

**Revised**



**DEPARTMENT OF SOCIAL DEVELOPMENT**

**BUSINESS PLAN 2001/2003  
POVERTY RELIEF PROGRAMME**

**29 June 2001**

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## **PREAMBLE**

1.1. The Department of Social Development and its provincial counterparts have had the opportunity to manage and implement a sizable Poverty Relief Programme over the past 3 years. During this time a number of valuable lessons have been learnt and it would be short-sighted not to take note of these before proceeding with the next 3 year plan. The Mid-Term Assessment carried out on 1638 poverty relief projects has provided valuable lessons, which have been incorporated into the plan for 2001/2002.

### 1.2. Baseline Data

Many projects commenced in 1998/99 and 1999/2000 without a satisfactory sense of the prevailing conditions within a given community and thus it was difficult to assess impact in terms of poverty alleviation over any specific period of time. All projects should therefore be required to outline clearly the specific conditions to be addressed and to qualify the extent of the problem, before the first tranche payment is released. The Department took steps to address this in 2000/2001 and seeks to make further improvements in 2001/2002.

### 1.3. Community Participation

Community participation from the outset, i.e. planning process is critical to the sustainability of projects. The Mid-term Assessment revealed that projects in which the community had limited ownership struggled to get off the ground. A greater understanding and direct ownership of the objectives is likely to lead to a higher level of commitment from the target groups themselves. The poorest communities often lack the resources for planning and considerable assistance is required upfront to assist these communities.

### 1.4. Targeting

The range of projects, both in terms of monetary size and demographic impact has been too wide. A more focussed emphasis on specific spatial (poverty pockets) and demographic (specific groups e.g. women, youth, children) targets would create an opportunity to set tighter parameters for each category or sub-programme to be dealt with.

### 1.5. Allocations

The objectives and developmental purpose of most projects require long term intervention if they are to be achieved. These are difficult to achieve when the support to projects is limited to one financial year. A more strategic approach, of allocating funding to projects over a longer period (i.e. 3 years), should allow for the systematic establishment of a sound foundation within any given target group and thereby create the opportunity to build a long term project based relationship for achieving objectives.

## 1.6. Capacity

Many projects do not have appropriate levels of operational capability. Financial accountability and sustainability of the targeted recipients can only be achieved when their capacity to manage and drive their own initiatives is improved through appropriate support and monitoring. It is therefore important to ensure that strategic partnerships at a local level are established between all role-players, as part of the delivery process.

## 2. THE DEPARTMENT OF SOCIAL DEVELOPMENT'S POVERTY FOCUS

2.1 The developmental vision of the Department of Social Development is based on,

*“... A welfare system which facilitates the development of human capacity and self reliance within a caring and enabling socio-economic environment.”*

(Page 16, National Development Social Welfare Strategy, August 1997.)

2.2. In pursuing this vision the DSD has initiated a vigorous anti- poverty strategy that seeks to impact on a number of key target groups.

2.3. In October 1999 the department held a national consultative process (NCP) to discuss critical issues and challenges in the welfare and development sector. On the basis of submissions made at the NCP, a 10-point programme was released as a means to create a framework within which the developmental needs of families and communities could be addressed.

2.4. The 10-point programme is extensive and far-reaching in terms of its intended strategy and impact. It includes the “implementation of an integrated poverty eradication strategy” as one of the crucial elements in the overall programme.

2.5. Such a strategy seeks to address poverty in rural areas and informal settlements with the prime beneficiaries being women, youth and children. It also seeks to establish a system that reduces dependency on “... cash payments, by giving consideration to food security”.  
(Welfare Update, March 2000).

2.6. Other targeted focus areas are:

~~///~~ Support to Communities affected by HIV/AIDS and the associated linkages with conditions of poverty.

~~///~~ Addressing social crime and its impact on youth as part of a focussed Urban Regeneration Strategy.

~~Ensuring~~ Ensuring the well being of children who are affected by poverty and thereby address the resulting neglect and abuse associated with such conditions.

