

POLICY PAPER

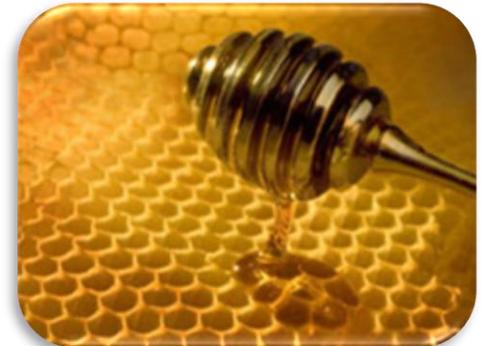
INCOME GENERATING ACTIVITIES FOR THE POOR IN SOUTH AFRICA: THE ROLE OF CIVIL SOCIETY ORGANISATIONS

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INCOME GENERATING ACTIVITIES POLICY PAPER

BY

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1 Introduction

Income generating activities focused on poor communities focus on creating opportunities for communities to productively use locally available resources to develop less state and aid dependent, more self-reliant households and communities able to care for themselves. Additional benefits of pro-poor income generating activities include: contributing to reduce poverty; improving the wellbeing of the communities as well as empowerment; and enhancing self-reliance and community development. Income generating activities range from agricultural production (crop, livestock), agricultural wage employment, non-agricultural wage employment, non-farm enterprises, transfers and non-labour income sources. The selection and mix of income generating activities depends on local context and all parties, particularly civil society organisations (CSOs) involved in designing and implementing such activities should critically consider the local circumstances of each target community. The CSOs need to ensure that their interventions in income generating activities assist vulnerable communities to secure income through their own efforts.

Poor rural and urban communities often experience various challenges in their own unique setting including lack of income opportunities; high levels of poverty and inequalities; low education levels; limited access to socio-economic services etc. These challenges often require households to find alternative sources of income. When income is an important dimension of livelihood systems, income generating activities provide a key source of recuperating and/or strengthening these systems. In such situations, income generating activities can help vulnerable communities generate income to address their basic needs in a sustainable manner.

CSOs are widely recognized as relevant to South Africa's economic development and are seen as a vehicle to redressing injustices and creating opportunities for poor communities through the various interventions at community level. Some of these interventions include the provision of services such as capacity enhancement through training, facilitation of access to credit, advice and small grants to local community organisations, among others. This policy brief discusses the role of civil society organisations (CSOs) participation in income generating activities in South Africa. The outcomes are expected to encourage policy debates on income generating activities and identify areas for more research in order to have a holistic understanding of income generating activities in South Africa. In addition, the outcomes would contribute to the National Development Agency (NDA)'s income generation strategy focused on supporting civil society organisations' participation in income generating activities.

2 Key findings

2.1 GOVERNMENT POLICIES CONTRIBUTING TO INCOME GENERATING ACTIVITIES

South Africa's commitment to poverty reduction and to creating a better life for its citizens has been articulated in international, national, provincial and local policies and obligations. Since 1994 national government has instituted various policies, programmes and strategies to address unemployment and to advance economic development particularly targeting poor people. Policy development in respect of poverty alleviation and job creation has evolved, first with the adoption of the Reconstruction and Development Programme (RDP), followed by the Growth, Employment and Redistribution Strategy (GEAR) and more recently with the formulation of the New Growth Path (NGP) and the National Development Plan (NDP) Vision 2030.

Although with varying degrees, the focus has been, since 1994, on addressing poverty and inequality through growing the economy and job creation, particularly given the unprecedented levels of unemployment in South Africa. Government policy and programmes to support income generation have included strategies to:

- Promote labour absorption in the formal economy, both by stimulating economic growth and investing in the development of human resources;
- Support more and more remunerative self-employment and employment in small or micro-enterprises;
- Promote self-employment through the creation of and/or support to income generating projects;
- Promote land-based livelihoods or enterprise through land and (*agrarian*) reform, with particular focus on land redistribution (author addition); and
- Creating short-term employment through public employment programmes.

Income generation policies and programmes span across many sectors of government including among others, agriculture, retail, manufacturing, tourism, services and crafts. A wide range of government departments, institutions and parastatal bodies are involved in various interventions related to job creation and support for enterprise development. Of concern is the duplication across these different programmes and the lack of coordination between them an example being the plethora of programmes addressing youth unemployment.

2.2 CHALLENGES AND OPPORTUNITIES FOR CSOS

Coordination of social capital is a core issue which is critical in bridging the gap between grassroots project concerns and policy dialogue. It requires an active partnership between the elite or the privileged and the poor in society and that is where CSOs can play a role. While this may at first seem paradoxical, elite groups can offer skills, resources and access to networks that disadvantaged communities lack and collectively both groups can influence the development of policy initiatives. This effective coordination of projects can be drawn from lessons demonstrated in Bangladesh, where a programme working with some 'ultra poor' rural women involved the elite in their communities in anti-poverty strategies to develop 'horizontal networks', thereby building the social capital of the poor.

In order to address the top-down approach to policy development, CSOs need to play a role and initiate community-based policy initiatives for the long-term and sustainable benefits of the communities. To create a sustainable grassroots civil society environment in which CBOs partner and co-ordinate with one another and with relevant NGOs, the focus must be on developing the capacities of the local communities, i.e., they must go beyond focusing only on service provision.

