and industry, (UThungulu District Municipality; 2011: 28). The City of Umhlathuze is the only local municipality identified by the district as the municipality where business and industry is predominant, followed by tourism. The significant economic centres that shape the district are Richards Bay, whose harbour facilities are world class and have been the prime reason for large-scale industrialization in the district, and Empangeni, an industrial and service centre whose higher-order services attract people from many rural settlements, (COGTA; 2012: 3). In other five local municipalities, agriculture, followed by tourism, has been identified as predominant, (UThungulu District Municipality; 2011: 28), as can be seen on the local municipality analysis.

According to UThungulu District Municipality (2011:29), various agricultural initiatives have been identified and supported by the district. This includes the support of Nkandla Essential Oils and out growers project, (UThungulu District Municipality; 2011: 29). As one of the main contributors to LED in the country, as well as the district, tourism has major enabling effect in terms of employment creation and attraction of funding in the area, (UThungulu District Municipality, 2011: 29).

According to COGTA (2012:4), the major land uses are commercial agriculture (sugar-cane in the low-lying coastal belt and citrus, vegetables and subtropical fruit in irrigated areas), forestry (mainly in non-tribal areas), mining, traditional farming, urban areas that are expanding and industrial development in the Empangeni-Richards Bay complex.

### ***3.7.1. Agriculture***

The agricultural sector dominates the district's economy, (UThungulu District Municipality; 2012: 39). The products that dominate the area are sugarcane and timber production. Animal husbandry (cattle) and citrus farming are also significant commercial ventures within the district municipality, (UThungulu District Municipality; 2012: 39). The agricultural sector impacts significantly on employment, income generation, economic linkages, land tenure and land reform and environmental considerations in the district. In view that agriculture dominates the district's economy, the district aims to establish plans to engage in an initiative promoting green economy, (UThungulu District Municipality; 2012: 39). In this initiative, jobs will be created by addressing the high input costs and up-scaling processing and export marketing, (UThungulu District Municipality; 2012: 39). Support for small holders will include access to key inputs.

According to UThungulu District Municipality (2012: 41), agricultural activity is more concentrated in the former Lower Umfolozi magisterial district than in any of the other areas in the district. The agricultural sector is of a dual nature; that is, commercial and traditional agriculture. The commercial agriculture is based on two main monocrops; namely sugarcane and forestry. The cane and forestry sectors have been at the forefront of assisting emerging farmers, (UThungulu District Municipality; 2012: 42). Traditional agriculture is practiced on most of the Traditional Council lands in the district. The development of this sector is hindered by a low skills base and a lack of organized bodies to provide financial assistance, access to markets and market channels. The IDP mentions that an Agricultural Development Plan was originally prepared for the UThungulu District Municipality in 2003. The objective of the Agricultural Development Plan was to identify specific programmes and projects to address rural poverty and stimulate job creation.

### ***3.7.2. Mining***

The mining sector is becoming a sector of increasing importance and its contribution to the district economy increased from 7.4% in 1996 to 15.2% in 2008 making it the second most economic sector in the district in 2008 behind manufacturing. This

sector experienced growth in four of the six local municipalities; that is, Mfolozi, Umhlathuze, Ntambanana and UMlalazi, (UThungulu District Municipality; 2012: 44).

### ***3.7.3. Manufacturing***

Metals and related products is the biggest industry in the UThungulu manufacturing sector, contributing more than 40% of the nearly R4.6 billion worth of manufacturing output in 2004, (UThungulu District Municipality; 2012: 43). The second biggest contributor to the manufacturing sector in uThungulu was the petroleum, rubber, plastics and chemical industries which contributed 18% or R830 million in 2004, followed by the wood, paper and printing industry that contributed 13% in 2004. The manufacturing of food, beverages and tobacco products, transport equipment products, and furniture products, contributed more than R350 million each to the uThungulu economy in 2004. The sector focuses on exports. The sector has few forward and backward linkages with the rest of the district's economy, (UThungulu District Municipality; 2012: 43).

According to the uThungulu LED Strategy, the real rate of growth in the manufacturing sector was just below 6% per annum between the years 1995 and 2004. However, there were significant differences in the growth rate of the different industries. The furniture industry experienced real growth of 15% per annum between 1995 and 2004; that is real output increased by over 250% between 1995 and 2004, (UThungulu District Municipality; 2012: 43). The petroleum and chemical manufacturing industry had real annual growth of over 13% between 1995 and 2004. This contrasts sharply with the clothing and textile industry, where manufacturing contracted by about 30% in real terms between 1995 and 2004, or nearly 2% per annum. The food and beverages sector also experienced negative growth over this period, (UThungulu District Municipality; 2012).

Total exports from uThungulu to the rest of the world was over R14.5 billion in 2005, while imports from the rest of the world was just under R4.5 billion in 2005, (UThungulu District Municipality; 2012: 43). This means a net export of R10 billion. The nominal growth of exports from uThungulu to the rest of the world was 19% per year between 2000 and 2005, while the nominal growth in imports into uThungulu

from the rest of the world was 21% per year over the period, (UThungulu District Municipality; 2012: 43). The impact of the national energy and the global economic crises is creating concerns over productivity and employment in many economic sectors, with very real impacts being experienced in the manufacturing industry. Currently, a substantial decline in investment into the primary and secondary economic sectors (predominantly agriculture and manufacturing) over the past decade has reduced employment and growth rate, (UThungulu District Municipality; 2012).

#### ***3.7.4. Electricity***

Eskom, the national electricity supplier, supplies electricity in bulk to most of the areas in the district. Richards Bay, Melmoth, Eshowe and Empangeni are the only towns that buy electricity in bulk and distribute to their consumers, (UThungulu District Municipality; 2012: 49). The Nkandla Local Municipality was assisted by the UThungulu District Municipality with the provision of basic electricity until July 2010; however, this local municipality is now responsible for service provision in the town. The supply to rural areas is slow due to high costs associated with scattered settlements and no anchor clients. Eskom supplies grid electrification whereas the Department of Mineral and Energy Affairs is responsible for non-grid electrification, (UThungulu District Municipality; 2012: 49).

A combined strategy/partnership between uThungulu and Eskom is urgently required to form an integrated and sustainable electrical service delivery within the district. In conjunction with the Department of Minerals & Energy and Eskom, a plan should be devised to implement the uThungulu Energy Master Plan as compiled, (UThungulu District Municipality; 2012: 49).

#### ***3.7.5. Construction***

Employment in the construction sector dropped by nearly 28% between 1995 and 2004; this is indicative of low growth in hard infrastructure development, (UThungulu District Municipality; 2012: 44). However, the sector employs an estimated 4182

people (4.4% of the employment in the district). Between 1995 and 2004, it has decreased by an average of 3.5%. The sector's contribution to the district economy has dropped from 2.6% in 1996 to 2.1% in 2008, (UThungulu District Municipality; 2012: 44).

#### ***3.7.6. Trade, Transport, Community Service and Finance***

The district also has a huge population supported by the trade sector. This includes supermarkets, bottle stores and clothing shops. The transport sector also contributes through taking people who are commuting from one area to another. There are business people and employees that benefit from the operations. This also includes the transport of materials such as trucks carrying timber, sugarcane, retail products, livestock, petroleum and furniture products. There are other community services such as vehicle repairs, hospitals, surgeries, security services and road maintenance. The financial sector such as banks and other community initiatives like feeding schemes are also economic activities that prevail within the district. All these contribute to an economically active district.

#### ***3.7.7. Tourism***

During 2003, a Local Tourism Master Plan was originally prepared to provide clear guidelines to achieve sustainable tourism development within the uThungulu area by setting and achieving implementable, realistic goals and objectives as well as tourism project implementation plans, (UThungulu District Municipality; 2012: 42). This Tourism Master Plan was reviewed in 2010 and the tourism strategies as identified are focused on improving tourism products which will add value to tourism within the district. This document also mentions that projects as identified from the strategies are in line with National and Provincial strategies and programmes, and will assist economic development and investment in uThungulu.

### **3.8. Human services and infrastructural development**

The UThungulu District Municipality Tourism Development Plan identified the development of the R66 road as one of the priority projects for the district, (UThungulu District Municipality, 2011: 32). According to appendix 3B, the functions shaded in orange are the ones allocated to the municipality. Even though water

supply is entrusted upon the district, this has proved to be a challenge as there are significant backlogs in all local municipalities. There is a challenge that if these backlogs are not addressed quickly, the district might soon become incapable of providing these services as the population numbers have proved increasing with time. This is similar with the increase in HIV/AIDS infections within the district.

### **3.9. Political Administration**

The Local Government Handbook Survey (2012) shows that UThungulu District Municipality's political composition consists of 22 African National Congress (ANC) councillors, 12 Inkatha Freedom Party (IFP), 5 National Freedom Party (NFP) and 2 councillors from Democratic Alliance (DA). The municipality is influenced mainly by the ANC councillors as the majority political party in the council.

### **3.10. Conclusion**

This chapter summarizes the community profile of the UThungulu District. This is the area where the researcher has conducted a study. The municipality has an IDP document which goes through from 2012/13 to 2016/17 which highlights the targets of the district over the period of time. The plan was concluded in June 2012. This is the plan that is expected to take the UThungulu district to a higher level in terms of community development and ensuring better service delivery.

The district is widely marred by poverty in many areas compared with other surrounding districts, such as UMkhanyakude and ILembe, the district is perceived as richer due to the presence of many renowned industrial corporations in the area. However, these industries seem to exist and benefit only the City of Umhlathuze, the local municipality where they are located, and not the entire district. The municipality is however making a move in terms of trying to spread the wealth and encourage community participation in the surrounding areas.



## **CHAPTER FOUR**

### **4. RESEARCH METHODOLOGY**

#### **4.1. Introduction**

Research can be defined as a systematic process of collecting, analyzing, and interpreting information (data) in order to increase our understanding of the phenomenon about which we are interested or concerned, (Leedy & Omrod; 2005). It involves obtaining scientific knowledge by means of various objective methods and procedures, (Welman *et al*; 2005). This chapter summarizes the research methodology that is employed in conducting the study by the researcher. This will indicate the research methodology that was used as well as specify if there are any deviations from what was suggested in the research proposal. The chapter consists mainly of two sections, which are research methodology and data collection strategies.

#### **4.2. Research methodology**

Research is a process that involves obtaining scientific knowledge by means of various objective methods and procedures, (Welman *et al*, 2005: 2). Welman *et al* refer to research methodology as the consideration and explanation of the logic behind research methods and techniques. Research methodology is broader than methods and it envelops the methods, (Neuman, 2006: 2). Methodology encompasses understanding the social-organizational context, philosophical assumptions, ethical principles, and political issues of the enterprise of social researchers who use research methods, (Neuman, 2006: 2). In this chapter, research methodology encompasses research design, selection of the site, description of participants, population and sampling.

#### **4.2.1. Research design**

Research design is the plan according to which we obtain research participants and collect information from them, (Welman et al, 2005:52). Leedy & Ormrod (2005:85) add that research design provides the overall structure for the procedures the researcher follows, the data the researcher collects, and the data analyses the researcher conducts. In simpler terms, research design refers to research planning, (Leedy & Ormrod, 2005: 85).

The study that is conducted by the researcher is an evaluative research. The design approach for the study is expanded methodology with both qualitative and quantitative approach due to the nature of the study conducted. The type of research design that was used for this study is the triangulation approach since this study is very interactive and specific, and entails some reading and interpretation of documents from the studied institutions.

#### **4.2.2. Selection of the site**

The site selected by the researcher for the purposes of this study is UThungulu district. The research area, UThungulu district, was selected on its exposure to the NGO development projects that are geared towards poverty alleviation and creation of sustainable livelihoods. Among other projects that have been introduced in the area is an essential oils project by an American NGO, Winrock International. The study is a triangulation approach evaluating the performance of this project and other NGOs that might have operated in the area to which the participants of the study might have been exposed.

#### **4.2.3. Description of research participants**

The participants in the study were selected based on condition that they have participated in an NGO community development project in the past, within UThungulu district municipal areas. This is to ensure that appropriate, accurate and reliable information is received first hand from the participants.

#### **4.2.4. Population**

The population for the study refers to all the community individuals and organizations (or their former or current representatives) who have been involved in an NGO project in the UThungulu District municipal areas. The sample was collected by selecting some of the individuals and organizations (or their employees) from amongst those that have participated in community development projects. However, this did not limit the individual referrals by the respondents who were participating in the study.

#### **4.2.5. Sampling**

The sampling method that was used in the study is the purposive sampling where the researcher would go to the ready known participants in community development projects initiated by NGOs. Due to the nature of the study, the researcher has, in some cases, combined purposive sampling with the snowball technique where the participants are hard to locate within the particular communities. Hence, individual referrals by respondents were welcome.

### **4.3. Data collection strategies**

#### **4.3.1. Data collection methods**

The researcher has employed a face-to-face interview method to interview the respondents during the study. This helped the researcher to retrieve in-depth information responding to the research questions that were mentioned in chapter 1 of this study.

The researcher has also executed other data collection methods such as using observations and appropriate written documents or audio-visual material such as taking photographs, and email correspondence where applicable. The triangulation of these methods will assist the researcher during the data analysis when necessary evidence and the status-quo of the community development projects initiated by NGOs will become instrumental.

#### **4.3.2. Data collection instruments**

Semi-structured questionnaires were designed in order to obtain in-depth information during the interviews with the respondents. Some respondents were also re-interviewed using focused group discussions to clarify any contradictory information.

#### **4.3.3. Data presentation**

Data presentation refers to systematic, visual representation of information so that the user can draw conclusions about quantitative and qualitative material collected through semi-structured and unstructured interviews, and take necessary action, (Welman *et al*, 2005:219). The data collected is presented categorically in chapter 5, depending on the nature of the questions asked in the face-to-face interview guide. All the responses provided by the respondents were captured in a computer for storage of use in the near future.

For numerical data, each question is recorded in the responses coding form where all the data is captured per question asked. For discussion responses, an analysis is according to the sense brought about by the response provided.

#### **4.3.4. Data interpretation**

In designing the responses coding form, next to each numerical question, a meaning is attached explaining the possible conclusions that can be drawn from the responses given. Since the study is mixed model approach, the notes taken during interviews are very instrumental in giving more in-depth information which can be used to formulate meanings of the study. The data is interpreted from the explanations that the respondents provided during the study.

#### **4.3.5. Data analysis**

The data is analysed by developing explanations that are close to concrete data and contexts. The researcher has also formulated tables representing numerical quantity

and percentages of respondents per category. In so doing, the researcher employed ordinary, less abstract theory which is grounded in concrete details. Also, information from other authors was also used to intensify evidence where there are notable agreements, and /or arguments.

Before data was analysed, the researcher organized them into categories on the basis of themes, concepts or similar features. He then formulated conceptual definitions and examined relationships among concepts.

#### **4.4. Conclusion**

In conclusion, it is very significant to determine, follow and uphold the research methodology to conduct the study. This acts as an important tool in determining the accuracy with which the study is undertaken. More often, research studies that fail are primarily due to the failure of planning in the process; clearly outlining the research methodology. A clear methodology will give the researcher a clear indication when deviations are experienced during the study and these can be taken into account when reporting on the study.

## **CHAPTER FIVE**

### **5. FINDINGS, PRESENTATION, ANALYSIS AND INTERPRETATIONS OF DATA**

#### **5.1. Introduction**

The data for the study was collected in the study locations as suggested in the research proposal, chapter one of this document. Thirty four (34) respondents were interviewed within UThungulu District. This is opposed to the initial proposal of 30 respondents as can be seen in the Research Proposal of the study. The additional respondents were readily available to respond and the researcher believes that considering their information would also intensify the multiplicity and variety of evidence collected regarding the study. The data is presented in this chapter together with the analysis thereof. The chapter ends with the recommendations by the researcher deduced from the responses provided by the respondents during the study. An explicit conclusion for the entire study is given as the last subject of the document. It is believed that the findings of the study can be utilized by organizations and future developers to strengthen and strategize on the ways to mitigate failures in the long run as these can be depicted from other projects.