### **3. DEVELOPMENT FRAMEWORK**

#### **3.1 Problem Statement**

##### **3.1.1 Poverty in South Africa**

Poverty is distributed unevenly among nine provinces of the country. The Eastern Cape, the Northern Province and more recently, the Free State, have by far the highest poverty rates. In line with poverty distribution by provinces, 72% of poor people in South Africa live in rural areas, and 70% of all rural people are poor. Within both urban and rural areas themselves the situation is highly stratified, either spatially (i.e. specific pockets of extreme poverty), or by target group (e.g. Women and children, the elderly or the disabled). Rural communities are also highly dispersed and this often presents difficulty in accessing appropriate levels of support or service.

##### **3.1.2 Food Insecurity**

Of the many factors associated with poor communities, food insecurity is one of the major indicators linked to poverty and vulnerability. For those members of society who are dependent on cash payments from government, most use these grants to improve food security. It is estimated that 39% of the population is vulnerable to food insecurity.  
(STATS – South Africa)

##### **3.1.3 Food Shortage and Low Income Levels**

Food shortage is often associated with low income levels or the inability to generate an income, as this is the means through which most households obtain food. Given the fact that unemployment in rural areas is high and that opportunities for self-employment are virtually non-existent, many households are accordingly, unable to meet their daily requirements satisfactorily.

In many instances rural households have to produce their own food for subsistence. However, productivity rates are low, and they are thus unable to produce sufficient food for their needs.

##### **3.1.4 Unemployment and Underemployment**

Households that experience food shortages are often made up of family members who do not have jobs either as a result of retrenchment or due to the lack of suitable skills and poor education. Self-employment therefore becomes an important option, so as to generate an income.

However there are a number of barriers faced by most poor people who are self employed or seeking to generate their own incomes. These range from the lack of entrepreneurial skills to issues of over production. The stimulation of new markets and the diversification in production of goods and services, is therefore essential in improving the turnover of local enterprises and ultimately their personal income.

### 3.1.5 Social Crime and HIV/ AIDS

The extent and scale of poverty in specific communities further exacerbates the impact of social crime and the spread of HIV/AIDS. There is a direct correlation between the extent of poverty and the prevalence of social crime and HIV/AIDS. This results in further demand for care facilities and support services from the Department of Welfare.

### 3.1.6 Limitations of existing social assistance (security) system

The existing system of social security/social assistance does not cover many vulnerable groups. These include unemployed and underemployed persons too young to receive the aged pension and children between the age of 8 and 18 years. The Committee of Enquiry into a Comprehensive Social Security System is expected to table its report to Cabinet in July 2001 and that, interim measures in the form of the Poverty Relief Programme are necessary.

### 3.1.6 Reduced asset base and no access to credit

Apartheid ensured that the social and economic asset base of the majority of South Africans was shrunk. This led to large-scale poverty, especially in rural areas. Isolation from the formal economy continues to be the main stumbling block for many impoverished communities. Social and economic up-liftment continues to be limited by a lack of access to credit, and where it is available it is at a far higher opportunity cost so as not to warrant up-liftment.

## 3.2 Strategic Purpose

3.2.1 The strategic purpose of this business plan is to systematically address conditions associated with poverty over a three year period.

3.2.2 The ultimate aim and eventual development outcome over a 3 to 5 year period, is the increased self-reliance of targeted pockets of poverty and the improved social cohesion of specific demographic groups (e.g. Women, youth, children, infirm, disabled and aged) who are particularly vulnerable to the conditions associated with poverty.

3.2.3 Emphasis will be placed on the creation of access to economic opportunities for specific target groups and will focus on the establishment of local institutional structures that are able to identify, own and manage the ongoing implementation

of development initiatives in each community.

**3.2.4 It is this process that would ultimately ensure the sustainability of projects beyond the initial grant period and thereby bring about the desired permanent reduction in the demand for financial support.**

3.2.5 Critical to such a development strategy, is the creation of capacity through local partnerships, which are able to identify and pursue initiatives that are economically viable. Such partnerships become the means through which communities are able to plan and manage their own initiatives. In this way, stimulating the process of sustainable job creation and not once-off initiatives limited to the duration of the Poverty Relief Fund.

