Report on the Evaluation of Government's Poverty Reduction Programme

Public Service Commission

OCTOBER 2007

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Published in the Republic of South Africa by:

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National Anti-Corruption Hotline Number:
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Compiled by: Branch Monitoring and Evaluation
Distributed by Directorate: Communication and Infomation Services

ISBN: 978-0-621-37560-2
RP: 239/2007

Custodian of Good Governance

Foreword

It gives me great pleasure to release this report on the evaluation of Government's Poverty Reduction Programme. The evaluation is important in that it addresses a key policy priority of government, that of reducing inequality and poverty. Poverty reduction is not only a priority of government but is also one of the Millennium Development Goals. It is thus appropriate that after 13 years into our democracy and after various policies and programmes have been formulated and implemented, we reflect on what the impact of these have been on changing the lives of the impoverished in our country.

Research done by the Public Service Commission (PSC) has shown that government has spent a sizeable proportion of its resources on alleviating poverty, through a range of measures that attempt to move people out of the poverty trap, by improving nutritional well-being through the school nutrition programmes, improving security of tenure through the land reform programme, augmenting household income through remittances and transfer payments, and especially supporting children, the disabled and the aged. There has been much debate as to the sustainability of some of these measures, but what remains clear is that addressing poverty has had to take a two-phased approach. Firstly, the disbursements to the poor have been very necessary to simply get people out of the cycle of poverty by ensuring minimum nutrition and livelihoods. Had this not been done, abject poverty would prevail. However, these measures may be considered as transitory; a means to an end. What should happen through these injections of financial support and improvement of infrastructure, is that more jobs are created to produce incomes that move people from dependency to self-sufficiency. The latter remains a challenge and links with the broader issues of how development is taking place in the country. Clearly, much more needs to be done to bridge the gap between the two economies.

This report points to successes and failures in the implementation of the poverty reduction programme. Overall, however, it paints a positive picture of a range of initiatives that have been implemented by different departments in different situations, all aimed at an incremental creation of a better life for all. There remains scope for much more to be done. I trust that you find this report useful for informing the debates that need to continue as we collectively engage to address poverty in our country.

PROFESSOR STAN S SANGWENI
CHAIRPERSON: PUBLIC SERVICE COMMISSION

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Glossary

Acronym/Abbreviation	Definition/ Description
A-G	Auditor-General
CASP	Comprehensive Agricultural Support Programme
CBO	Community Based Organisation
CHW	Community Health Worker
CPA	Communal Property Association
CSIR	Council for Scientific and Industrial Research
DAC	Department of Arts and Culture
DEAT	Department of Environmental Affairs and Tourism
DfiD	Department of International Development (UK)
DLA	Department of Land Affairs
DoA	Department of Agriculture
DoE	Department of Education
DPW	Department of Public Works
DSD	Department of Social Development
DST	Department of Science and Technology
ECD	Early Childhood Development
EPWP	Expanded Public Works Programme
GHS	General Household Survey
HCBC	Home/Community Based Care
HSRC	Human Sciences Research Council
HIV/AIDS	Human Immuno-deficiency Virus/Acquired Immuno-deficiency Syndrome
IDP	Integrated Development Plans
IDT	Independent Development Trust
IGP	Income Generating Project
LED	Local Economic development
LEBD	Livelihoods, Economics and Business Development
LRAD	Land Redistribution for Agricultural Development
MAFISA	Micro Agricultural Financial Institutional Scheme of South Africa
M&E	Monitoring and evaluation
OHS	October Household Survey
PDA	Provincial Department of Agriculture
RDP	Reconstruction Development Programme
PLAS	Pro-active Land Acquisition Strategy
PLRO	Provincial Land Reform Office
PSC	Public Service Commission
SAMAF	South African Micro-finance Apex Fund
SLAG	Settlement and Land Acquisition Grant
SMME	Small, Medium and Micro Enterprise

Executive Summary

INTRODUCTION AND SCOPE

The commitment by the South African government to poverty reduction has been expressed in recent years through various national, provincial and local policy interventions. As such, since 1994, the South African government has introduced a large number of interventions to address poverty in its various manifestations, not least income poverty (lack of income), human capital poverty (lack of education and skills), service poverty (lack of access to services and amenities), and asset poverty (lack of ownership of land and housing). Interventions have thus varied from child support and disability grants, subsidised water and electricity, housing, land redistribution and restitution, to various inter-departmental programmes such as the Expanded Public Works Programme.

Until recently, there has been little means of appreciating the overall magnitude or significance of these attempts, which collectively make up what is referred to as the 'Poverty Reduction Programme.' However, in 2005 the Public Service Commission (PSC) initiated a research process in which all government projects were compiled into a single database, thus providing for the first time a statistical overview of most of the poverty reduction initiatives that make up the Poverty Reduction Programme. A definition was proposed for government to consider when describing projects that focus on poverty reduction. Also, a system for categorizing poverty programmes and projects was provided, as well as criteria for the inclusion of programmes into different categories. Using this system of categorisation an integrated database of 40 programmes and almost 30 000 projects were developed.

In this second phase, the aim of the PSC was to evaluate a sample of government's poverty reduction initiatives in order to develop an overall understanding of their efficacy. In the PSC Audit report, the project database distinguished five 'programme types', namely: (i) Public works (mostly referring to the various components of the Expanded Public Works Programme); (ii) Land reform (mainly land redistribution and land restitution); (iii) Income generating projects (including various enterprises in the agricultural, crafts, and service sectors); (iv) Individual services (e.g. home-based care projects); and (v) Social security (mainly comprising the School Nutrition Programme, and notably excluding the social grant system). For purposes of having a manageable scope for this report, the social security programme type was omitted. The PSC will examine this category through other studies. By the same token, for the most part the attention to land reform in this report is restricted to its land redistribution component. Although land restitution also seeks to reduce poverty where possible, its principal objective is restorative justice.

METHODOLOGY

The study approach involved five main activities:

- Key informant interviews - conducted with government officials at national and provincial government level, as well as with sundry experts outside of government, in order to understand the aims and objectives of key government poverty reduction interventions, to elicit views on the perceived accomplishments in respect of these interventions, and to identify existing monitoring and evaluation processes.
- Document analysis - based on the existing stock of descriptive and evaluative reports on poverty reduction projects, including unpublished reports, academic literature, etc.
- Telephonic surveys - targeting a sample of 300 on-site project leaders or the most proximate government project managers, in order to ascertain trends in project performance, structure, etc.

- In-depth case studies - consisting of site visits to on average three poverty reduction projects in each of the nine provinces, with the aim of further understanding project performance as well as impact at beneficiary level through approximately 100 beneficiary interviews.
- Lastly the study builds on the basis laid in the Phase I study (PSC, 2006). The projects in the database were used as the sampling universe and some quantitative extrapolations were made from the data available from that database. Projects under the different programme types were randomly sampled.

The advantage of using multiple methodologies, together with the fact that the study covered four types of poverty programmes, is that an overview picture of the impact of developmental projects can be formed, which would not have been possible if the methodology was restricted to case studies or if only a single programme type should have been evaluated.

FINDINGS BY 'PROGRAMME TYPE'

Public works

A variety of public works programmes were introduced in South Africa in the mid and late 1990s, such as the Community Based Public Works Programme, the Working for Water Programme and Land Care. These were amalgamated within a single umbrella, namely, the Expanded Public Works Programme (EPWP), which currently represents the government's primary and virtually all-inclusive response to poverty reduction in the area of public works. The EPWP was launched in May 2004 with the endorsement of the Growth and Development Summit (June 2003) and the Cabinet (November 2003). The EPWP is therefore only two and a half years into its implementation. Its objectives are fairly specific, and clearly present an opportunity to make a strong contribution to government's poverty reduction programme. However, the approach taken to the implementation of the programme has made it somewhat unwieldy to roll out and coordinate. More needs to be done to improve project definition, training and exit strategies, communication, monitoring and evaluation, reporting, and mainstreaming. It is evident however that departments are slowly coming to grips with the EPWP and how to approach its implementation in their respective sectors.

Land redistribution

Land redistribution is one of the components of government's land reform programme. The other components are land restitution, which involves the restoration of land or other compensation to victims of forced removals, and tenure reform, which seeks to improve the clarity and robustness of tenure rights, mainly for residents of former homeland areas and Coloured Reserves. By comparison, land redistribution is that part of land reform whereby people apply for financial and other assistance with which to acquire land for farming, and sometimes settlement purposes. Whereas tenure reform is mainly effected through legislation and associated processes, and the explicit function of restitution is to provide for restorative justice, land redistribution is project-based and has overt economic objectives, namely to reduce poverty and promote opportunities for economic advancement through agriculture.

Land redistribution remains as great an imperative as ever. However, at the present moment the specific objectives of redistribution still need to be articulated into clear, tangible targets. Despite the complexity of the task and the challenging environment in which it is being pursued, there is evidence of significant achievements. A key finding of this exercise, which echoes at least some of the empirical literature on land redistribution, is that even when land redistribution projects appear to be performing poorly relative to their stated aims or relative to one's idea of what productive farming should look like, beneficiaries do tend to benefit.

The question then is twofold: first, could the same benefits generally not be delivered much more efficiently, and second, to the extent there is indeed a role for land redistribution to assist in the creation of commercial black farmers, what needs to change in order for this to happen? To the credit of the Department of Land Affairs, and its main partners, the Departments of Agriculture, the policy-making process is still very much alive. This is evident for example in two recently introduced components of the overall land redistribution/land reform policy, namely the Proactive Land Acquisition Strategy, and Area-Based Planning Approach. With time it should become clearer whether either of these will assist land redistribution to become a significant and efficient means of addressing poverty and achieve other national objectives.

Income generating projects

Supporting the establishment of income generating projects is one of the mainstays of government's poverty reduction efforts, but is also a feature of corporate social investment and civil society initiatives. In contrast to public works and land redistribution, moreover, income generating projects are not linked to a unified programme nor associated with a coherent umbrella, but rather are attempted by a wide variety of different government departments through diverse programmes in many sectors. As a group, income generating projects are emblematic of the idea that government should assist people to become economically independent rather than reliant on welfare, or what is termed 'developmental welfare'.

While a glance at the case study IGPs in this report reveals that many of them are beset by numerous problems and that some of them are either unreplicable or unsustainable, a case can also be made that they deserve more credit than they are given. In the first place, some do perform quite well, if not by objective standards, then at least in the estimate of their own beneficiaries. Secondly, they appear to reach a clientele that is otherwise often missed. Awkwardly, there is no clear blueprint for what constitutes a good IGP, or formulae that government can follow when trying to create or support them. There are, however, elements of best and worst practice that could be more effectively shared. The likelihood is that IGPs still have a valuable role to play, perhaps preferably as elements of pro-poor Local Economic Development (LED) strategies rather than stand-alone initiatives.

Individual services and social development

The PSC's poverty reduction project database distinguished 'individual services' as a fourth type of poverty reduction project intervention apart from public works, land reform, and income generating projects. The 'individual services' being referred to here are largely projects involving home-based or community-centred care for the elderly, for people and households affected by HIV/AIDS, and for vulnerable or needy children. By and large, there is consensus in South Africa that these initiatives are worthy of significant scaling up, and moves are afoot to do precisely this. However, the research conducted for this report indicated that there are diverse ideas as to how to do this. One of the key players in this area, namely the Department of Social Development, has shifted its approach. In short, the Department experimented first by advising CBOs that hosted these services to ensure their sustainability by launching their own micro-enterprises. Presently, the approach is shifting towards community development initiatives based on what is called the sustainable livelihoods paradigm. In terms of this paradigm projects should lead to increased capacity of the beneficiaries to create wealth and sustainable jobs through appropriate capacity building programmes. While government has committed itself to carrying on with paying stipends to community workers, it does not pay the running costs of the CBOs where these workers are located, and to a large extent the capital costs of drop-in centres and the like. While the principle of community participation and contribution is a sound one, it would be important to carefully consider the implications of such self-supporting approaches to the provision of social development services.

CAPACITY OF GOVERNMENT TO IMPLEMENT THESE PROJECTS

It was found that there is little capacity in government to implement poverty reduction projects. These projects are targeted at very poor people who need continued support to make a success of the projects. An example is the land redistribution projects where the projects many times are seen as completed as soon as the land has been transferred to the beneficiaries. These projects are in some instances not properly handed over to provincial agriculture departments. Where they are, these departments lack the capacity to properly support the projects. The lack of capacity is reflected in -

- poor entrepreneurial skills;
- lack of basic financial skills;
- lack of technical skills in the area of business of the project; and
- lack of skills to conceptualise and execute poverty reduction programmes that address the multi-dimensional nature of development.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Each of the four programme types is highly relevant in its own way. More interestingly, they appear to be complementary, in that they address poverty through different means and to some extent appear to reach different sub-groups among the poor. For example, the profile of public works beneficiaries seem to be younger, while individual services tend to reach other specific types of vulnerable individuals.

However, the analyses by programme type generally shows that the respective programme type interventions operate at a modest scale, whether relative to their stated objectives or relative to some estimate of the need, such as the extent of unemployment. The question remains, therefore, what they add up to when considered together. An order-of-magnitude estimate is that, normalised to a 12-month period and in terms of full-time equivalents, the total 'employment creation' of all projects in all of these programme types is in the order of 300 000. Is this a lot or a little?The frame of reference is rather arbitrary: in relation to the total official and discouraged job seekers numbering 8 million, it is a rather small 4%. On the other hand, between 1995 and 2002 the economy created a net of 1.5 million jobs, of which 300 000 is one fifth; in this perspective, the contribution of projects does not seem so paltry. However, the success of these projects should probably not be measured in these macro terms but more on the level of the individual beneficiaries and households. The study found that in the estimation of the beneficiaries themselves they did benefit, especially in terms of giving them alternative means of survival and developing their capacity to change their circumstances, including their health, educational and nutritional conditions.

In summary, a great deal has been accomplished through the range of project-based poverty reduction projects the government has implemented over the past 10 years, not necessarily in reducing the share of households below the poverty line (most of these interventions yield benefits that are too modest for that, depending on the circumstances of the beneficiary and her household), and still less as an engine for growth, but in terms at least of giving poor people some means of either addressing their own situation, however imperfectly, or that of their neighbours. There is scope for accomplishing more, but it would be necessary to refine approaches and rationalise targeting. Future studies should aim at refining these approaches.

RECOMMENDATIONS

The availability of project-level financial information

Poverty reduction projects such as Income Generating Projects, farms under the Land Redistribution Programme, and even Expanded Public Works projects that have a limited lifespan, are usually set up as independent entities or enterprises. Accounting for the expenditure on these projects can therefore not be limited to what government departments report under transfers to projects. The money transferred to the project is used to buy assets or pay stipends and it is absolutely essential that the project, as a separate entity, also keeps track of its assets and expenditure and income. Without basic financial records, it will not be possible to assess the success of these projects from the perspective of generating an income, which is an explicit objective especially for Income Generating and Land Redistribution projects. It is therefore recommended that project management teams prepare basic financial statements on an annual basis and that simple record keeping systems be introduced at all projects. The financial statements should include Income Statements and Balance Sheets. To help with this, it is recommended that a qualified professional set up a bookkeeping system at the inception of the project. This system should be reviewed and monitored on a monthly basis by the project's own accountant/financial officer or a trained extension/project support/financial officer from the implementing department.

It is further recommended that a user-friendly financial reporting system and formats for all projects be designed by the National Treasury and that projects regularly report to the implementing department. The responsible implementing or support department/agency should also monitor these development projects on a regular basis.

Maintenance of the PSC database on poverty reduction programmes and projects

Basic project information needed to evaluate project performance and impact was found to be inadequate throughout the four programmes included in this evaluation. The design of the PSC database on poverty reduction programmes and projects developed during 2005 provides for baseline information (including information on beneficiaries, management, funding and location). Should this database have been further developed and updated by government as was recommended in the 2006 PSC report *An Audit of Government's Poverty Reduction Programmes and Projects,* it could have been a valuable source of project information during this evaluation process. It is recommended that the database developed by the PSC be further developed and maintained.

Capacity to implement development projects

It was found that there is little capacity in government to implement poverty reduction projects. It is recommended that departments responsible for the implementation of these projects ensure that officials involved in the direct management of these projects are appropriately trained (for example in entrepreneurship, project management, technical issues relevant to the specific project and financial management) and that the role they play in the success of these projects be emphasised and clarified. It is also recommended that, apart from capacity development, more attention be paid to the areas of project definition, appropriate training of project members (in many instances only life skills training is provided), development of exit strategies, communication, monitoring and evaluation and reporting.

Feasibility studies and business plans

The preparation of project feasibility studies and appropriate business plans are essential preceding steps to government funded projects, since there is a need to justify these investments. Project financial performance data compiled by the feasibility studies should be used as benchmarks for assessing the financial performance of projects. Business plans with detailed financial analysis should be a prerequisite to project implementation, and should form the basis for future project monitoring, evaluation and reporting.

Further PSC development programme evaluations

Many evaluation questions remain unanswered throughout the report. More in-depth programme evaluations focusing *inter alia* on design and policy issues (see the conceptual challenges facing the EPWP discussed in par 4.2 on page 32) are however needed to answer these. In the preceding PSC report (PSC, 2006), the intention of the PSC to do a series of evaluations of poverty reduction programmes and projects, was highlighted. Future studies should, *inter alia*, identify the strategic comparative advantage of projects relative to other ways of pursuing poverty reduction.

Sharing of lessons learnt

In the absence of a clear definition of what constitutes a successful development project or guidelines that departments can follow in implementing, supporting or managing these projects, elements of best practices should be shared especially amongst departments involved in the same programmes to minimise poor project design and to deliver projects more efficiently.

Part One

Introduction, Context and Profiles

1. INTRODUCTION

1.1 Background

The commitment by the South African government to poverty reduction has been expressed in recent years through various national, provincial and local policy interventions. As such, since 1994, the South African government has introduced a large number of interventions to address poverty in its various manifestations, not least income poverty (lack of income), human capital poverty (lack of education and skills), service poverty (lack of access to services and amenities), and asset poverty (lack of ownership of land and housing). Interventions have thus varied from child support and disability grants, subsidised water and electricity, housing, land redistribution and restitution, to various inter-departmental programmes such as the Expanded Public Works Programme.

Government has committed itself to meeting the Millennium Development Goals (MDGs) by 2015. These goals aim at addressing extreme poverty in its many dimensions, including income poverty, hunger, disease, lack of adequate shelter, and exclusion, to promote gender equality, education, and environmental sustainability.

Until recently, there has been little means of appreciating the overall magnitude or significance of these attempts, which collectively make up what is referred to as the 'Poverty Reduction Programme.' However, in 2005 the Public Service Commission (PSC) initiated a research process in which key government projects were compiled into a single database[1], thus providing for the first time a statistical overview of the myriad poverty reduction initiatives that make up a large part of the Poverty Reduction Programme. A definition was provided for government to consider when describing projects that focus on poverty reduction, a system for categorizing poverty programmes and projects was developed, as well as criteria for the inclusion of programmes into different categories. Using this system of categorisation an integrated database of 40 programmes and almost 30 000 projects was developed.

However, to achieve the objective of poverty reduction, ongoing monitoring and evaluation of government programmes is seen as a necessity. Such exercises will ensure that the goals and objectives of projects are clearly defined, problems and challenges quickly identified and resolved, beneficiaries easily identified, failures are limited and success replicated. It is with this in mind that the PSC embarked on this second phase of research, which seeks to carry out a series of evaluations on projects that form part of Government's Poverty Reduction Programme.

1.2 Objectives of the study

In this second phase, the aim of the PSC is to evaluate a sample of government's poverty reduction initiatives in order to develop an overall understanding of their efficacy. Specifically, the study seeks to fulfil the following objectives:

- Evaluate whether government's objectives with its poverty reduction initiatives are being achieved,
- Identify the reasons some or all of the programmes or projects were successful,
- Assist the departments involved in this programme with their internal evaluation programmes through structured recommendations based on the outcomes of the research,
- Inform any existing evaluation initiatives in departments to enable prompt revision where required, and
- Establish knowledge and skills base in the PSC for future similar exercises.

1.3 Methodology

Given the striking variety of ways in which government's poverty reduction interventions seek to impact on people's lives, one might rightly ask what can be gained from a single, brief exercise which seeks to cover a range of them. Indeed, it must be acknowledged from the outset that the present exercise does not achieve the sort of depth of which a set of programme-specific evaluations would be capable.

1 *PSC, 2006. An Audit of Government's Poverty Reduction Programmes and Projects.*

However, the strength of the present exercise is that it seeks to enable comparisons between different types of interventions, according to a uniform set of criteria, as well as develop an overall appreciation of what diverse types of poverty reduction programmes are accomplishing in aggregate.

Unit of analysis

There are two main units of analysis upon which the current study is based. The first of these is the 'project,' which is the discrete intervention through which one or more people are meant to benefit. To some extent, there is also some attention to beneficiaries themselves, but mainly for the purpose of establishing the efficacy of the projects. The second unit of analysis is the 'programme type', understood in the same way in which it was used in the PSC's Audit report, that is, as the collection of projects which seek to address poverty through similar types of projects.

Scope

In the PSC Audit report, the project database distinguished five programme types, namely

- Public works (mostly referring to the various components of the Expanded Public Works Programme)
- Land reform (mainly land redistribution and land restitution)
- Income generating projects (including various enterprises in the agricultural, crafts, and service sectors)
- Individual services (e.g. home-based care projects), and
- Social security (mainly comprising the School Nutrition Programme, and notably excluding the social grant system).

In addition, the database maintained a category of 'other', i.e. for those projects for which the information did not allow classification in terms of these or any other programme types.