#### **5.2. NGO Projects and commodities of interest**

As mentioned in chapter one of the study, this study was considering the role of NGOs with special reference to Winrock International. This NGO was stationed in Melmoth under Mthonjaneni Municipality; it operated in various areas within UThungulu and UMkhanyakude Districts. It operated areas of Ongoye, Esikhawini, Port Durnford, Tugela Mouth, Mangete, Ntambanana, Cingci, Melmoth, Ngwelezane and Sokhulu within UThungulu district.

In collecting data, the researcher has ensured that all these areas are represented in the study. Winrock International's commodity of interest was rose geranium. In some

areas, the project would also include a bit of rosemary plant. Rose geranium is a crop that can be planted and harvested for its potential to produce oil. This oil is then used in the manufacturing of perfumes, chemicals, and even red bull. There are many other products that have geranial oil as an ingredient. Hence, once planted, the tree can be harvested and delivered to the processing plant where it will be distilled to separate oil from water. The crop is planted once every five years and harvested 4 times per year. Thereafter, it is distilled and oil is extracted and sold to an agent who utilize it; or sell to a manufacturer of other products which require this ingredient. The oil is also used in detergents such as soaps and pharmaceutical products.

### **5.3. Identification of particulars**

The researcher wanted to find out about the particulars of the respondents; the researcher focused on gender, age, race and geographical location.

#### **5.3.1. *Gender analysis of the respondents***

**Table : Analysis of gender for the respondents**

<b>Gender</b>	<b>Number of respondents</b>	<b>Percentage</b>
Male	15	44
Female	19	56
<b>Total</b>	<b>34</b>	<b>100</b>

From the above table, 15 respondents, representing 44 percent, were males whilst 19, representing 56 percent were females, constituting a total sample of 34 respondents. This shows that there are more women participating in development projects than males. This is advocated by Leatt *et al* (2006:24) in that more children live with women than men and that the unemployment rate is higher for women, at 30 percent, as opposed to 22 percent of males. Hence, this calls for women to take extreme measures. Samndong (2009:90) also concurs that the economic activities

for collection of non-timber forest products as the livelihood strategy in his study was dominated by more females than males.

### **5.3.2. Age analysis of the respondents**

The table below constitute age analysis for the respondents. The researcher wanted to understand the age distribution for the respondents.

**Table : Age analysis for the respondents (in years)**

<b>Age group</b>	<b>Number of respondents</b>	<b>Percentage</b>
18—25	1	3
26—33	7	21
34—41	9	26
42—49	10	29
50—57	5	15
58+	2	6
<b>Total</b>	<b>34</b>	<b>100</b>

From the total sample of 34 respondents, 1 respondent, representing 3 percent of the sample was found between the ages 18 and 25, 7 respondents, representing 21 percent of the sample between 26 and 33 and 9 respondents, representing 26 percent between the ages 34 and 41. The highest participating group is for people between 42 and 49 representing 29 percent of the respondents. There were 5 and 2 people between the ages 50 and 57 and 58 and above, respectively.

Summarily, the economically active population for this study is found to be concentrated in the range of 26 to 49 years.



### **5.3.3. Racial analysis of the respondents**

With the table below, the researcher wanted to understand the racial distribution among the participants of the project within the district.

**Table : Racial analysis**

<b>Race</b>	<b>Number of respondents</b>	<b>Percentage</b>
Black	32	94
Coloured	1	3
Indian	0	0
White	1	3
<b>Total</b>	<b>34</b>	<b>100</b>

From the table above, 32 respondents, representing 94 percent were of black race. 1 was coloured, and 1 was white, each representing 3 percent of the sample. This means that most participants of the NGO development project came from the black race. The whites who participated in the project came in as the stakeholders and established farmers with experience who would help the growers.

This concurs with what Aliber (2002:2) says about per adult poverty line that 61% of the blacks were poor, 38% of coloureds, 5% of Indians and 1% of whites. This largely backed by eight to ten times higher infant mortality rate on blacks as opposed to whites.

### **5.4. Respondents' participation in the project**

**Table : Involvement in the project**

<b>Involvement in the project</b>	<b>Number of respondents</b>	<b>Percentage</b>
Grower	27	79
Mentor	0	0
Employee	2	6

Stakeholder	0	0
Mix: grower & stakeholder	5	15
<b>Total</b>	<b>34</b>	<b>100</b>

In the table above, 27 respondents, representing 79 percent were involved in the NGO development project as the growers. In other words, these were the main intended beneficiaries of the project. 2 respondents, representing 6 percent were employees whereas 5 respondents, representing 15 percent were both growers and stakeholders.

The mixture of grower and stakeholder is largely attributed to the fact that the nurseries and distillers also had their field plots where they grow their crops as an off-season activity when the growers are not purchasing seedlings or supplying to the processing unit.

### 5.5. Involvement in the project

**Table : Awareness about the NGO project**

<b>Awareness about the project</b>	<b>Number of respondents</b>	<b>Percentage</b>
Heard from neighbour	13	38
Personally approached	9	26
Community meetings	3	9
Heard from a nursery	4	12
Other	5	15
<b>Total</b>	<b>34</b>	<b>100</b>

Other: 1 approached as service provider, 2 approached as nursery and 2 heard from other farmers.

From the above table, showing the respondents' awareness about the project, most of the respondents, 13, representing 38 percent, heard about the project through the word of mouth from their neighbours, relatives and friends. After hearing the news,

they then requested training from Winrock International which was provided as a two-day course, covering production and business management.

The table above also shows that 9 respondents, representing 26 percent of the sample, were personally approached by the project implementers to persuade them to partake in the project. 3 respondents heard from community meetings whilst 5 heard the news from a nursery. These constitute 9 and 12 percent of the sample respectively. 5 of the respondents, representing 15 percent heard through other means other than the mentioned approaches.

Of the 9 respondents that were personally approached, 1 respondent, representing 3 percent engaged with the project in the area of Nkandla started their involvement with the NGOs when an organization called Insika Co-operative which had offices in Empangeni visited them and persuaded them to start producing a crop. They have received support from international donor company called Oxfirm. An amount of approximately R2million was injected into the project by Oxfirm Company for the establishment of 25 hectares.

After some years, the project also received the support from the then National Department of Agriculture (currently known as Department of Agriculture, Forestry and Fisheries), Department of Economic Development, Gijima and UThungulu District Municipality through fencing and infrastructural development. Nkandla Essential Oils in an area of Nkandla has applauded the intervention of Oxfirm Company in the project. This has led to the project securing a market with the foreign agent, Aromatic Ltd which is responsible for exporting the product to the international companies that use the oil from the crop. Nkandla essential oils group is a success story in the provision of jobs and sustainable livelihoods for its members.

Whilst the government advocates the establishment of production co-operatives, Aliber (2002: 18) does not believe that these can take the development of communities to another level. His argument is premised on the issue of big sizes that these normally take and the common weaknesses attached to that.

## 5.6. Previous economic activities

**Table : Previous economic activities**

Previous economic activities	Number of respondents	Percentage
Working in private sector	3	9
Working for government	4	12
Subsistence farming	9	26
Self-employed	12	35
Nothing	6	18
<b>Total</b>	<b>34</b>	<b>100</b>

The table above represents the respondents' engagement with other economic activities prior to their involvement with an NGO development project. 3 respondents, representing 9 percent of the sample have worked for the private sector. 4 respondents, representing 12 percent worked for government institutions such as Health, Correctional Services, Agriculture and Education departments.

Again, 9 respondents, representing 26 percent have practiced subsistence farming for a considerable amount of years. 12 respondents, representing 35 percent have been involved in self-employment, ranging from selling sweets, running a small tuck-shop, commuting passengers to subcontracting for bigger companies to do minor jobs. 6 respondents, representing 18 percent of the sample purported to have done no economic activities within their working years. They have neither been employed nor have they operated their own business.

This represents a significant number of unemployed people in the area. Adelzadeh *et al* (2001:237) agree that black participation and female participation in the labour market are significantly lower than white participation and male participation respectively.

## 5.7. Time requirements for involvement

**Table : Time requirements for the project participants**

<b>Time requirements for the crop</b>	<b>Number of respondents</b>	<b>percentage</b>
Once a week	5	15
Twice a week	14	41
Three times a week	9	26
Everyday	5	15
Other	1	3
<b>Total</b>	<b>34</b>	<b>100</b>

The time requirements to undertake activities required by the project differ from each respondent. As can be seen from the above table, 5 respondents, representing 15 percent of the study claim that you can manage the operations of the project by visiting the field only once a week. This is in contrary with 14 respondents, representing 41 percent who say that one needs to undertake the activities twice a week.

The table above still shows that 9 respondents or 26 percent believes that one should dedicate to a project three times per week. 15 percent feel that everyday there are operations that must be undertaken in the field. 1 respondent believes that the time requirements do not match with agricultural operations. Rather, one should go on the field as and when it is necessary.

## 5.8. Level of knowledge required

**Table : Level of knowledge required**

<b>Level of knowledge</b>	<b>Number of respondents</b>	<b>Percentage</b>
No literacy	17	50
Basic literacy	4	12
Matriculation	8	23

Tertiary education	2	6
Other	3	9
<b>Total</b>	<b>34</b>	<b>100</b>

The table above shows that 17 respondents, constituting 50 percent of the sample consider the knowledge requirements for involvement in the NGO-oriented projects they engaged themselves in as “no literacy”. They mention that even if you are not literate, you can become a member and benefit from this project. This can largely be attributed to the fact that most people have practised subsistence farming and they have the required experience to undertake activities.

4 respondents, representing 12 percent believe that basic literacy is very important to make a successful engagement with the project. They motivate that one has to be able to read training manuals and other relevant documents. Writing skill is also crucial.

Meanwhile, 8 respondents, representing 23 percent believe that the engagement requires a certain level of knowledge such as the basic education up to grade 12.

2 respondents, constituting 6 percent are of the view that tertiary education may not be a necessity but it helps in gathering and understanding the scientific part of the crop production and also in gathering knowledge. This can be understood as it is appraised by the respondents who were part of the implementation team, working for the project.

Adelzadeh *et al* (2001:238) concur that where 50% of black farm workers have received no formal education, with 40% only achieved between grade three and grade seven, it was found that lack of education actually hinders their opportunities of bettering their circumstances.

## 5.9. Support received in the project

**Table : Key to the assistance combinations**

Number	Assistance	Explanation
1.	Start-up capital	Seedlings, lime and /or growing medium
2.	Mentorship	Weekly or monthly visits & advice
3.	Training	Initial training before engaging
4.	Other	Cuttings, fertilizer, market links or any service
5.	None/ not applicable	No assistance was received from the project.

The table above shows the key and explanations and meaning attached to the type of assistance received. Table 18 must be read in conjunction with table 19 below.

**Table : Type of assistance received**

Type of assistance	Number of respondents	Percentage
1 & 2	3	9
1, 2 & 3	21	62
1, 2, 3 & 4	5	14
2 & 4	3	9
5	2	6
<b>Total</b>	<b>34</b>	<b>100</b>

Table 19 above show that 3 respondents, which represent 9 percent of the sample received start-up capital and mentorship from the NGO project. 21 respondents, representing 62 percent received training over and above the start-up capital and mentorship from the NGO development project.

5 respondents, representing 14 percent received all the types of assistance that were provided by the NGO development project to the project participants. 3 respondents, representing 9 percent only received training and other assistance as

specified in table 18 above. 2 respondents interviewed believe that the receipt of assistance from the project to them was not applicable since they were part of the implementation team, working for the project.

For the owners of the nurseries, the visits were done in closer intervals such as bimonthly or at least once a week as and when it is necessary. The participants who engaged in the project through Winrock International received most inputs when the project was initiated. On the other hand, the Nkandla Essential Oils co-op mentioned that they received assistance from Oxfirm Company when they started with the project. Oxfirm gave them the initial seedlings which amounted to limited number of hectares, and they had to continue with propagation of cuttings in order to fill up the entire 25 hectares of land.

Currently, they have a total of 25 hectares with rose geranium and rosemary and other cash crops such as cabbages, beetroot and spinach to very limited quantities. The first harvest was delivered to the distiller after 4 months of planting the initial crop seedlings. In addition, they were continually receiving support with mentorship from Insika and Oxfirm who advised them on the fertilizer and organic chemicals and practices to apply on the farm.

For Winrock International participants, as can be seen in table 19, 26 respondents, representing 76 percent of people who participated in an NGO-oriented project, support was given in terms of training. This training was structured as a two-day training in which the first day was scheduled for production and the second day for business trainings. The training material used is attached as appendix 5A and 5B on this report. Also attached is the expansion necessity viability document from Winrock International explaining the difference in field sizes and its implications on the finances of the grower. Mentorship in terms of monthly visits was provided to each grower. This offered free advice on the current condition of the crop and the possible dangers that might emerge as well as ways to avert them. It was the extension service from the employees of Winrock International.

The training manual provided by Winrock International to its growers can be summarized in the table below in terms of the scope of activities required so as to successfully plant the rose geranium crop.

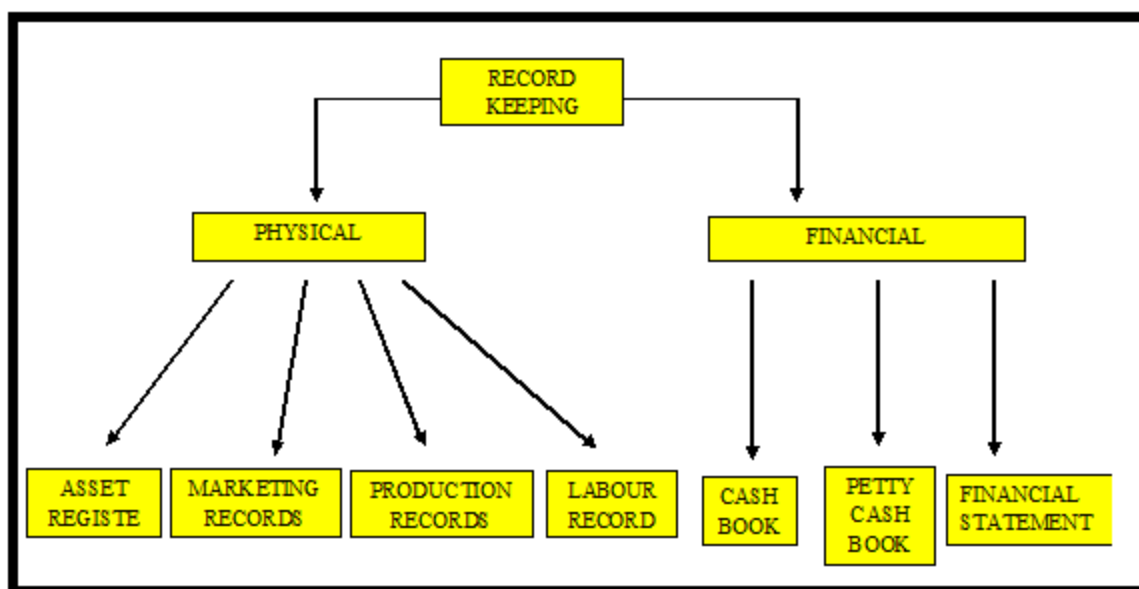


**Table : The Schedule of activities**

Activities	August	September	October	November	December	January	February
Land preparation							
Transplanting			 Transplant				
Fertilization	 Soil sampling			Weeding and gap filling	Weeding and gap filling		
Irrigation							
Harvesting							
Distillation							

Source: Winrock International

**Figure : Record keeping skills taught to growers**



Source: Winrock International

## 5.10. Future recommendations of the project

**Table : Recommendation for future development**

Recommendation	Number of respondents	Percentage
Yes	24	71
No	10	29
<b>Total</b>	<b>34</b>	<b>100</b>

Table 21 shows the participants' feeling about the future engagement in the project. Asked if they can recommend this project for future, 24 respondents, representing 71 percent said yes whereas 10 respondents, representing 29 percent said no.

The reasons behind the non-recommendation for future are centred on the issue of the availability of a cheaper and reliable processing unit. There were more costs associated with harvesting the crop from labour, transport to the actual processing of the plant material.

For those who recommended future initiations, they also mentioned that at least an area of 1 hectare is required if one has to plant the crop in order to make money from the operation. This is supported by appendix 5C and table 30 of the report compiled by Winrock International to calculate the required provisions to start making a profit from the operation.