3.2.6 Finally, the programme should seek to integrate and leverage additional resources from other similar initiatives being implemented at a local project level.

### **3.3 Objectives**

The programme will be monitored and evaluated in terms of its impact in regard to specific development outcomes. All inputs, processes and delivery outputs will be geared towards attaining the development outcomes. They are stated as the following objectives:

3.3.1 Development of household food security through the establishment of food production clusters in communities, with a particular focus on households affected by HIV/AIDS

3.3.2 The provision and maintenance of social support structures in communities where the prevalence of HIV/AIDS is high

3.3.3 The establishment of targeted urban regeneration initiatives through the broadening of skills and employment opportunities and thereby reduce levels of youth criminality, whilst encouraging recreational alternatives.

3.3.4 The improvement of the economic viability of rural households through the support of income generating opportunities for rural women.

3.3.5 Supporting of community-based child care initiatives that capitalise on the social and economic capability of the aged.

3.3.6 The enhancement and integration of the productive capacity of the disabled through targeted economic and employment opportunities in the Programme.

3.3.7 The development of the social finance capacity of impoverished communities, so as to address poverty by facilitating, implementing and institutionalising beneficial social networks at grass root level.

### **3.4 Indicators**

- 3.4.1 The number of viable local institutional structures (partnerships) for the sustainable management and maintenance of poverty relief projects throughout the country within a 3-year period.
- 3.4.2 The number of initiatives geared towards the social support of people affected by HIV/AIDS in various targeted communities.
- 3.4.3 The number of individuals and households affected by HIV/AIDS involved in food production structures.
- 3.4.4 The percentage decrease in the number of children who are malnourished.
- 3.4.5 The percentage decrease in the number of reported child neglect and abuse cases in specific target areas.
- 3.4.6 The percentage increase in the number of youth participating in skills enhancement and employment opportunities emanating from projects.
- 3.4.7 The percentage decrease in the number of reported cases of youth criminality.
- 3.4.8 The number of rural households headed by women in each target area that are involved in income generating opportunities.
- 3.4.9 The percentage increase in the number of rural households headed by women whose income levels have been raised.
- 3.4.10 The number of aged people involved in community-based childcare.
- 3.4.11 The number of disabled people involved in economically productive activities within all target areas.
- 3.4.12 The percentage increase of the levels of savings and access to credit in the targeted areas.
- 3.4.13 The percentage increase of the sustainability potential of the Poverty Relief Projects.

## **4. PROGRAMME SCOPE**

- 4.1 Based on the above objectives and indicators the Department of Social Development will initiate and facilitate a poverty reduction programme that focuses on specific target groups and spatial pockets of poverty. In this regard, the programme will adopt seven key categories as outlined in the objectives, and projects will be identified and selected against these categories.



- 4.2 Resource allocation for each category will be further specified in relation to each of the nine provinces. This will be based on indices that are weighted in terms of poverty and population size. ( In this regard it should be noted that while the Free State has emerged as a province with one of the highest rates of poverty, it has a relatively small population in relation to other provinces; While Kwazulu Natal comprises 20% of the total population and together with the Eastern Cape and the Northern Province, they make up 50% of the population of South Africa.)
- 4.3 The main activities and delivery outputs for each category will be outlined.
- 4.4 Timeframes will coincide with the National Treasury's guidelines for allocation within a three year period.
- 4.5 All categories will have provincial allocations and will be managed through the provincial government structures. Project implementation agents will consist of NGO's, CBO's and Faith-based institutions who will submit proposals to implement specific project clusters in one or more of the categories outlined below.
- 4.6 The provinces will assess and approve submissions from potential project implementation agents. Where submissions are received from national organisations, in the form of a large bid to provide implementation services across all provinces, these will be assessed by the national Department of Social Development, against one or more of the categories indicated, and then drawn from the provincial allocations proportionately.