For purposes of having a manageable focus for this report, the social security programme type is omitted. The PSC will examine this category through other studies. By the same token, for the most part the attention to land reform in this report is restricted to its land redistribution component. Although land restitution also seeks to reduce poverty where possible, its principal objective is restorative justice. Arguably, including the individual services programme type is anomalous, since it is not developmental in the same sense that, say, income generating projects are. The rationale for its inclusion is two-fold: firstly, when approaching government departments to find out what they were doing by way of poverty reduction, these initiatives were time and again identified. Secondly, the support to home-based care and kindred individual services is or was for key government departments project-based, in large measure because it consisted of support to community-based organisations (CBOs) that were providing these services in their respective communities. These could therefore be counted as projects.

Evaluation criteria

The key evaluation criteria employed in the present analysis are as follows:

- relevance of objectives - the extent to which the goals and objectives of the programme type or its projects remain valid and relevant.
- effectiveness - the extent to which the programmes or projects achieve their goals and objectives, in particular reducing poverty.
- efficiency - the extent to which poverty reduction and/or other aims are achieved without waste or undue costs.
- sustainability - the durability of programme or project results in the absence of further government support, although it must be underlined that the exact meaning of sustainability must be adapted to the programme type in question.

- institutional development impact - the extent to which institutional systems are successfully adapted to ensure the efficient delivery of projects belonging to a particular programme type.

- scale of engagement - the magnitude of the initiative relative to the size of the target group or problem that government is attempting to address.

- targeting - the success with which the intervention is directed at those who most need it or for whom it is meant.

- interactions and externalities - the extent to which a programme type's interventions interact positively or negatively with other programmes or with other developmental goals/problems, and including considerations of spatial coherence.

- monitoring and evaluation - whether or not an effective monitoring and evaluation mechanism is in place to ensure that the progress of the programme type is monitored and its effects and impacts are evaluated, with particular attention to the question of whether there is any useful feedback to policy or programme design.

Research activities

Finally, the research methodology comprised five distinct activities:

- Key informant interviews - conducted with government officials at national and provincial government level, as well as with experts outside of government, in order to understand the aims and objectives of key government poverty reduction interventions, to elicit views on the perceived accomplishments in respect of these interventions, and to identify existing monitoring and evaluation processes. The persons with whom key informant interviews have been conducted are listed in the Appendix.

- Document analysis - based on the existing stock of descriptive and evaluative reports on poverty reduction projects, including unpublished reports and academic literature. These documents are referred to throughout the report and are listed in the References section at the back of this report.

- Telephonic survey - targeting a sample of 300 on-site project leaders or the most proximate government project managers, in order to ascertain trends in project management, project performance and structure. The total number of telephonic interviews conducted was 276. Further details about the telephonic survey, such as sampling procedures, the questions asked and the findings are discussed in section 3.3 of this report.

- In-depth case studies - consisting of site visits to approximately three poverty reduction projects in each of the nine provinces, with the aim of further understanding project performance as well as impact at beneficiary level through approximately 100 beneficiary interviews. Twenty nine case studies were conducted. Seven were Expanded Public Works Programme projects, nine were Land Redistribution projects, eight were Income Generating projects and five were individual services (Home and Community Based Care). These case studies are briefly described in Tables 4.2, 5.1, 6.1, and 7.1 in Part II of this report. The findings of the beneficiary survey that was conducted as part of the site visits are discussed in section 3.4 of this report.

- Lastly, this study tried to build on the basis laid in the Phase I study (PSC, 2006). The projects in the database were used as the sampling universe and some quantitative extrapolations were made from the data available from that database. Based on the parameters discussed under "scope" on page 4, projects were randomly sampled from this database for inclusion in the project. A summary of the statistics from the database is given in section 3.2 of this report.

The advantage of using multiple methodologies, together with the fact that the study covered four types of poverty programmes, is that an overview picture of the impact of developmental projects can be formed, which would not have been possible if the methodology was restricted to case studies or if only a single programme type should have been evaluated.

1.4 Limitations of the study

The main limitation of the study was the lack of quantitative data at the project level. This includes financial data such as the investment of government in these projects and an analysis of the investment, for example what proportion of the investment is in assets, what proportion in working capital, and what proportion in wages. A second area of lack of quantitative data is the number of beneficiaries involved in these projects and the profile of the beneficiary population. Another aspect is the number of jobs created by the projects and the nature of training provided. But probably the most serious lack of quantitative data is some quantification of the benefit derived from the projects, or the success of the projects. The number of beneficiaries is an indication of the scale of the impact but cannot replace quantitative data on actual benefits. It is however recognised that benefits cannot be measured simply in financial terms or that success cannot only be defined in economic terms (for example, a steady stream of income big enough to make a significant impact on a household).

The limitations of the PSC Phase I study and the database that was then compiled were explained in the Phase I report (PSC, 2006).

Project level quantitative data to a very large extent does not exist. If a quantitative study should be undertaken in future, the data will have to be constructed by means of a well designed survey questionnaire. But what is really required are project level administrative records from which quantitative data could be extracted. This record keeping will probably have to be done by development officers in the employ of the government departments responsible for these projects or the development agencies contracted by the state to implement development projects.

The above limitations can partly be ascribed to the fact that there is no comprehensive policy of government spelling out how developmental projects should be managed. Such a policy would at least have set some standard against which the implementation of the programmes / projects could have been judged and would have spelt out the roles and responsibilities of the departments involved and the development personnel in these departments. In this regard it should be realised that the development role of government departments is a new one and the transformation from organisational capabilities designed around traditional government functions (for example providing a range of services to commercial agriculture, or a public works department providing buildings and facilities to other government departments) to organisational capabilities required for the developmental role, has not been complete.

1.5 Organisation of the report

The report is divided into three main parts:

- Part I entails this introduction (Chapter 1), followed by a brief overview of poverty and poverty reduction frameworks (Chapter 2), and then a quantitative overview of poverty reduction projects (Chapter 3).
- Part II consists of four chapters addressing respectively the four main programme types covered by this exercise, namely public works (Chapter 4), land redistribution (Chapter 5), income generating projects (Chapter 6), and individual services (Chapter 7).
- Part III includes a comparative financial analysis (Chapter 8), followed by a concluding chapter that synthesises and summarises the implications of the study (Chapter 9).

2. CONTEXT

2.1 Poverty in South Africa

By whatever measure, poverty in South Africa remains a concern. In terms of income poverty, various statistics are available as to the share of people living in poverty, differing in part because pending the introduction of an official poverty line, there are various unofficial poverty lines in use. As one example, according to the 2004 Household Subsistence Level applied on a per individual basis using the 2000 Income and Expenditure Survey, 48.5% of the population was living in poverty at that time (Woolard and Leibbrandt, 2006, p.26).

Despite the enormous contribution made by Statistics South Africa in conducting large, representative household surveys, teasing out the trends in poverty and inequality has been difficult and contentious. A comparison of poverty rates as measured from the Income and Expenditure Surveys of 1995 and 2000 indicates a worsening of poverty over that five year period, particularly among the poorest of the poor (Hoogeveen and Ozler, 2006), as does a comparison based on the 1996 and 2001 population censuses (Leibbrandt *et al*., 2006). This change is generally ascribed to worsening labour market conditions, in particular the fact that job creation has failed to keep pace with the rapid expansion of the labour force, resulting in a rise in the rate of unemployment (Bhorat and Kanbur, 2006). However, there is also evidence that from 2000 onwards, there has been a discernible reduction in poverty rates, owing above all to the expansion of expenditure on social grants (van der Berg *et al*., 2005). If this analysis is correct, it is encouraging and discomforting at the same time: a reduction in poverty levels is obviously welcome, but if it is largely on account of social grants, it speaks poorly of our efforts to address the scourge of poverty in more sustainable ways.

Because it is so difficult to establish quantitatively robust trends in income poverty from 1994 to now (van der Berg *et al*'s sophisticated attempt is one of the few, and tends to be regarded as tentative owing to the manner in which it adjusts for absent or unreliable data), there remain widely divergent stories as to what actually is happening in respect of poverty trends. One proxy measure for these trends is ventured below, based on subjective reports of the experience of hunger among children, recognising that it is also tentative in various ways on account of its gap and discontinuity.

Figure 2-1: Trends in subjective perceptions of children's hunger, 1994-2005

Source: StatsSA (October Household Survey for 1994-1998 and General Household Survey for 2002-2005).
Notes:
Based on the question, 'In the past year, was there ever a time when you could not afford to feed the children in the household?' The discontinuity between 1998 and 2002 owes to the modification of the question in 1999, and the discontinuation of the household survey thereafter. The possible responses for the OHS and GHS version of the question differ; for the former, the question was merely yes/no, while for the latter, responses included 'never/seldom/sometimes/often/always', which have been semi-aggregated in figure above such that 'never' or 'seldom' are assumed to be comparable to a 'no', and 'sometimes,' 'often' or 'always' are taken to be comparable to a 'yes.'

Notwithstanding these concerns, these hunger perceptions tend to corroborate the interpretation related above based on income poverty measures, namely that poverty increased in the late 1990s, and improved somewhat in the early 2000s.

Beyond income poverty, well-being is conditioned by a variety of other factors, such as access to services (water, housing, sanitation, electricity, medical care, etc.), as well as the quality or nature of that access. Notwithstanding backlogs and a tendency to fall short of targets - complicated in part by a rapidly growing number of ever-smaller households - access to services has by and large improved (Leibbrandt *et al*., 2006), often significantly. There is a wealth of evidence showing in particular that the pattern of expenditure (e.g. on social grants) is progressive and well-targeted (van der Berg, 2006), though in terms of educational results it has not always led to the desired outcomes.

See also the PSC's analysis of poverty levels in its *State of the Public Service Report 2007* under *Principle 3: Public Administration must be development oriented.*

Despite what appears to be overall progress in the fight against poverty, it is also generally recognised that there remain pockets of enduring poverty, malnutrition, and deprivation that government's efforts struggle to reach (see e.g. Noble *et al*., 2006). In particular, there is evidence that those residing in deep rural areas have tended to see fewer improvements across the board, be they access to improved services and amenities, access to social grants, or ability to adapt to changing economic circumstances and thereby tapping into new economic opportunities.

Given this picture of poverty in South Africa, what is the role of government's poverty reduction programmes, in particular those that are project-based?

2.2 South Africa's poverty reduction strategy

Given the multi-dimensional nature of poverty, it is logical that South Africa has sought to address poverty from many angles. The Reconstruction and Development Programme (RDP) Policy Framework of 1994 seek to address poverty through five key programmes:

- Meeting basic needs
- Developing our human resources
- Building the economy
- Democratising the state and society and
- Implementing the RDP

(RDP White Paper, 1994).

What precisely constitutes government's poverty reduction programme at this point in time appears somewhat fluid, in the sense that different statements package the elements differently, sometimes omitting one and including something else, and so forth.[2] To some, this is evidence of a lack of coherence in government's anti-poverty strategy:

The government has clearly embarked on a series of key policy initiatives over the past few years to address the country's vast socio-economic challenges. However, what is striking is the lack of a clear and comprehensive anti-poverty plan. Even though South Africa is exempt from adopting a Poverty Reduction Strategy Paper (PRSP), the country, it seems, could do with a comprehensive national anti-poverty strategy, as opposed to relying on disparate sets of policy programmes and initiatives to address the problems and challenges. (South African Human Rights Commission, 2006, p.9)

2 *Thus in a speech to Parliament in 2004, President Mbeki summarised government's approach to poverty reduction as: "...encouraging the growth and development of the First Economy, increasing its possibility to create jobs; implementing our programme to address the challenges of the Second Economy; and, building a social security net to meet the objective of poverty alleviation" (Mbeki, 2004), while in Parliament's 2006 submission to the Africa Peer Review Mechanism, the chapter on 'South Africa's Response to Poverty' identifies five key elements, namely the social security system, development projects, the Integrated Nutrition and Food Security Programme, the Expanded Public Works Programme, and Local Economic Development (South African Parliament, 2006, pp.46-55).*

Whether in response to these critiques or not, the government's Programme of Action now includes reference to efforts to develop a 'Comprehensive Anti-Poverty Strategy', to be completed by July 2007, and which, *inter alia*, will 'Define clearly the poverty matrix of our country' and 'Co-ordinate and align all anti-poverty programmes to maximise impact and avoid wastage and duplication'.

Be that as it may, for purposes of this report, the landscape of government's overall approach to poverty reduction is sketched as follows:

1. Promoting labour absorption in the formal economy, both by stimulating economic growth and investing in the development of human resources
2. Providing income support and reducing vulnerability by means of maintaining a social security system, inclusive of social grants and certain direct food security interventions (e.g. the school nutrition programme and food parcels)
3. Enhancing the quality of life through improved access to services and housing, generally of a subsidised nature
4. Supporting more and more remunerative self-employment and employment in small or micro-enterprises
5. Promoting self-employment through the creation of and/or support to income generating projects
6. Promoting land-based livelihoods or enterprise through land reform, with particular focus on land redistribution
7. Creating short-term employment through public works programmes.

The list merely seeks to distinguish areas of activity either on the basis that they address poverty in different ways (e.g. income versus services), or because their mode of operation is qualitatively distinct. Thus the distinction between supporting small and micro-enterprise versus engineering income generating projects, may appear obscure, but in significant ways are quite different (e.g. the mode of support/delivery, and the profile of 'projects'). In addition, in principle land redistribution could be construed as either an enterprise, or an income generating project, however the process of effecting land reform is so different that it is felt it merits separate treatment. Moreover, according to this schema, local economic development is not an alternative to these types of interventions, but rather means the efforts of local actors, generally stemming from partnerships with local government, to promote formal sector growth and job creation, and/or support micro-enterprise, and/or undertake income generating projects.

The focus of this report is on poverty reduction projects, which in general means items 5, 6 and 7 (page 12) above, with one particular component of item 3, being 'individual services', such as home-based care, which are often delivered by means of projects. To some degree, having examined and analysed these various project-based interventions, the report aims to assess their place in the broader context of the country's fight against poverty.

3. QUANTITATIVE OVERVIEW OF POVERTY REDUCTION PROJECTS

3.1 Introduction

This chapter provides a quantitative overview of poverty reduction projects, before proceeding in the chapters that follow on a more in-depth discussion of each of the four main programme types. The chapter draws on three sources of data: first, the PSC project database from Phase I of this study; second, the telephonic survey conducted for this phase of the study; and third, the beneficiary survey, also conducted for this phase of the study.

3.2 Summary statistics from the PSC poverty project database

Phase I of the PSC study (PSC, 2006) involved *inter alia* the compilation of a database of poverty reduction projects by means of extensive consultation with national and provincial government departments. The database contained almost 30 000 records. After cleaning (for example, to remove records which on closer inspection did not appear to be poverty reduction projects after all, or which duplicated other records), the database dropped to just over 26 000. For purposes of this phase of the study, the database has been manipulated further. In particular, it was decided to remove the very large number of records relating to the National School Nutrition Programme, on the grounds that it is fundamentally a social security intervention, which in general this study had decided not to focus on. This meant that the database then shrunk to less than 9000 project records, as shown in Table 3-1 below, where the number of projects is summarised by programme type. The table also reveals one of the less satisfactory aspects of the database, namely that its records do not correspond to a common period of time (and in fact many of the records do not indicate either the start or ending dates of the project). For example, public works projects tend by design to be temporary, thus it is appropriate that the database only captures those within a discrete period, for example to convey an idea of the approximate number of employment opportunities for that moment in time. By contrast, land reform is a function of all of the transfers having taken place up to present.

Table 3-1: Breakdown of poverty reduction projects in PSC database

Programme Type	Number of Projects	Share of total number of projects in database	Approx timeframe
Public Works	3 349	39%	mostly 2004/05
Land Reform	2 541	30%	1995 to 2005
Income Generating Projects	1 969	23%	mostly 2003 to 2005
Individual Services	210	2%	unclear
Uncategorised	491	6%	mostly 2004/05
Total	8 560	100%	

The PSC database is certainly not complete with regard to the number of projects captured. The limitations of the Phase I study have been detailed in the phase I report (PSC, 2006). In particular, there is reason for concern regarding the Income Generating Projects (IGPs), which more than the other types of interventions are undertaken by a large number of different departments with no central coordination or reporting system. Moreover, the database has not been updated since 2005, thus newer interventions will not be reflected.[3]

3 *Having said that, in terms of beneficiary numbers, there is other evidence to suggest that this estimate might be high. The March 2006 Labour Force Survey asked 'Has ...... participated in any EPWP programme or project during the past six (6) months?' followed by 'Did .... work in any government job creation programme or project during the past six (6) months?' The responses suggest that the total number of African and Coloured beneficiaries were 258 000 and 206 000, respectively; however, among those indicating that they had worked in 'any government job creation programme or project', two thirds had answered that they had participated in EPWP, suggesting that it is only around 70 000 who had benefited from job creation programmes or projects other than EPWP, which we would interpret to mean largely IGPs. Of these, only half were still involved in the projects as of the time of the interview.*

Table 3-2 shows the estimated total number of beneficiaries per programme type. The estimate simply looks at the average number of beneficiaries per project for those projects for which we have information, and then multiplies this by the total number of projects in that category to extrapolate to the total. However, for some programme types, the extrapolation is more tentative than others owing to the fact that relatively few of the projects in the database indicate beneficiary numbers, which is why no extrapolation is offered for individual services projects. Be that as it may, one interesting feature of the table is that land reform (which for purposes of the database includes land redistribution and land restitution) accounts for the largest share of beneficiaries, presumably owing to its cumulative nature relative, say, to public works.

Table 3-2: Estimates of number of beneficiaries

Programme Type	% with info re beneficiaries	Avg benef/project	Extrapolated beneficiaries	Share of total
Public Works	57%	92.9	311 254	37%
Land Reform	20%	134.2	340 995	41%
Income Generating Projects	8%	65.1	128 086	15%
Individual Services	1%	NA	NA	NA
Uncategorised	5%	123.3	60 544	7%
Total			840 880	100%

Finally, Table 3-3 reports the sectors in which the IGPs operate, where sectors were inferred by means of the project name or project description fields.

Table 3-3: Sectors in which IGP's are active

Sector	Share
Agriculture	78%
Agro-processing	4%
Crafts and manufacturing	9%
Retail	1%
Services	3%
Mixed	1%
Business support	1%
Unknown	4%
Total	100%

IGPs are overwhelmingly active in primary agriculture, while only about one tenth are active in crafts or manufacturing, and less than half of that in services. This largely accords with the findings from the telephonic survey, as well as the impression from the project case studies.

3.3 Findings from the telephonic survey

The PSC database served as a sampling frame for the telephonic survey. The aim of the telephonic survey was to achieve more depth than was available in the PSC database itself, though not the kind of depth that would require actual project case studies. The target was to conduct 300 interviews with project managers or leaders, or anyone else with knowledge of the project,[4] and to do so in such a way as to ensure a reasonable spread across the main programme types.[5]

4 *About half of the respondents were government officials; one quarter were project beneficiaries (generally among the leaders of the project); and the rest were a mix of contractors, NGOs supporting the project, etc.*

5 *This included the 'other' category on the grounds that it was important to ensure that this opaque group was not hiding some obscure but important type of poverty reduction project. In fact all of the projects designated as 'other' and for which telephonic interviewers were done, were easily integrated into the other four programme types once more information was collected about them.*

Because it was anticipated that it would not always be possible to reach people who would be able to respond on behalf of a selected project,[6] the random sample drawn was 580, with the instruction to interviewers that a selected project would be skipped at such time as an effective dead-end had been reached. In the event, 244 projects from the sample were skipped in this fashion. Table 3-4 summarises the difficulties encountered among them.

Table 3-4: Summary of difficulties encountered in conducting interviews on projects drawn for the sample

Difficulty	Share
Department never heard of the project	17%
Official who knew about project has left the department	10%
Could not get contact info for appropriate official/respondent	17%
Difficult for official to get permission to be interviewed	10%
Could not reach the official/respondent at number provided and/or official failed to return calls	49%
Total	100%

It is difficult to surmise anything about the projects themselves based on the difficulty encountered in trying to learn more about them. For example, the fact that the department in question has never heard of a project, does not necessarily mean that the project has ceased to exist - it could be an error in the PSC database. However, on the whole, the scale of the difficulty encountered does suggest something about some of the government departments with either former or current responsibility for most of these projects, notably a lack of institutional memory, lack of basic records, and lack of either time or interest to respond to inquiries. The growing sense among the interview team was that a number of officials were deliberately evasive, for example in setting appointments for telephone interviews and then failing to be available at the appointed time.

The total realisation of completed interviews was 276, that is 8% short of the target. Table 3-5 summarises.

Table 3-5: Summary of sample by programme type an province

Province	Public Works	Land Reform	Income Generating Projects	Individual Services	Total
Eastern Cape	9	9	17	5	40
Free State	4	16	5	2	27
Gauteng	10	1	3	8	22
KwaZulu-Natal	12	2	2	8	24
Limpopo	4	7	19	3	33
Mpumalanga	16	4	6	37	63
North West	1	8	11	2	22
Northern Cape	8	7	8	0	23
Western Cape	13	3	5	1	22
Total	77	57	76	66	276
Of which inactive	19	10	13	2	44

The last row indicates how many of the projects for which interviews were conducted, are no longer active. These projects were however included because it might shed light on what accounts for project failure (which is not to say that being inactive necessarily implies failure, as with the case of public works projects, most of which are temporary by design), though it was not known in advance how many such projects would ultimately be captured.

6 *Only about 30% of the projects listed in the PSC database include the name of a government official 'contact', and only about half of these names are accompanied by a telephone number.*

Looking specifically at IGPs, the interview allowed one to determined what sector they operate in. Table 3-6 thus parallels Table 3-3 above, and to much the same effect, namely that among IGPs, primary agriculture strongly dominates.