The researcher also went an extra mile to analyze the recommendations according to gender. Table 22 below shows that out of 15 males interviewed, 9, representing 60 percent answered "yes"; whereas 6 representing 40 percent said "no".

**Table : Recommendation by gender**

Recommendation by gender		Number of respondents	Percentage
Males	Yes	9	60
	No	6	40
<b>Total</b>		<b>15</b>	<b>100</b>

Females	Yes	15	79
	No	4	21
<b>Total</b>		<b>19</b>	<b>100</b>

Again, table 22 above shows that out of 19 females that were interviewed, 15, constituting 79 percent responded with “yes” and 4 respondents, representing 21 percent answered “no”. There is a higher degree of approval from females that it is with males

### 5.11. Length of operation of the project

**Table : Duration of the project**

<b>Length of the project</b>	<b>Number of respondents</b>	<b>Percentage</b>
Less than 2 weeks	0	0
Less than 1 year	6	17.5
Less than 2 years	21	62
Less than 3 years	6	17.5
More than 3 years	1	3
<b>Total</b>	<b>34</b>	<b>100</b>

There were mixed reactions regarding the length of the project in the area since respondents have been assisted by different NGOs in the past. However, among all the respondents who have participated in an NGO-oriented project, none has mentioned that an NGO operated for more than 3 years.

From the table above, none of the respondents were involved in the project for a period less than two weeks. 6 respondents, representing 17.5 percent were involved in the project for less than 1 year. The table also shows that 21 respondents, representing 62 percent were involved in the project less than 2 years. Another 17.5

percent of the respondents were involved in the project less than 3 years whereas only 1 respondent was involved more than 3 years.

## 5.12. Community associations

In addition to the ongoing support of mentorship that the respondents received from the NGOs and commodity organizations, they also organized themselves into a structure that sits monthly to discuss their issues, progress and challenges.

**Table : Community associations**

Community associations	Number of respondents	Percentage
Yes	21	62
No	13	38
<b>Total</b>	<b>34</b>	<b>100</b>

The table below shows the responses from the project participants regarding their engagement with community associations to ensure the success of the project. 21 respondents, representing 62 percent said there were some community associations to ensure the success of the project. 13 respondents, constituting 38 percent were not involved in any community associations.

**Table : Community associations by gender**

Community associations by gender		Number of respondents	Percentage
Males	Yes	9	60
	No	6	40
<b>Total</b>		<b>15</b>	<b>100</b>
Females	Yes	12	63
	No	7	37
<b>Total</b>		<b>19</b>	<b>100</b>

The above table shows the associations by gender. The table shows that 63 percent of females are involved in community associations as opposed to 60 percent males.

However, this structure was not recognized anywhere in terms of registration. As a result, they had a problem with accessing funding and assistance since there were no legal entities registered under their names to gather support. The only structures recognized as operating entities were the nurseries and the distiller. However, with the Nkandla group, represented by one of the farmers, recognition was obtained with Companies and Intellectual Property Registration Office (CIPRO), now known as Companies and Intellectual Property Commission (CIPC).

### 5.13. Reliability of the income

**Table : Reliability of income**

Reliability of income	Number of respondents	Percentage
Yes	17	50
No	17	50
<b>Total</b>	<b>34</b>	<b>100</b>

The table above shows that 17 respondents, representing 50 percent of the sample feel that the income generated from the project is reliable. Similarly, another 50 percent believe that this income is not reliable.

### 5.14. Estimated costs and income from engaging in this community project

**Table : Estimated cost of establishing the project**

Cost incurred for starting	Number of respondents	percentage
Less than R500	0	0
R501—R1000	1	3
R1001—R2000	15	44
R2001—R3000	5	15

R3001—R4000	3	9
R4000+	8	23
Not Applicable	2	6
<b>Total</b>	<b>34</b>	<b>100</b>

Table above shows that there is only 1 respondent who estimated the cost of establishing a farming plot for rose geranium between R501 and R1000. 15 respondents, representing 44 percent of the sample believe that the cost of establishing a farming unit of rose geranium is between R1001 and R2000. There were 5 respondents representing 15 percent who believe that one requires between R2001 and R3000 to establish a reasonable farming unit.

According to the training manual from Winrock International, the cost of running a project differs with the commodity and the size of the farm. Winrock International has established a standard tool to calculate the costs and income for the normal farm with rose geranium. The details can be seen in the table below

**Table : Estimated Cost of establishing a project/hectare**

<b>Costs</b>	<b>Quantity</b>	<b>Amount (R)/unit</b>	<b>Amount/Ha</b>	<b>Comments</b>
Seedlings	20, 000	50 <sup>c</sup> /seedling	R10, 000	The other 10, 000 seedlings will be propagated through cuttings
Planting	1 ha	1, 750/ha	R1, 750	This is the estimated rate per hectare
Labour	5 people	300/person	R1, 500	The respondents advised that five people are enough to plant seedlings into 1 hectare of land if the area has already been ploughed with a tractor
Fertilizer	1 bag	600	R600	
Other	Contingency	1000	R1, 000	
<b>TOTAL</b>			<b>R14, 850</b>	

## 5.15. Estimated annual income

**Table : Estimated annual income**

<b>Annual income</b>	<b>Number of respondents</b>	<b>percentage</b>
Less than R500	0	0
R501—R1000	2	6
R1001—R2000	7	21
R2001—R3000	2	6
R3001—R4000	3	9
R4000+	10	29
Not Applicable	2	6
Quit before harvesting	8	23
<b>Total</b>	<b>34</b>	<b>100</b>

The table above depicts the participants' perceptions about the annual income from running an operation. The estimated income is measured in terms of R500 interval for the first two categories, thereafter R1000 for the rest. There are 8 respondents, constituting 23 percent who quit before the actual harvest time was realized. The method was not applicable to 2 respondents as they were the employees of the project. 10 respondents, representing 29 percent believe the income from running a project to be more than R4000 per annum.

**Table : quitting before the harvest time**

<b>Quitters per gender</b>	<b>Number of respondents</b>	<b>Percentage</b>
Males	5	62.5
Females	3	37.5
<b>Total</b>	<b>8</b>	<b>100</b>

From table 28 above, 5 quitters representing 62.5 percent of the quitters were males whereas 3 respondents representing 37.5 percent were females. There is a higher rate of quitting among males as opposed to females. It is agreed by Adelzadeh *et al* (2001:232) that women often perform unremunerated labour.

**Table : Estimated income with difference in farm size**

Items	Farmer A	Farmer B	Farmer C	Farmer D	Farmer E
Area (ha)	0.1	0.25	0.5	1	1.5
Yield Material (kg)	500	1250	2500	5000	7500
Transport	R 144.00	R 144.00	R 288.00	R 432.00	R 576.00
Labour	R 45.00	R 90.00	R 112.50	R 180.00	R 270.00
Processing	R 250.00	R 625.00	R 1,000.00	R 1,250.00	R 1,750.00
Total Costs	R 439.00	R 859.00	R 1,400.50	R 1,862.00	R 2,596.00
Oil yield/harvest (L)	0.75	1.88	3.75	7.50	11.25
Gross Income/harvest	R 656.25	R 1,640.63	R 3,281.25	R 6,562.50	R 9,843.75
Net Income/harvest	R 217.25	R 781.63	R 1,880.75	R 4,700.50	R 7,247.75
Net Income/annum	R 651.75	R 2,344.88	R 5,642.25	R 14,101.50	R 21,743.25
NB: Some growers have heir own transport; in such cases, the cost of transport shown above will be omitted					
NB: with many growers, the labour force is comprised by the household members and therefore free of charge.					
Net Income/harvest with transport & labour excluded	R 406.25	R 1,015.63	R 2,281.25	R 5,312.50	R 8,093.75
Net Income/annum with transport &labour excluded	R 840.75	R 2,578.88	R 6,042.75	R 14,713.50	R 22,589.25
Key					
Exchange rate R/\$	7				
Oil recovery rate	0.15				
Price oil oil per litre (\$)	125				
Gross Income=Oil yield*Price of Oil					
Net Income=Gross Income -Total Costs					
Yield material/ha	5000 kg				

**Source: Winrock International**

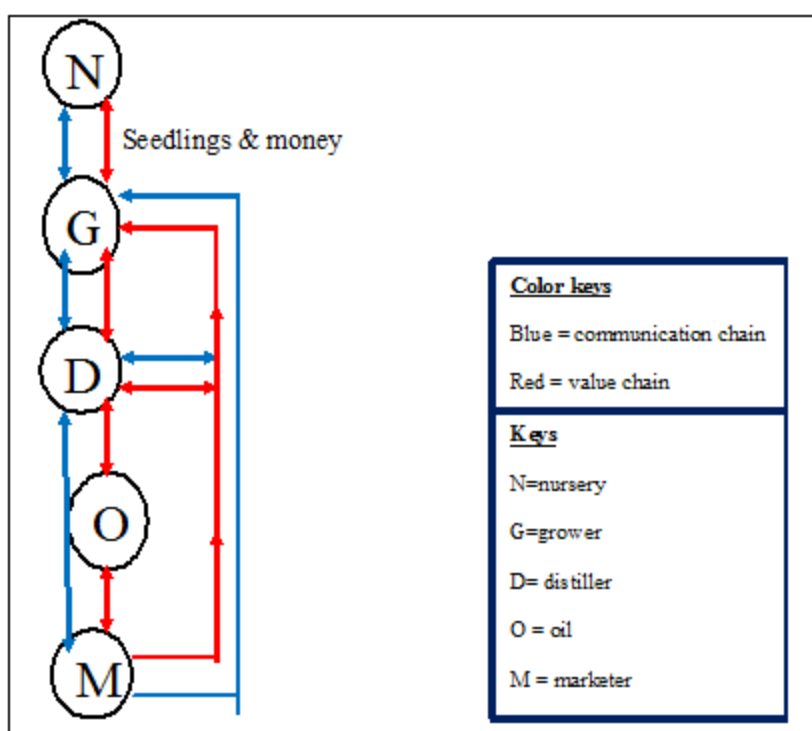
The table above shows difference in income due to changes in size of the farm. The income estimates reflect only income per harvesting cycle. To get the annual figure, that must be multiplied by four.



## 5.16. Marketing of the product

All the respondents mentioned that they have a stable market for the products produced through NGO-assisted projects. The studied NGOs have managed to negotiate the markets with the agents for their clients. They sell their products to the marketing agent. This causes serious reduction in profits for the growers. The diagram below shows how the cycle flows and the effects in profits thereafter.

**Figure : Marketing and communication chain**



Source: Winrock International

## 5.17. The role of government in supporting the community projects

The respondents who participated in the project through Winrock International complained that they have never received any support from the government; provincial, or local. At a municipality level, they had started the talks with UThungulu District Municipality as well as some of the local municipalities in order to garner support in the operation. However, the length of the bureaucracy and failure of government to respond expeditiously slowed everything until the NGO left. They reckoned that the government did not do enough to support them.

On the other hand, the Nkandla group appreciated the government's effort in ensuring success to their project. This was despite numerous attempts in the past that have proved fruitless for the group. Even though there are challenges and dissatisfaction from the growers themselves, the presence of government has helped the Nkandla growers to secure funding to the amount of approximately R2million. This has helped them in gathering the success they pride themselves with today.

The respondents consider the municipality's role as very pivotal in ensuring the success of these projects. This, they say, marks a significant impact since the NGOs launch the projects and leave the place at some point in time. As a result, it is important to gather structures within the community groups which are not affiliated with political parties, but which will look for the needs of the community and work closely with the councillors, under no political duress.

### **5.18. Challenges in the project**

There are many challenges surrounding the failure of NGO-oriented projects after the NGOs have ceased their engagement in the project. Below is a summary of the challenges highlighted by the respondents of the study regarding the role of NGOs in establishing sustainable livelihoods and improving the standards of living for the people involved. These lead to failure of projects once NGOs have left.

#### ***5.18.1. The availability of the land***

The availability of land has been cited by many respondents as the major challenge that hinders the success of the projects. When projects are initiated in the communities, they usually require land for planting, or some land that can be used as a site for operation. Most agricultural initiatives, like the rose geranium, require a lot of land for one to start reaping reasonable benefits. In communal land, people do not usually have the land ownership available for agricultural purposes. They have these beats and pieces of land which are not well-sloped and in between houses.

In most cases, that land would hardly measure one hectare if at all is big. Hence, due to the vengeance of an NGO to launch the project and lack of literacy for the

people, the project gets launched and people begin to engage with insufficient land, hoping to gain full benefits. For example, according to the training manuals from Winrock International, it is explicitly laid down that anyone joining the project should have at least one hectare of land to start realizing profits. But due to hunger striking people, and the frustration of the NGO to initiate the project, people started planting even though they did not have 1 hectare of land; not even half. As a result, there were significant losses, or small profit margins to those who actually gained. The economies of scale come into play.

#### ***5.18.2. Unavailability of organized structure to run the project***

One of the challenges that were highlighted by many of the respondents is the lack of organized structure among the growers themselves to run with the project and bring it to success. This structure would work as a co-operative and act as a corporate body on behalf of all the growers to negotiate better deals that would ensure the success of the projects. Among other functions that the respondents highlighted as incumbent to the structure were the following:

- Negotiate with the marketing agents on behalf of the growers in order to obtain bargaining power during procurement of inputs.
- Purchase goods in bulk on behalf of the growers to ensure that they increase their profit margin through economies of scale.
- Conduct field trips among the growers in order to transfer skills and knowledge among themselves.
- Combine their land into a single big farmable unit using the combined farming model in order to benefit from economies of scale.
- Invite experts in the field of practice to exchange knowledge with them.
- Draw proposals from the funding agencies and government in order to gain assistance with their businesses.

### ***5.18.3. Lack of Support from government***

There is a view among the respondents that they do not get expedited support from the government sector; national, provincial or local. Respondents complain that even if the government is to assist a certain project, there is lot of bureaucracy involved before the actual support can be solicited. This support normally comes at a time when the project is already suffocating and revitalizing it would cost a fortune. On the other hand, the government sector is widely perceived by respondents as the reactive sector as it cannot assist a project to evade future failure.

It normally waits for the project to fall before assistance can be granted. This is true with many emerging farmers who solicit assistance in this form. The complaints go as far as saying that the application for assistance would normally take at least a year or two such that by the time assistance is granted, the prices have already gone up and yet the assistance does not take into account the issue of inflation and changes in prices; but rather the initial proposal submitted regardless of the length of time it took to approve.

### ***5.18.4. Greediness of people already working***

Many respondents have raised issues that the programs designed to benefit the poor are also contested among the people who already have secured jobs and are working and earning decent living wages.

The reasons provided for this dual exercise were the early preparation for retirement and ensure that there is a secured future during the retirement period. However, the study asserts that this has a psychological discouragement to the people on the ground as the individuals benefiting twice are usually the educated and knowledgeable people. Some of the comments that they bring to book may adversely affect the growers. In addition, their opinions of the project are highly valued by their neighbours and if they think of it negatively, they affect the growers.

This however eludes the poor communities their opportunity to benefit uncontested from the projects designed to make their lives better. The contestation by the people

already working causes the competition with the resources designed to support the poor and the proletariat.

#### ***5.18.5. Lack of the processing unit for the geranium***

The lack of availability of a processing unit for rose geranium within a reasonable proximity has been an issue at the centre stage around discussions with the respondents. There are very high transport costs incurred by the growers due to the lack of availability of the processing unit within the locale of the respondents. The municipalities of UThungulu reportedly promised the participants of the project that they will purchase them a processing unit so that they will minimize the costs of transport and therefore increase their profitability during harvesting season. This did not materialize.

#### ***5.18.6. Limited time factors for the operation of NGOs***

29 respondents commented about the period spent by the NGOs, Winrock International in particular, in the attempt to better the lives of people is sometimes unreasonable for the communities to adjust and make a living. For example, three years spent by Winrock International is deemed by many respondents as being not enough for them to adjust to the skills brought about by the project. As a result, there is a need to ensure that the projects that are initiated to the community are monitored through to ensure that the project is sustained.

#### ***5.18.7. Lack of timeous interventions of government***

The government departments have been an all time culprit in the success of the community projects for development. For example, the Nkandla group has cited a challenge whereby some funds from Gijima Project had to be reversed due to the municipality failing to honour its commitment. The idea was that the project would be funded jointly by Gijima and the municipality. Hence, when the municipality failed to honour its promise, Gijima had to recall its funds.