#### **4.7 Project Categories:**

##### **4.7.1 The establishment of 144 rural food production clusters (each comprising 100 households) that will focus on creating security and stability in those rural areas/communities where the prevalence of child neglect and abuse is high, with a special emphasis on households affected by HIV/AIDS.**

The programme will support each cluster to increase the volume and range food production for a period of 2 years at a total cost of R250 000 per cluster (based on all current experience of the average costs of setting up and resourcing basic food production initiatives). It is however anticipated that each food cluster will incorporate an HIV/AIDS support component, thus an additional R170 000 has been allocated per cluster. This is envisaged to cover aids related food insecurity issues such as child headed households, amongst other things.

It should however be noted that the programme will extend over a three year period, commencing with 64 clusters in year one, dealing with the full complement of 144 clusters in year two and completing the balance of 80 clusters in year three.

Provincial allocations on the basis of poverty statistics will be as follows:

KZN,	28
E Cape,	28
N Province -	27
MP,	14
F State	13
N west -	13
N Cape	12
W Cape,	05
Gauteng,	04

Emphasis will be placed on raising the level of food security in each cluster on the basis of sustainable food production systems and co-operatives. Co-operation and support from the Department of Agriculture will be sought in regard to the technical assessment of project viability and linkage into any existing small scale farming support initiatives.

<b>Total 3 year budget for this category</b>		<b>R60 480 000</b>
Year one	64 clusters @ R170 000	R10 880 000,00
Year two	64 clusters @ R250 000	R16 000 000,00
Year two	80 clusters @ R170 000	R13 600 000,00
Year three	80 clusters @ R250 000	R20 000 000,00

#### **4.7.2 Establishment and/or support of 100 community-based institutional structures that will provide social support in rural communities where the prevalence of HIV/AIDS is highest.**

The programme will support these initiatives over a three-year period at a total cost of R250, 000 each. (Based on projections obtained from the previous experience of the Independent Development Trust and the Department, in terms of time and costs associated with setting up local level development intermediary structures in communities).

The first year will focus on the establishment of the community-based structures and the identification and initiation of specific projects for each area. The second year will intensify and link the support initiatives whilst introducing social support facilities that are provided through self-funded partnerships. The third year will seek to reduce support on the basis of increased self-reliance and the strength of collective resources from local partnerships.

In line with the legal rights of people, the programme will not be able to target HIV/ AIDS sufferers directly, but will concentrate on those affected and in those geographic areas (eg. magisterial districts) where the incidence of the epidemic is considered to be high.

All provinces will be included in terms of the following percentage allocation based on HIV prevalence and poverty statistics:

KZN, F State and MP - 20% each  
 E Cape, N West and Gaut. - 10% each  
 N Prov, W Cape and N Cape - 4%, 3%, 3%.

The sustainable reduction in poverty in each area and the creation of viable community-based institutions, is expected to improve the ability of the community to absorb educational and awareness initiatives directed at controlling the spread of HIV/AIDS. The Department of Health will be drawn in to assist with the targeting process and to provide support in assessing the suitability of individual projects

<b>Total 3 year budget for this category</b>		<b>R25 million</b>
Year one	100 community-based structures @ R 50, 000	R5 million
Year two	100 community-based structures @ R125, 000	R12,5 million
Year three	100 community-based structures @ R 75, 000	R7,5 million

**4.7.3 The establishment of 2 pilot urban regeneration initiatives in each province, with a focus on developing long term skills, recreation and job prospects for 500 young individuals from each of two identified urban areas with the highest social crime situations in the province.**

The programme will support the facilitation and implementation of each pilot project over a three year period at a total cost of R1,5 million per project. The first year will focus on the identification and setting up of each pilot in consultation with the following departments; Safety and Security, Correctional Services, Education and Labour. The second year will focus on generating appropriate work opportunities through an effective mentorship and recreation programme. The third year will seek to ensure formal assessment of skills obtained and final placement within the growing sectors of the economy.

The purpose of the programme is to provide alternative prospects for those who have dropped out of school and are out of work. The emphasis is on early prevention of social crime, as opposed to rehabilitation of existing criminals.

Each pilot should generate 500 long term career prospects within the three year period (a variable target, in that there are no definitive cases or examples on which to base the optimal scale and size of each pilot). All provinces have been targeted equally and funding will be released in three equal annual tranches to appropriately qualified implementing agents from the NGO/ Faith-based organisations.