Table 3-6: Sectors in which income generating projects are or were active

Sector	Active	Inactive
Agriculture	51	12
Agro-processing	2	0
Crafts/manufacturing	2	0
Services	6	0
Mixed	2	1

Table 3-7 summarises the relative frequency with which different actors initiated projects. By and large there is a big difference between public works and the other three, in that for public works it is more typically the case that government initiates. Comparing active to inactive projects, it appears that active projects are more typically initiated by community members themselves, however, this appears to reflect statistically the influence of public works: when one excludes public works and compares active and inactive projects, there is virtually no distinction between them in terms of who initiated these projects.

Table 3-7: Who Initiated the project

Entity	Public works	Land reform	Income Generating Projects	Social development	Active	Inactive
Community/ beneficiaries	11%	47%	41%	62%	41%	32%
Government	50%	21%	33%	20%	29%	48%
Parastatal	1%	7%	3%	2%	3%	2%
NGO	8%	2%	0%	0%	3%	0%
Unclear	30%	24%	24%	17%	24%	18%
Total	100%	100%	100%	100%	100%	100%

Tables 3-8 and 3-9 touch in slightly different ways on the issue of changes in the number of members. Table 3-8 asks how many of the original beneficiaries are still involved, while Table 3-9 summarises more broadly how many current beneficiaries (regardless of who they are) there are relative to the original number. From Table 3-8, it is evident that, apart from public works projects, fewer than half of all projects keep all of their original members, while it is not at all uncommon for them to lose 50% or more of their original members. The reasons given are typically that the other members lost interest and/or decided to seek work elsewhere.

Table 3-8: Percentage of current founding beneficiaries/members relative to the original number (active projects only)

Nature of change	Public works	Land reform	Income Generating Projects	Individual services
Increased	NA	NA	NA	NA
Did not change	61%	42%	25%	16%
Decreased by up to 25%	7%	13%	19%	8%
Decreased by 26% to 50%	10%	8%	23%	11%
Decreased by 51% to 75%	2%	16%	25%	16%
Decreased by 76% to 100%	20%	21%	9%	50%
Total	100%	100%	100%	100%

However, the picture is somewhat different if one looks beyond the original members, in the sense that about a quarter of all projects actually increase relative to their initial size, for example as the project expands and requires more hands, and/or as the success of the project attracts more people willing to join it. Having said that, for land reform and IGPs, it is still the case that the total number of beneficiaries/members declines for more than half of all projects.

Table 3-9: Percentage of current beneficiaries/members relative to the original number (active projects only)

Nature of change	Public works	Land reform	Income Generating Projects	Individual services
Increased	NA	NA	NA	NA
Did not change	61%	42%	25%	16%
Decreased by up to 25%	7%	13%	19%	8%
Decreased by 26% to 50%	10%	8%	23%	11%
Decreased by 51% to 75%	2%	16%	25%	16%
Decreased by 76% to 100%	20%	21%	9%	50%
Total	100%	100%	100%	100%

As for general impressions regarding success, Table 3-10 indicates that - at least for active projects - most projects are regarded as successful. Bearing in mind the possibility that the respondents may be biased in saying so given that most have some responsibility for their projects, it is nonetheless noteworthy that public works and individual services projects are most likely to be perceived as successful, while land reform projects are least likely and IGPs somewhat intermediate.

Table 3-10: Perceived success of the project (active projects only)

Programme Type	Successful	Not Successful
Public works	79%	21%
Land reform	56%	44%
Income Generating Projects	63%	37%
Individual services	72%	28%

Identifying what people understand by this success or what accounts for it did not reveal much. However, reasons provided for failure present an interesting picture. Table 3-11 shows the reasons for project failure only for land reform and IGPs, owing to the fact that there are too few 'failures' for the other two programme types to disaggregate meaningfully. What is striking about the table is the relative unimportance of 'lack of co-operation and/or commitment' and 'inadequate training', whereas for land reform in particular, these are the factors that tend to dominate critiques. This is not to say that the reasons ascribed by respondents to the telephonic survey are more correct or accurate, but it does raise questions about why there are such different interpretations.

Table 3-11: Main reasons given for project failure (% of mentions, land redistribution and IGP's only)		
Reason	Land Reform	Income Generating Projects
Poor management and/or planning	24%	22%
Lack of co-operation and/or commitment	5%	19%
Inadequate money/infrastructure/ equipment	52%	30%
Too little water	14%	15%
Inadequate training	5%	4%
Theft	0%	11%
Total	100%	100%

3.4 Findings from the beneficiary survey

Finally, we turn to the findings from the beneficiary survey, that is, the interviews conducted with beneficiaries in the course of conducting project case studies. Altogether 101 interviews were conducted from 26 projects, of which seven were public works projects, seven were land redistribution projects, eight were income generating projects, and four were individual services projects. Table 3-12 below summarises. This is not to suggest that this is a fair representation of the population of beneficiaries from among these respective programme types, nor in general can this survey be regarded as statistically generalisable. Rather the findings are indicative and must be considered in conjunction with their other types of evidence.

Table 3-12: Profile of beneficiaries interviewed per programme type			
Programme Type	Average Age	% Female	% Male
Public Works	36.0	52%	48%
Land Redistribution	54.6	22%	78%
Income Generating Projects	47.8	69%	31%
Individual Services	53.9	85%	15%

The findings reported below mainly deal with the perceived benefits from participation in the project, but begin with some information regarding the respondent's circumstances prior to joining or starting the project, and their contribution to the initial phase of the project. Table 3-13 summarises respondents' answers to a question about why they ceased their previous economic activities. About a quarter of beneficiaries indicated that they were not engaged in an economic activity prior to joining the project. These projects may therefore be an introduction for many people into economic activity. On the other hand, about a tenth voluntarily left their previous economic activity so as to join the project in question.

Table 3-13: Reasons for ceasing previous economic activities	
Why did you leave previous work/activity?	**Percentage**
No previous job/activity	27%
Illness/death in family	13%
To join the project	11%
Retrenched	10%
Business closed	5%
Low pay	4%
Other	4%
Retired	3%
Did not cease previous activity	3%
Relocated	2%
Unclear	19%
Total	100%

Only 3% indicated that in fact they had not ceased their earlier economic activity, but this appears to be an understatement, given answers to a later question about whether the respondent currently has any other means of earning income (Table 3-14). Part of the explanation is that some of these other income earning opportunities began later.

Table 3-14: Frequency with which beneficiaries currently have other jobs or income earning opportunities	
Programme Type	**Do you have another job or income earning activity**
Public works	17%
Land redistribution	11%
Income Generating Projects	6%
Individual services	8%

Table 3-15 summarises how respondents characterised their contribution to the start-up of their projects. The large proportion of land redistribution beneficiary respondents who indicated a contribution of money might reflect the incentive structure of redistribution grants (see Chapter 5), while the prevalent contribution of time and skills among individual services project beneficiaries reflects the fact that these types of projects typically begin with an altruistic contribution of people's time to assist more vulnerable community members, who in a real sense are also beneficiaries.

Table 3-15: Beneficiary's contributions to assist start-up of projects (percent who answered "yes")				
	Public Works	**Land Redistribution**	**Income Generating Projects**	**Individual Services**
In-kind	0%	7%	19%	0%
Money	0%	48%	16%	0%
Skills and/or time	10%	11%	38%	46%
No contribution	90%	33%	28%	54%
Total	100%	100%	100%	100%

One of the features of land redistribution projects and IGPs in particular is that they employ different models, in particular regarding beneficiaries' relationship to the project. Table 3-16 captures some of the diversity by summarising responses to questions about whether beneficiaries regard themselves as employees and/or (co-)owners of their projects. For public works, it is sensible that most respondents see themselves as employees and almost none as co-owners, whereas for land redistribution, and to a lesser extent for IGPs (and as will be argued later), there is an ambiguity regarding roles that sometimes works to the detriment of projects on the ground.

Table 3-16: Beneficiary perspectives regarding their role in respect of their projects (percent who answered "yes")

Programme Type	Do you regard yourself as an employee?	Do you regard your self as a owner or co-owner
Public works	76%	3%
Land redistribution	52%	85%
Income Generating Projects	15%	69%
Individual services	15%	0%

Tables 3-17 and 3-18 show the incidence of different types of benefits, without trying to measure or rank them. Since a beneficiary may well enjoy more than one type of benefit, the figures do not sum to 100%. The striking finding is that, in terms of economics many land redistribution beneficiaries appear to derive neither wages nor profits, relative to IGP beneficiaries for which the incidence of these benefits is higher. Individual services project beneficiaries tend to rarely reap any economic benefits.

Table 3-17: Economic benefits enjoyed (percent who answered "yes")

Benefit Type	Public Works	Land Redistribution	Income Generating Projects	Individual Services
Wages	90%	22%	47%	8%
Profits	0%	22%	50%	0%
Child care	7%	7%	3%	15%
Assets	7%	56%	47%	8%

As for the benefits in respect of capacity building, the figures for public works bear out the concern that the training component of EPWP remains a bit problematic, or perhaps it rather reflects the fact that these types of benefits are valued less and thus are more apt to be discounted. The extent of training under land redistribution is very low, but even so three quarters of respondents state that they have acquired skills, and over half that their responsibilities have increased since joining/starting their projects. The coverage of training appears to be best of all among beneficiaries of individual services projects.

Table 3-18: Capacity building benefits enjoyed (percent who said "yes")

Benefit Type	Public Works	Land Redistribution	Income Generating Projects	Individual Services
Skills	69%	74%	75%	100%
Training	62%	30%	63%	92%
More responsibility over time?	45%	56%	34%	15%

Perhaps more revealing, however, are the answers to the question, 'If the project were to end tomorrow, what would you do'? The purpose of the question was to elicit whether the respondent picked up knowledge or skills via the project that she would seek to capitalise upon if the project itself were to cease. Together with the findings reported in Table 3-18, the findings raise the question whether the projects are mainly valuable as economic activities in themselves, or rather as opportunities for skills acquisitions that have value beyond the current project arrangements. According to Table 3-19, about a quarter of respondents stated that they would likely seek to pursue some kind of activity drawing on the skills they picked up or practiced in the course of the current project. Whether they would actually do so is another matter; but it is nevertheless encouraging that they intend to do so, though one might have wished the figures to be higher. The large percentage of those who indicated that they would 'do nothing' if the project were to cease (excluding for public works beneficiaries, none of whom answered this way), is largely explained by the open-ended follow-up question, to which many replied that they were too old to either look for a job or start their own business.

Table 3-19: Summary of open-ended question, "If the project were to end tomorow, what would you do?

	Public Works	Land Redistribution	Income Generating Projects	Individual Services
Pursue similar activity and/or use new skills	24%	26%	31%	15%
Look for a job	34%	15%	13%	23%
Switch to a new activity	7%	4%	0%	0%
Do nothing	0%	22%	25%	31%
Don't know	0%	7%	3%	8%
Unclear	24%	19%	22%	15%
NA (project inactive)	10%	7%	6%	8%
Total	100%	100%	100%	100%

The remaining tables seek to clarify the economic significance of these projects for their beneficiaries, albeit there was no attempt to measure the economic significance in rand terms. Table 3-20 underscores the differences between the project types, as well as the significance of social grants in households' survival strategies. For public works beneficiaries, wage income from the project is overwhelmingly the main source of household income, while for IGPs, project income also rates relatively high. For land redistribution and individual services project beneficiaries, however, a greater proportion of beneficiaries cite social grants as the main source of income. For land redistribution beneficiaries, this is probably because the cash income from the project is so modest or irregular, while for individual services projects it likely has more to do with the fact that the economic benefits of project participation is so modest by design.

Table 3-20: Main Source of income for beneficiaries' households

Main Income Source	Public Works	Land Redistribution	Income Generating Projects	Individual Services
Income from project	59%	19%	44%	8%
Salaries/wages, non-project	28%	19%	16%	15%
Social grants	7%	48%	31%	54%
Other non-project income	3%	15%	6%	23%
Total	100%	100%	100%	100%

Table 3-21 assists in understanding reliance on social grants by indicating the types of grants received by beneficiaries' households. The most striking finding is that households of public works beneficiaries are the least likely to receive any kind of grant, probably owing to the younger demographic profile of public works beneficiaries. The one anomaly is that so few land redistribution beneficiaries live in households benefiting from old-age pensions, particularly given the high average age of land redistribution beneficiaries themselves.

Table 3-21: Share of beneficiary households accessing local grants

Type of grant	Public Works	Land Redistribution	Income Generating Projects	Individual Services
Child support grant	28%	52%	63%	23%
Old-age pension	7%	11%	34%	54%
Disability grant	0%	22%	16%	8%
Other grant	7%	0%	0%	0%
At least one grant	38%	67%	78%	77%

However, notwithstanding the relative unimportance of (cash) income from projects for many beneficiary households, these same projects are regarded as having made a meaningful difference. Table 3-22 for example relates the respondent's subjective assessment of her household's relative welfare before the project and currently; the predominant impression is that the project has assisted worse-off households to become more average.

Table 3-22: Subjective assessment of beneficiaries' welfare level relative to other households in the community, before and after joining the project

	Before	Now
Worse off	36%	17%
About the same	28%	43%
Better off	36%	40%

This is reflected in a different way in Table 3-23, which shows that, particular for programme types other than public works, participation in the project has significantly reduced the experience of hunger in the household, suggesting that prior to inclusion in these projects, beneficiary households were more likely than is generally the case to experience hunger.[7]

Table 3-23: Experience of hunger in the household, comparing situation now to before joining the project

	Public Works	Land Redistribution	Income Generating Projects	Individual Services
More of a problem now	4%	8%	10%	8%
Less of a problem now	21%	48%	48%	54%
About the same	13%	8%	17%	23%
Not a problem now or before	63%	36%	24%	15%
Total	100%	100%	100%	100%

[7] *According to the 2004 General Household Survey, for rural black households in general, over 70% indicated that they had experienced hunger in the previous 12 months either never or rarely.*

In a similar vein, Table 3-24 reports the results of a catch-all subjective assessment as to the impact of the project on household well-being, with the overwhelming majority indicating that the impact was positive. The lowest of these figures, 63% for IGPs, is still rather good.

Table 3-24: Summary of subjective judgment as to welfare implications of the project	
Programme Type	Is your household generally better off since you joined the project?
Public works	83%
Land redistribution	85%
Income Generating Projects	63%
Individual services	77%

Finally, Table 3-25 seeks to summarise the assessment of respondents as to the importance of participation in the project relative to other benefits derived from government in the past decade. The fact that the project rates so high and, say, social grants and services so low, is perhaps more of a contrast than one would have expected, especially in light of the fact that the project is not commonly the main source of income to beneficiaries' households.

Table 3-25: Summary of subjective judgment of the value of the project relative to other benefits derived from government in the past 10 years

Table 3-25: Summary of subjective judgement of the value of the project relative to other benefits derived from government in the past 10 years				
	Public Works	Land Redistribution	Income Generating Projects	Individual Services
The project	45%	67%	59%	54%
Social grants	3%	0%	9%	15%
Services	3%	11%	13%	8%
No improvements	38%	11%	3%	15%
Unclear	10%	11%	16%	8%
Total	100%	100%	100%	100%

One possibility is that respondents merely exaggerated their support for the projects for the benefit of the fieldworkers, particular since it was clear to respondents that the projects were the main focus of the research. This cannot be discounted. However, another possible explanation is that beneficiaries' value projects not only for the cash income, but for the opportunities these projects represent. As stated by one IGP respondent in elaboration of the question of the relative importance of the project, 'The project will assist me to have cattle and be a farmer', thus it is not even the actual benefits as such, but the potential future benefits. This response was not atypical. Another type of explanation, however, reveals just how modest people's expectations sometimes are, as typified by the following elaboration by a land redistribution beneficiary, 'My participation here in the project is very important, for me and my husband can now feed our kids'. Of course social grants can do this as well, but some projects offer the possibility of economic independence, as well as the ability to provide food when the market is not conducive: 'To be able to be independent and self-sustaining'.

3.5 Summary

This chapter sought to draw together strands from three different data sources that relate to the significance and impact of poverty reduction projects at three different levels. Firstly it relies on the PSC database containing information on 8 560 projects (discounting projects in categories that are not forming part of this study), representing 840 880 beneficiaries (based on an extrapolation of the data available in the database). This data gives an idea of the overall numbers of projects and people affected.

Secondly it relies on a telephonic survey of 276 project managers or leaders, or anyone else with knowledge of the project, covering attributes of the projects such as the sectors in which the projects were active, who initiated the project, the change in number of beneficiaries over time, the perceived success of the project and the reasons for failure. Thirdly, it relies on a beneficiary survey of 100 beneficiaries that were conducted at 26 project sites that were visited, covering attributes of the beneficiaries such as their demographic profile, their economic activities, their sources of income, their employment, their contribution to start-up of the project, their roles in the project, the benefits they derived from the project, their welfare level before and after joining the project , their experience of hunger and their subjective assessment of the value of the project.

Overall, the scale of impact is appreciable. The estimated 840 000 official beneficiaries represents about one fifth of the total unemployed population according to the official definition, though only halve that much if one takes into account also discouraged job seekers. Whether this is a lot or a little is an arbitrary judgement, but on the face of it one can certainly describe it as non-trivial.

However, as one digs a bit deeper, it is clear that the 840 000 figure is potentially misleading, not only or primarily due to problems with the original PSC poverty project database, but because we know that, on balance, some projects disappear altogether, and elsewhere beneficiary groups shrink (often significantly) over time, and that some presumed beneficiaries in fact do not benefit at all.

And finally, it is difficult to characterise the benefits derived from these projects. On the one hand, the projects on the whole do not constitute the main income source for most beneficiary households, which is hardly surprising given the typical lacklustre performance of projects, particular those in the areas of land redistribution and income generating projects. On the other hand, notwithstanding their various deficits, participation in these projects appears to be the source of much satisfaction, though not necessary for the benefits they afford right now, but on account of the opportunities for growth that they seem to represent if not offer.

Part Two

Analyses by Programme Type

4. PUBLIC WORKS

4.1 Overview of the Expanded Public Works Programme

A variety of public works programmes were introduced in South Africa in the mid and late 1990s, such as the Community Based Public Works Programme, the Working for Water Programme and Land Care. These were amalgamated within a single umbrella, namely, the Expanded Public Works Programme (EPWP), which currently represents the government's primary and virtually all-inclusive response to poverty reduction in the area of public works. The EPWP was announced by President Mbeki in his State of the Nation Address in February 2003, and launched in May 2004 with the endorsement of the Growth and Development Summit (June 2003) and Cabinet (November 2003).

> *Expanded public works programmes can provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities. The EPWP will be designed to equip participants with a modicum of training and work experience, which should enhance their ability to earn a living in the future.* (Growth & Development Summit Agreement, June 2003)

The EPWP is a short to medium-term national programme covering all spheres of government and state-owned enterprises, and aims to utilise public sector budgets to alleviate unemployment. The programme therefore targets the unskilled and unemployed particularly, seeking to draw them into productive work, enable them to temporarily earn an income; provide them with education and skills; and ultimately enable them to set up their own business/service or become employed. The EPWP is being implemented through established government structures and technically within existing budgets. It also seeks to mobilize private sector funding, as well as shifting industry approaches to goods and service provision beyond the programme.

The overarching target of the EPWP is to alleviate unemployment for a minimum of one million people of which at least 40% will be women, 30% youth and 2% disabled, over the first five years of the programme - which is to say by 2009 (DPW, 2004). In doing so, it is intended that needed public goods and services will be provided labour intensively and at acceptable standards, and mobilizing both public and private sector implementation capacity. The programme also intends to increase the potential for at least 14% of programme participants to earn future income by providing work experience, training and information related to local work opportunities, further education and training and SMME development. (DPW, 2004).

The broad EPWP outputs that are specified in the programme's logframe are:

1. Participants acquire work and income opportunities
2. Participants acquire training, skills and information linked to exit strategies
3. Profit companies and not-for-profit organizations engage in labour-intensive programmes
4. Public sector capacity to implement labour intensive service delivery programmes to standard developed
5. Local communities acquire needed goods and services to standard
6. New opportunities and ideas for labour intensive delivery engaged.

EPWP is being implemented through four selected sector programmes: infrastructure, environmental, social, and economic. The following sections provide a brief overview of each of the sectors, while the table below provides a summary of the targets for each sector adding up to the overall EPWP 5-year targets.

Table 4-1: Overview of EPWP sector targets			
Sector	Work Opportunities	Training to be provided	EPWP Programme Allocations 2004/5 – 2008/9
Infrastructure	750 000 (4 months average duration)	9 000 000	R15 billion
Environment & Culture	200 000 (1 year average duration)	2 005 000	R4 billion
Social	150 000 (12-18 months average duration)	4 535 000	R2 billion (up from an initial allocation of R600 000)
Economic	12 000 (18 months average duration)	39 000	Undefined
TOTALS:	1 million +	15 579 000	

Infrastructure

The infrastructure sector programme of EPWP aims to increase the labour intensity of government-funded infrastructure projects by focusing on construction, rehabilitation and maintenance activities which offer the best opportunity for use of labour. In addition to influencing the mode of delivery of infrastructure funded through the main existing conditional grant instruments (the Municipal Infrastructure Grant and the Provincial Infrastructure Grant, also known as the MIG and the PIG), additional areas of labour intensive infrastructure provision and maintenance have been identified including labour intensive construction of civil works in housing, trenching in electrification projects, road maintenance and higher volume roads, building maintenance, and projects of the Consolidated Municipal Infrastructure Programme (CMIP).