Evidence shows that the success of civil society co-ordination depends on a strong collaboration between the various stakeholders including communities, public, private and the various CSOs operating for related goals. It is also evident that CSOs might be of different sizes; both in terms of resources and capacity, and some might lack resources for implementing their part of a shared goal to assist communities in various ways. This could limit the capacity of less-resourced CSOs to fulfil their mandate, hence the need for coordination.

Shortage of financial resources is one of the main challenges currently facing CSOs in South Africa. Most CSOs rely on a combination of international funding; CSI, donations from individuals and support from government and these sources are steadily diminishing in the face of a declining global climate. Traditional sources of CSO funding are drying up or being reduced and CSOs need to position themselves. Further, a combination of factors ranging from government regulation of donor funding and the classification of South Africa as a middle income economy has resulted in decreased opportunities to raise funding for CSOs.

Another challenge is in the form of human resources, since CSOs face human resource constraints as fewer people with the right skills are willing and able to work for these organisations, which are sometime based on volunteerism with limited income if any. Often, people with the ability to be activists or CSO administrators are scarce and or too expensive to attract or retain in the current funding environment. For instance, SAWID's Development Caravan (DC) programme suffers from a shortage of experienced social workers to supervise its auxiliary social workers. Also, due to lack of intellectual capacity to deal with the complex socio-economic and political issues that are core to the national agenda, CSOs' contribution to policy formulation and engagement with government is becoming limited.

CSOs in South Africa also find it difficult to identify sustainable projects that are acceptable to local participants at the community level. Sometimes, it is difficult to gain the trust of communities and at times communities are used to their way of doing things. Therefore, sustained engagement and building of credibility is essential in order to secure the commitment of local communities to development projects. In addition, lack of collaboration between the different CSOs and policy makers pose a remarkable challenge in the South African context. This is attributable to a lack of unity of purpose and a lack of accountability between CSOs and the government. The lack of effective coalitions often leads to duplication of efforts and waste of resources. Further, many CSOs do not appear to participate in policy and law making, suggesting that channels for communication and consultation during decision-making processes are still inadequate to ensure more participation at a grassroots and community level. To overcome this problem, effective dialogue and partnerships can be fostered through the creation of thematic groups within the CSOs and government. These can act as a link between the two and facilitate their effective and efficient communication.

3 Income Generation Models

CSOs like many developmental organisations and government institutions have applied various models of income generating activities in their efforts to improve the poor's standards of living. These models depend on the context of each activity as well as target participants and beneficiaries. CSOs involved in income generating activities need to carefully consider some of these factors in designing appropriate models aimed at improving incomes and livelihoods of poor communities. The basic principles that need to be considered for income generating activities especially targeted for the poor and marginalised groups include but are not limited to: protection and strengthening of livelihoods; sustainability;

coordination; community participation; support for local initiatives; accompaniment and technical assistance; attention to gender issues.

4 Recommendations

Transfer of practical skills to productively use local resources: Capacitating communities in entrepreneurial skills and their traditional skills and knowledge provide an opportunity for active participation in income generating activities to create jobs in the community. CSOs need to focus on transferring practical skills focused on building and expanding existing knowledge, skills and resources.

Improve access to assets required for income generating activities: Access to assets plays an important role in determining the household's ability to connect to poverty reducing income generating activities, particularly focused on addressing the income dimension of poverty.

Target beneficiaries should be actively engaged in the designing and implementing income generating activities: Active involvement of beneficiaries in designing and implementing income generating activities models increases their chances of improving the incomes and livelihoods of the target groups. Target communities have rich knowledge of their immediate circumstances, their economic environments and the countless complex constraints that could result in the failure of the initiatives.

Models of income generating activities must address the needs of the target beneficiaries as well as empower them to be agents of their own development: CSOs income generating activities need to focus on establishing sustainable and self-reliant communities, embracing both bottom-up and top-down approaches and avoiding imposing activities on target beneficiaries. Income generating activities for the poor need to initially focus on strengthening capacity and livelihoods and gradually develop communities into larger income generating activities as their capacity and resources grow.

Targeting of interventions particularly focussed on poor and vulnerable populations in the lower deciles needs to be carefully addressed: Many of the instruments and interventions implemented appear to assume self targeting which is evidently not being realised. Targeting rural areas and women more specifically must be addressed. Although most of these programmes have identified women and youth as key beneficiaries the design of the programmes does not take into account gender dynamics.

Collaboration between the various stakeholders including communities, public, private and the various CSOs required to ensure success of income generating interventions: There are multiple role players both within and outside of government (particularly civil society) engaged in livelihoods enhancing activities. However the lack of an overarching framework to inform how such programmes are implemented and the lack of coordination between stakeholders (especially amongst government stakeholders) has the potential for duplication, inefficient use of resources and poor targeting.

BIOBLIOGRAPHY¹

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¹ The main document used for this policy brief is the draft report on Income Generating Activities for the Poor in South Africa: The Role of Civil Society Organisation, commissioned by the NDA



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