### **5.19. Lessons for future implementation**

Despite the fact that the project faced a lot of challenges with regards to implementation and sustainability, there are quite a number of lessons that were brought about by the project which stand to benefit the communities that were trained and actually implemented it. Below is a summary of the lessons that were captured from the responses of the study.

#### ***5.19.1.Organic production***

Essential oils were produced using the organic methods of production. There were no inorganic chemicals that were used in producing the crops. This is particularly important as it comes at a time when the entire world is promoting the protection of environment due to aggravated circumstances of climate change worldwide. The employment of organic and environmentally friendly practices adheres to the principles of environmental protection and the promotion of the green economy.

In terms of the production technique, the growers had to choose either to produce organically, or inorganically. The financial benefit of producing organically is that the grower would receive a higher price for his oil as opposed to when produced inorganically. The production cost is also low since there are not many inputs which must be put in. As a result, there are more incentives when producing organically than producing inorganically. The justification around this has always been that the oil produced organically is far more qualified and environmentally friendlier when compared with the inorganic oil. The export agents also require the proof of organic certification when purchasing organically produced oil from the growers who purport to have produced so.

#### ***5.19.2.Institutional arrangements***

The issue of importance of the organized structure to deal with the matters of projects implemented for the benefit of the community has come out strongly from the responses provided by the respondents. The organization of community

members to an organized structure would assist in negotiating better deals on behalf of its members. This would also gain the growers a bargaining power when dealing with organizations such as government institutions and private sector.

The idea of each individual negotiating for themselves sows division and retards the progress in the farming community. The annual fee payable to gain recognition as an organic producer ranges anything between R3, 500 and R12, 000. From the profile of the respondents, it is clear that they cannot afford the amount to gain organic certification individually. However, if they organize themselves into a single structure that has authority and powers, this can be done easily and members may end up paying a fairly cheaper price per person if done in unison.

#### ***5.19.3.Export opportunity***

The project has exposed the respondents to a wide array of opportunities for exporting their essential oil to foreign countries. Through the rose geranium project, by Winrock International, the respondents have realized that they can explore a bigger market of other commodities to the established networks of exporting oil to other countries. This also shows the responsibility that lies with the government to assist emerging and poor communities realize their destiny, and explore external markets without middlemen.

#### ***5.19.4.Value chain***

Essential oils business does not only end with exporting oil to other countries; there are other opportunities of growth within the industry. For example, one of the respondents who is the distiller has gone to an extent of producing his own soap with the water that remains from processing of oil. That water is taken and used in the production of bath soap. The same water can be used for irrigation of crops and is taken as an inorganic fertilizer. Hence, there are opportunities of growth that can be unlocked if the lessons and practices learnt from the projects could be taken into account and implemented in the near future.

#### ***5.19.5.Land unavailability***

The issue of land has been cited as one of the biggest challenges that stifle the success of the NGO-oriented projects. Invariably, all the projects that are implemented require land for their success. It can also be treated as a lesson that the issue of land is central to any development that is geared to make the communities prosper. The communities should explore other alternatives such as working as clusters according to their geographic location in order to benefit from the economies of scale.

This, for example, entails combining their small pieces of land into one bigger piece in a combined farming model. In tribal land, this can be done through obtaining approval from the traditional authority and make the owners of the land lease to the recognized structure that the growers themselves own. The lessee shall pay rental fee to the owners and profits to the business owners. The issue of leasing should not be treated as an automatic ownership of the business unless a member is registered with the structure.

#### ***5.19.6.Low cost production***

The production of oil using the organic practices has proved to be far cheaper to the growers as opposed to other means. For example, the techniques taught growers the ways of fighting with the weeds, moisture conservation, pest and disease control and nutrient additions without using organic chemicals, but the organic means. These can be replicated on other projects as well as where organic farming can be practiced.

### **5.20. Recommendations**

The study has revealed that whilst great work is done by NGOs to improve the standards of living for the poor and the proletariat people; great care must be taken in order to ensure that these projects do not fall once these NGOs have withdrawn their participation in the project. The study has engendered recommendations in order to circumvent the failure of these NGO projects.



It is recommended that:

- 5.20.1. Future projects with similar interests must take into account the issue of land before any other activity can be implemented.
- 5.20.2. Proper planning by the project implementation agents should be submitted to the local municipalities three months before the beginning of the financial year for which the projects will require financial assistance. This will ensure that proper planning and inclusion to the financial projections by the municipalities can be done. This will also ensure that the municipality plans to support the project well in advance and ascertain that there is a budget for such support and funds can be accounted for in the long run; and for auditing purposes.
- 5.20.3. There must be proper rules and regulations around the benefiting of individuals who are already working elsewhere and earning a decent salary. There must be a salary threshold of approximately R2000 per month that refrain people currently working elsewhere to benefit from interventions designed to uplift the standard of the unemployed, poor and proletariat people.
- 5.20.4. The markets for the products must be negotiated directly with the end user so as to increase the profitability of the grower operations in the project through cutting the middleman.
- 5.20.5. There must be clear institutional support in terms of registering the participating groups for ease of reference and benefiting among various structures.
- 5.20.6. The government must make funding readily available to assist the NGO-oriented projects once initiated.
- 5.20.7. The challenge of skills transfer must take centre stage in any development project. It does not help the situation to see people producing if they do not acquire skills to sustain the operation in the long run.

- 5.20.8. Commercial businesses established in the fields of interest for the development project must come into party and assist the communities if we are to have a single and untied nation.
- 5.20.9. There is a need for workshops and discourses to teach people about the roles and responsibilities of government in relation to development so that communities can hold the government accountable.
- 5.20.10. There must be a clear succession plan with existing structures from the project implementers in order to subvert the failures of development.
- 5.20.11. Training on stakeholder engagement must be prioritized to improve trust in between the intended beneficiaries of development and the commercial sector which is profit-oriented.

## **5.21. Conclusion**

The study has portrayed a wide array of factors which contribute to the failure of NGO-oriented projects once those NGOs have ceased their participation in the project. Reference can be made to challenges that have been raised in this document. Winrock International's essential oils project was not a success in UThungulu owing to the highlighted challenges and that most of the growers who were trained and assisted are no longer in operation now. They could not withstand the challenges faced with them in order to success in the essential oils sector.

There are also positive comments and lessons from the project that can be documented. The recommendations established by the study purport numerous issues which should be brought to book before these projects can be implemented. However, noted on the study is the role that can be played by the government in ensuring the success of these projects. The commercial sector must also come into party with their Corporate Social Responsibility strategies in order to assist the communities in which they operate.

With the rising in unemployment levels and increase in poverty lines, there is an urgent need for the government and commercial sector to consider other potentially

viable alternatives which can bring about sustainable livelihoods and improve the standard of living for the people. In chapter one of the study, the civil society, including NGOs, was widely appraised as one of the most critical sectors in ensuring economic growth to our nation due to their proven track record of creating sustainable livelihoods. However, in chapter two of this study, the author also brought to attention that the ability of the NGOs to fulfil their mandate widely depends on the funding. Hence, it is against this background that the author believes the governments must make reasonable contribution towards ensuring the success of the NGOs.

## **LIST OF APPENDICES**

- Appendix 1 : Questionnaire of the study
- Appendix 2 : Consent form given to the respondents
- Appendix 3A : Projects sponsored by UThungulu District Municipality
- Appendix 3B : Powers and functions of UThungulu District Municipality
- Appendix 5A : Business Training Manual
- Appendix 5B : Crop Production Training Manual
- Appendix 5C : Expansion Necessity Viability Document

## **Appendix 1:**

### **Questionnaire of the study**



**SURNAME: MKHWANAZI**

**FIRST NAMES: LINDOKUHLE VUKANI**

**STUDENT#: 20055083**

**INSTITUTION: UNIVERSITY OF ZULULAND**

**FACULTY: ARTS**

**DEPARTMENT: SOCIAL WORK**

**DEGREE: MASTER OF ARTS IN COMMUNITY WORK**

**PAPER: RESEARCH QUESTIONNAIRE**

**SUPERVISOR: DR. N.H. NTOMBELA**

**TOPIC: ASSESSING THE ROLE OF NON-GOVERNMENTAL ORGANIZATIONS  
IN POVERTY ALLEVIATION THROUGH THE CREATION OF  
SUSTAINABLE LIVELIHOODS IN UTHUNGULU DISTRICT**

## 1. PERSONAL INFORMATION

1.1. **First Name**

1.2. **Surname**

1.3. **Age**

1.4. **Gender**

Male	<input type="checkbox"/>
Female	<input type="checkbox"/>

1.5. **Race**

Black	Coloured	Indian	White	Other:
-------	----------	--------	-------	--------

1.6. **Place**

1.7. **Involvement in the project: Mark with X**

a) Grower	<input type="checkbox"/>
b) Mentor	<input type="checkbox"/>
c) Employee	<input type="checkbox"/>
d) Stakeholder	<input type="checkbox"/>
e) Other	<input type="checkbox"/>

If other, please explain

.....

## 2. LIVELIHOODS STATUS BEFORE THE PROJECT

2.1. **What NGO project (s) have you involved yourself in?**

.....

2.2. **List the commodity (-ies) of interest for the NGO?**

a) .....

b) .....

**2.3. Briefly describe how you got involved in the project?**

.....

.....

**2.4. What economic activities were you involved in other than this project?**

.....

.....

**2.5. How much time is required to undertake activities of this NGO project?**

Once a week	
Twice a week	
Three times a week	
Everyday	

**2.6. What level of knowledge is required to be involved in this project?**

No literacy required	
Literacy	
Matriculation	
Tertiary education	
Other	

**2.7. What kind of support did you receive from the project implementers?**

Type of assistance	Explain
Start-up capital	
Mentorship	



Training	
Other	

**2.8. Would you recommend someone else to engage in this project?  
Substantiate your answer.**

Yes	
No	

.....  
.....

### **3. SUSTAINABILITY OF NGO COMMUNITY DEVELOPMENT PROJECTS**

**3.1. How long has this NGO been operating in this community?**

Less than two weeks	
Less than 1 year	
Less than 2 years	
Less than 3 years	
More than 3 years	

**3.2. Are there any supporting aids to ensure success of the project?**

Yes	
No	

If yes, briefly explain below

.....  
.....

**3.3. Are there any community associations for information sharing with other project counterparts?**

Yes	
No	

If yes, briefly explain below

.....

.....

**3.4. What is the role of government and other stakeholders in ensuring sustainability of the project?**

.....

.....

**4. NGOS AS A RELIABLE SOURCE OF INCOME**

**4.1. What are the costs of inputs each grower has to incur to undertake this project?**

Costs	Amount
<b>Total</b>	<b>R</b>

**4.2. Is the income generated from this project reliable?**

Yes	
No	

**4.3. Estimate the per annum generated income after costs from selling the products generated through the project?**

R
---

**4.4. Have you sustained any reliable market for the products?**

Yes	
No	

If yes, please mention below:

.....

.....

**4.5. Briefly explain the marketing process involved in the project?**

.....

.....

.....

## **5. REMARKS AND RECOMMENDATIONS FOR FUTURE DEVELOPMENT**

**5.1. What lessons can learnt from the project?**

.....

.....

**5.2. In future, what would you do differently assuming the same project is repeated elsewhere?**

.....

.....

.....

***If yes, briefly explain below.***

This image shows a full page of white paper with horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## **Appendix 2:**

### **Consent form given to the respondents**



**SURNAME: MKHWANAZI**

**FIRST NAMES: LINDOKUHLE VUKANI**

**STUDENT#: 20055083**

**INSTITUTION: UNIVERSITY OF ZULULAND**

**FACULTY: ARTS**

**DEPARTMENT: SOCIAL WORK**

**DEGREE: MASTER OF ARTS IN COMMUNITY WORK**

**PAPER: CONSENT TO PARTICIPATE IN A STUDY**

**SUPERVISOR: DR. N.H. NTOMBELA**

**TOPIC: ASSESSING THE ROLE OF NON-GOVERNMENTAL ORGANIZATIONS  
IN POVERTY ALLEVIATION THROUGH THE CREATION OF  
SUSTAINABLE LIVELIHOODS IN UTHUNGULU DISTRICT**

## 1. Declaration

The study, *Assessing the Role of Non-Governmental Organizations in Poverty Alleviation through the Creation of Sustainable Livelihoods in UThungulu District*, is conducted by a student, Lindokuhle Vukani Mkhwanazi. The student is registered for a degree Master of Arts in Community Work at University of Zululand for the academic year 2012, with student number 20055083. The aim of the study is to gather information regarding the role played by NGOs within the UThungulu District Municipal areas.

This study is intended to establish knowledge on the reasons for failure of community projects initiated by NGOs after those NGOs have stopped their participation in the projects. It is by no means intended to harm any individual or organization. The researcher also pledges that the information acquired, through the respondents or any other form, will be treated with confidentiality and will be used for the purposes of the study only. It is therefore requested that the respondent grant their informed consent to participate in this study. It is also the responsibility of the researcher that this is explained to them prior to giving their consent.

## 2. Declaration by respondent:

I, \_\_\_\_\_, aged \_\_\_\_\_, residing at \_\_\_\_\_ under \_\_\_\_\_ Municipality hereby grants my informed consent to participate in this study. I also confirm that the study has been explained to me and all my information will be treated with confidentiality and for the purposes of the study only.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

\_\_\_\_\_  
Signature

### 3. Declaration by Researcher:

I, Lindokuhle Vukani Mkhwanazi, student number 20055083 hereby confirm that the study has been explained to the respondent and that the information gathered will be treated with confidentiality and for the purposes of the study only.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Signature \_\_\_\_\_



## **Appendix 3A :**

**Projects sponsored by UThungulu District**

**Municipality**

As an interim measure while waiting for appropriate funding for the bulk scheme, the projects shown from Tables 4.2 to 4.7 have been identified and will be implemented (subject to availability of funds) in order to ensure that communities continue to access water in the interim. The aim of these projects is also to reduce water tanker requests as well as remove water tankers where applicable:

**Table 4.2: Nkandla projects for 2009/2010**

Project Name	Location	Ward No.	Budget (Rands)	Current Status
Jameson's Drift Artesian borehole (Thuma)	Nkandla LM, Kwamagwaza	13	115 789	Completed
Jameson's Drift Artesian borehole (Thuma) phase 2 pipe work	Nkandla LM, Kwamagwaza	13	619 741	Completed
Mdlelanga	Nkandla LM,	11	224 989	completed
Nkethabawili (Thaleni)	Nkandla LM,	3	249 532	Completed
Epaki Borehole	Nkandla LM, Emagidini	2	243 004	Completed
Thizman Borehole	Nkandla LM	8	320 299	Completed
Khethukuthula Borehole	Nkandla LM	2	357 622	Completed
Madiyane Borehole	Nkandla LM, Nkandla Town	5	339 177	Completed
Mandaba Borehole	Nkandla LM, Mandaba	7		On hold
<b>Total</b>			<b>2 470 153</b>	

**Table 4.3: Nkandla projects for 2009/2010**

Project Name	Ward	Cost (Rands)	Current Status
Matholamgele Extension	10	150 000	Completed
Mfongosi Spring	9	140 000	Completed
Epaki extention	2	180 000	Completed
Ejokweni Wetland	12	200 000	Completed
Tshotshwana	3	60 000	Completed
Nkethabaweli	3	107 052	Completed
Khethukuthula	2	149 000	Completed
Ezibisisni Wetland	12	200 000	Completed
Zondeleni Spring	2	80 000	Completed
<b>Total</b>		<b>1 266 052</b>	

**Table 4.4: uMlalazi projects for 2009/2010**

Project Name	Location	Ward No.	Budget (Rands)	Current Status
Nkezweni	uMlalazi	1	155 737	Completed
Ntuli Ngedlezi	uMlalazi	4	155 544	Completed
Samungu	uMlalazi	Part of 6,5 and 4	1 205 000	Completed
Isidibha	uMlalazi	7	500 000	80% Complete
Kholweni Water	uMlalazi	8	2 400 000	Completed
Sqandaqanda	uMlalazi	8	191 145	Completed
Ethafeni	uMlalazi	18	1 800 000	Completed
<b>Total</b>			<b>6 407 426</b>	



**Table 4.5: uMlalazi projects for 2009/2010**

Project Name	Ward	Cost (Rands)	Current Status
Nyonibizumuntu extension	19	100 000	40% Complete
Tshekhombe extension	19	100 000	20% Complete
Ngudwini spring	5	120 000	Completed
Ezibhananeni	3	70 000	Design
Enkawini Spring	3	65 000	Procurement
Dindini borehole	4	125 000	Design
Nodlanzana borehole	4	125 000	Design
Nkulisabantwana	3	50 000	Procurement
Zondeleni Spring	2	80 000	Completed
<b>Total</b>		<b>755 000</b>	

Due to unforeseen reasons some of the projects in uMlalazi took longer to kick start and hence the delay in their finalization.