The labour intensification agenda is driven by attaching special conditions to funding instruments, e.g. making the use of the Department of Public Works (no publication date) "Guidelines for the Implementation of Labour Intensive Infrastructure Projects under the Expanded Public Works Programme (EPWP)" mandatory for provinces and municipalities to use when planning infrastructure projects.

The sector is coordinated through the Department of Public Works (DPW), and associated stakeholders include departments of Transport, Housing, Provincial and Local Government, Water Affairs and Forestry, Public Enterprises, Minerals and Energy and Education, as well as the Independent Development Trust (IDT).

The infrastructure sector comprises the bulk of the EPWP job creation and training targets.

Environment

The environmental sector of EPWP is focused on creating work opportunities in public environmental programmes. The objectives of the sector are summarised in the sector's Plan (DEAT, 2004) as:

- Creating jobs and providing training through these jobs to facilitate long-term employment
- Linking people in the marginalized "second economy" with opportunities and resources to enable their participation in the developed "first economy"
- Integrating sustainable rural development and urban renewal
- Creating land-based livelihoods
- Promoting community-based natural resource management

- Developing the natural resources and cultural heritage
- Rehabilitation of natural resources and protection of biodiversity
- Promoting tourism

The environmental sector's approach mainly involves the expansion of pre-existing programmes such as Agriculture's Land Care programme; the Department of Environmental Affairs and Tourism (DEAT)'s People and Parks, Coastal Care, Sustainable Land-based Livelihoods, Cleaning up SA, and Growing a Tourism Economy programmes; the Department of Water Affairs and Forestry (DWAF)'s Working for Water, Wetlands, and Fire programmes; and the Department of Arts and Culture (DAC)'s programmes (e. g. the establishment of historical and community tourism programme).

DEAT is the sector lead department for the environmental sector, and DWAF, DoA and DAC form the other sector partners.

Social

The EPWP social sector seeks to create work opportunities in public social programmes, and is designed to initially focus on community-based health and social welfare care through the Home/ Community Based Care (HCBC) programme, and on early childhood development (ECD) which have been identified as areas that are highly labour intensive and having enormous scope for expansion given the large and growing needs for the services they are delivering. These programmes are considered to be under serviced, and previously relied heavily on volunteer providers. The EPWP intends to develop these service sectors by providing paid work opportunities (stipends), and developing the skills base and capacity of workers to provide quality services in these important areas. Women will particularly be targeted through the programme.

The EPWP Social Sector Plan (DSD, 2004) outlines the following objectives for the HCBC programme:

- Existing HCBC volunteers receive a stipend to allow them to work full time and receive accredited training.
- Expanding the pool of employed volunteers, rolling out a bridging programme to the community healthcare workers (CHW) programme, and working in partnerships towards creating learnerships
- Expanding the programme beyond the current HCBC sites with the establishment of new sites and work opportunities.

The ECD programme targets the unemployed and/or underemployed parents and caregivers in all ECD programmes by:

- Providing learnerships and training grade R teachers under the existing DoE programme
- Establishing a workplace employment and skills programme in sites currently receiving the DSD indigent subsidy (the Social Sector Plan indicated that there were 4612 such sites registered with DSD nationally during authoring; Departments of Social Development, Education and Health, 2004)
- Targeting the remaining ECD sites in poor areas for subsidies and employment
- Designing and running a programme providing short employment opportunities for unemployed parents through existing schools and local authorities
- Targeting of ECD support staff posts for gardeners, cooks and administrators in 4 targeted schools

The sector is coordinated by the Department of Social Development, with the Departments of Health and Education as essential partners.

Economic

The economic sector is focused on "developing small businesses and cooperatives, including utilising general government expenditure on goods and services to provide the work experience component of small enterprise learnership or incubation programmes." The mechanism discussed in the limited economic sector documentation is described as micro-enterprise incubation or venture learnerships.

The EPWP economic sector is coordinated by the Department of Trade and Industry (dti).

Training programme

Training is obviously not an EPWP sector, but is one of the key constituent aspects of EPWP projects. It was acknowledged in the conceptualization of EPWP that "...job creation without skills development, upgrading and training, does not lend itself to sustainable employment and will have no long-term economic impact on the lives of the unemployed..." (Growth & Development Summit, 2003).

EPWP therefore seeks to deliver both on-the-job and formal training. According to the "Code of Good Practice for Special Public Works Programmes" (2002: Section 87 (1)(a), Basic Conditions of Employment Act, 1997), EPWP workers are entitled to two days per month of training which is then based on the duration of employment. Formal training could be technical (hard) skills for the job, exit training (which might include different skills that would position the beneficiary for ongoing employment or enterprise activity), or also complementary training such as basic life skills.

The main training partner is the Department of Labour, and the Sector Education Training Authorities (SETAs) are also a significant role player.

4.2 Status quo and evaluations of the EPWP

The EPWP is based on the idea of changing the mode of production for asset creation - using labour-based in place of capital-based technologies - in order to create increased employment with public funds in order to reduce poverty. It has been argued however that poverty in South Africa is both chronic and structural and "not the transient result of a temporary shock" (McCord, 2005). Given the temporary-by-design nature of the intervention that EPWP makes with regards to job creation, however, the most fundamental critique of the EPWP has been whether it is an appropriate response to the poverty and labour market challenges of South Africa. It is not the purpose of this study to pursue this debate, but it is necessary to flag it.

Besides this question of whether it is an appropriate strategy for poverty reduction, EPWP's Monitoring and Evaluation (M&E) reports suggest that the EPWP is in fact well on its way to meeting (if not exceeding) its job creation targets, which is quite a positive position. Recent concern has in fact been on how to expand the programme to increase its impact given the extent of unemployment in South Africa and the perceived potential of the programme to make a more significant intervention.

However, it is also acknowledged that there are a number of challenges being faced by the programme. Some of the main challenges that were identified include:

- **Conceptual challenges:** There is a lack of or inconsistent understanding of the EPWP by the stakeholders who are supposed to be implementing the programme, particularly at provincial and municipal levels. This has hampered the rollout and mainstreaming of EPWP (indeed a number of provinces and municipalities are only recently coming to grips with the programme and evolving means of implementing it fully, and this is halfway through the EPWPs implementation term), and has also resulted in a range of different types of projects being labelled as EPWP with no sound understanding of why and whether they qualify to be classified within the EPWP, while other programmes and projects might meet the EPWP criteria but are not recognised as such.

- **Implementation challenges:** The EPWP has rather complex coordination structures and institutional arrangements.

It is designed as a highly decentralised programme involving over a dozen national stakeholder groups, as well as potentially all corresponding departments at provincial and municipal levels, and a range of implementing agencies including CBOs, NGOs and other private sector service providers. The funding sources and reporting lines vary significantly (e.g. an environment project could be funded directly from provincial level and be reporting directly to a general EPWP provincial coordinator, while a similar environment project in the same province could be funded by national DEAT and reporting via the national department directly to the EPWP national sector coordinator), and the logic and value of a central EPWP coordination unit which is based in DPW is still questioned by many. Particularly for this last reason, there has been a tendency for the EPWP to be perceived either as a DPW programme or as an infrastructure programme rather than a multi-sectoral, government-wide programme. Other implementation challenges have included wide-spread resistance to the use of labour intensive methods in infrastructure creation, some ambiguity about the actual cost of the programme despite some claims that there is no premium being paid for the programme, and a level of uncertainty about the actual impact of the programme, there has been a tendency for it to be perceived either as a DPW programme or as an infrastructure programme rather than a multi-sectoral, government-wide programme. Other implementation challenges have included:

  - wide-spread resistance to the use of labour intensive methods in infrastructure creation;
  - some ambiguity about the actual cost of the programme despite some claims that there is no premium being paid for the programme; and
  - a level of uncertainty about the actual impact of the programme.

- **Offsetting effects:** The robust monitoring and evaluation framework that was established for the EPWP recognises the problem of offsetting. Offsetting happens when the policy intervention is of no consequence to the outcome which would have occurred anyway. Examples of offsetting are where a person would have got a job anyway without participating in EPWP work or training, where the participants are given jobs that would otherwise have gone to someone else, or where the programme displaces non-participant target groups by creating market distortions that have negative unintended consequences. On the one hand, it is identified that these offsetting effects may not be a matter of immediate concern for EPWP during the duration of the projects because the jobs created would be new ones that would not have existed in the absence of the programme. However, given the fact that there are many continuation (pre-existing) programmes and projects that are now 'relabelled' as EPWP, there is in fact a real concern that these offsetting effects should be carefully considered and indeed monitored.
- **Training:** This has been identified as an area requiring intervention in the EPWP due to inconsistencies in the delivery and quality of training in the programme. There are cases where training is not provided at all, is not accredited, does not adequately focus on hard skills (frequently the only training given is basic life skills which does not specifically meet the objectives of up-skilling towards labour market absorption), or does not match skills shortages. Furthermore, it is not evident that the work and training opportunities are always linked to exit strategies for beneficiaries, and it is therefore difficult to assess the impact of the training.
- **M&E challenges:** Monitoring and evaluation is a critical aspect of the EPWP given that it is presented as a target- (or output-) based programme. While the programme is based on a thorough M&E framework that sets out clear processes and indicators, not all of these have been implemented, and there continue to be significant challenges faced in the quality (validity and reliability) of reporting. An issue of concern is that, while the EPWP should be reporting on net jobs created through the programme (total jobs less the jobs which would have been created anyway had the same work been done using machine-intensive methods), there is a concern that the current approach to determining these jobs is grossly inaccurate, while at the same time there is inadequate information available to determine whether there is a significant time, cost or quality premium being paid by implementing the approach. It is therefore difficult to comprehensively assess the programme's performance and impact based on the available information.

Being only halfway through its first five-year term, the focus has been mainly on rolling out the programme and dealing with the challenges of articulating some of the sectors and getting the role players on board. There has not been substantial formal evaluation of the programme so far, though there have been some studies conducted on aspects of the programme[8]. There has also been a review of the data quality of the EPWP (DBSA, 2006b). A review of the economic sector is currently underway. Most significantly, a mid-term review of the EPWP was also initiated in April 2007 and this will seek to make the most comprehensive assessment carried out to date of the programme's performance and experience with the aim of ensuring that the second half of the programme is revised to optimise its successful implementation and impact. Having said that, the mid-term review now underway makes little provision for a careful examination of the impact on beneficiaries, and in general there is a dearth of information in South Africa as to beneficiary impact.

The EPWP is an ambitious programme that seeks to mobilise a cross-section of public and private sector role players in increasing the labour intensity of goods and service provision, and thereby reducing poverty in the country. With a price tag of well over R20 billion attached to it, and a significant effort undertaken to implement it, there is high expectation that the programme should make a meaningful contribution to reducing poverty and alleviating unemployment in South Africa.

4.3 Summary of case studies

Seven EPWP case studies in five different provinces were conducted as part of this study. These are summarized in Table 4-1:

Table 4-2: Summary of EPWP case studies

	Project Name	Province	Overview
1	T-SHAD MPCC	Gauteng	Tembisa Self-Help Association of the Disabled (T-SHAD) is a non-profit organization which has been operating in Ekurhuleni Metropolitan Municipality since 1990. It focuses on income-generating projects (mainly recycling, manufacturing of household detergents, food gardening, and community services) and an advocacy programme, and is a very well established organization with strong leadership. In 2000/01, Gauteng Department of Public Transport, Roads & Works funded T-SHAD with R1,5 million for Phase 1 of their infrastructure programme, through which a workshop, activity hall, and recycling plant were constructed. In 2005, the Department awarded the project with about R3,4 million for Phase 2 which T-SHAD had applied for. Phase 2 comprises of providing additional infrastructure at the T-SHAD site, including external works (fencing, walkways, roads and a parking area), adding ventilation extractors to existing Hall, upgrading the existing workshop block with ablutions and an office, and building a new main structure comprising of workshops and classrooms. It is a 12 month project, employing 14 EPWP beneficiaries. Apparently the application was made under the auspices of the Community-Based Public Works Programme (CBPWP) which was terminated. This led to many delays during the transition of the project to EPWP, losing about a year of time. It also meant that of 13 beneficiaries who originally received pre-construction training towards the project (in technical skills such as plumbing and construction), only 7 were found and available for employment by the time the actual project started a year later. Workers who subsequently came on board did not receive the benefit of technical training due to the inflexibility of the Department of Labour to train people "again" for the same project when it was already underway.

8 *Examples include: G'Lab, 2005; Dan Smit Development Capacity, 2005; DBSA,2006a; ON PAR Development and Community Agency for Social Enquiry, 2006; GOPA Group, 2006; LTF Consulting, 2006.*

Table 4-2: Summary of EPWP case studies			
	Project Name	Province	Overview
2	Lasedi Secondary School	Gauteng	In 2004, this school was converted from Laerskool Donkerhoek, an all-white lower primary school into Lesedi Secondary School which draws most of its learners from the Mamelodi catchment area east of Pretoria. The Public Works project involved the development of sports fields for the school, including introduction of a football/athletics field and track, and two combi-courts (basketball and tennis). The project was introduced by the Department of Education District Office which contacted the school to say that they were to be included in an upliftment project for sports in schools. Though the school had not initiated it (and in fact had other development priorities), they nevertheless appreciated the benefit to the school and the community. The project created15 EPWP jobs for 9 months, mainly employing local (and some non-local) community members – most of whom are parents of learners or School Governing Body members – who had been previously unemployed. As an EPWP project, the project also provided some training to workers (First Aid and Life Skills), and there was some limited budget for equipment purchase. The project was coming to an end when it was visited, having exceeded its original deadline by 2 months. There was much concern about the future of the project because there was no OMM (operations, management & maintenance) funding planned into the project and the school did not have funds available for this, and also the workers desperately want to continue working, perhaps towards carrying out the maintenance function. However, there was also no plan or budget to support that.
3	Bergville/ KwaDukuza MPCC	KwaZulu-Natal	This multi-purpose community centre (MPCC) project was established in 2001 by the DPW for the Kwa-Dukuza community. A local contractor and community members were hired to build the MPCC. There is inadequate information available about the details of the construction project and its labour and training figures. However, it can be assumed to be on a similar scale to other such EPWP projects which might employ ±15 beneficiaries for 6 to 12 months. The building was handed over to other government departments to use as a service centre for the local community. There are some criticisms about the facilities provided in that they did not include public toilets, waiting rooms, or adequate security which has contributed to a level of theft and robbery. The MPCC is currently occupied by the Departments of Agriculture, Social Welfare, Home Affairs and the Post Office, and is managed by GCIS (Government Communication and Information Systems). The MPCC has not been launched and the community is not aware of the various services that they could get from the MPCC, except for social welfare services. Some have cited party politics as reason why the MPCC has not been launched. There are plans by the local government to extend the building to accommodate other government departments such as Labour and Health, as well as the South African Police Service (SAPS).
4	Chibini Road	Limpopo	This project was completed in 2005 and involved the re-gravelling of 1.4 kilometres of road through the village of Chebeng in Polokwane. The road chosen for the project is a strategic one, particularly because it carries taxi and other traffic between Chebeng and its neighbour to the north, and links this neighbouring village to the main tarred road that connects to Polokwane. Having said that, the resurfacing did not extend all the way to this other village, but rather fell short of it by a kilometre. In the course of the 5 month project, a total of 41 people were employed. However, not all of these were hired for the full duration of the project, owing to the fact that at first it was difficult to recruit people, and in fact among the 10 people who started with the project, some were recruited from another village. This difficulty in recruitment owed not to lack of need (Chebeng comprises over 1000 households, and unemployment is high), but because in the year or two preceding this project, a public works project elsewhere in the ward allegedly failed to pay workers what

Table 4-2: Summary of EPWP case studies

	Project Name	Province	Overview
			they were promised. However, from the third month of the project, an additional 20 workers were hired, and from the fourth month, an additional 11. There are concerns raised about the project in terms of the efficiency of its delivery (it was suggested that a conventional roads project would probably have taken half the time while employing less than a quarter of the people), and project management costs escalated from 10% to 14% during the course of the project on account of the need to address labour issues. Furthermore, no training was conducted, the on-the-job skills workers picked up appears to have been very modest, and the quality of the road that was delivered – although it was completed just more than a year before – appears to be little different to other roads in the area which were not resurfaced.
5	Ritchie Project	Northern Cape	This is a project which paved a 1.6 kilometre gravel stretch of road in Ritchie, which is a town some 40 kilometres south of Kimberly along the N12. Just prior to Ritchie is a turnoff to the historic landmark of Magersfontein (one of several sites in the Kimberly area associated with the South African War). Although the project is meant to complement the efforts to build the local tourism industry, its immediate impetus seemingly originated with a private developer who is planning to develop a private golf estate at more or less the spot where the roadworks are taking place, and who called upon the Department of Roads and Transport to see if there were any plans to improve the road that people will pass to access the estate. The main role-players in the project are Sol Plaatje Municipality, which acts not only as the client, but as the contractor; a consulting engineering company which provides day-to-day management; an on-site supervisor who is employed by the consultant (and who was a beneficiary on an earlier EPWP project which the consultant implemented); a community liaison officer; and the 30 employees. In addition, the Department of Labour has contracted service providers to conduct training. The project was undertaken during the period November 2006 to April 2007. The training provided through the project has apparently been quite good, to the extent that the consulting engineer considers that the quality of workmanship delivered in the project is superior to what would have been produced by means of conventional road construction techniques. The main challenge of this project appeared to relate to the procurement policies of the municipality involved. The consequence of the municipality assuming the role of contractor rather than contracting it out is two-fold: it caused delays in procurement, and also seemed to have led to uneconomical procurement because the municipality was not seeking to minimize input costs. Officials from the municipality concede these problems, and indicate that this style of work is dictated by politicians who dislike using external contractors because they feel that contractors disregard the politiciansí insistence that certain numbers of people are hired on projects.
6	Flower Valley Conservation Trust	Western Cape	The Trust began in 1999 when a group of existing landowners raised funds and bought a fynbos farm which was at risk of losing its biodiversity to other agricultural uses (like the planting of vineyards). The farm was bought to conserve the fynbos or indigenous plants growing in the area. The Trust was established to teach and employ locals to process the flowers into bouquets which are then exported to international markets. The focus is on picking the flowers using correct technique so as to conserve the fynbos. The overall model is therefore that the Trust teaches locals how to pick flowers the correct way, buy the flowers from them as small suppliers, and then exports the flowers. In this way, the Trust creates job opportunities by exporting indigenous plants for commercial purposes while maintaining biodiversity. The trust employs ±25 people and has created job opportunities for about 120 people working for the small suppliers of flowers to the Trust for exportation.

Table 4-2: Summary of EPWP case studies

	Project Name	Province	Overview
6	Flower Valley Conservation Trust	Western Cape	The Trust mainly trains its employees and some small suppliers who graduated from their training on correct flower picking and processing thus increasing skills and knowledge levels in the area of conservation, and also provides formal courses in areas such as business management to support enterprise development for small suppliers.
7	Rainbow Cleaning Services	Western Cape	Rainbow Cleaning Services is a private cleaning company that responded to a tender advertisement in 2004 from the Western Cape Department of Education (WCED) to provide services under their school building maintenance programme. This EPWP programme by WCED aims to maintain schools through provision of cleaning services and routine maintenance with the objectives of: 1) providing some sort of employment to local community members; 2) skills transfer through training and practical work; and 3) maintaining healthy and safe schools, including enhancing security and reducing vandalism by mere presence at the schools. The project employs parents of learners or local community members around the participating schools. The workers are sent to relevant courses like deep cleansing to enable them to perform their roles while also equipping them to pursue similar work beyond the project. The beneficiaries work two full days each week over a period of 6 to 12 months, for which they are paid at a rate of R50 per day. The Rainbow Cleaning Services contract currently employs 1 200 community members to participate in this work.

The case studies that have been reviewed are mainly ones that fall under the infrastructure sector of the EPWP programme as these would primarily be ones that would traditionally be classified as "public works" projects. The one exception is that of Flower Valley Conservation Trust which is an environmental sector project. Of the infrastructure projects, Rainbow Cleaning Services is the only one that is oriented to building services rather than the delivery of new infrastructure (roads, buildings or sports fields).

The last mentioned two, different, projects also created a larger number of jobs in terms of beneficiary numbers (120 and 1200 respectively) and for a longer period than the infrastructure projects, (which created between 15 and 42 jobs per project).

4.4 Findings

4.4.1 Relevance of objectives

Public works programmes have been used in many countries as a short-term measure for addressing chronic unemployment and poverty. It has been acknowledged that there may be some debate about the suitability of the particular intervention and its design for the South African situation. However, the broad relevance of a policy intervention focused on income payment and attempting to promote labour absorption in the context South Africa's unemployment crisis is certain.[9] The focus on the unskilled and semi-skilled, as well as setting of specific targets for marginalized groups (women, youth and the disabled) that otherwise have difficulty accessing labour market opportunities, is also highly relevant and appropriate.

4.4.2 What works and what does not?

There has been a position that the services sectors provide better opportunities to meet the objectives of the EPWP. The two examples observed from the small set of case studies would appear to support this. Maintenance of public buildings (such as schools) is an ongoing and distributed undertaking which provides an excellent opportunity for longer-term labour absorption while addressing a critical issue of poor facility maintenance in South Africa.

9 *The current unemployment rate is about 26% according to the official definition.*

Undertakings that encourage the private sector to participate actively in expanding the employment pool by considering opportunities in industry value chains to leverage in spinning-off new industries (e.g. small scale enterprises for flower picking) as in the example of Flower Valley also present an important opportunity for the mainstreaming of the objectives of the EPWP. This is even better when the initiatives meet parallel objectives such as environmental conservation. In these examples, however, it would be important to militate against offsetting effects.