The programme will require extensive co-ordination with the Youth Commission and the Education Department, so as to ensure effective compliance with the National Qualifications Framework as well.

The estimated cost of R3,000 per career prospect is based on the overall average cost of career counselling and job placement processes that are undertaken by organisations such as CRIC.

<b>Total 3 year budget for this category</b>		<b>R27 million</b>
Year one	18 pilots @ R500,000	R9 million
Year two	18 pilots @ R500,000	R9 million
Year three	18 pilots @ R500,000	R9 million

**4.7.4 The establishment and support of 100 women’s production companies or co-operatives in rural areas that focus on developing local economic initiatives in the service and tourism sectors of the economy, and thereby link into the major growth opportunities in the economy.**

The programme will support each production company to identify its appropriate economic advantage within a given area and have at least 100 members drawn from a specific rural community (pocket of poverty). Each production company will be supported over a full three year period at a total cost of R500, 000 each, as motivated in 4.7.1.

The first year will seek to establish the appropriate business structure, finalise all members/ owners and negotiate the most effective business contracts for drawing them into viable income generation over the long term. The second year will focus on raising the level of productive output and the final year will drive the ongoing economic sustainability of each company into the future.

Each woman’s company/ co-operative should generate 100 sustainable jobs within the three year period (i.e. R5,000 per job). Strong linkages and co-operation will be established with the Department of Environmental Affairs and Tourism, so as to ensure that the most appropriate economic opportunities are identified for each target area.

All provinces will be included on the basis of current poverty indices:

KZN, E Cape, N Prov	- 20 projects each
MP, F State and N West	- 10 projects each
W Cape, N Cape and Gaut	- 4,3,3 projects

<b>Total 3 year budget for this category</b>		<b>R50 million</b>
Year one	100 women’s companies @ R100,000	R10 million
Year two	100 women’s companies @ R250,000	R25 million
Year three	100 women’s companies @ R150,000	R15 million

**4.7.5 The creation of 100 dual purpose community-based centres that focus on craft production and daytime child care by the aged.**

The programme will assist each dual purpose centre to set up craft manufacturing projects and provide support for the co-ordination, training and operation of a child care facility. The programme will operate over a three year period and provide support to each centre at a total cost of R500,000.

The initiative will require extensive integration and participation with other role-players and should seek to incorporate existing programmes and budgetary allocations of the Department of Welfare associated with these functions.

Each centre should involve 50 aged people and 50 children. Allocations will be made to all provinces on the basis of poverty indices, as in category 4.7.4 above.

Co-operation and integration will be sought from the Department of Arts, Culture and Technology, while the extensive network of Early Learning Institutions and organisations associated with caring for the Aged will be encouraged to form partnerships for effective implementation.

<b>Total 3 year budget for this category</b>		<b>R50 million</b>
Year one	100 dual purpose centres @ R100, 000	R10 million
Year two	100 dual purpose centres @ R250, 000	R25 million
Year three	100 dual purpose centres @ R150,000	R15 million

#### **4.7.6 Support for the integration of the capacities of the disabled into the different PRP projects whilst increasing accessibility to PRP projects.**

The programme will support this initiative over a three-year period at a total cost of R1 500,000 per annum. Each project is expected to train and generate long term economic opportunities for disabled people, by incorporating disabled people to be at least 2% of the total number of people involved in projects. The National Treasury will enhance this by also establishing contractual opportunities within the formal business environment and/ or as a focussed crosscutting measure in all Poverty Relief Programmes approved. Disabled people will use the total allocation to increase accessibility to projects.

The Department of Social Development will work closely with the national network of organisations supporting the disabled and seek more specific co-operation with the Thabo Mbeki Development Trust for Disabled People.

Allocations to all provinces will be on the basis of the weighted poverty indices.

<b>Total 3 year budget for this category</b>	<b>R4,5 million</b>
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Tranches totalling to R1,5 million per annum over 3 years.