**Table 4.6: Kwambonambi projects for 2009/2010/2012**

Project Name	Ward	Estimated Costs	Status
Thandaza extension	8/11	100 000	On hold due to diminishing source
Wela Wela extension	8	100 000	On hold due in 11/12
Bangicala extension	8	100 000	On hold due to source diminishing
Phathane extension	10	117 000	Completed
Soya extension	10	179 500	Completed
Nkiya nkiya	10	207 500	Completed
Ezidwabeni	10		Under investigation
Nhlabosini	10		Completed
Holinyoka 1	3	160 000	on hold due to budget
Holinyoka 2	3	298 000	On hold- budget
Weighbridge borehole (Mondi)	2	200 000	On hold - budget
<b>Total</b>		<b>1 462 000</b>	

**Table 4.7: Kwambonambi projects for 2009/2010/2012**

Project Name	Ward	Estimated Value	Current Status
Bedlane	6	800000	Awarded
Thunzini	2	1200000	Awarded
Bomvini borehole, Developing a borehole install a holding tank and water dispensing units	2	125000	On hold due to land issue
<b>Total</b>		<b>2 125 000</b>	

#### 4.2.2 Drought Management

One of the challenges facing this Municipality in delivering sustainable service is the persistent drought conditions. The images in Figure 4.2 show the extent of the drought in the District especially in the areas of Ntambanana and Mbonambi and in the past year the

## **Appendix 3B :**

### **Powers and functions of UThungulu District**

#### **Municipality**



## Powers and Functions

In terms of Circular 8/2009: 2008/09 Capacity Assessments and Recommendations: Adjustment of Powers and Functions between District and Local Municipalities in terms of Section 85 of the Local Government: Municipal Structures Act 1998, the uThungulu District Municipality has the following powers and functions to fulfill:

			281	282	283	284	285	286
1	S 84(1)(a)	Integrated development planning for the District Municipality including Development Plan for the local municipalities within the area of the District Municipality						
2	S 84(1)(b)	Pottable water supply that effects a significant proportion of the municipalities in the district						
3	S 84(1)(c)	Bulk supply of electricity						
4	S 84(1)(d)	Domestic waste-water and sewage disposal ssyem						
5	S 84(1)(e)	Solid waste disposal sites serving the area of the District Municipality as a whole						
6	S 84(1)(f)	Municipal roads which form an integrated part of a road transport system for the area of the District Municipality as a whole						
7	S 84(1)(g)	Regulation of passenger transport services						
8	S 84(1)(h)	Municipal airport serving the area of the District Municipality as a whole						
9	S 84(1)(i)	Municipal health serving the area of the District Municipality as a whole						
10	S 84(1)(j)	Fire fighting services for the District Municipality as a whole						
11	S 84(1)(k)	Fresh produce markets and (abattoirs) serving the are of the District Municipality as a whole						
12	S 84(1)(l)	Cemeteries and crematoria						
13	S 84(1)(m)	Promotion of local tourism for the District Municipality						
14	S 84(1)(n)	Municipal public works relating to any of the above function or/and other functions assigned to the District Municipality						
	S 84(1)(o)	The receipt, allocation and if applicable, distribution of grants made to the District Municipality						
16	S 84(1)(p)	The imposition and collection of taxes, levies and duties as related to the above functions or maybe assigned to the District Municipality in terms of national						
18	Sched 4 B	Building regulations						
22	Sched 4 B	Local tourism						
40	Sched 5 B	Licencing and control of undertakings that sell food to the public						
50	Sched 5 B	Refuse removal, refuse dumps, solid waste disposal and cleansing services						

281 - Umfolozi, 282 - uMhlathuze, 283 - Ntambanana, 284 - uMlalazi, 285 - Mthonjaneni and 286 - Nkandla



Allocated functions to the district

Functions omitted from existing enactment in terms of Extraordinary Provincial Gazette of KZN Vol3 No 299 dated 30 June 2009

## **Appendix 5A:**

### **Business Training Manual**



**WINROCK**  
*INTERNATIONAL*

Putting Ideas to Work

## **FARM BUSINESS MANAGEMENT**

### **Nurseries Supplying of Rose Geranium Seedlings**

Baxoleleni Nursery: Zandile Maphumulo 076 314 4376

Eshowe Khanya Nursery: A Mhlongo 072 873 0093

Iswebu Nursery: A Mlaba 078 722 8966

Zululand Nursery: Gareth Chittenden 082 327 1698

### **Consultants:**

Karen Swanepoel (SAEOPA) 082 785 8700 / 082 081 6077

Arthur Phillips (Talborne Organics) 082 301 9228 / 032 944 7445

### **Distillers:**

Jim Parker (Emoyeni) 072 695 7337 / 035 337 4820

Frank Green (Mangethe) 082 874 4023

Stuart McMurray (Melmoth) 083 686 5532

NE Hlatshwayo (Hlabisa Municipality) 035 8738 8500

### **Marketers:**

Ian Mclean (S & D Botanicals) 073 663 5223

Clive Teubes

Stuart McMurray (Soil) 083 686 5532

Robin Learmouth 082 807 9154



## 1. FARM BUSINESS MANAGEMENT

Farm management is the process whereby a farmer plans, organizes, co-ordinates and controls all the production factors of a farm business (namely land, labour and capital) in order to attain certain objectives, such as maximizing profit, growth and/or improved standard of living.

### Basic enterprise structure

There are five basic business types of ownership:

#### 1. **Sole Proprietorship** (*Ownership: 1*)

- A type of business entity which is owned and operated by one individual and where there is no legal distinction between the owner and the business. All profits and all losses accrue to the owner. The owner has unlimited liability for business activities and is subject to taxation.

#### 2. **Partnership** (*Ownership: 2+*)

- A business owned by two or more individuals where the risks, liability, management, and the profits or loss of the business are shared. Partnerships generally do not incur taxes on profits before they are distributed to the partners (i.e. there is no dividend tax levied).

#### 3. **Co-operative** (*Ownership: Members*)

An autonomous association of individuals united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.<sup>1</sup>

#### 4. **Close Corporation** (*Ownership: 1-10*)

- A corporation form unique to the Republic of South Africa in which an anonymous association is formed in order to limit the liability of members (maximum of 10 members). Shares are held by a single shareholder or a

---

<sup>1</sup> <http://www.ica.coop/coop/principles.html>

closely knit group of shareholders. Generally, there are no public investors. The shareholders are active in the conduct of the business.<sup>2</sup>

## 5. Company

- A type of business formed in order to limit the liability of the shareholders, who are the investors in a company. The shareholders share in the profit of a company.
- **Private Company** (*Ownership: 1-50*)
  - Is a type of business in which ownership is private
  - The company may issue shares but they are not listed on any exchange of the World Federation of Exchanges.
  - General public cannot purchase/trade shares.  
The name ends with the abbreviations Pty (Ltd).
- **Public Company** (*Ownership: 7 or more*)
  - General public is able to purchase shares in which they receive ownership. The value of the company is determined by the market through daily trading on exchange market.

## 2. PRODUCTION PLAN

A production plan is a document which describes how assets and resources will be used to manufacture the required products or systems, on time, and within cost constraints

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<sup>2</sup> <http://public.findlaw.com/library/pa-corporate-law.html>

**Table : Example of a Production Plan**

Activities	August	September	October	November	December	January	February
Land preparation							
Transplanting			 Transplant				
Fertilization	 Soil sampling			Weeding and gap filling	Weeding and gap filling		
Irrigation							
Harvesting							
Distillation							

### 3. DIFFERENT COSTS IN AGRIBUSINESS

#### Direct Operating Costs

- These are costs that are directly attributed to the cost of production - e.g. labor, materials, fuel or power, etc. Direct costs change depending on the level of output (variable costs).

#### Indirect Operating Costs

- Costs incurred due to shared usage by different areas of production – e.g. advertising, interest on land and machines, IT, maintenance, salaries of management, security, telephone costs, marketing, etc. Indirect costs are usually constant for various levels of output (fixed costs)

#### Fixed Operating Costs

- These are more or less fixed, no matter how many products are produced – e.g. Salaries, wages in normal time, interest on a loan, lease on land, etc.

### **Variable Operating Costs**

- A cost that changes in proportion to a change in production. If the production increases, they increase. – e.g. fertilizers, diesel and oil, wages in harvest time, etc.

## **4. RECORD KEEPING**

Record keeping is a process by which a farmer records **all** transactions in the business to determine the profitability of the business. The basic components of financial information and record keeping system are:

- Production records: Planting dates, input quantities, cultivars and field numbers.
- Input costs: Land preparation, seedlings, fertilizer, irrigation, etc.
- Labour records: Number of employees, salaries, benefits, man days, man hours, period of employment etc.
- Inventory: Farm assets, equipment, tools and implements, stocks in the warehouse, etc.
- Financial records: Income statement, balance sheet, cash flow history, cash flow budget, petty cash, journal and cash book.

### **How to determine the profitability?**

There are various ways of determining business profitability:

- Revenue is greater than Expenses
  - Cost, Volume & Profit Analysis
  - Calculating Profitability Ratios
- 
- Determine the profit margin
    - ❖ Calculate total revenue (from sales)
    - ❖ Calculate total expenses (the costs associated with doing business i.e. cost of goods sold)
    - ❖ Subtract expenses from revenues (net profit)
    - ❖ Divide gross profit by revenue (profit margin)

- ❖ The higher number (percentage), the more profitable the business is.
- ❖ Compare profit margin to others in industry to see how you fair against your competition.
- ❖ Helps you determine if your costs are too high or if charges for goods and services are too low.
- Profitability ratios
- Liquity Ratios

Provides information about a firm's ability to meet its short-term financial obligations.

#### Asset Turnover Ratios

Indicates how efficiently the company utilizes its assets.

#### Financial Leverage Ratios

Provides an indication of the long-term solvency of the firm.

#### Profitability Ratios

Measures of the success of the firm at generating profits.

- Cost/Volume/Profit Analysis (a way of analysing the relationship between the fixed and variable costs, sales volume (in terms of units or in terms of dollars), and your profits.
  - Three main tools of Cost/Volume/Profit analysis:
    - Breakeven analysis, which tells you the sales volume you need to break even, under different price or cost scenarios.
    - Contribution margin analysis, which compares the profitability of different products, lines, or services you offer.
    - Operating leverage, which examines the degree to which your business uses fixed costs, which magnifies your profits as sales increase, but also magnifies your losses as sales drop.

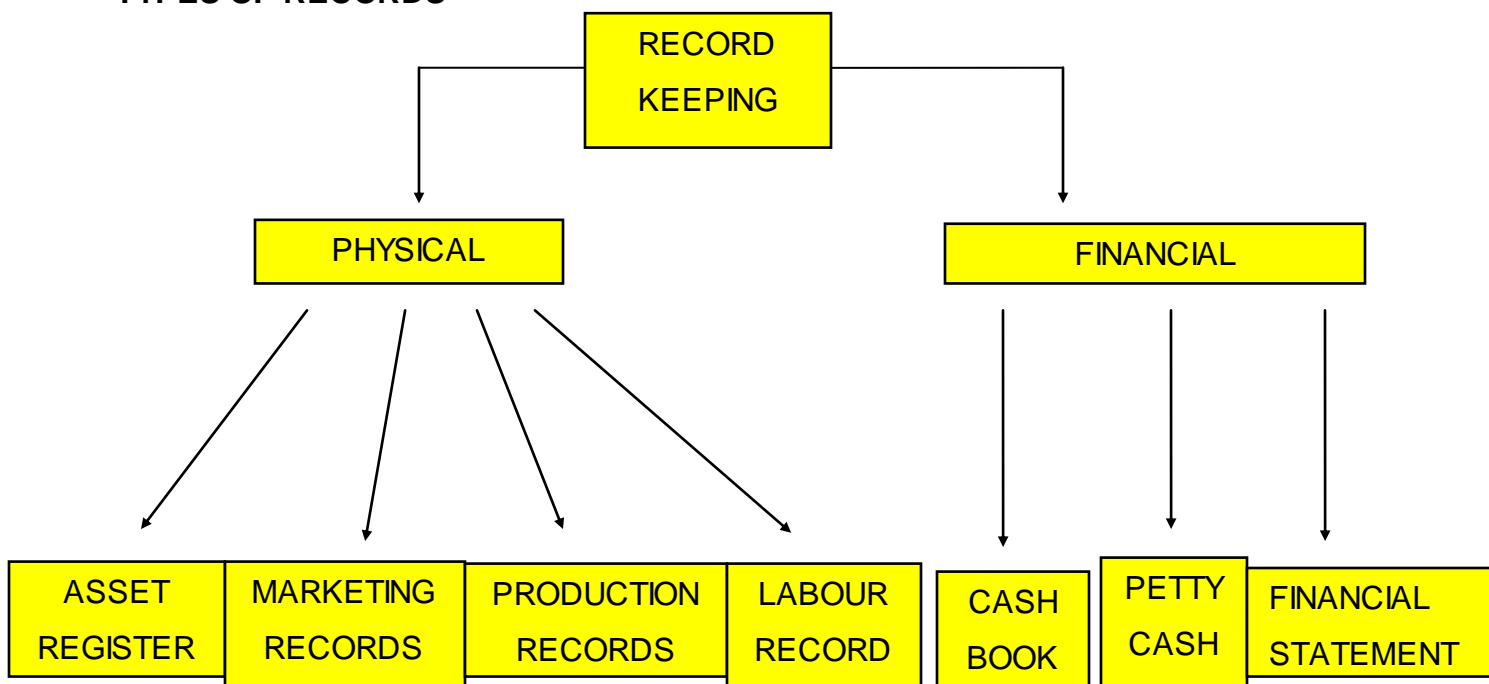
## Reasons for record-keeping

It is important that an agri-business manager knows exactly how much money is flowing out of the business, through costs, and how much money is flowing into the business, through revenue.

Source documents for record keeping include:

- Receipts
- Invoices
- Pay slip
- Cheques
- Bank statements

## TYPES OF RECORDS



## A. PHYSICAL RECORDS

### Asset register

Table : Example of an Asset Register

Item no.	Item	Make/description	Initial quantity	Total			
				Jan	Feb	Mar	Apr
OF 001	Chairs	Plastic	6	6	6	5	5
OF 001	Desk	Brown wood	1	1	1	1	1
ST 001	Sickles	Wooden handles	10	10	9	9	8

### Marketing records

Table : Marketing Records

Delivery date	Item description	Delivery quantity	Processing cost	Marketing cost	Income date	Income amount	Comments
24 Jan 2010	Rose geranium produce	500 kg	R250.00 (Distl)	R160	14 Feb 2010	R1600.00	Preparing for the 2 <sup>nd</sup> harvest
27 Feb 2010	Cuttings	400*30 cm long	-	R60.00 (Trans)	02 May 2010	R400.00	More cuttings are needed
02 May 2010	Compost	4*50 kg bags	R30.00	-	10 June 2010	R200.00	None
10 June 2010	Seedlings	600	-	-	15 Aug 2010	R300.00	None

### Production records

The production records for a farm business must be kept in order to be able to monitor if the business is operating within the planned means. The production records should be aligned with the events calendar of the business. The actual planting dates, production quantities, rates of application, yield per hectare, expected

yield on harvesting, cost of production, etc. must be kept on the production records. Proper management of these records are necessary for traceability purposes in future should any irregularity occur on the supply chain of production.