What also appears to work well is where EPWP identifies leverage opportunities to support. A good example of this is that of TSHAD, where a community-based project which is well established and already providing extensive services and employment sought to have its infrastructure expanded which would allow it to augment its activities. The 14 temporary jobs created through the infrastructure project are minuscule compared to the scale of sustained opportunities and services that will be provided through TSHAD's own activities.

Where formal training is well conceived (relevant and targeted) and delivered, the potential for using alternative service delivery methods to deliver high-quality infrastructure (as in the Ritchie Road case) and to meet the labour absorption through upskilling objectives of EPWP (as is assumed to have been the case in the TSHAD project where beneficiaries received training and reportedly immediately found other employment) appear to bear strong promise.

However, training in particular is identified as an area that has not been working well in EPWP. There appears to be poor quality control of the training programme, targeting is limited, and the study found no evidence of claims that projects provide for clear exit strategies and that beneficiaries will be included in the Department of Labour databases for linkage to future work opportunities.

A second concern is in the communication and monitoring of the programme. Beneficiaries who were interviewed in a number of the cases complained about their low wages and did not know that they were part of a government programme of particular design where the temporary opportunity and lower wages are linked to longer-term benefits derived from the training and linkage to future employment. There are two consequences of this lack of understanding. Firstly, a number of the projects have experienced labour problems because of worker dissatisfaction about wages due to their poor understanding, and this has sometimes delayed progress and increased the cost of contracts. Secondly, the most efficient and direct form of accountability for the impact of EPWP should be from the beneficiaries themselves. If they are receiving inappropriate training (or none at all), or if the claims about their ability to improve their circumstances beyond the projects are exaggerated, then they would be the first to be able to identify the problem.

A third concern also related to communication is the wide-spread resistance to the use of labour-intensive methods in infrastructure contracts, or at least to implementing the EPWP contracts as currently designed. Some of the contractors who were interviewed complained that there were unreasonable burdens placed upon them on EPWP projects in terms of worker selection, training requirements, and strenuous reporting. They did not feel it was sustainable or particularly lucrative to undertake such projects. Studies conducted at the University of Cape Town (Mabilo, 2003; McCord,2006) also suggest that the attitudes of professionals and major construction industry role-players are still sceptical about EPWP. There is a need to "sell" EPWP, and specifically the labour intensification agenda, more effectively to key stakeholders if EPWP projects are to be successful and if the Programme's longer-range objectives of mainstreaming are to be achieved.

A fourth and important concern is the monitoring and reporting of EPWP. There is a concern about whether the reporting on net jobs created has any bearing on reality given the nature of some of the projects where re-labelling and offsetting effects appear to be evident. There are cases where figures may be underreported (i.e. where entire job complements should perhaps be counted) and others where they are over-reported (e.g. where there is substitution).

4.4.3 Effectiveness

The EPWP's overarching objective is to create temporary employment opportunities, and provide training that would provide beneficiaries with skills and experience that will enhance their ability to be absorbed into the labour market.

The projects reviewed clearly did create temporary employment to people who were poor and had been previously unemployed, and the beneficiaries seem to suggest that they will seek employment elsewhere when (or rather "if") this project ends. However, the delivery of the technical training which is, in the EPWP design, a critical ingredient towards enabling beneficiaries to either find future employment or to set up their own business/service, is uneven across the projects reviewed. It would appear that in many EPWP projects the only formal training provided is in soft areas such as Life Skills. The EPWP reports also identify challenges with the large number or unaccredited training being provided which may raise a question about the quality of training delivered. Whether beneficiaries are in a better position to qualify for similar or any employment elsewhere than they were before the programme, is therefore questionable.

The fundamental approach of the Infrastructure Sector Programme within the EPWP is to increase the labour intensity of government-funded infrastructure projects. The Chibini and Ritchie road projects provide clear examples of how this has been done by using labour in road improvement programmes. However, looking at the Lesedi sports fields and two MPCC projects, it is impossible to determine that the projects were relevant to this objective because there was no evidence of labour intensification demonstrated on the projects. In fact it would seem that the nature of the projects (given their small scale) was labour intensive in the first place and no additional jobs were really created on a project level. The argument might be made that net jobs were created through these projects because they are new projects that were identified through the EPWP programme and might not otherwise have been undertaken (i.e. the idea that EPWP is also about government scaling up its involvement in small-scale projects which are labour intensive by their very nature, as is the approach for example in the Social sector where the issue is about expanding the selected industries). If this is the case, however, then it is not being communicated as such, and the formulas used for determining net jobs would need to be reviewed.

Service delivery remains at the heart of EPWP in the sense that the programme is premised on the idea that necessary goods and services should be delivered, and to good standard. On the whole, the projects did appear to deliver on this objective. However, in the case of Lesedi Secondary School it was apparent that sports facilities were not the primary priority of the school or of its learners, and in KwaDuduza the existence and design of the MPCC appears ill-conceived. Furthermore, Lesedi School felt that the specified facilities were unsuitable for their needs - e.g. a sand track rather than a covered (grassed) track because they have learners running barefoot resulting in safety concerns, and also failure to consider the cost of the maintenance of the facilities beyond the project. There are also examples of quality concerns as in the case of Chibini Road.

In the case of Rainbow Cleaning, there is a question of whether offsetting might be an issue as parents are trained to provide cleaning, painting and other services which might otherwise have been provided by other existing workers and small providers in the industry.

4.4.4 Efficiency

On a project level, there are complaints about a higher time, cost, and administrative (reporting and organising) burden placed on implementers. To this extent it would not appear that the EPWP is particularly efficient. On the other hand, DPW maintains that there is no premium being paid on EPWP projects as it is merely a matter of changing the mode of production on certain aspects of infrastructure projects, and that extensive studies have been undertaken demonstrating that there is no significant negative impact on project cost or quality. However, this claim has not been substantiated as yet through primary research on the experience of actual EPWP projects. There are claims from some industry, government, and research experts that this is in fact a premium paid that still needs to be studied and quantified.

In quantifying the cost of the EPWP it would also be important - beyond the aspect of direct project costs - to account for the overhead costs of the programme both within the government administration as well as the range of consultants and implementing agents who are involved in aspects of programme rollout. On the face of it, these costs would appear to be quite large given the multi-layered administrative structure of EPWP, but also difficult to quantify. On the other hand, the case studies revealed that implementers by and large feel that as they become more familiar with EPWP, and as systems are put in place and refined, the overall administrations - however invisible - have dropped significantly over the past few years.

A general point that should be made is that the conclusion of one researcher (McCord, 2006) in a provincial review that elements of the EPWP offer only "uncertain outcomes at an unknown cost" due to poor assessment and its apparent functioning in an "accountability-free zone" is of significant concern as the question of efficiency cannot meaningfully be discussed or quantified in such an environment. In other words, the input: output ratio of the EPWP needs to be established in a holistic and legitimate manner in order to enable any sensible perspective on the programme's efficiency.

4.4.5 Sustainability

At a project level, sustainability of jobs is not an objective of EPWP. The question of sustainability in relation to EPWP therefore is addressed on three levels:

1. **Quality of the goods and services delivered. In this regard, the findings are a bit uneven.** There generally appears to be a reasonable level of quality of infrastructure and services being delivered through the EPWP which is achieved through the training interventions made as part of the programme. However, the Lesedi and the Ritchie Road case studies cast some doubt on aspects related to quality, suitability and sustainability. The quality control issue is also raised in respect of training interventions and the accreditation of training providers (DPW, 2005).

2. **Whether beneficiaries are linked to job/enterprise opportunities beyond the programme.** This is an essential objective of the EPWP but remains unmeasured. EPWP sets a very modest 14% target for this (which itself is questionable), but there appears to be little evidence about the extent to which this is being achieved at all.

3. **Mainstreaming of the EPWP principles of labour intensification in the delivery of goods and services.** The extent to which labour-intensive technologies have been used is unknown and it has not been established whether the use of labour intensive technologies has created a net number of jobs, that is the number of additional jobs created by using labour-intensive technologies compared to the number of jobs created using traditional technologies.

4.4.6 Institutional development impact

The complex institutional arrangements of the EPWP are a challenge. The role of the central EPWP unit which is situated at national DPW, and provincial coordinating units also mainly located in Works departments presents a challenge because they lack mandates and budgetary control over the other implementing departments and spheres. Coordination is supposed to be through the usual service delivery departments (which are largely provincial and municipal), which means that some roles are also not consolidated into a single channel of funding or accountability (e.g. Department of Labour's role in training).

On the one hand, some departments indicate that the EPWP has somehow fostered a higher level of coherence and intergovernmental cooperation by departments having to synergise and coordinate to meet shared EPWP objectives. On the other hand, some departments have also indicated a high level of frustration with the process of coordination and would prefer to be able to get on with their core service delivery mandate. There is also frustration among some EPWP coordinators about the unresponsiveness of other line departments and spheres to their requests for participation and information. It is possible that the mixed attitudes towards the EPWP are symptomatic of a more general challenge in the public administration system which has to do with the combination of limited organisational capacity, and the ambitious range of special programmes and imperatives that the South African government had tended to embark upon over the past decade or so. In this sense, EPWP could be perceived as "yet another" programme creating new parallel demands for resources and reporting. More general challenges in inter-governmental relations are probably coming into play.

4.4.7 Scale of engagement

At the end of 2006, the national EPWP programme included over 5000 projects, about 1500 of which were infrastructural. In the first two years of the programme (April 2004 to March 2006), EPWP reports that 348 900 net work opportunities were created, putting the programme well on track to delivering the promised 1 million jobs.

These figures, of course, have to be taken in relation to the identified challenges with measurement and reporting in EPWP raised previously, in particular whether all of these 350 000 jobs are genuinely 'net' in the sense claimed. They also have to be considered in light of current unemployment figures, which according to the March 2006 Labour Survey comprised 4.2 million people unemployed as per the official definition, and a further 3.7 million 'discouraged' job seekers (Stats SA, 2006).

On a project level, this study found a majority of projects that are employing in the order of 15 to 40 beneficiaries. At the present scale of unemployment in the respective communities, this scale of engagement, and particularly when of a highly temporary nature, can be considered to be fairly minute. The service oriented projects are the ones that appear to employ more people.

The EPWP's target "to increase the potential for at least 14% of public works participants to earn future income by providing work experience, training and information related to local work opportunities, further education and training and SMME development" (EPWP, 2004) seems highly modest. This is particularly so given the challenges identified with the training (44% non-accredited in 05/06) and exit strategy aspects of the programme.

There is ongoing discourse about the need to massify the EPWP if its targets are to be significant relative to the scale of unemployment in South Africa.

4.4.8 Targeting

The EPWP has fairly clear targets (the poor, unskilled, and unemployed), and is seemingly being quite effective in reaching these targeted beneficiaries. One concern that emerged in the course of the field work and discussions with provincial officials, however, was the extent of political interference in terms of beneficiary selection. The indication is not that the opportunities are being redirected to people who are not poor or deserving, nor even to specific individuals who are known to the politician in question. Rather what is alleged is that in some communities, affiliation to a particular political party is absolutely essential to be considered for inclusion in a public works project. In addition, it has been alleged that some projects end up being undertaken in certain communities not so much because they are particularly poor, but for reasons of political patronage. And third, and arguably this bears more on efficiency than targeting, politicians sometimes seek to dictate that projects take on more workers than what is regarded as practicable by the project managers and implementers, again for the political patronage effect.

4.4.9 Interactions and externalities

As previously discussed, the critical labour market impacts of the EPWP have not been quantified.

The other major aspect of interaction regarding the EPWP would be in the mainstreaming of the programme's principles into sectoral service delivery. To the extent that a large number of departments are reporting, and reporting impressive progress, against EPWP targets, this can be said to be happening. However, there is some evidence of confusion about the role of EPWP and centralised EPWP role-players in government, and interpretations about what EPWP projects are and how the programme should be rolled out do not appear to be consistent (McCord, 2006).

Industry uptake of the EPWP principles also seems to be weak. Some contractors were extremely negative about the programme and its impact on their ability to deliver on their projects and make a reasonable profit on contracts. One contractor emphatically pronounced that the programme is "a double whammy on emerging contractors" who are mainly relegated to doing these kinds of projects.

One interesting finding is in comparing the aims of the EPWP in relation to the findings in respect of the social development projects. It is apparent, for example, that there may be some contradictions between the aims of EPWP in expanding public support for HCBC and the perspective of the Department of Social Development on approach to HCBC; this issue is highlighted in Chapter 7 wherein a discussion of DSD's policy shift 'from welfarism to self-reliance' is offered.

4.4.10 Monitoring and evaluation

Monitoring and evaluation is an acknowledged weak point in the EPWP due to the distributed nature of the programme's implementation. Not all role-players report to the national M&E section and of the reports received, 75% of projects are thrown out on the basis of incompleteness or invalidity of data. Of the portion of data that does make it through the system, there are still serious questions about the legitimacy of information presented and the determination of net jobs.

Efforts are currently underway to improve EPWP's M&E systems both nationally and provincially.

4.5 Conclusions

The EPWP is only two and a half years into its implementation and therefore fairly new. Its objectives are fairly specific, and clearly present an opportunity to make a strong contribution to government's poverty reduction programme. At the end of 2006, the national EPWP programme included over 5000 projects, about 1500 of which were infrastructural. In the first two years of the programme (April 2004 to March 2006), EPWP reports that 348 900 net work opportunities were created, putting the programme well on track to delivering the promised 1 million jobs.

On the other hand, the distributed nature of the programme and the approach taken to its implementation has made it quite unwieldy to roll out and coordinate. Much emphasis is required around the areas of project definition, improvement of the training and exit strategy aspects, communication, monitoring and evaluation, reporting, and mainstreaming. It is evident however, that departments are slowly coming to grips with the EPWP and how to approach its implementation in their respective sectors.

A Mid-term review of EPWP is currently underway, and this will significantly aim to improve the second half of the programme's implementation.

5. LAND REDISTRIBUTION

5.1 Overview of the land redistribution programme and its evolution

Land redistribution is one component of government's land reform programme. The other components are land restitution, which involves the restoration of land or other compensation to victims of forced removals, and tenure reform, which seeks to improve the clarity and robustness of tenure rights, mainly for residents of former homeland areas and Coloured Reserves. By comparison, land redistribution is that part of land reform whereby people apply for financial and other assistance with which to acquire land for farming, and sometimes settlement purposes. Whereas tenure reform is mainly effected through legislation and associated processes, and the explicit function of restitution is to provide for restorative justice, land redistribution is project-based and has overt economic objectives, namely to reduce poverty and promote opportunities for economic advancement through agriculture:

"The purpose of the land redistribution programme is to provide the poor with access to land for residential and productive uses, in order to improve their income and quality of life.... Although the scale of the proposed redistribution is not yet quantifiable, it must achieve the following outputs: a more equitable distribution of land and therefore contribute to national reconciliation and stability; substantially reduce land-related conflict in areas where land disputes are endemic; help solve the problem of landlessness and pave the way for an improvement in settlement conditions in urban and rural areas; enhance household income security, employment and economic growth throughout the country." (DLA, 1997, p.38.)

Land redistribution is the joint responsibility of the Department of Land Affairs and the national and provincial Departments of Agriculture. Until recently, the main approach to land redistribution has been demand-led, meaning that people can apply to the Department of Land Affairs for grants with which to purchase land that they identify, often pooling grants from multiple households or adult members of the same household in order to do so. Where land purchases involve multiple households, some kind of legal entity is formed, for example, a communal property association or a trust. Apart from a relatively small number of redistribution projects involving the disposal of state land (which itself mainly targets erstwhile lessees), land acquisition was through the open market, i.e. the 'willing-buyer/willing-seller approach'. The main piece of enabling legislation for redistribution is the Provision of Land and Assistance Act, 126 of 1993, which provides for the making of financial grants for settlement and production purposes in order to assist historically disadvantaged people.

From 1995 to 2000, the main financing vehicle for redistribution projects was the Settlement and Land Acquisition Grant (SLAG), which was awarded to households. The SLAG was linked to the housing grant in that the maximum amount was the same as for the housing grant, but also in the sense that a given household could not access both grants in full measure, though it could in principle access a certain amount from each totalling not more than R15 000. The SLAG was complemented by a planning grant to be used to engage the services of facilitators and/or consultants to conduct feasibility studies, prepare business plans, conduct valuations, and meet certain transfer costs.

In 2001, a new redistribution sub-programme called Land Redistribution for Agricultural Development (LRAD), was introduced, which largely superseded SLAG. LRAD came with its own grant formula, which was available in a range from R20 000 up to R100 000 per adult, depending on an own contribution requirement which rises disproportionately according to the grant level (that is from R5 000 to R400 000). Because the LRAD grant is awarded to adults rather than to households, adult members of the same household can apply for LRAD grants which are then pooled, making possible what was relatively rare under the SLAG, namely projects consisting of a single household or extended family. The other, strategic objective of LRAD, was to enhance the role of agriculture departments in supporting land redistribution, in part by ensuring more clarity about respective roles and introducing mechanisms for promoting inter-departmental co-ordination. In terms of finances, Land Affairs pays for the initial land acquisition and whatever else can be afforded from the initial grant awarded to a project, while for some projects additional support for on-farm infrastructure comes through the Comprehensive Agricultural Support Programme (CASP) of the national Department of Agriculture.[10]

10 *About two-thirds of CASP funding goes to support land reform projects, while the balance goes to support other PDIs in agriculture, such as those in communal areas. CASP is a conditional grant to the provincial agricultural departments.*

To complement the dominant demand-led approach, the Department of Land Affairs has recently launched the Pro-active Land Acquisition Strategy (PLAS), the idea of which is to acquire land that looks suitable and strategic for redistribution, and then identifying beneficiaries. In principle, PLAS is meant to focus on the poor, and many beneficiaries will initially lease the land, obtaining ownership later on if they demonstrate that they can use the land successfully (Department of Land Affairs, 2006). It is premature to comment on PLAS at this stage, and no PLAS projects were examined for purposes of this evaluation.

5.2 Existing literature on and evaluations of the land redistribution programme

There is broad consensus that the land redistribution programme has not performed well, mostly in respect of the pace of delivery, but also regarding the robustness and impact of redistribution projects that are delivered. In July 2005 the Ministry for Agriculture and Land Affairs convened a national Land Summit. The official Summit report published afterwards states bluntly:

The Summit assessed how far we have gone in meeting the land and agrarian reform ideal of our people as reflected in the Freedom Charter and the Constitution. The Summit noted the progress made by our democratic government in the first ten years of democracy. Nevertheless, one delegate after another said that progress had been slow and costly.... This report has been prepared by the convenors of the Summit..., to reflect, in summary, the outcome of the Summit and to form a basis for ongoing engagement, and with a view to defining a clear way forward towards 2014 (Ministry for Agriculture and Land Affairs, 2006, Report of the National Land Summit, pp.4-5).

Beyond this, however, there is a wide variety of views as to what accounts for these problems, and where the solutions lie. As the Summit report again reflects, 'Given the diversity of opinions, the range of interests involved and the intensity of emotion and passion that the land question justifiably generates, it was unlikely that consensus would be found on each and every issue' (*ibid*., p.5) The debates regarding the pace of delivery revolve mainly around the suitability of the willing-buyer/willing-seller approach, and whether there are ways in which to either make the market more conducive to redistribution, or shift to non-market mechanisms such as expropriation instead (Jacobs *et al*., 2003). As for the impact of projects, for example on improving livelihoods (which is more of our focus here), there is a general acknowledgement that LRAD has been successful in reducing the size of beneficiary groups from what had been the norm under SLAG, and that this promotes better project performance, but that many projects still seem to struggle. The diagnoses vary: Land redistribution projects are too frequently established on inferior land (again owing to the willing-buyer/willing-seller approach); land redistribution projects are under-capitalised (which is a major rationale for CASP); land redistribution projects are too closely modelled on the capital-intensive farming style characteristic of the established commercial farming sector; and there is insufficient post-settlement support.

It is not our purpose here to take a stand on what is a very complex, specialised and contentious issue, but rather to comment on the contribution of land redistribution, as it is presently construed, to poverty reduction, mindful of the fact that poverty reduction is not its sole objective. Of studies that have closely studied the impact of land reform on livelihoods, arguably the largest and most rigorous was the first 'Quality of Life Survey' commissioned by the DLA (May *et al*., 2000). One of the most significant findings of the study was the following:

Although many projects do not yet show any signs of economic potential, fourteen projects (or about 15% of the total) were characterised by very high profits, generating a median income for the typical beneficiary of R10 000 per year. This would not only provide a very favourable return on the land acquisition subsidy of R16 000 but also be more than sufficient to lift beneficiaries out of poverty. (May et al., 2000, pp.xiii-xiv.)

Another important finding is that, even among projects that do not show evidence of 'economic potential', food security benefits may be tangible.

The relevance of the study to the current approach to land redistribution is unclear, given that the study predates LRAD. Another limitation of the study is that for over 50% of the projects whose members were interviewed, the land had been transferred within the previous 12 months, meaning that the sample was biased strongly in favour of projects that had not had sufficient time to either flourish or fail. A more recent edition of the 'Quality of Life Survey' was commissioned by DLA in 2005, and one expects that its results will be very useful. However, a final report is not expected before June 2007.