#### **4.7.7 Development of a social finance capacity so as to address poverty by facilitating, implementing and institutionalising beneficial social networks at grass root level.**

The programme will facilitate for the development of social finance capacity over a three year period by supporting and strengthening existing organisations practicing appropriate micro finance models (Stockvels, savings groups, burial societies etc.). Establishing sustainable linkages between PRP projects and social finance networks will enrich this. In supporting these linkages the programme will seek to ensure that at least 60% of its projects are involved in micro financing in one way or the other so as to ensure sustainability of some of the projects.

This will be achieved by an expanded social network in partnership with several international organisations that will enhance the learning processes necessary for success.

<b>Total 3 year budget for this category</b>	<b>R11,02 million</b>
Year one      1 200 projects @ R3 350	R4.02 million
Year two      1 200 projects @ R3 300	R4 million
Year three    1 200 projects @ R2 500	R3 million

<b>4.8      OVERALL PROGRAMME COSTS</b>	<b>R228 million</b>
<b>YEAR ONE</b> ( Limited to all start up processes and establishment costs)	<b>R50,4 million</b>
<b>YEAR TWO</b> ( High Impetus phase, where intensity of delivery is highest)	<b>R106,6 million</b>
<b>YEAR THREE</b> ( Winding down of funding towards sustainable operations)	<b>R71 million</b>

## 5. BUSINESS PLAN SUMMARY

<b>SUMMARY BUSINESS PLAN</b>
Responsible National Department and Accounting Officer
Department of Social Development Director General – Ms AJ Bester
Name of the programme/s
Department of Social Development Poverty Relief Programme
National programme manager and contact details (including e-mail address)
Ms. T Nwedamutswu                      Wels063@ welspta.pwv.gov.za Phone – 312 7664 Fax - 312 7684
Web page address for the Department's poverty relief programme
<a href="http://www.welfare.gov.za">www.welfare.gov.za</a>
A brief description of the programme/s and its objectives
<p>5.1 The strategic purpose of this business plan is to systematically address conditions associated with poverty over a three year period.</p> <p>5.2 The ultimate aim and eventual development outcome over a 3 to 5 year period, is the increased self-reliance of targeted pockets of poverty and the improved social cohesion of specific demographic groups (e.g. Women, youth, children, infirm, disabled and aged) who are particularly vulnerable to the conditions associated with poverty.</p> <p>5.3 Emphasis will be placed on the creation of access to economic opportunities for specific target groups and will focus on the establishment of local institutional structures that are able to identify, own and manage the ongoing implementation of development initiatives in each community.</p> <p><b>5.4 OBJECTIVES</b></p> <p>?? The provision of economic opportunities through the creation of support structures that address the social conditions impacting on target groups affected by HIV/AIDS</p> <p>?? The provision of individual household stability through the support of food security initiatives and thereby reduce the neglect and abuse of children.</p> <p>?? The establishment of targeted urban regeneration initiatives through the creation of skills and employment opportunities and thereby reduce levels of youth at risk.</p> <p>?? The improvement of the economic viability of rural households through the support of income generating opportunities for rural women.</p> <p>?? The introduction of community-based child care initiatives that capitalise on the social and economic capability of the aged.</p> <p>?? The enhancement of the productive capacity of the disabled through targeted economic and employment opportunities.</p> <p>The development of the social finance capacity of communities by facilitating, implementing and institutionalising beneficial social networks at grass root level.</p>

## Summary of projected outputs

### 6.1 Jobs created:

Type of employment	Permanent	Temporary	Person day equivalent of temporary jobs
1.Labourer	5000	-	-
2.Other (specify)	29 400	-	-
3. Skilled	16 500	-	-
4. Production Companies			
Total	50 900		

### 6.2 Training

Type of training	Total number of people	Women	Youth (under 25)	Disabled
1.Vocational and task related	45 900	25 000	9 000	2 500

### 6.3 Outputs e.g. So many acres cleared, kms of road rehabilitated etc.

Type of output	Quantity	Description
1.HIV/AIDS STRUCTURES	100	Job creation and social support facilities
2.Food production clusters	144	Rural Food production initiatives
3.Urban regeneration	18	Career prospects for out of work youth
4. Production Companies	100	Employment opportunities for rural women
5. Dual purpose centres	100	Craft Production and Child care by the aged
6. Training Employment facilities	50	Contractual opportunities for the disabled