**Table : Example of Production Records**

Activity	Date	Application Rate/ Hectare	Total Quantity Required	Responsible
Land Preparation	26 April 2010	0.088 ha	0.088 ha (877.26 m <sup>2</sup> )	Zandile
Seedlings	03 May 2010	40 000 per ha	3520	Zandile, Siphon
Lime Application	27 May 2010	1 ton/ ha	1.76 bags (2 bags)	Zandile, Siphon

**Table : Example of Production Records**

Activity	Date	Yield/Hectare	Total Area Planted	Field Number	Cultivar	Responsible
Harvesting	24 May 210	950 kg	0.335 ha	1H	RG	Zanele, Sbu
Harvesting	27 July 2010	930	1.3 ha	Zone 2P	RG	Sandile, Sam and Sbu
Harvesting						

## Labour records

**Table : Example of Attendance Register**

Name	Week 1										Total days
	Mon.01Jul 2010		Tue.02 Jul 2010		Wed.03 Jul 2010		Thu.04 Jul 2010		Fri.05 Jul 2010		
	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	
Sihle	07:00	16:00	07:00	16:00	Absent	Absent	07:00	16:00	07:00	16:00	4
Zandile	07:00	16:00	07:00	16:00	7:00	16:00	Leave	Leave	07:00	16:00	4
Olwethu	Sick	Sick	07:00	16:00	7:00	16:00	07:00	16:00	07:00	16:00	4



## Payment register

Wages (wg), salaries (sl), loan (ln), overtime (ot)

**Table : Example of a Payment Register**

Month	Jan	Feb	Mar	Jun	Jul	Aug	Total
<b>Job Discr</b>	composting	planting	irrigation	weeding	harvesting		
<b>Sihle</b>	R50 wg R50 ln	R80 wg	R150 wg	R70 wg			R400.00
<b>Zandile</b>	R50	R80					<b>R130.00</b>
<b>Olwethu</b>	R50	R80 + R10 ot					<b>R140.00</b>
<b>Total</b>	<b>R200.00</b>	<b>R250.00</b>	<b>R150.00</b>	<b>R70.00</b>	<b>0</b>	<b>0</b>	<b>R670.00</b>

## Employees conduct and discipline

Every warning and disciplinary action should be recorded in this file/folder

**Table : Example of Disciplinary Records**

Months	Disciplinary date	Name of employee	Charges/offence	Disciplinary action
Jan	02 Jan 2009	Sihle	Sleeping on duty	Sent home to sleep and pay reduced
Feb	06 Jan 2009	Zandile	Playing cards	Extra 2 hours of work
Mar	02 Feb 2009	Olwethu	Stealing	Warning letter
April	16 Mar 2009	Mandla	Late attendance	Warning letter

## **Other labour matters**

- As a business owner, you must be informed of whatever complaints your employees might have.
- Your employees may have excellent ideas to share with you in order to grow your business.
- Safety always comes first, so ensure that your labour is always safe and careful.
- If the labour have some personal issues; you should attend to them if requested, give them time to address whatever issues they raise, and respond in an appropriate manner. Keep records/folder for such matters.

### **3.5 Keeping the records**

All business records should be kept for at least 7 years for statutory, analysis and memory purposes.

## **B. FINANCIAL RECORDS**

### **Cash Book**

The cash book is used to record basic information about all the money that comes into and goes out of your business - often referred to as cashflow. It is important to cross-check the individual entries in your cash book with the bank statement to pick up items such as bank charges or electronic money transfers paid directly into your bank account for sales. If you pay by cheque, you should also check that these have been properly credited by your suppliers. The cash book should have the date of the transaction, the amount, source of the cash in or the recipient of the cash out, the details of the transaction, and the running balance of cash.

**Table : Cash book**

Date	Details	Ref. #	Incoming	Outgoing	Balance
01-06-2008	Sale of oil	MCH0107	R1, 875		R1, 875
15-06-2008	Purchased fertilizers	12563		(R250.00)	R1, 625
31-06-2008	Wages	15230		(R150)	R1, 475
31-06-2008	VAT	00012		(R35)	R1, 440

## 2. Petty cash book

The petty cash book is similar to the cash book but it only records how the cash available for day-to-day expenses are spent (small amounts of money that the farmer has paid/received in cash). Petty cash is the money that the farmer withdraws from the bank and is usually stored in the safe box of the office.

**Table : Petty cash**

Petty Cash Book				
Date	Payment to	Description	Approved by	Amount
13/09/2009	Build It Mtubatuba	3 secateurs @R55 each	Sizwe Zulu	R165.00
02/02/2010	Sanele	Weeding field H3	Sizwe Zulu	R100.00
15/06/2010	Checkers	Tea and sugar	Sizwe Zulu	R23.50
07/07/2010	Coastal Farmers	Rake for the business	Sizwe Zulu	R30.00

## 3. Primary financial data collection

The farmer should keep all the receipts, invoices and tickets, cheques, bank statements and other records of financial activities that take place at the farm on a

daily basis. These are used as proof of records when developing financial records or projections.

A farmer must be able to produce these documents for the compilation of annual financial statements including the income statement, balance sheet and cash flow statement. To have a successful farming business, a farmer must at minimum be financially literate in order to understand the history, calculate the break-even points and develop projections for the business.

## **MARKETING**

Marketing is the process introducing products and services to the marketplace through evaluating the wants and needs of customers. Marketing includes researching, pricing, promoting, distributing and selling the product.

### **The elements of marketing**

There are four basic parts of marketing that provide the cornerstones of a marketing campaign. These are often called the "4 P's":

**Product:** the item or service you sell.

**Price:** the amount of money you charge for your product or service.

**Promotion:** the way in which you inform your target market about the product and where they can find it.

**Provision/ Place:** the way in which you get the product to the customer.

Recently an important fifth "P" has been introduced; **People**. This refers to determining who is going to market your product? This P becomes important particularly on a small enterprise management when promotion is done to the local customers with no luxury of financial capital for promotion.

## The Role of Supply and Demand on Marketing

Supply and demand are the cornerstones of a market economy. Demand refers to how much (quantity) of a product or service is desired by consumers at a certain price. Supply is the amount the market can offer consumers. The tension caused by the relationship between supply and demand determines the quantity that will be purchased by consumers at a given price. Relationship between demand and supply

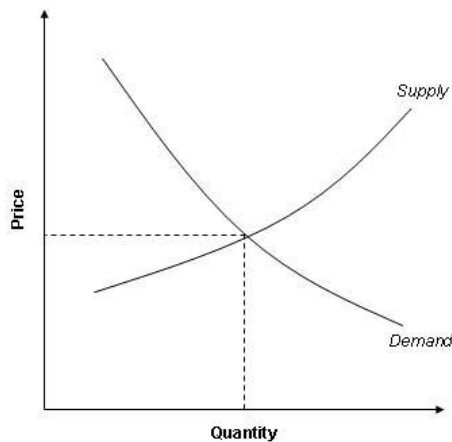
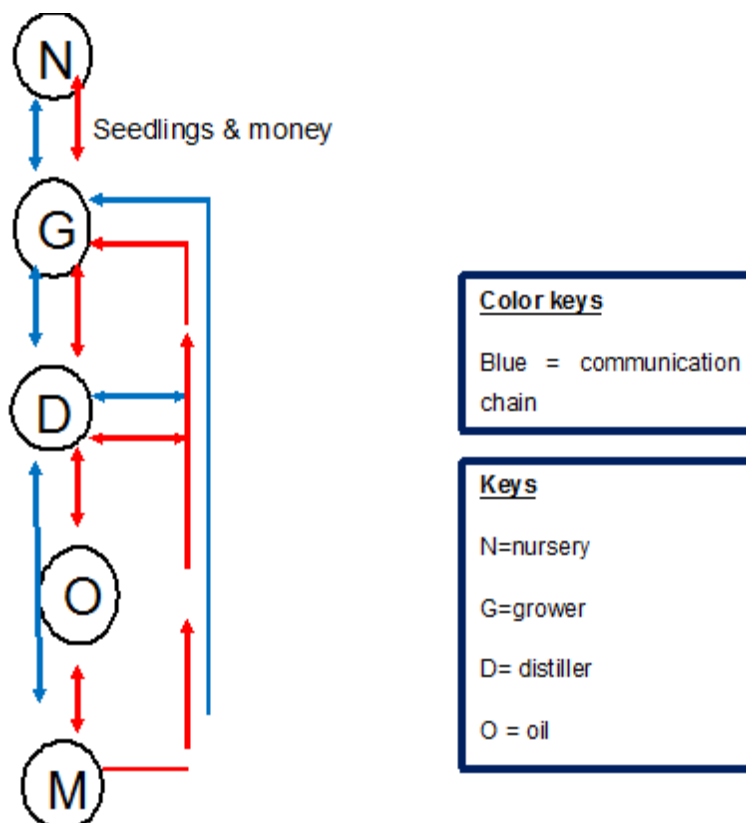


Figure : Communication and value chain



## **4. BUSINESS PLANNING**

Before a prospective farmer starts a business, it is vital that he/she think through a plan in the form of a business plan. A business plan includes the description of the business concept, the product or service, the operational and financial plan, the possible market for such product or service, the description of management team, and the schedule for the implementation of the plan. It is very crucial that a business plan features a growth plan for future development.

### **Financial Planning**

Financial planning entails thorough analysis and revision of all aspects of a business' financial affairs and the preparation of personalised and comprehensive plans for that same business to achieve long-term financial security and growth.

### **Reasons for budgeting farming**

- Budgeting enhances the quality of planning because it considers the future of the business and provides the course of action that will be taken by the business.
- To measure results against the planned objectives and set targets.
- Enhances the integration and co-ordination of various opinions and needs in order to strive and work towards the common goal of the agribusiness.

### **Balance Sheet**

A balance sheet is that financial condition of a business at a specific moment in time, usually at the close of an accounting period. A balance sheet consists of assets, liabilities, and owner/stockholder equity. Assets and liabilities are separated into short-term and long-term obligations. Assets must always equal liabilities plus equity. An asset is anything the business owns that has monetary (financial) value. Liabilities are the claims of creditors against the assets of the business. A balance sheet can be used to identify and analyze trends of the company.

**Table : Example of Balance Sheet**

**The Balance Sheet calculation is as follows: Liabilities + Owner's Equity=Assets**

<b>BALANCE SHEET FOR EZWENI FARM AS OF 31 DECEMBER 2010</b>	
<b>FOR THE YEARS</b>	<b>2010</b>
<b>CAPITAL EMPLOYED</b>	
<b>SHAREHOLDERS' FUNDS</b>	<b>R 1,018</b>
Share capital	R 1,000
Net Income	R 0
Retained Profit	R 18
<b>LOANS AND OTHER</b>	<b>R 10,000</b>
Bank Loan	R 10,000
Other	R 0
<b>TOTAL CAPITAL EMPLOYED</b>	<b>R 11,018</b>
<b>EMPLOYMENT OF CAPITAL</b>	
<b>FIXED ASSETS</b>	<b>R 3,000</b>
Vehicles	R 1,500
Machinery	R 1,500
Investments	R 0
<b>NET CURRENT ASSETS</b>	<b>R 8,018</b>
<b>CURRENT ASSETS</b>	<b>R 8,320</b>
Materials and Vaccines	R 345
Cash and Bank	R 1,842
Stock	R 6,133
Other	R 0
<b>CURRENT LIABILITIES</b>	<b>R 302</b>
Bank Overdraft	R 228
Creditors	R 7
Other Liabilities	R 67
<b>TOTAL CAPITAL EMPLOYED</b>	<b>R 11,018</b>

## Cash flow statement

A cash flow statement records the amounts of cash and cash equivalents entering and leaving a company. The money coming into the business is called **cash inflow**, and money going out from the business is called **cash outflow**.

The cash flow statement organizes and reports the cash generated and used in the following categories:

- Operating activities: converts the items reported on the income statement from the accrual basis of accounting to cash.
- Investing activities: reports the purchase and sale of long-term investments and property, plant and equipment.
- Financing activities: reports the issuance and repurchase of the company's own bonds and stock and the payment of dividends.
- Supplemental information: reports the exchange of significant items that did not involve cash and reports the amount of income taxes paid and interest paid.

**Table : Example of Cash flow  
Income statement**

Details	Dec	Jan	Feb	Mar	April	May	Jun	Total
Opening balance							R50, 000	R50, 000
Seeds	(8,000)							
Fertilizers	(3,000)			(3,000)				
Fuel	(500)		(500)			(200)		
Wages	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)		
Net surplus	(16,500)	(5,000)	(5,500)	(8,000)	(5,000)	(5,200)	0	
Accumulative	(16,500)	(21,500)	(27,000)	(35,000)	(40,000)	(45,200)	(R45,200)	R 4, 800
Closing balance	(16,500)	(21,500)	(27,000)	(35,500)	(40,000)	(45,200)	R4, 800	R4, 800

The income statement is a financial record that documents a farm's financial performance over a specific time period. It is a summary of the revenues and expenses created through both operating and non-operating activities. Operating activities are those that are the direct result of the regular business operations while non-operating activities are not tied directly to a company's regular operations. The



income statement also shows the net profit or loss incurred over a specific accounting period, typically over a fiscal quarter or year.

**Table : Example of Income Statement**

<b>Ezweni farm Income Statement/profit or loss</b>	
<b>Income Statement for February 2007</b>	
<b>Sales of oil</b>	R 2,264.00
<b>Other Income</b>	R 4,500.00
<b>Total Income</b>	<b>R 6, 764</b>
<b>Operating expenses</b>	
<b>Costs</b>	<b>Amount</b>
Land preparation	R 700.00
Seedlings	R 2,000.00
Organic chemicals	R 200.00
Wages	R 400.00
Processing	R 400.00
Water and Electricity	R 350.00
Packing material	R 150.00
Organic Fertilizer	R 250.00
Transport	R 360.00
Tools & Equipment	R 200.00
Marketer	R 150.00
Processing costs	R 400.00
Telephone	R 50.00
Stationary Costs	R 35.00
<b>Total Operating Costs</b>	<b>R 5, 645</b>
<b>Total Income</b>	R 6, 764
<b>Total Costs</b>	R 5, 645
<b>Net Profit or Loss</b>	<b>R 1, 119</b>

## **Budgeting**

A budget is a written plan for future action (both short- and long-term), expressed in physical and financial quantities. The main objectives of budgets are: planning of a farming system, the comparison of various alternative plans, facilitating capital investment decision and planning the cash-flow position of the business in order to obtain credit at the right time on the best terms.

We have different types of budgets.

- Enterprise budget (Operational Budget)
- Partial budget
- Total budget (Master Budget)
- Cash flow budget (Financial Budget)

### Example of a budget: Enterprise budget

Table : Example of an Enterprise Budget

Item	Unit	Quantity	Price/unit (R)	Value Per hectare
<b>Rose Geranium(Oil )</b>	<b>Kg</b>	<b>7.5</b>	<b>R937.50</b>	<b>R7, 031.25</b>
<b>Gross Income</b>			<b>R937.50</b>	<b>R7, 031.25</b>
<i>Allocated costs</i>				
Seedlings	each	40, 000	R0.50	R20, 000
<b>Fertilizer</b>	25 kg	2	R250.00	R500.00
Lime	Ton	1.0	R298.00	R298.00
<b>Custom hire</b>				
Distillation	kg	10	R250.00	R2, 500
Hired labour	Day	5	40,00	R200.00
Tractor	Ha	1	R750.00	R750.00
Marketing cost	Kg	0.10 %	R7031.25	R703.13
Transport cost	Km	100km	R1/km	R100.00
<b>Total variable cost</b>				<b>R25, 051.13</b>

### ASPECTS COVERED IN A BUSINESS PLAN

The contents of a Business Plan:

- i. Cover Page: Serves as the title page of your business plan.
  - The name, address and contact details of the business.
  - Name, title, address, phone number of owners, month and year your plan was prepared and name of preparer.
- ii. Executive Summary (or Shortened version of the entire plan).
  - This is the statement that delineates the business plan objectives. It should summarize the who, what, where, when, why, how, how much of the company
    - Your company (who, what, where, when).

- Strengths of the management team (what).
- Objectives and reasons for success (why).
- Details about financing (how much) and repayment (how, when).