A fair amount of case study and qualitative research on land redistribution has also been conducted, and generally supports the conclusions of the first 'Quality of Life Survey'. In a highly useful meta-study conducted by DLA's M&E directorate in 2005 (Department of Land Affairs, 2005a), a number of key patterns were identified:

- "Beneficiaries find it difficult to access formal markets. This situation is compounded by the fact that in the main business plans do not make provision for marketing." (p.16)
- "Many case studies report serious problems with the functioning of common property institutions.... In several cases the allocation rights and responsibilities of beneficiaries are not sufficiently clarified at the outset. In addition, resource management plans are either poorly drawn up or non-existent....." (p.20)
- "...provincial departments of agriculture and provincial land reform offices lack capacity to carry out their responsibilities for the land reform programme." (p.17)
- "While these beneficiaries are typically not reporting an 'income' or 'making a profit', many are clearly in the process of establishing new, sustainable livelihoods. These livelihoods may not seem 'successful' when judged by the standard of commercial agriculture, but they have important poverty reduction impacts." (pp.19-20)

5.3 Case studies

Nine case studies were conducted of land redistribution projects. Some of these were covered in more depth than others, principally because some allowed for beneficiaries interviews, while others were too small (Poorman's Friend) or new (Khulumani). Table 5-1 provides short summaries of the case studies.

Table 5-1: Summary of land redistribution case studies

	Project Name	Province	Overview
1	Masizame	Eastern Cape	The Masizame project was initiated by 36 community members from Whitlesea and its environs who lodged an application with the Land Affairs office in Queenstown in 1995. However, farming commenced only in 2001 when the land transfer finally took place. The farm comprises 744 hectares, of which 10 are arable. The farm purchase price was R446 000, relative to a total LRAD grant amount of R576 000, the difference of which was spent mainly on livestock, machinery and equipment. The farm commenced with cattle, sheep and goats owned by individual members, as well as animals purchased by the group. Fodder production commenced in 2003 when barley was produced. The farm made its first sale in 2004, when an individual flock owner sold two bales of wool. Since inception, the project has been in a stock development phase, and has therefore not done any major sales. The only sales were the occasional livestock or two, done by individuals with own stock at the farm, and a once-off sale by the group of 10 sheep to raise funds for the repair of the tractor. Besides fodder, between 2003 and 2006 the farm produced about half a hectare of vegetables annually for own use, mainly cabbage, potatoes, spinach and onions. Over time, 11 of the 36 original members have dropped out. There have been appreciable increases in the stock levels since inception and the condition of the animals at the farm is considered good. In terms of job creation, the project can be said to have created part-time jobs for the 25 beneficiaries who remain on the project, although the returns to this labour are minimal in financial terms.
2	Slovo Welcome Trust	Eastern Cape	The Slovo Welcome Trust project is one of the very first land redistribution projects in the country. The project was initiated by an application for SLAG funding to Land Affairs by a group of 85 community members, leading to project transfer in 1996. The project is made up of two adjoining farms with a total size of 1285 hectares, of which 171 hectares are arable. The total asking price for the farms was R1.25 million, exhausting very nearly the total grant awarded to the beneficiary group. The project is governed by a 10-member

Table 5-1: Summary of EPWP case studies			
	Project Name	Province	Overview
2	Slovo Welcome Trust	Eastern Cape	Executive Committee, which is responsible for the day-to-day management of the farm. The project bought a second-hand tractor at inception and produced its first crop of vegetables in its first year. In the same year repair and maintenance work began on the furrows that transport water from nearby dams to the two farms. The project teamed up with neighbouring farms for these repairs, but water supply was never fully restored. Similarly, aging water pumps that were repaired soon broke down again. Despite these irrigation constraints, 7.5 hectares of arable land were irrigated and vegetable production was carried out between 1996 and 1998. The project successfully supplied the Queenstown Fresh Produce Market, hospitals, shops and the local community. In 1996 the project produced its first lucern crop, but had difficulty cutting and baling the crop, because it did not have the baling equipment for the job. The project at inception also had problems with electricity and water bills that made production unprofitable. While local extension officers believe the project's failure can partly be attributed to financial mismanagement by former Executives of the Trust, the latter believe the project failed for lack of financial support from government, especially due to the lack of production finance. In the absence of commercial vegetable production – vegetable farming reduced to about 0.5 hectares of subsistence production – the only production activity that remains at the farm is the raising of cattle.
3	Kaalspruit Trust	Free State	The Kaalspruit dairy project was started by a group of fifty people who joined together to buy a farm of 385 hectares in 1998 for R700 000. Presently, the project is left with fourteen members, of whom four are women and ten are men. Apart from some members who died, most who left did so because they did not receive the wages that they had expected. Although the project continues with its work, it is performing poorly and struggling to service its dept to the Land Bank, which currently stands at R120 000. The project earlier received R50 000 from South African Breweries, and has received extension support and training from both the provincial agriculture department and the University of the Free State. The group has applied for financial support from CASP.
4	SA Free State Farming	Free State	The SA Free State Farming Project is situated adjacent to the township of Tumahole, six kilometres outside the rural town of Parys. In 2001, a group of 25 applicants pooled their LRAD grants totalling about R750 000 and took out a loan of R800 000 with the Land Bank to acquire an 890 hectare farm for R1.2 million. Presently the project farms in cattle and poultry, and among other places supplies eight local spaza shops with eggs and milk. Of the initial 25 members only 12 are still actively involved with the project, the rest having left mainly due to the fact that they were not receiving the wages/salaries they had expected when they started the work. Although the project has maintained some level of production for almost six years, it was forced to sell about half of the land in order to avoid defaulting on its Land Bank loan. Project members acknowledge the fact that they lack the basic skills of farm management, notwithstanding ongoing support from a local extension officer. They also acknowledge that the decision-by-consensus approach makes it difficult to deal with non-cooperative members.
5	Mmaboi 3	Limpopo	Mmaboi 3 is a SLAG-funded project established in 2001 with 300 beneficiary household members, located about 20 minutes southeast of Polokwane. The farm cost R3.8 million, leaving about R1 million for infrastructure and implements, all of which has been used or, allegedly, stolen by the original trustees who absconded in 2002. A new board of trustees and management committee was established in late 2006, and things appear to be picking up. From the 300 original members, the number gradually declined to 46. The project was and is operated as a unit, with separate management teams created for various units, including arable production, Nguni cattle production, etc. Prior to 2006, the wage ranged from R200 to R500 per month, but from late 2006 was increased to R800. In 2005/2006, the gross revenue was R200 000, but the new trustees hope for dramatic improvements

Table 5-1: Summary of EPWP case studies			
	Project Name	Province	Overview
5	Mmaboi 3	Limpopo	owing to a new partnership with a local business to excavate sand, a possible contract with a national supermarket chain, and various other possibilities. CASP funds were accessed last year to test and equip two boreholes. The provincial department of agriculture is in the process of 'de-registering' non-active beneficiaries on this and various other projects across the province. According to trustees, there are about 15 other similar redistribution projects in the area, most of which are in a similar state to that of Mmaboi 3, if not worse.
6	Khulumani	Northern Cape	Khulumani is a family-based project on a smallholding that borders Griquatown. The beneficiaries include six members of the same family, who applied for LRAD grants and were awarded a total of R160 000, which left a small balance after paying R140 000 for the land. Transfer took place in early 2006. The land had not been farmed for several years, and the irrigation infrastructure is in general disrepair, however the land has three reliable springs. Of the family members, one member in particular – an energetic, entrepreneurial young man ñ is driving the process, with minimal active involvement of others. Currently he is paying two elderly gentlemen from the local African township to clear parts of the land, is applying for jobs so that he can have an income stream from which to invest in the farm, is looking into applying for CASP funding, is planning to plant vegetables, and is trying to find out how to qualify as a supplier to the school nutrition programme.
7	Poorman's Friend	Northern Cape	Poorman's Friend is a family-based project on a smallholding near Warrenton, some 70 kilometres north of Kimberly. The 40 hectare plot cost R90 000, leaving a very small balance of about R6 000. Officially, the project has four beneficiaries, but in reality it involves a single man with some casual labour, who counted his wife and two others as beneficiaries in order to be able to pool more grant money. Presently, he has 40 goats, two horses, and two cattle on the land. The farmer has varied experience in agriculture and ambitious plans, including expanding his goat herd, putting up tunnels for growing organic vegetables, and possibly applying for assistance to acquire more land. However, the infrastructure on the farm is poor, especially in terms of water and fencing, but the farmerís attempts to get more capital through CASP have been allegedly frustrated by bureaucratic inefficiency on the part of government. Also, the farmer presently stays in Kimberly with his family, and would like to build a house on the farm to which they would move.
8	Super Chicken	Northern Cape	The Super Chicken project is a Pty Limited company that arose from the need of workers to save their jobs in the face of the imminent closure of their broiler facility. The facility sits on 21 hectares of land on the outskirts of Warrenton, some 70 kilometres north of Kimberly. All 60 workers came together to apply for LRAD grants with which to purchase the business, which they did in mid-2002 for R3.3 million. The total financing of the project comprised R2.3 million from Land Affairs, plus a loan of R1.5 million from the Land Bank. Recognising their own lack of management and enterprise expertise, the group initially had a contract with the former owner to assist with marketing, but the relationship did not work out. In mid-2003 the Land Bank appointed a mentor, who was ineffective and left after six months. Over a short period, the business sank down to the point that cash flow allowed the purchase of only very small numbers of day-old chicks, and presently it is operating at less than one tenth of its capacity. Various types of short-term training were provided by/through the Department of Labour, most of which the beneficiaries regard as useful, but no substitute for the hands-on guidance that was evidently needed. Notwithstanding these difficulties, the project won two high-profile awards for its accomplishments, and in 2003 was the subject of a flattering write-up in a dti publication (dti, 2003). Of the 60 original shareholders, 14 are still active on the project, jokingly regarding themselves as 'volunteers'. Of the rest, three have died, three are ill, nine have found other employment, and the other 31 are 'at home'. The most immediate and direct threat to the project is perceived to be the Land Bank, which is insisting on payments of

Table 5-1: Summary of EPWP case studies			
	Project Name	Province	Overview
8	Super Chicken	Northern Cape	R20 000 per month that the project struggles to produce. The project is awaiting the outcome of a CASP application for R1.5 million, which would assist in repairing some of the broiler units (eight out of nine of which are in reasonably good condition) and upgrading the abattoir facility.
9	Kitlanang Project	North West	The Kitlanang project was established in 2003 and involved the acquisition by 33 beneficiaries of a 598 hectare farm. The total grant award from DLA was R913 000, and the cost of the farm was R658 000, leaving a balance that could be used for development, including purchase of livestock. The project is still active but struggling because of lack of money with which to pay for electricity and water. Also, the beneficiaries claim to have had little to do with the choice of land, noting that none of it is suitable for arable production. The project has very limited impact owing to the fact that most of the earnings from livestock sales are absorbed through payments for water and electricity.

Arguably the most striking feature of this selection of projects is their diversity, which was not deliberate on the part of the research team but rather indicative of reality. Part of this diversity owes to LRAD, which has made family-based projects possible (e.g. Khulumani and Poorman's Friend) that were generally not possible before, and which in many respects are strikingly different from the larger, group-based projects. For one, these family-based projects appear to be less likely to have the very poor as their direct beneficiaries, but they do provide opportunities to entrepreneurial individuals with modest means, and there may be secondary beneficiaries, such as employees, though they are few in number and on the face of it their remuneration and working conditions are poor. A second observation is that, particularly for larger projects, there is typically a decline in active beneficiaries over time, which is not universal but certainly common (see section 3.3 above). This implies that one should be careful not to take the benefits enjoyed by active beneficiaries as indicative of the benefits enjoyed by the numbers of people captured in official figures. This is linked to a third observation, namely that the performance of some projects declines from an auspicious beginning (which seems to account for the decline in active beneficiaries), and other times starts and builds slowly from a low base. The decline in performance is characteristic of larger projects which tend to struggle with management problems. These problems may have become less acute with the introduction of LRAD, but are by no means absent, owing to the fact that there still exists an expression of land demand from groups, sometimes because members of these groups are already associated with one another as farmworkers on the same or neighbouring farms (e.g. Super Chicken).

5.4 Findings

5.4.1 Relevance of objectives

The relevance of land redistribution is largely uncontested, and the fact of a strong demand for land among rural (and urban) blacks (HSRC, 2006a) as well as other evidence suggests the importance of pursuing land redistribution in earnest. Among the stated and worthy objectives of land redistribution are poverty reduction, job creation, restorative justice, and 'levelling the playing field' so that the agricultural sector as a whole become more integrated and equitable. Having said that, there is a lack of clarity in government policy as to the precise weights attached to these sometimes divergent objectives, apart from the fact that, together with restitution, it is meant to contribute to the transfer of 30% of white-owned commercial farmland to blacks by 2014 (see section 5.4.7 below).

5.4.2 What works and what does not

There is broad agreement that, particularly in respect of the early SLAG-based approach, groups were too large, contributing to them being unmanageable. There are however two minority views in this regard: first, that part of the problem with group-based projects is that their constitutions are not drafted with sufficient care, but that more participatory processes that pay attention to well-known pitfalls can enable many common property institutions to work well (LEAP, 2007); and second, it is not group size as such, but the assumption that group acquisition need necessarily mean group production, rather than, say, subdivision (Aliber and Mokoena, 2003). In the event, subdivision of properties acquired through land redistribution has been rare, despite growing awareness that ways must be found to encourage and facilitate it (see e.g. the Ministry's 'LRAD Review' of 2003, p.23). To the extent the group size problem has to some degree been solved by means of increasing the purchasing power of applicants - i.e. so that smaller groups are able to pool sufficient grant finance to purchase entire farms - there is a concern that it comes at the cost of giving many beneficiaries more land than is typically the demand in rural areas (HSRC, 2006a), which in part may account for why so much redistributed land remains under-utilised. Another feature of group-based projects is the tendency for them to model themselves on commercial farms, both in the nature of the production plan, and in the sense that most of the beneficiaries are treated as wage earners (i.e. effectively as employees) rather than co-owners and entrepreneurs in their own right (e.g. as with the Mmaboi 3 case study above). This is an issue that goes beyond land redistribution (see e.g. HSRC, 2006b), and probably reflects in general that many of those seeking government assistance would above all prefer a job with a secure wage, even if, as in the context of land redistribution and other types of income generating projects, there is nothing secure about it. The attrition of project members from projects can generally be ascribed to the fact that the level and regularity of these wages do not meet expectations, as suggested by some of the interviews conducted for the telephonic survey ('There is no money to pay workers') as well as some of the case studies identified above.

A second area in which there is some convergence of view is that relying on debt finance is problematic for many projects. The examples of SA Free State Farming and Super Chicken are cases in point. Land Affairs implementers typically comment that they prefer projects that do not require loan finance, or at any rate require little of it, and it is generally recognized that the need for government to recapitalize the Land Bank is in some measure related to the non-performance of its 'emerging farmer' portfolio, much of which consists of land redistribution beneficiaries. Again, the larger amount of money available through LRAD means that some of the pressure to look for loan finance is reduced if not relieved.

And third, there is general recognition regarding the importance of providing appropriate and adequate post-settlement support. What constitutes appropriate and adequate post-settlement support, and how to ensure it is available, is not so clear, to the extent that there is even an ongoing debate as to whether Land Affairs needs to find ways of providing such support itself without having to rely on the departments of Agriculture. One particular concern is that post-settlement support is unlikely to make a meaningful difference in those cases where the business plan is badly flawed to begin with. One strain of evidence shows how much land reform beneficiaries can benefit when they ignore their official business plan and rather rely on their own experience and skills, which project planning has a tendency to distort or neglect (Lahiff *et al.*, forthcoming). This line of thinking is in line with the emergent credo of the Department of Social Development, wherein the role of development support is to 'augment what local people already do well'. The virtue of this incrementalist approach is evident to some extent in the case studies described above, where one can trace the problem to the disjuncture between the design and intentions of their projects, and the type of agriculture and agricultural organization they know.

5.4.3 Effectiveness

The effectiveness of land redistribution in reducing poverty is not known with certainty, given the recent changes to the prevailing approach, as well as the fact that land redistribution projects themselves - and the benefits they confer on their members - change over time. Added to this is the fact that land redistribution has multiple objectives, as stated above, and as will be discussed further below there are no stated targets as to what precisely is anticipated by way of the contribution of land redistribution to poverty reduction. And finally, the effectiveness of land redistribution as a means of reducing poverty cannot be considered in isolation from the implications for secondary or indirect beneficiaries (i.e. employees of land reform beneficiaries, as well as those in former homelands who may have better access to grazing land by virtue of direct beneficiaries relocating their livestock to their new land), as well as for those who lose from land redistribution (e.g. farm workers and farm dwellers associated with the previous owner, who frequently lose out when land is acquired for land reform purposes.

These secondary, indirect and negative implications are poorly understood, and this must include the potential implications for food prices. Given what appears to be a common pattern of lower farm productivity (and profitability) on project farms, it is pertinent to ask what the implications of reaching, say, the 30% target, will be on aggregate agricultural production and, therefore, food prices. While one should avoid knee-jerk assumptions that lower aggregate production will imply higher or more volatile food prices (there are many intervening variables), these concerns cannot be dismissed offhand.

Having said that, there is ample evidence that many beneficiaries do benefit, albeit not necessarily to the extent indicated by project business plans and in the numbers suggested by official statistics. One piece of evidence comes from the telephonic survey conducted as part of this study, from which 12% of the projects surveyed indicated an increase in the number of beneficiaries relative to the original number. As an example, one land redistribution project started in 2001 with 50 beneficiaries, but now has 109, owing to local people seeing the benefits offered by the project ('People who are not working joined the project as well'). Moreover, of the 27 land redistribution beneficiaries interviewed for this study, all but four indicated that they were better-off now relative to before the project, and virtually all felt positive about the future of their projects. The gains enjoyed by the projects may well be insufficient to raise the beneficiaries above a given poverty line but are nonetheless real. When asked to explain what they meant when they indicated that they were now better-off, typical responses were as follows: 'Because now we do not have problems with food in my house'; 'Since I joined the project my household is better off because I can be able to buy food,' and 'Because I feel happy even if there are ups and downs'.

5.4.4 Efficiency

It is difficult to speak of the efficiency of land redistribution without regard to its uneven effectiveness, and also given uncertainty regarding the actual denominator, i.e. how many beneficiaries there really are. In the strict sense of, say, the share of programme costs being absorbed by administration and implementation, it fares rather well (see Chapter 8). Also, in particular situations, the objectives of particular projects are inherently efficiency-promoting, as in the case of Super Chicken, where the objective of the project was to maintain existing jobs, which in general is less expensive than creating new jobs.

A 2006 study commissioned by the Department of Land Affairs sought to estimate the direct costs of delivering different components of land reform, as well as the indirect unit costs of land reform without distinguishing the different components (HSRC, 2006c). Roughly speaking, the indirect costs - meaning the costs of administering, including overhead - were 10% to 16% for the period 2001 to 2004. This does not seem unreasonable, but bearing in mind that this generally only covers the property acquisition and transfer, it is unclear what the actual costs are when post-settlement support is also taken into account.

Be that as it may, in two other senses, the land redistribution programme is inefficient. First, there is evidence of a misalignment between the amount of land provided to people, and what they actually want: a survey conducted in Limpopo, Free State and Eastern Cape revealed that the median demand for land among blacks is about 4.5 hectares, whereas the median amount of land that is delivered to households via LRAD in these provinces is around 90 hectares or more (HSRC, 2006a). There is indeed a strong demand for larger parcels, but this is concentrated among the 15% who want additional land primarily for income earning purposes, as opposed to the 60% who are more interested in growing food. In other words, the same amount of land could in principle cater to a larger number of people if projects were designed differently.

A second source of inefficiency relates to the fact that it is often difficult and costly to cater to the service needs of land reform beneficiaries who relocate to their newly acquired land, and in practice some beneficiaries choose not to relocate because of the non-introduction of these services. This is especially the case with smaller projects under LRAD, because in general the mode of delivery of LRAD projects does not result in high local concentrations of land reform beneficiaries. To some extent one can anticipate that the Proactive-Land Acquisition Strategy mentioned above could mitigate this, however, if land is prioritised which can be relatively easily linked to bulk infrastructure networks, and because in principle PLAS projects will result in higher concentrations of beneficiaries.

5.4.5 Sustainability

The effectiveness of land redistribution projects has already been discussed in the context of project effectiveness, and there is little that needs to be added here. In summary, we know too little at this stage about the sustainability of projects, particularly those that have become typical under LRAD, given that LRAD is only about six years old. However, an interesting window into the sustainability of farmer resettlement schemes - particular those resembling the LRAD-supporting family farm model - is provided by an intervention that took place in the eastern Free State in the early 1980s in what is now Maluti-a-Phofung Local Municipality (Praxis, 2006). A large share of land acquired by the South African Development Trust (SADT) for homeland consolidation was allocated to over a hundred, family-based African farmers who had up to then been farming in the Qwa-Qwa homeland. Over time, many of these failed. However, at least a third have shown not only resilience but slow growth over time. Even so, despite some progress, an enormous gulf remains between the most successful of these farmers, and the average white commercial farmer in the area, to the extent there is little or no evidence of true integration into the commercial farming sector.

5.4.6 Institutional development impact

The institutional development undertaken by the Department of Land Affairs to be able to implement land redistribution, as well as the other components of land reform, is nothing short of astonishing. The Department itself was largely created in 1994 through the refashioning of the old Department of Regional Affairs, the functions of which were quite different. Moreover, it created nine Provincial Land Reform Offices (PLROs) from scratch, followed by various regional and district offices, which are the main feature of the institutional infrastructure that makes land redistribution happen. For the most part the creation of capacity within the Department has been remarkable, but also inadequate given the enormity of the task and the fact that assisting the development of good project applications is a labour-intensive process, especially if it is to be done with care. Informally, senior DLA officials decry the high turnover that characterizes the more junior ranks, especially but not only in the PLROs. In general, DLA has introduced procedures that allow for efficiently accessing those services it requires.

Another important issue is the question of the relationship between PLROs and the provincial agriculture departments. It is clear that there has been some improvement since the introduction of LRAD, including the creation of District Screening Committees, where local PRLO and agriculture officials come together to vet project proposals before they move higher up the chain. However, the quality of the relationship clearly varies from province to province and district to district, in part because there is only so much that overt institutional mechanisms can accomplish. In the background to the sometimes fractious inter-departmental relationship is the reality that provincial agriculture departments feel they are left with unmanageable responsibilities because of the manner in which Land Affairs is chasing the 30% target. Notwithstanding their participation in District Screening Committees and other structures, agriculture feels that it bears the brunt for processes over which it has too little control.

Finally, there is general recognition that land reform in general is not well integrated into local development planning, as evidenced by the fact that most Integrated Development Plans (IDPs) of local and district municipalities give scant attention to land reform issues. The need for more coherence has a number of dimensions, not least the fact that land reform sometimes has significant implications for settlement patterns, which in turn have implications for delivery of various services for which municipalities have responsibility. Recognising this problem, the Department of Land Affairs has initiated an approach to Area-Based Land Reform Planning, which *inter alia* seeks to ensure better integration of land reform processes with other developments at local and regional level.

5.4.7 Scale of engagement

Deriving a clear idea of the delivery record to date of land redistribution is complicated first of all by the fact that the change from SLAG to LRAD implies a different unit of analysis. The second problem is accessing accurate records. The PSC obtained a copy of the DLA's M&E database as it existed as of mid-2006, thus it is reasonably up-to-date, however it does have significant gaps. Taking SLAG first, from 1995 through 2006 there were 749 projects. Of these, there is information in the database about beneficiary numbers for 539, which encompass about 62 000 households. Assuming the other 210 are 'average', then we might suppose that SLAG benefited a total of about 86 000 households.

However, of these 749 projects, almost 300 are identified as 'settlement' projects, rather than production projects or mixed projects, which is not to imply that there were no agricultural benefits flowing from these projects, but that in general one would expect them to be more modest.

As for LRAD, there have been approximately 1735 projects since 2001, of which we have information on the number of beneficiaries from 1335. Assuming the 400 for which beneficiary numbers are missing are similar in size to the others, we can conjecture that the total beneficiaries are in the order of 60 000. However, the beneficiaries in question here are individual adults rather than households. From the 2004/05 Annual Report of the Department of Land Affairs (2006b), we have data from two provinces on both individual and household beneficiaries. For Free State, the ratio of individual to household beneficiaries is 3.7:1, while for KwaZulu-Natal, the ratio is 2.2:1. Using for sake of argument an average ratio of 3:1, these 60 000 adult beneficiaries translate to approximately 20 000 beneficiary households.

Taking the SLAG-based approach and LRAD together, the total number of beneficiaries of land redistribution from 1995 to mid-2006 is therefore about 106 000 households. Having said that, we can be certain that the number of active beneficiary households, which is roughly synonymous with the number of beneficiary households who still derive some benefits from the project, is quite a bit less, though how much less we do not know. The telephonic survey suggests that the number of actual current beneficiaries is on average about 25% less than the number of original beneficiaries, though in likelihood this probably understates the rate of attrition among land reform projects, since the survey was biased in favour of more recent projects.

Supposing there is something in the order of 80 000 household beneficiaries of land redistribution since 1995, is this a lot or a little? It depends on what one compares it to. The survey of land demand and attitudes towards land reform mentioned above showed that in Limpopo, Free State, and Eastern Cape alone, there are approximately 1.2 million households who want land, of whom 740 000 want land for agriculture (HSRC, 2006a, p.24). Of course, some of these households may well benefit from land restitution rather than land redistribution, or from a municipal commonage project, which is another smaller sub-programme within redistribution that we have not touched upon. Nonetheless, on the face of it, the scale of engagement of the land redistribution programme is small relative to land demand. Implicitly, government understands this when it speaks of the need to accelerate redistribution. However, here one must note that given LRAD as the main redistribution vehicle, it is possible to achieve the 30% target while still falling far short of satisfying a significant share of land demand. Taking into account the amount of land likely to be transferred through restitution (which in some provinces is sufficient on its own to meet the 30% target) as well as the likely contribution of municipal commonage projects, we estimate that there will need to be over 20 000 additional LRAD projects. Assuming the typical profile of LRAD projects does not change, this implies about 210 000 additional beneficiary households.

Of course, none of these figures take into account the fact that redistribution projects frequently result in the loss of employment opportunities of farm workers and/or de facto land rights of farm dwellers. However, to date there is only scattered case study evidence regarding this effect, thus its scale is difficult to estimate.[11] Moreover, the cyclic downward trend in farm employment is such that many of these employment opportunities would likely have been lost anyway.

As for what are government's precise targets regarding redistribution, there is almost nothing beyond the 30% target relating to land, i.e. in terms of how many people could and should benefit. The official LRAD policy document states only that,

A range of possible total LRAD costs, depending on numbers of applicants in the various groups, can be calculated. For example, 250 000 applicants for a range of grant sizes would probably cost in the range of R16 to R22 billion, including both land grants and planning grants.... (Ministry for Agriculture and Land Affairs, no date, p.13)

11 *A case study of Elliot District in Eastern Cape revealed that, as of December 2004, there were over 40 LRAD projects, collectively resulting in the creation of about 210 livelihoods, but simultaneously the loss of about 90 farm worker jobs. (Aliber, Masika and Quan, 2006, p.23).*

12 *Presumably these 'various groups' refer to the main categories of project types identified earlier in the document, i.e. 'food safety-net projects', 'equity schemes' and 'production for markets' (ibid., pp.2-3).*

However, it does not say that LRAD is actually aiming to benefit 250 000 applicants, still less how many applicants in the 'various groups' LRAD is aiming to benefit[12], nor how this relates to the number of land-poor households there are or emerging black farmers one would like to see. The Ministry's 'LRAD Review' of 2003 also makes no mention of targets, apart from references to the 30% target, and targeting in the sense of gender equity and having some kind of balance between land redistribution for the poor versus for emerging farmers.

5.4.8 Targeting

The first 'Quality of Life Survey' mentioned above found that, at least in the first five years or so, land redistribution was successful in reaching the poor (May *et al.*, 2000, pp.xiii-xiv). With the introduction of LRAD, there is more explicit recognition that the poor are not the exclusive focus of redistribution, and our case studies bear out that some beneficiaries - in particular those within the family farm model - are of modest means but certainly not among the poorest. In terms of targeting women, the expressed intention of LRAD is to ensure that "...altogether not less than one third of the transferred land resources must accrue to women" (Department of Land Affairs, no date, p.4). In practice, this is an awkward target to monitor, and the DLA tends rather to speak of the number of women beneficiaries as a share of total beneficiaries (the 2004/05 Annual Report mentions for example that up to then about 35% of LRAD beneficiaries were women; DLA, 2005, p.11). However, given what we know about the manner in which LRAD grants are pooled, particular within family-farm type projects, it is safe to say that this is not an accurate representation of the impact of LRAD in giving women greater control over land resources. Having said that, the Annual Report has one section which is more illuminating, namely the record of delivery for the financial year for Mpumalanga, consisting of mainly LRAD projects but also labour tenant projects (most of which appear to use the SLAG). The section lists per project the number of female-headed households relative to the total number of households, and overall 37% of beneficiary households are female-headed.

One final remark regarding targeting is that to some extent it is fair to say that, given its predominantly demand-led nature, land redistribution is not actively targeted at all, rather it responds to people's requests. A worrying finding of the above-mentioned survey in Limpopo, Free State and Eastern Cape, is that there is widespread ignorance of the land reform programme in general, such that roughly 50% to 60% of blacks have not heard of the land reform programme, and only about 7% could even vaguely describe the land redistribution component in particular (HSRC, 2006a, pp.31-32). Particularly relevant in this regard is the fact that the study establishes a strong correlation between awareness of land reform and household income: the average household income of those who had a good understanding of the land reform programme was three times as great as those who had not heard of the programme (*ibid*, p.34).

5.4.9 Interactions and externalities

Part of the premise of land reform as motivated in the RDP framework document of 1994 is that it would result in more labour-intensive agricultural practices (thus net job creation), as well as stronger economic linkages to the local economy, meaning a further net creation of jobs indirectly (ANC, 1994). In practice, we know little about the extent of these indirect effects. Given the low rate of delivery, in general one can say that these indirect effects are probably also very modest. However, even in areas where there happens to be a high concentration of land reform activity, we do not know much about these indirect impacts, even whether they tend to be positive or negative in terms of their implications for the creation of livelihoods.

Apart from this, we have noted above (Section 5.4.6) that there is a recognised need to integrate land reform in general more strategically into the IDP processes of local and district municipalities, and that the Department of Land Affairs is attending to this now.

5.4.10 Monitoring and evaluation

To its credit, the Department of Land Affairs sought to create a proper M&E unit from the beginning of the land reform programme. The effectiveness of the unit has gone through highs and lows over time, often making important strides (e.g. the creation of a statistical baseline through the first 'Quality of Life Survey' with which to conduct future longitudinal analyses, and the establishment of a comprehensive project database) only to be followed by lapses (e.g. the loss of the baseline data, and the failure to maintain the project database). Thus there are instances of excellent M&E work, generally outsourced, but they are episodic and their value is diminished by a lack of continuity. Arguably the most significant impact of M&E to date on actual policy was the report of the first 'Quality of Life Survey', which presented evidence that projects are more likely to be successful if their beneficiaries invest some of their own resources into them. This idea subsequently became a feature of LRAD (the 'own contribution' requirement mentioned above).

Routine reporting formats for the benefit of senior management are well established, but the lack of a reliable project database - as well as the absence of stable and consistent definitions - makes it difficult to honour these reporting formats diligently. Hoping to place its M&E unit on a better footing, first the unit was relocated such that it reported directly to the Director General, and more recently it was upgraded such that it will in future be headed by a chief director rather than a director. However, as of this writing the unit has been without an acting head for eight months. In late 2006, a consulting firm was engaged to draw up a plan for re-engineering the M&E unit, including revised unit structure and job descriptions, but to date there is little visible action in terms of effecting this plan.

5.5 Conclusions

Land redistribution remains as great an imperative as ever, however at the present moment in time the specific objectives of redistribution are not well articulated, or at least they have not been articulated into useful, tangible targets. This might be understandable for a diffuse programme type such as income generating projects, but given the fact that land redistribution policy is the domain of a single ministry, it is unfortunate. On the other hand, despite the complexity of the task and the challenging environment in which it is being pursued, there is evidence of significant achievements. A key finding of this exercise, which echoes of at least some of the empirical literature on land redistribution, is that even when land redistribution projects appear to be performing poorly relative to their stated ambitions (e.g. in their own business plans) or relative to one's idea of what productive farming should look like, beneficiaries do tend to benefit. The question then is twofold: first, could the same benefits generally not be delivered much more efficiently, and second, to the extent there is indeed a role for land redistribution to assist in the creation of commercial black farmers, what needs to change in order for this to happen?

To the credit of the Department of Land Affairs, and its main partners, the departments of agriculture, the policy-making process is still very much alive. This is evident for example in two recently introduced components of the overall land redistribution/land reform policy, namely the Proactive Land Acquisition Strategy, and Area-Based Planning Approach. Whether either of these will actually assist the Department to speed up its delivery is unclear. At some stage the question becomes whether land redistribution will command a greater budget and a proportionately greater personnel component to use it, but this in turn will depend on demonstrating that land redistribution is an efficient means of addressing poverty and other national objectives relative to other tools at government's disposal.

6. INCOME GENERATING PROJECTS

6.1 Overview of the programme type and its evolution

An Income Generating Project is a project where a person or group set up a small enterprise or business with government providing the set-up capital, that will produce and/or sell a product or service with a view to making a profit (generate a stream of income). The difference therefore between income generating projects and micro-enterprise, is a fine one. However, we would draw the distinction that micro-enterprises are by and large spontaneous business activities initiated by entrepreneurs, whereas income generating projects possess the features typical of 'projects', i.e. they are usually group-based and often initiated by government or other agencies. Micro-enterprises therefore include virtually all of what we commonly designate as the informal sector, plus a fair number of formalised enterprises as well, numbering in the order of 1.2 million.[13] By contrast, according to the database of poverty reduction projects developed in the course of PSC's Phase I study, there are approximately 2000 income generating projects presently receiving government support, involving as many as 100 000 individual beneficiaries.[14]

Supporting the establishment of income generating projects is one of the mainstays of government's poverty reduction efforts, but is also a feature of corporate social investment and civil society initiatives. In contrast to public works and land redistribution, moreover, income generating projects are not linked to a unified programme nor associated with a coherent umbrella, but rather are attempted by a wide variety of different government departments through diverse programmes in many sectors, according to various models or precepts as to what constitutes a good project.

As a group, income generating projects are emblematic of the idea that government should assist people to become economically independent rather than reliant on welfare, or what is termed 'developmental welfare' (of which more is said in the following chapter).

Micro-enterprises are also supported by Government through agencies created by the DTI and through provincial economic development departments, as well as on local level under the banner of the LED programme. The support includes financing as well as business support services. Business support services include facilitating the creation of markets, advice and information. The support to micro-enterprises is also aimed at poverty reduction in the sense that enterprises are moved from the informal to the formal economies and jobs are created or sustained. A useful distinction between micro-enterprises support programmes and income generating projects is that for the former the commercial feasibility of the enterprise is a prominent eligibility criterion for support while need (how poor you are) is the eligibility criterion for the latter. In practice this distinction can become blurred depending on how strict these criteria are applied (separately or as a mix of both).

6.2 Existing literature on and evaluations of income generating projects

The literature on income generating projects in South Africa is small and scattered, and consists largely of unpublished evaluations conducted or commissioned by government departments. For example, in 1996/97 the Department of Social Development introduced the 'Flagship Programme: Developmental Programmes for Unemployed Women with Children under Five Years', which aimed to create pilot projects around the country consisting largely of IGPs and social services: "The aim of the programme was to provide unemployed women and their young children with the opportunity to break out of their situation of hardship and poverty and reduce their potential dependency on the State" (DSD, no date, p.2). Various evaluations were commissioned, resulting in revisions to the approach and seemingly meaningful improvements: "Evaluation suggests that we have been able to transform a project, which was characterised as the top-down approach to a people-owned process... [by means of] deliberate strategies to develop ownership" (*Ibid.*: p.6).

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13 *From the Labour Force Survey of March 2006, where micro-enterprise is defined as those enterprises which have four or fewer employees including the proprietor. This is a rough approximation of the definition provided in the National Small Business Act (Act 102 of 1996), which identifies of micro-businesses as those enterprises with five or fewer employees, including the proprietor.*

14 *However, this is a rather shaky extrapolation, given that of the 2000 income generating projects captured in the database, only about 9% had figures regarding the total number of project beneficiaries. The Labour Force Survey of March 2006 asks, 'Did .... work in any government job creation programme or project during the past six months?' If one subtracts those respondents that seemingly are beneficiaries of the public works projects, the extrapolated number of people currently involved in other job creation projects comes to about 36 000.*

In 2003, the National Treasury commissioned an evaluation of its Poverty Alleviation Fund. The aim of the Fund, inter alia, was to assist government departments to integrate a greater poverty focus into their work, particularly of a developmental nature (de Bruyn, 2001, p.1). At one stage, the Fund supported poverty reduction programmes of 13 national government departments and focused on three main types of interventions, namely public works, pro-poor service delivery initiatives, and income generating projects. In 2000/01, income generating projects absorbed about 17% of the total expenditure supported by the Fund (*ibid.*, p.4). The review commissioned by Treasury noted merely that, at that stage, those government departments involved in income generating projects did not have M&E systems that were appropriately geared to tracing the economic impact of the projects on their beneficiaries, and also noted that most projects lacked a "financial infrastructure" that would regulate the division of profits from such projects (Palmer Development Group, 2003, p. 42 and p. 56). However, off-the-record, some senior government officials with a close association to initiatives supported through the Fund felt that this review was generous, and rather indicated that income generating projects have little potential to make a meaningful impact on poverty.

In 2003/04, the Department of Science and Technology (DST) commissioned a broad review of various government-financed activities in the area of 'technology transfer for poverty reduction', much of which amounted to ordinary income generating projects involving varying but generally modest degrees of technological innovation (HSRC/CSIR/Fort Hare, 2004). DST followed this up in 2006 with an evaluation of DST's own poverty reduction initiatives, and in particular its income generating projects (HSRC, 2006b). These studies generally found that income generating projects can and do benefit their members, but that they often have key weaknesses that have nothing to do with their technological element. Rather, their most common problem is their tendency to adopt business models that are unsuitable, on the one hand producer collectives wherein there is little management and poor incentives, or on the other hand 'companies' whereby beneficiaries are treated (often by preference) as employees rather than co-owners and entrepreneurs. Even where these projects were carefully and expertly established, they depended excessively on the capacity of external implementing agents, which in itself represents a serious obstacle to scaling up.

South Africa's 2006 response to the African Peer Review Mechanism questionnaire stresses the lack of capacity and focus in terms of government's 'developmental' interventions, which it identifies as IGPs:

The second focus of the government's response to poverty [following the social security system] is developmental in nature. It is aimed at making available support and resources that will enable poor people to start and participate in income-generating projects.... There have been considerable challenges in the funding of development, most of which relate to the fact that there are large amounts of money available, but limited capacity to spend it. During public hearings held by the Portfolio Committee on Trade and Industry in March 2003, it emerged that there is little coherence between the different funds and agencies, which results in the pool of development cash being fragmented and, in some cases, spent in an entirely unfocused manner. (South African Parliament, 2006, pp.49-50)

Still another diagnosis is that development interventions in general are conceived and implemented in an excessively top-down manner:

...following the democratic dispensation in 1994 there was a need from government to include citizens in the conception and implementation of policies and programmes that would help alleviate poverty.... Nevertheless, a shift from a paternalistic to a participatory development approach has not been easy for government systems and implementing authorities. Many officials in all three tiers of government recognise the importance of active participation of communities in development interventions, but the main challenge has always been the means to that end. At national level many interventions and programmes are conceived exclusively by policy makers and top government officials, and filtered down to provinces for implementation. This is perhaps caused by an emerging trend of the central government assuming a think-tank and supervisory role to provinces. (Goldman *et al.*, 2002, pp.23-24).

This top-down approach tends also to impose constraints on the manner in which interventions are designed, for example because of the year-by-year budgeting that is typical of government departments, the narrow sector-specific focus of most departments, and the fact that it is difficult for nationally-designed programmes to take local differences into account (*ibid.*, p.9).

Partly as a consequence of the obvious challenges in supporting income-generating projects, there have been efforts to identify different approaches and tools. The importance of local participation and understanding people's needs and resources using a livelihoods approach has now been enshrined within the Department of Social Development's new Community Development Approach, which effectively replaces its approach to income generating projects that prevailed when it was supported by the Poverty Alleviation Fund (see next chapter). There are those who, mindful of the limitations of income generating projects, place more hope in 'pro-poor local economic development' (of which income generating projects may be a small part), though they also note the limited achievements of pro-poor LED to date (Nel *et al*., 2006).

6.3 Summary of case studies

Altogether eight IGP case studies were conducted, though the division between these and the land redistribution case studies is somewhat artificial, and there is also some overlap with project case studies presented in the following chapter on social development projects. The case studies are summarised in Table 6-1.

Table 6-1: Summary of IGP case studies

	Project Name	Province	Overview
1	Tshwaranang Waste Management Project	Free State	Tshwaranang Waste Management Project is a waste recycling project in Phuthaditjaba, Free State. It started as a community cleaning campaign but in 2000 it sought to transform itself into an income generating activity. At that point it had 30 members, but six have since passed away. The project has received funding from various sources like the Flemish government and DEAT-FS in 2005. Since then, it has had no funding. Members depend on only one buyer of recycled materials and thus feel that they have no bargaining power. The project has an annual income of only R10 000, which is below its running costs. On the brighter side, the project has enabled the local community to enjoy a cleaner environment as waste is collected and taken to the project site, partly compensating for the lack of municipal waste removal.
2	Simunye LED Project	Gauteng	The project was situated in the area of the Westonaria Local Municipality in the West Rand. It was meant to have three distinct components: a hydroponics project, a bakery operation and a poultry unit. In its short life, it benefited 11 unemployed community members. The project had been established by the DPLG with an initial budget of R1.5 million over two years starting in 2001. For a number of complicated reasons the project collapsed in early 2006. In spite of its being inactive, the "beneficiaries" continued to draw salaries of R1500 until they were absorbed by the local municipality as general workers.
3	Jacohaan Dairy	Eastern Cape	Jacohaan Dairy was carved out of an earlier, problematic land redistribution project, called Masizake. Masizake was a large SLAG-based project with 178 members and which in 1998 acquired 3224 hectares for R1.4 million. Despite having over R1 million in grant money with which to purchase equipment and undertake improvements, the large beneficiary numbers led to production difficulties, confusion and mismanagement. Eventually, the provincial agriculture department assisted the remaining members of the group to divide themselves into four sub-groups according to the distinct portions of land and agricultural activities. The Jacohaan Dairy was one of the four resultant projects. It was handed over to 12 members (seven men and five women) who now own the production but not the fixed assets, and who manage the dairy herd of 14 cows on 220 hectares of land. In July 2006, Jacohaan Dairy was given R591 000 from CASP for various types of equipment and the repair of infrastructure. In addition to the 12 original members, the project has created three new permanent jobs, and is beginning to generate income from the sale of milk. Although milk production is far from optimal, the dedication of the farm manager and the technical advice received from the extension officer are helping to turn farm production around. Also, the project enjoys good will from local white commercial farmers, three of whom have volunteered to mentor the members in commercial dairy farming.