***Note:** Do not write the executive summary (statement of purpose) until you have completed your business plan! It is a summary and reflects the contents of the finished plan in a shortened version.*

iii. Table of Contents

iv. Organizational Plan

- a. Brief summary of the business (including background)
  - Mission, vision & objectives (short and long term)
  - Business model (how is it unique to the industry?)
  - Strategy (short and long term)
  - Strategic relationships (Winrock, nurseries, etc.)
  - SWOT analysis (Strengths, Weaknesses, Opportunities and Threats the business will have both internal and external)
  - Location and resources analysis
- b. Products and Services (Business Overview)
  - An overview of activities
- c. Management
- d. Personnel

v. Marketing Plan

- Market Analysis
  - Target Market
  - Competition
  - Market trends
  - Market research
  - Environmental scanning
- Marketing Strategy
  - Price, promotion, place, product

vi. Management Plan

- Provide a structure of the business
- Each officers' portfolio

- Information on the managers' educational backgrounds
- vii. Human Resources Management Plan
  - The policies governing labour information
- viii. Financial Plan
  - Projected financial statements of the business
  - Proposed growth plan for future
  - Reinvestment plan
- ix. Summary & conclusion

## **CONSTITUTION**

### **What is a Constitution?**

A constitution of an organization contains the fundamental principles that govern its operation. The by-laws establish the specific rules of guidance by which the group should function.

### **Why should a business have a Constitution?**

The constitution will serve to clarify an organization's purpose, outline basic structures and provide the cornerstone for building an effective group. It will also allow current and potential members to have a better understanding of what the organization is all about and how it functions.

### **What should be covered in a Constitution?**

Below is an outline of the standard information to be included in a Constitution:

- The name of the group
- Affiliation with other groups (local, provincial, national, etc.)
- Introduction - Purpose, aims and functions of the organization
- Membership requirements (how determined, who is eligible, etc.)
- Elections (when, how, who oversees)
- Officers (title, terms of office, duties of office)
- Advisor (term of service, how selected)

- Business transactions (quorum, voting rules)
- Referendum and recall \*(procedures and handling)
- Financial management and meetings (how often)
- Amendments (means of proposal, notice required, voting requirements)

## HOW TO RUN A MEETING

A meeting is a gathering of people to discuss a subject or decide what to do. People present or exchange information, plan joint activities, make decisions, or carry out actions already agreed upon. Almost every group activity or project requires meetings, of some sort.

### Agenda

An agenda is a list of matters to be discussed at the meeting. The agenda should be sent to members together with the notice of the meeting so that the members know what the meeting will be about.

The secretary should discuss the agenda with the chairperson and then write and distribute it to the members. The chairperson may only change the order of the agenda when members at the meeting agree to it. Any item in the minutes of the previous meeting that still needs further discussion, should receive attention under “matters arising from the minutes”.

The agenda should make provision for the treasurer (or the secretary or treasurer) to report on the finances of the committee, under an item called “financial report”

**Table : Organizing a meeting**

<b>What Does It Take To Plan and Run a Productive Meeting?</b>	
<p>Any successful meeting has a structure:</p> <ul style="list-style-type: none"> <li>▪ Set a time that works for everyone</li> <li>▪ <b>Set an agenda</b></li> <li>▪ Distribute available written materials in</li> </ul>	<p><b>Notice:</b></p> <ul style="list-style-type: none"> <li>▪ To give notice of a meeting is to inform people that the meeting will be held</li> </ul>

<p>advance of the meeting</p> <ul style="list-style-type: none"> <li>▪ Set up tasks and divide responsibilities</li> <li>▪ Set up discussions so that everyone gets a say</li> <li>▪ Set up ways to stick to the subjects</li> <li>▪ Set up time to summarize</li> </ul>	<ul style="list-style-type: none"> <li>▪ Notice must be given to each person who should attend the meeting</li> <li>▪ The date, time and place must be given</li> <li>▪ Notices are usually written and sent</li> </ul>
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## THE ROLE OF THE COMMITTEE

The chairperson is the public representative of the committee to the community. The chairperson should be aware of and sign all documents that set out policy or have financial implications for the group.

### The role of the chairperson

The committee is made up of a Chairperson (or, at times, another discussion leader), the secretary, the treasurer and all the committee members. The chairperson's aim should be to utilize the interests, release the potential energies of all the members, and to see that the committee develops a common view of its purposes and shared responsibility for leadership.

### The Ideal Chairperson - one who can:

- Work with people.
- Stimulate people rather than push them.
- Help the group use all the abilities and experiences its members possess.
- Encourage them to use the new abilities they develop as they work together.
- Listen and make suggestions.

### The Role of the Secretary

A secretary needs to be a practical person who will pay attention to detail and likes to get things done on time. The secretary will need to work closely with the

chairperson, and also with a group's co-coordinator or paid staff, if there are any. The secretary is an official member of the committee and has the right to vote. The secretary will be needed in organizing and following up meetings of the group. The secretary will be needed for looking after the overall administration of the group.

Some groups have a secretary for these tasks and a minute secretary, who has no voting rights, but takes the minutes of the meetings. This usually depends on how many willing helpers you can find in your group. While the minute secretary takes the minutes, it is the secretary's job to make sure that they are accurate, copied and circulated to members.

### **The Role of the Treasurer**

The treasurer has the responsibility of reporting the state of financial affairs to the members. This is usually done by way of recommendations to a committee meeting, based on the written reports and financial statements presented to the committee.

### **MEMBERS'S ROLE TO A COMMITTEE**

- Find out all that needs to be known about the organization
- Study the agenda before meeting and prepare the facts for items they want to discuss
- Be present at all meetings

If, for a very good reason, a member cannot attend a meeting, the secretary must be informed. This is called an apology, and is recorded in the minutes. A member that does not send an apology should be recorded as absent.

## **Appendix 5B:**

# **Crop Production Training Manual**





**WINROCK**  
*INTERNATIONAL*

Putting Ideas to Work

**ROSE GERANIUM PRODUCTION**

### **Nurseries Supplying of Rose Geranium Seedlings**

Baxoleleni Nursery: Zandile Maphumulo 076 314 4376

Eshowe Khanya Nursery: A Mhlongo 072 873 0093

Iswebu Nursery: A Mlaba 078 722 8966

Zululand Nursery: Gareth Chittenden 082 327 1698 (Email: [gareth@zne.co.za](mailto:gareth@zne.co.za) )

### **Consultants:**

Karen Swanepoel (SAEOPA) 082 785 8700 / 082 081 6077 (Email: [saeopa@gmail.com](mailto:saeopa@gmail.com))

Arthur Phillips (Talborne Organics) 0823019228/032 944 7445

(Email: [talbornekzn@vodamail.co.za](mailto:talbornekzn@vodamail.co.za))

### **Distillers:**

Jim Parker (Emoyeni) 072 695 7337 / 035 337 4820 (Email: [Parkers@Shepley.co.za](mailto:Parkers@Shepley.co.za))

Stuart McMurray (Melmoth) 083 686 5532 (Email: Brett McMurray: [brettleee@mweb.co.za](mailto:brettleee@mweb.co.za))

NE Hlatshwayo (Hlabisa Municipality) 035 838 8500 (Email: [nehlatshwayo@hlabisa.org.za](mailto:nehlatshwayo@hlabisa.org.za))

Henry Mahlobo (Inkandla Distilleries) 073 407 2620 (Email: Rob Cairns: [iotc@3i.co.za](mailto:iotc@3i.co.za))

Frank Green (Mangethe Distillery) 082 874 4023

Joyce Green-Govender (Mangethe Distillery) 083 448 5940 (Email: [joycegg@telkomsa.net](mailto:joycegg@telkomsa.net))

### **Marketers:**

Ian Mclean (S & D Botanicals) 073 663 5223 (Email: [imclean@telkomsa.net](mailto:imclean@telkomsa.net))

Clive Teubes 011 792 1110 (Email: [teubes@global.co.za](mailto:teubes@global.co.za))

Stuart McMurray (Soil) 083 686 5532 (Email: [brettlee@mweb.co.za](mailto:brettlee@mweb.co.za))

Robin Learmonth 082 807 9154 (Email: [Robin.Learmonth@earthoil.co.za](mailto:Robin.Learmonth@earthoil.co.za))

## **Rose Geranium Production**

### **Introduction**

**Scientific name:** *Pelargonium cv. Rosé*

**Common names:** Rose geranium, Rose scented Geranium, *Pelargonium roseum*

**Family:** Geraniaceae

**Genus:** *Pelargonium*

The genus *Pelargonium* contains 270 different species of which the majority of the known are endemic to the Western Cape. There are about 700 different varieties of rose geranium plant but only 10-supply essential oil. Rose Geranium is commonly known as a hybrid species developed from a cross of two different *Pelargonium* species i.e. *P. radens* and *P. capitatum*. The resultant hybrid was introduced as a farming crop for the production of essential oil. Rose Geranium requires a well drained soil and sunny, hot, frost free conditions. It is mainly grown in places like Mpumalanga Lowveld, KwaZulu Natal, Western Cape and Limpopo provinces

### **1. Description of the herb rose geranium**

It is possible to grow the wrong *Perlagonium* species for commercial purposes i.e essential oil production and then realize at processing that no oil can be extracted from the foliage. It is important to select the right species for commercial essential oil production because it is sometimes difficult to tell which species you have until it matures.

It is a hairy perennial shrub with purple spotted pale-pink flowers and jagged triangular leaves that have a distinct lemon rose smell. The shrub can grow up to about one metre high. In early times geraniums were planted around the house to keep evil spirits at bay. Therefore, it is important to ensure that the proper type is grown for commercial use in order to extract an appropriate amount of oil. The oil has a sweet rosy smell with a mint overtone, is light green in colour and is watery. Basotho used *Perlagonium* as a paste made from the leaves to treat wounds and abscesses.

## **2. Rose Geranium oil**

It is important to cultivate the crop properly in order to obtain the maximum oil quantities at distillation. It is important to harvest properly and at the right time for optimum oil yields. The pale green essential oil is steam distilled from fresh flowers, stalks and leaves. The plant should be cut before the flowers open. Between 300-500kg of plant material is required in order to obtain about 1kg of essential oil. Some experts believe that the plant should be cut when there is a sweet smell of oil around the field. Most of oil is found in its leaves.

After cutting, the plants are partially dried to increase the yield of the oil leaving less water to be vaporised and extracted from the plant material during distillation. The essential oil in rose geranium leaves has the constituents, geraniol, linalool, and citronellol, which are also present in rose oil. Essential oils are used to make candles, perfumes, air freshner and foodstuffs. The Coca Cola Company even uses this essential oil for their products.

## **3. Site Requirements**

### **Rainfall**

Rose Geranium is a dry-land crop meaning that it relies on the natural rainfall. The favourable rainfall for dry land growing of rose geranium should be 700 to 1500 mm per year. When rose geranium is grown in very dry conditions with annual rainfall of less than 700 mm then supplementary irrigation will need to be introduced.

### **Soil PH**

Soil types should be rich in organic matter and have a pH of between 5.5 and 7.0. It is important have a soil analysis test done to determine soil pH and levels of other minerals in the soil.

### **Temperature**

Rose geranium grows well at a temperature of 10<sup>0</sup>C to 33<sup>0</sup>C and needs enough sunshine for the development of oil in the plant. The plant is sensitive to cold weather and cannot withstand frost. Daytime optimum temperature is 20<sup>0</sup>C-25<sup>0</sup>C. Below 6<sup>0</sup>C the plants will have growth inhibited and show signs of stress, and below 3<sup>0</sup>C the plant will die.

### **Soil type**

Rose geranium does well in well-drained sandy to loamy soils. Good drainage is required to prevent water logging and reduce incidence of diseases.

### **Slope**

Rose geranium should be grown on a southern facing slope (in the southern hemisphere). This is because northern facing slopes tend to be much drier whilst southern slopes tend to be cooler and hold soil moisture longer allowing for better production of rose geranium.. Southern facing slopes do not get direct sunlight therefore hold moisture for longer.

## **4. Field Preparation**

It is important to have a soil analysis done before any land preparation is actually done. Once the results are known, proper preparation procedures must be followed. If the results from the soil analysis test state the pH is too low (i.e. the soil is acidic) calcitic lime must be used to bring up the pH to acceptable levels. The lime can be

applied by broadcasting at least one month before planting. A rose geranium field can be prepared by deep ploughing and using a disc harrow to about 60cm deep. If compost is available this should be broadcast and mixed into the soil at the same time.

It has been noted that goats and cattle tend to graze on the rose geranium plants in certain areas so fencing may be necessary to keep the animals out of the field.

## **5. Planting**

Rose geranium is grown commercially as a perennial crop which should be changed after five years. As such field preparation and planting are very important activities that need to be done properly first since it is impossible to prepare the soil after planting. It is highly recommended that the first seedlings should be purchased from established nurseries or farmers to ensure that they are disease free and of the right oil producing species.

Rose geranium is a hybrid, there is not viable seed being produced and propagation is done by cuttings from mother plant material. Cuttings should be made from strong and healthy outdoor grown plants. Cuttings of 10-15cm in length are made from young top shoots and propagated in trays or seedbeds. A mixture of coco peat and perlite mix works well. After the development of roots (about 6 to 8 weeks), the plants can be replanted in the prepared land. Seedlings raised in a nursery should be transplanted to the field when they are 10-15 cm in length and healthy.

Geraniums can be planted in raised beds or on flat land in the field at 50 cm spacing with 50 between rows. At these spacing's farmers will need 40,000 plants per hectare.

Rose geranium should be planted when the soil is wet i.e. after it has rained or even whilst it is raining. This is very important because it is very expensive and labour intensive to implement water planting and the seedlings need to be transplanted to moist land.

Ideally planting should commence once an area has received at least 18 – 20 ml of rain. Once plants are established, however, water logging should be avoided to

prevent incidence of root disease. Transplant geraniums after all danger of late frost has passed in your area. Cuttings can be directly planted in the field if they are large (30 cm in length), these are taken from well established plants, and they are planted in fields with high moisture content to ensure survival. A sloping cut should be made just below the node and all leaves should be removed from the cutting leaving only the first few top leaves.

## **6. Pests and Diseases**

Geranium is attacked by many different species belonging mainly to the Hemiptera, Coleoptera and Lepidoptera. Among the most important pests are the white grubs, cutworms, cockchafer, whitefly, aphids, mites, termites and white peach scale. The diseases are fusarium root rot, bacterial leaf spot/blight, alternaria leaf spot (*Alternaria tenuis*), black leg (*Fusarium* sp.) and black stem rot (*Pythium splendens*), and root-knot nematodes. However in most areas where the crop has been grown there has been only some incidence of pest and disease attack, but it is important for one to be aware of the threats to the crop and the control measures.

### **PEST CONTROL PRINCIPLES:**

- ✓ Follow a pest management program.
- ✓ Regular scouting of the crop is needed twice a week.
- ✓ Early detection and management of pest problems can often prevent major problems.
- ✓ Correct identification of pests and natural beneficial predators.
- ✓ Natural pest control measures should be used as first choice.
- ✓ Correct nutrient deficiencies or excesses
- ✓ Introduce and use biological controls natural predators, parasites, nematodes, fungi, bacteria, and beneficial viruses. Avoid using chemicals that kill such organisms.
- ✓ Other organic methods such as reflective mulches, beneficial insects, insecticidal soaps, plant extracts, traps and handpicking pests should be implemented.

- ✓ Use controls that target specific taxonomic groups, eating habits, or life stages: insecticidal soaps, horticultural oils, pheromones, and growth regulating natural substances such as neem oil.
- ✓ Select target specific synthetic pesticides, insecticides, these often must be applied at a specific point in the life cycle of the pest or disease.
- ✓ Use only registered pesticides with extreme caution according to manufacturer's specifications.
- ✓ Produce should not be contaminated with pesticides when harvested.
- ✓ Ensure that live insects and mites do not infest export shipments.
- ✓ Make sure of correct handling, safety procedures and first aid measures if accidental poisoning takes place.
- ✓ Record keeping of pests, control measures and results must be kept.

## **7. Weeding and mulching**

Weeds compete with plants for nutrients and sunlight so it is important to control weeds if the crop is to grow successfully. In addition, rose geranium is being grown organically and with certification the price of oil almost doubles so it is not recommended to use normal inorganic chemicals for weed control. Mulching is another means of controlling weed growth thus ensuring that the plants get optimum nutrients and sunlight.

Weeding and hoeing are very important as they affect the yield and quality of oil. Inter-row cultivation can be done by a tractor drawn cultivator or hand hoe. *Take care not to damage roots.* Exclusion of sunlight is one of the best weeding practices. Therefore Rose Geranium must be planted so that it forms a canopy quickly. Mulching with compost or grass will inhibit weed growth.

Mulching with straw, bark chips or shredded hardwood bark mulch is recommended to conserve soil moisture and prevent splashing of soil onto plants during heavy rains, which may spread disease. Apply mulch after the soil warms in the spring. A 2 to 5 cm layer of mulch is adequate to reduce high soil temperatures during the summer, prevent soil crusting, improve aeration and reduce weed growth.



## **8. Time to First Harvest**

The first harvest can be obtained in 4 – 7 months depending on cutting size and locality in South Africa as well as nutrition and moisture. The time of harvesting is determined by a large amount of new growth. The scent of leaves should turn from lemony to a rose scent.

It should take approximately four to seven months from planting to first harvest depending on the time of planting. If the crop is planted out into the field in winter it will take longer and when planted in summer during the rainy period it should take less time. Subsequent harvesting intervals are every 3 to 4 months (3 or 4 annual crops). First time growers should consult before starting the first harvest.

## **9. Fertilizer requirements**

Rose geranium performs well with proper fertilizer practices. Organic fertilizers are well supplied on the market in South Africa however they are rather expensive so it is advisable for emerging growers to use natural fertilizers such as grass and compost.

Proper fertilization of geraniums is of utmost importance. Geraniums respond well to fertilization and turn yellow in soil that lacks a ready source of nitrogen. Make sure that organic matter added to the field is well decomposed, or it may remove available nitrogen from the geraniums as it decomposes. In addition to an initial application of manure and a basal organic fertilizer before planting, fertilizer should be applied after each harvest.

Plant residues from the distillery can be reapplied to the field as mulch. Calcium and potassium are important for successful growth. Phosphorus uptake is enhanced with mycorrhizal fungi association present in the soil. There is a close correlation to available phosphorus and essential oil production. High nitrogen levels can increase herbage yield but may affect lower oil yield per mass. Annually, a standard basal dressing of N (30 kg/ha), P (35 kg/ha), K (25 kg/ha) should be applied. Additionally, eight equally split top dressing of 25 kg/ha N should also be applied annually.

## **10. Harvesting**

Only leaves and young shoots should be harvested as this is where the most oil is located. Harvesting must be done on a sunny and hot day only. Harvesting wet plants will cause poor oil recovery during distillation. It is thus very important to ensure that harvesting is done properly to ensure optimum oil yields.

If you are ready to harvest you must contact the person who is responsible for distillation so that others can harvest at the same time. The idea is to harvest all the green foliage material and to leave 10 – 15 cm of stalk material on the plant. Do not harvest and then contact the distiller as there is a chance that the distiller will not be available and the material will be wasted.

In the Mpumalanga Lowveld and coastal areas with no frost 3 to 4 harvests are expected. In the cooler areas of the country 2 to 3 harvests per season are normally possible. The expected plant mass of harvested pelargonium is 15 – 50 metric tons of fresh material per ha at densities of 30 000 – 60 000 plants per ha. Yields of more than 70 tons per ha have been recorded with good management near Nelspruit in Mpumalanga.

Harvesting is done by hand using a sickle or secateurs and should only be done on a dry day. It is important to have at least two days of sun before harvesting as this will allow the steam to burst the globules during processing.

It is also beneficial to harvest on a sunny day or at least when the plant is stressed to ensure maximum extraction of oil as the oil globules tend to rise to the surface of the leaf. The farmers must not use inorganic fertilizer bags but they must use at least organic fertilizer bags. They must not over pack the bags because they will lose oil. New bags can also be purchased and used to transport the harvest.

## **11. Transporting the crop**

Like harvesting, transportation of foliage material is also very important as oil can be lost in these stages thereby reducing oil yield. It is important to ensure that a

processing plant is located within reasonable distance (30-40km maximum) so that the transport costs do not reduce overall profit. The harvested crop can be packed into bags and loaded onto trucks and then ferried to the processing plant. The bags must not be tightly packed or compressed as this tends to reduce the amount of oil that will be extracted during processing.

## **12. Processing and Distillation**

After the harvesting and transportation of the material has been done properly by the grower then the next stage is left entirely up to the efficiency of the processor. In cases where the farmer has their own processing unit then it is important that the staff running the mill have been properly trained to ensure proper extraction with minimum loss of oil.

The most appropriate size pot would be 1,000 litres in size. This size still/pot would have the capacity to handle about 300 kgs of foliage (actual amount depends on degree of wilting) and can process 1.2 tons per day (4 x 300kgs). One still of this type is needed for approximately 20 hectares. The cuttings may be left to wilt in the field for 24 to 48 hours to allow for better vaporisation of oil during distillation and greater packing of biomass in the vessel. Take care that stored material does not heat and ferment continuous rotation of the material is recommended when wilting.

The still should be packed tightly to the top of the vessel. Loosely or partially packed stills will result in poor oil recovery. The material should be packed firmly as this prevents the formation of steam channels. If the material is too long it can be cut into smaller pieces to ensure firm packaging. The mixture of vapours of water and geranium oil passes into the condenser while it is steamed. As the distillation proceeds, the distillate collects in the separator. The oil, being insoluble and lighter than water, floats on the top of the separator and is continuously decanted off. The oil is then poured out and filtered manually or using chemicals.

## **13. Marketing**

There are currently marketing agents in the industry whose responsibility is to buy and sell the oil to local and international buyers. The processor has done all they can to ensure

maximum oil yield from the crop and it is now up to the marketing agents to secure the best possible price for the oil on the market for a commission.

The maximum oil yield is generally achieved in the second year. Geranium oil yield under appropriate conditions should be 30-50kgs per hectare per year. This yield would be from three annual harvests producing a total vegetative yield of 25 metric tons per hectare. This is equivalent to a 0.2 percent recovery rate. Under extreme dry land conditions between 5 - 22,5 kgs essential oil per ha at 0.1-0.45% oil recovery from steam distillation from a herbage yield of 5 metric tons/ha has been recorded.

Well established groups can also progress and introduce value adding where they may be able to make products that use the oil as an ingredient or package the oil into smaller containers which can be sold to local chemists or spas. The market of essential oils in South Africa is divided into local buyers and international buyers. The local buyers include marketing agents and companies from chemical and pharmaceutical as well as food and flavouring industries. The international buyers are divided into flavour and fragrance houses, cosmetics and personal health care, aromatherapy and food manufacturers who all buy in large quantities.

#### **14. Packaging and storage**

Essential oils are volatile (can evaporate) and as such need to be handled with care. Keep them in dark, airtight, glass bottles and do not expose them to heat or heavy metals. This is usually the prerogative of the processor or the marketing agent but it is worthwhile for the farmer to know to ensure the correct procedures are being followed.

The oil should be stored in a cool, dry area until it is used. Once opened, refrigeration and tightly closing the cap will prolong its shelf life. Essential oils remain potent for 6 months to 2 years with proper care; if freshness is suspect the oil should be thrown away.

#### **15. Gap Filling**

In order to maintain a set yield for each area it is important to replace plants that have died. Gap filling ensures that plant population is maintained and yield kept

constant. Replacement cuttings can be cut from existing healthy plants in the field or alternatively from seedlings in a nursery.

A few cuttings can be taken from existing plants before or after harvesting. Cuttings should be about 30 cm in length and should be cut at an angle just below a node. A node is where leaves grow from the stem. All other leaves must be removed except for the top two which will allow the new plant to continue photosynthesizing once it starts rooting. The cuttings should be planted in moist soil and it is advisable to water the plant if there is no rain during gap filling. Grass mulch can be put on to conserve moisture but it is essential to ensure that the plant is not totally covered to ensure photosynthesis may proceed undisturbed.

## **16. Organic Certification**

Organic production principles are advised as organically grown oil sells at a premium price. In order to get better prices the crop has to be organic hence no inorganic fertilizers, herbicides or pesticides are to be applied to the crop during cultivation.

Produce can only be certified organic if it complies with the standards and regulations. Farmers should therefore contact a relevant body for assessment (BDOCA, BCS and Ecocert) are South African Certifying agencies. Inspection and certification must be carried out before a product can be regarded as organic. Photographs of the site intended for rose geranium production must be taken prior to any cultivation. Affidavits must be signed by the local council official as proof that no agricultural activity has been carried out on the land. Any other form of documentation that would support claims that the land has been fallow for a certain period should also be obtained.

## **Appendix 5C:**

### **Expansion Necessity Viability Document**



**WINROCK**  
*INTERNATIONAL*

Putting Ideas to Work

**Explaining the Importance of Expansion**  
**in Rose Geranium Production**

## **Introduction**

Rose geranium is an herb grown as a perennial cash crop for the extraction of oil. It requires a well drained soil and sunny, hot, frost free conditions. The oil is sold on both the international and local markets. It is important to ensure that the proper type is grown for commercial use in order to extract an appropriate amount of oil. The oil has a sweet rosy smell with a mint overtone, is light green in colour and is watery. Between 300-500kg of plant material is required in order to obtain about 1kg of essential oil.



***Picture 1 showing rose geranium oil and sample plant***

Rose geranium is a fairly easy crop to grow. When grown organically the oil will fetch a higher price on the market as compared to conventional oil. There are low cost organic practices which can be implemented when growing rose geranium. These include using compost as a nutrient source to substitute fertilizers, applying mulch to the crop which reduces weeding frequency, increases water retention capacity of the soil and also provides nutrients when it is mixed in with the soil. Old cattle dung is also very useful when growing rose geranium organically as it can be applied at planting to provide basal nutrients and also as topdressing during the growing stages of the plant.





***Picture 2 showing mulching of plants in the field***

There are many varieties of the rose geranium plant and only a few which produce oil. It is therefore important to ensure that the correct species is planted right from the beginning to ensure that oil will be extracted. Seedlings should be purchased from a certified nursery or cuttings from an established farmer who will be able to provide the right variety of the plant. At plant spacing's of 0.5m (inter-row) and 0.5 (intra-row) then total plant population will be forty thousand plants per hectare.

### **Why start small?**

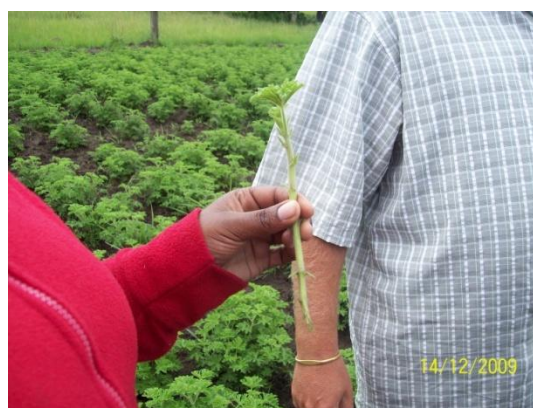
When attempting something new it is always advisable to start small and gradually expand over time. This is the same with rose geranium as it is advisable to start off by planting a small manageable area. When one is not familiar with a crop, a smaller area allows for easier management to identify and correct problems as compared to production on a larger scale. Winrock International recommends that the area to start rose geranium production is at least a quarter of a hectare or ten thousand plants. Production at this scale should be appropriate for the farmers to learn and understand the needs of the crop before expansion. It also makes the cost of establishment cheaper as fewer seedlings are required at this scale of production.



***Picture 3 shows farmers who started on a small area in their field***

### **Propagation for expansion**

Rose geranium is propagated from cuttings as there are no seeds for this plant. As such cuttings should be made from strong healthy plants and can be propagated into trays or planted out into the field if conditions are conducive. All cuttings should be cut at the base at a forty five degree angle to encourage rooting and cuttings meant for trays should be 10 – 15 cm in length whilst those planted straight into the field should be 20 – 30 cm in length. Plants are very sensitive to watering in the initial stages of propagation and so cuttings planted in the field should only be done when the soil has received at least 18 mm of water. The first two weeks are also crucial and it is necessary to have a water source that will allow for watering of the plants should it not rain.



**Picture 4 shows an idea cutting for propagation**

### **So what is viable?**

It has been proven that to make rose geranium production a viable enterprise then at least half a hectare is required. This is because most production costs are encountered at harvesting and distillation. The amount of foliage material that can be harvested from an area less than half a hectare and the amount of oil that can be extracted is not sufficient to make rose geranium production a viable business. Costs incurred at harvesting include labour for harvesting, transport to distillation unit and the actual cost of distilling. Farmers who have harvested before have managed to get very small returns and in other cases have made a loss because their costs were more than the income they attained.



**Picture 5 showing distillation of material at the distillation plant**

Farmers must fully understand that agriculture does not provide quick returns and in most agricultural enterprises profits are only realised after several years. In rose geranium for instance it has also been observed that oil yield increases gradually with each successive harvest. The point being raised here is that farmers must not rush to harvest their crop when the area under production is not large enough to bring in reasonable income and also that farmers must be patient and understand that the return on a rose geranium enterprise will not be justified in the first year of production.

Winrock International has been working with small scale rose geranium farmers for over two years. They have provided training, assisted with inputs and mentored the

emerging farmers right through to marketing. This has given Winrock International valuable information to recommend how to make rose geranium production a viable enterprise for them. If a farmer starts off by purchasing a small number of seedlings they can easily expand their area of production in a period of twelve months provided they do not harvest and material for oil distillation. It may seem twelve months is a very long time to wait without getting a return but it has been done by some farmers and the results warrant the wait. As mentioned earlier, cuttings can be made from plants growing in the field and it is possible to expand production area after purchasing a small number of seedlings. It is true that one plant can provide between five and fifteen cuttings depending on the maturity stage of the plant.

### **How to make it work**

If a farmer purchased five thousand seedlings to start production then in approximately five months time they should be able to propagate cuttings to plant out in the field. Supposing that each plant provides only five cuttings then this would mean that at least another twenty five thousand plants could be propagated from these initial five thousand seedlings. Therefore an area of 0.125 ha (5 000 plants) could easily be increased to 0.75 ha (30 000 plants) all in a period of twelve months. Thereafter harvesting can be done and the returns should be justifiable enough to warranty rose geranium as a viable enterprise. It is true that not all propagated cuttings will take and grow into new plants but if propagation is done at the right time when conditions are appropriate then the success rate will be much higher and make this type of expansion a success.

Table 1 on the next page shows a comparison of different production areas (in size) and how income can be increased.

**Table : Showing the differences in Income due to size of the field for different growers**

Items	Farmer A	Farmer B	Farmer C	Farmer D	Farmer E
Area (ha)	0.1	0.25	0.5	1	1.5
Yield Material (kg)	500	1250	2500	5000	7500
Transport	R 144.00	R 144.00	R 288.00	R 432.00	R 576.00
Labour	R 45.00	R 90.00	R 112.50	R 180.00	R 270.00
Processing	R 250.00	R 625.00	R 1,000.00	R 1,250.00	R 1,750.00
Total Costs	R 439.00	R 859.00	R 1,400.50	R 1,862.00	R 2,596.00
Oil yield/harvest (L)	0.75	1.88	3.75	7.50	11.25
Gross Income/harvest	R 656.25	R 1,640.63	R 3,281.25	R 6,562.50	R 9,843.75
Net Income/harvest	R 217.25	R 781.63	R 1,880.75	R 4,700.50	R 7,247.75
Net Income/annum	R 651.75	R 2,344.88	R 5,642.25	R 14,101.50	R 21,743.25
NB: Some growers have heir own transport; in such cases, the cost of transport shown above will be omitted					
NB: with many growers, the labour force is comprised by the household members and therefore free of charge.					
Net Income/harvest with transport & labour excluded	R 406.25	R 1,015.63	R 2,281.25	R 5,312.50	R 8,093.75
Net Income/annum with transport & labour excluded	R 840.75	R 2,578.88	R 6,042.75	R 14,713.50	R 22,589.25
Key					
Exchange rate R/\$	7				
Oil recovery rate	0.15				
Price oil oil per litre (\$)	125				
Gross Income=Oil yield*Price of Oil					
Net Income=Gross Income -Total Costs					
Yield material/ha	5000 kg				

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