Table 6-1: Summary of IGP case studies

	Project Name	Province	Overview
3	Jacohaan Dairy	Eastern Cape	Although the group does not anticipate receiving further external grant funding, it acknowledges that for the project to attain desirable production levels and growth that will meet its aspirations, external funding of production is needed. The project does not see product marketing as a constraint. According to the farm manager, the local spazas prefer Jacohaan fresh milk to that of other dairy farms in the area. As the production volumes increase, the project plans to sell its milk to the cheese factory at Dordrecht, located 60 km away.
4	Spitzkop	Limpopo	The Spitzkop project consists of an association of 33 farmers, mostly women, in the hills behind Mankweng. The project started in 1998 as part of the Limpopo Department of Agriculture's GTZ-supported pilot of the Participatory Extension Approach. It entailed a process of working together with the farmers to identify their common needs and problems, to build capacity (e.g. soil science, plant pathology, etc.), and to engage with external service providers (e.g. the Agricultural Research Council). While some equipment was acquired and more recently fencing erected through CASP support, the emphasis was on improving productivity of field crops by means of identifying and selecting the most appropriate seed varieties, and improving soil fertility and pest management, and in this respect the project has been highly successful. The farmers work their own plots, but share resources and knowledge through the project. Presently the group is being assisted through CASP to erect a seed processing facility.
5	KhanyaNgwane Farmers Association	Mpumalanga	The KhanyaNgwane Farmers Association was founded in 1987 under the homeland government of KaNgwane. Its initial budget was R3.5 million with 30 members, all but two of whom are still active members today. The Association provides information to the small sugar-cane farmers and helps to purchase/repair the irrigation pipes, engine and other needs. In fact, it is the duty of the Association to look after the irrigation system as individual members cannot afford to do so. The Department of Agriculture provides extension officers to advise the members. Of the annual R2 000 subscription fee, in addition to supporting the infrastructure, a farmer also enjoys economic support in the event of a family shock. The Association represents the farmers in the national South African Sugar Association. There are also concerns such as the size of the plots available to these small farmers as being inadequate to provide meaningful employment beyond the household. At another level, the farmers are not as productive as they should be. They currently produce 60 tons per hectare instead of the benchmark 130 tons, consequently they are failing to service their loans with the Land Bank.
6	Makoko Poultry Project	Mpumalanga	Makoko Poultry Project occupies a 6 hectare piece of land in the village of Makoko west of KaBokweni in Mpumalanga. The project was started in 1999 by 20 jobless women in the home of one of the members. In 2001 it received R130 000 from the Department of Social Services, following by another R160 000 in 2003, followed by a further injection from the Department of Labour. The project is seen by provincial government as the "jewel" of what communities can do on their own. The membership has declined to eight members, but is seemingly stable and workable at this number, and in addition employs two security guards from the local area. It also supplies local small traders with live fowls to sell in various villages of KaBokweni. The project has been self-sustaining since the last funding was received in 2003 and has had to cope with floods that destroyed almost everything. The major challenge the project faces is water supply.
7	Gaulos Food Outlet	Mpumalanga	Gaulos Food Outlet is a catering organization in Nkomazi Local Municipality. The project was started by eight unemployed women in 2002 who have since stayed together. Each member contributed R100 and were eventually given funding to the value of R100 000 by the Mpumalanga Department of Health and Social Services. The money was used to build the building from which the group now operates. The group caters for government

Table 6-1: Summary of IGP case studies			
	Project Name	Province	Overview
7	Gaulos Food Outlet	Mpumalanga	functions in the area, sells food to government employees at lunch time and also sells to schools and colleges in the area. Every morning a bakkie goes out with some members to various spots and to make deliveries at specific places where orders have been placed. The group is aware of its marketing limitations, particularly its inability to penetrate the market into catering for other social functions in the area such as weddings and funerals.
8	Modimola Irrigation Project	North West	Modimola Irrigation Project was founded in 2005 by the provincial Department of Agriculture, Conservation and Environment with a budget of R7 million and is managed on behalf of the Department by AFRICON. Thirty members receive a salary of R1 000 per month for which they produce vegetables and eggs, some of which are sold at low prices to the local community. Although the objectives are poverty and unemployment alleviation, the project excludes those who have not completed high school. The beneficiaries within the project see themselves as employees and not as owners of the project. Also the business plan emphasises the importance of capacity building and exit plans, and though this is echoed by the project manager, there is little evidence of either, and it is unclear how sustainable the project will be in the absence of AFRICONís on-site management, which is due to lapse in the next year or two.

One obvious observation is that projects tend to be agricultural (five of the seven), which could reflect a poor selection for purposes of the study, but as noted in Chapter 3 is in fact characteristic of IGPs generally. A second observation is that the projects assume a variety of different forms, with Modimola and Simunye LED being structured effectively as hierarchical companies, with workers being paid wages under the direction of a non-member manager; in contrast to Gaulos Food Outlet and Makoko Poulty, which operate as partnerships; and in contrast again to Spitzkop and KhanyaNgwane Farmers Association, which are more like producer co-operatives with limited but strategic collective activities.[15] And third, some projects are self-initiated, only later seeking or attracting external support, while others are basically founded by external parties. Only one of the projects (Makoko Poultry) experienced a significant decline in its membership, seemingly during a period when the project struggled to find its feet; by contrast, Gaulos started and remained small, while Modimola Irrigation started large and remained large.

6.4 Findings

6.4.1 Relevance of objectives

The main objective of income generating projects is precisely that - to generate income for their members or owners - and as such there can be no doubt that what they are seeking to do is vital, given South Africa's high levels of income poverty. A secondary objective sometimes mentioned by government is to reduce the dependence on social grants, which is certainly sensible as far as it goes, though it is not clear that income generating projects on the whole have the capacity to do this. Although it is not generally stated as such, it is clear that some income generating projects in fact provide useful services to the communities in which they are located, such as the Tshwaranang Waste Management Project, which partially compensates for a lack of municipal waste removal services, and two of the agricultural projects, which seemingly have improved the local supply of certain agricultural products. Moreover, given the emphasis on agriculture - which is arguably an over-emphasis - some projects clearly contribute to household-level food security, even when failing to generate much in the way of cash income.

15 *This does not exhaust the range of organisational possibilities of income generating projects; see for example HSRC/CSIR/Fort Hare, 2004.*

6.4.2 What works and what does not

Income generating projects have numerous pitfalls. Although these pitfalls are similar to those of any other enterprise, they are exacerbated by dysfunctional or unsustainable business models. To the extent income generating projects sometimes have a political motivation, they may be too large relative to what they can sustain, as was clearly the case with the Simunye LED Project, and might possibly be at the root of the financial problems faced by Tshwaranang Waste Management Project. Arguably the main issue, however, is that of project design. The central conundrum is that projects with a flat structure are prone to collapse unless there is sufficient group solidarity, in which case they may well excel, but this usually implies that they are small in size (e.g. Gaulos); Projects with a hierarchical structure may be able to accommodate larger groups and be well-managed, but then most of the beneficiaries as such are effectively employees rather than owner-entrepreneurs, and such projects are vulnerable to being treated as politically-motivated job creation projects (e.g. Simunye LED Project). Even apart from project design, these projects are apt to struggle when they are weaned from external financial support. By their nature, income generating projects seek to be enterprises, but because of the way they are often set up tend to attract beneficiaries who are either not themselves entrepreneurial, or are structured in such a way as to hamper their ability to operate entrepreneurially. Said one beneficiary, 'It is difficult to run a household with irregular income such as the one we get here in the project'.

The relative success of Spitzkop and KhanyaNgwane Farmers Association is quite different, however, owing principally to the fact that these are not income generating projects at all, but rather associations of independent entrepreneurs who gain from their association with one another. However, Spitzkop represents one other feature of success, which is that the support it received from the Limpopo Department of Agriculture was intensive and sustained, meaning above all that it imparted deep skills which have stood the project members is good stead over several years, and is only now being built upon with more economically ambitious investments.

6.4.3 Effectiveness

As with land redistribution projects, income generating projects appear to frequently fall short of their intentions, owing to a variety of problems (as identified above). The decline in membership is one indicator, as is the fact that a fair share of income generating projects are either perpetually dependent on external support, or fail altogether. The telephonic survey revealed that a third of projects lost 50% or more of their original members, though it must be mentioned that at the same time about a fifth gained other members to the extent that they ended up with more members than they started with. On the other hand, of the 32 IGP beneficiaries interviewed, 20 indicated that they were better off since joining the project, which is not an overwhelmingly positive ratio, but still positive overall. As with land redistribution beneficiaries, the advantages enjoyed through the participation in these projects are often quite modest, but none the less poignant: 'We can eat, buy clothes and anything we need, we do not struggle'; 'At least there is hope, as I now have something extra to rely on rather than only depending on the government grant.'

6.4.4 Efficiency

The question of efficiency is tricky in the sense that high reward appears to often require high investment, though not so much in financial terms as in the extent and quality of advice and training. In terms of the cost per job, the PSC Phase I study estimated a figure of about R16 000 for income generating projects, versus R18 000 for public works and R25 000 upwards for land redistribution.[16] Arguably a more relevant comparison is that between income generating projects and the cost of supporting micro-enterprises, and other SMMEs, through business advice centres and lending programmes. However, this comparison is complicated by the fact that SMMEs range so enormously in scale, sophistication and returns, thus calculating an average cost per contacted SMME is rather meaningless.

From a less strictly financial point of view, the question of efficiency could also be addressed by considering whether the pattern of expenditure makes sense relative to beneficiaries' alternatives. On the basis of project case studies in the agriculture sector, the DST-commissioned study mentioned above reflected as follows:

16 *The figure for land redistribution is particularly unclear, given the fact that, under LRAD, there is often a vast difference between official and actual beneficiaries.*

For some projects, including for example group garden projects and most small livestock projects, one can infer that the key constraints that are being addressed are lack of capital, lack of water (for gardening projects), and to a lesser extent, lack of technical skills. However, given that a great many rural homesteads already have individual gardens, and many others already keep small livestock, it is pertinent to ask whether these projects are either targeted in a strategic way, for example, at those who are too poor to have their own gardens, or rather whether they are seeking to address a constraint which is not truly constraining. The irony is that the type of capital invested per participant in, say, a number of group gardens, far exceeds what individual households spend on their individual gardens, and to some extent this is because the group nature of the project introduces costs that would otherwise be absent, e.g. storage facilities for tools (whereas individual households would keep these in their homes), enclosures to keep out intruders (whereas individual households often have these already, and/or rely on them less due to proximity to the house). (HSRC/CSIR/Fort Hare, 2004, pp.38-39).

This is by no means always the case, but there is a general principle that, while administration costs per project beneficiary may be lower where beneficiaries are members of groups, other costs may be elevated, either because overhead becomes necessary when the project moves beyond one's own gate, or because sometimes groups drain energy away that could otherwise be directed into entrepreneurial pursuits. Arguably this is part of the virtue of projects such as Spitzkop and KhanyaNgwane, whereby the group exists in service of its members, rather than the other way around.

6.4.5 Sustainability

The threats to sustainability at project level have been mentioned above, in particular in relation to the organisational structure or business model of the project. Other issues evident from the case studies include the challenge of finding markets - in particular breaking out beyond small marketing outlets in nearby communities - as well as the difficulty of servicing loans. Key informants indicate that one of the key weaknesses of small enterprises in general is in not identifying good market opportunities in the first place, but rather returning to the same familiar menu of enterprises, i.e. poultry and vegetables. For whatever reason, IGPs that are created with the support of government departments seem to be particularly likely to fall into this rut, owing perhaps to the lack of entrepreneurial savvy of government officials working on this level. While it is true that many people have access to agricultural resources, and also that everybody consumes agricultural products, start-up enterprises would to well to differentiate themselves better by exploring other niches, not least because there is ever more stringent competition from supermarket retailers, even within secondary rural towns. As mentioned above, however, the Spitzkop project illustrates the importance of a deep commitment to capacity building, which increases the chances that project members will benefit in the long run, even if in the short term the benefits are modest and are not even generally realised in cash terms.

6.4.6 Institutional development impact

Providing effective support to IGPs has proven a large hurdle for government departments, partly because of the lack of historic experience in this field for some of these departments, and partly for sheer lack of sufficient numbers of officials. For these reasons, government departments have increasingly sought to operate through service providers, whether parastatals like the IDT, or private companies such as AFRICON. The key strategic choice therefore is whether this model of assisting poor people become entrepreneurs is viable relative to other approaches of supporting micro-enterprise, i.e. by promoting the availability of micro-finance and business advice.

6.4.7 Scale of engagement

As mentioned above, the total number of income generating projects (as opposed to micro-enterprises) appears to be quite small, as is the total number of beneficiaries of these projects. Although our estimate from the PSC database may be on the low side - especially given the prospect that the database may have missed many IGPs supported through municipalities' LED programmes - the likelihood is that the total number of current, effective, IGP beneficiaries is no more than 100 000. This is owed most of all to institutional constraints, rather than, say, fiscal constraints. However, it may also be a function of the decentralised nature of this programme type, the implication of which is that there are no overall 'delivery targets' as such in relation to which a department can gauge the appropriateness of its contribution.

Some government departments adopt working targets of a sort - e.g. to initiate one community garden per local municipality - which seemingly has more to do with establishing a presence than making a well-gauged impact.

6.4.8 Targeting

Targeting has a variety of different meanings in the context of IGPs. Some IGP programmes have explicit target groups in mind, such as DSD's former 'Flagship Programme' of for 'Unemployed Women with Children under Five Years', though more typically there is a generally stated commitment to ensuring that women, youth and the disabled benefit, rather than dedicated programmes as such. However, to the extent many IGPs are not initiatives of government departments or their agents at all, but rather are spontaneously organised and thereafter attract or seek government support, they are not actively targeted at all, nor is there much evidence of prioritising or purposive screening. However, although it is difficult to provide evidence to this effect, it would appear that despite a lack of much deliberate targeting of IGPs, the significant strength of this programme type is that it does tend to reach the poor more consistently than the non-project based SMME support initiatives. It remains to be seen whether this contrast will narrow as new forms of non-project based SMME support initiatives mature (i.e. SAMAF, MAFISA, and SEDA), especially given that much of the rationale for introducing these new or restructured initiatives was to achieve a bigger impact at the 'micro' end of SMME spectrum, not least in rural areas. The fact that lack of government support to promising initiatives such as FINASOL and the Financial Services Association (which supported the emergence of 'village banks') contributed directly to their demise is cause for concern.

6.4.9 Interactions and externalities

It is difficult to identify any clear strategic intention of IGPs in terms of interactions with other sectors or positive externalities. However, what is notable from the case studies is, as mentioned above, that oftentimes these IGPs provide goods and services that are sorely needed in poor rural communities. Globally, this impact must be quite modest owing to fact that the total number of IGPs is yet quite small; locally, the anecdotal evidence suggests that sometimes this impact can be significant, as revealed for example by the fact that some IGPs, for instance the Jacohaan Diary Project, become the preferred supplier of certain commodities at local spaza shops, or the Tshwaranang project, which is providing a measure of waste removal service which is otherwise absent.

6.4.10 Monitoring and evaluation

The monitoring and evaluation of IGPs is variable, given that a large variety of different government departments are responsible for them. Because CASP involves a conditional grant from national to provincial level, the national Department of Agriculture imposes well structured reporting requirements, which effectively means that at least in terms of inputs and outputs, the provincial agriculture departments can account for the CASP projects quite well. The Department of Social Development has however been the leader in terms of its M&E, owing it seems to a keen desire to know what impact it is making on the ground and to determine whether it should structure its interventions differently (see Chapter 7). Elsewhere, however, M&E is more hit-or-miss. This is manifested in two ways: first, in the characteristic difficulty of simply acquiring project lists that have reliable and up-to-date information, without which effective M&E is fairly impossible; and second, in the absence of project-level financial information, which was the norm among the case study projects selected for this exercise.

6.5 Conclusions

Income generating projects have acquired a bad name in South Africa. This is evident for example in the attitudes of senior government officials, as well as the shift away from conventional project support by the one department that has historically been the most enthusiastic about IGPs, namely the Department of Social Development (see following chapter). While a glance at the case study IGPs indeed reveals that IGPs are beset by numerous problems, and, worse, that some of the ones that look best on paper are either unreplicable or unsustainable, a case can also be made that they deserve more credit than they are given. In the first place, some do perform quite well, if not by objective standards, then at least in the estimate of their own beneficiaries. And second, they appear to reach a clientele that is otherwise often missed.

Awkwardly, there is no clear blueprint for what constitutes a good IGP, or formulae that government can follow when trying to create or support them. There are, however, elements of best and worst practice that could be more effectively shared. Whether support to IGPs should yield to a different approach, such as that now promoted by Social Development, is unclear. The likelihood is that IGPs still have a valuable role to play, perhaps preferably as elements of pro-poor LED strategies rather than stand-alone initiatives.

7. INDIVIDUAL SERVICES AND SOCIAL DEVELOPMENT

7.1 Overview of individual services and the Social Development Programme

The PSC's poverty reduction project database distinguished 'individual services' as a fourth type of poverty reduction project intervention apart from public works, land reform, and income generating projects. The 'individual services' being referred to here are largely projects involving home-based care, i.e. for the elderly, for people and households affected by HIV/AIDS, and for vulnerable or needy children, in other words, the same types of HCBC and ECD interventions noted above in respect of the EPWP Social Sector component. The inclusion of these types of interventions in the database may appear somewhat anomalous, given their strong contrast to the other types of interventions considered, at least in terms of their aims. However, the decision to maintain them was informed by the fact that, when approaching government departments to find out what they were doing by way of poverty reduction, these initiatives were time and again identified. Moreover, the support to home-based care and kindred individual services was for some government departments project-based, in large measure because it consisted of support to community-based organisations (CBOs) that were providing these services in their respective communities, and thus could be counted as projects. The fact that home-based care is an important feature of the South African landscape is underscored by the literature on HIV/AIDS, which recognises both the growing strain the epidemic is placing on the country's healthcare infrastructure, as well as the difficulty of reaching people affected and infected by HIV/AIDS due, *inter alia*, to the stigma associated with it (e.g. Friedman, 2005; Padarath *et al*., 2006).

In response to the HIV/AIDS epidemic, both the Department of Social Development and the Department of Health responded vigorously in support of home-based care:

Over the past decade, in the absence of a coherent national CHW [Community Health Worker] policy, multiple programmes have been set up, leading to an array of uncoordinated health auxiliaries. The growth in the numbers has been large and unregulated. There were at the end of 2004 reported to be 892 sites and 19 616 volunteers supported by the Department of Social Development. Only 5 988 volunteers are receiving a stipend in the current financial year. In addition, the Department of Health currently provides stipends to an estimated 19 810 out of the 60 000 plus community health volunteers linked to the Department across all of its HIV and AIDS programmes. Few of these have had the opportunity to receive standardised training and a variable quality of delivery has been the outcome. (Friedman, 2005, p.178)

At the same time, the Department of Social Development saw fit to respond to the situation of children, whether linked to HIV/AIDS or not. In consultation with the Department of Education, it introduced the Orphans and Vulnerable Children (OVC) programme from around 2002, which, *inter alia*, supports community workers, in part via stipends channelled through the CBOs with which these community workers are associated. These community workers help to distribute food parcels, for example.

This chapter focuses on projects of this sort, most of which have received support from DSD at one point or another. However, the chapter also seeks to tell the story of how DSD's series of strategic reorientations over the past 10 years has intersected with what otherwise one might assume are fairly straightforward service support interventions. For, as the post-1994 Department made rapid progress in de-racialising the welfare benefit system, it began to appreciate new challenges in its midst, of which the most far-reaching was seeking to ensure that the increasingly accessible system of social grants was balanced by attention to the developmental needs of the poor. On the one hand this meant that the Department sought to enter into types of programme interventions that were not historically part of its brief, in particular, income generating projects. On the other hand - and this is the part that is not well or widely appreciated - the principle of promoting development and self-reliance was transplanted into the sphere of individual services. Thus, most of the case study projects described below, are not only projects involving the rendering of home-based care or other individual services, but projects also having income generating components, or seeking to have such a component.

The shift in thinking within government can be traced as follows. In 1997, the then Department of Social Welfare and Population Development undertook to review its policies and approaches, leading eventually to the release of the White Paper for Social Welfare (1997). In it, the idea of 'Developmental Social Welfare' was articulated and its underlying principles were declared:

- Programmes should be financially viable, cost efficient and effective;
- Equitable distribution of resources to address racial, gender, geographic, urban/rural and sectoral disparities;
- programmes. Participation should include consultation with role players, including beneficiaries and service providers;
- The welfare system should raise the quality of life of people, especially disadvantaged and vulnerable people;
- The programmes should be based on respect for human rights and fundamental freedoms as stated in the South African Constitution. (Department of Social Welfare and Population Development, 1997).

In other words, the White Paper signalled a deliberate move away from "welfarism to self-reliance" (DSD, 2007). Accordingly, in July 2000, the name of the Department was also changed from the Department of Social Welfare and Population Development to the Department of Social Development to reflect its change in policy and approach.

In the 1997/1998 financial year, the Department of Finance introduced the Poverty Relief Fund. In that year, the Department of Social Welfare was allocated R50 million which increased to R203 million for the 1998/99 financial year. Through the Department's Poverty Relief Programme (PRP), numerous poverty reduction projects were initiated and funded, many or most of which took the form of income-generating projects. However, the Department of Social Welfare failed to spend the allocated money and in response to the challenges and criticisms from various stakeholders, the Independent Development Trust (IDT) was contracted to assist the Department to manage and disburse the funds to poor communities. The IDT assisted the Department to roll-out its social development programme and many new projects were established and existing projects were provided with financial support. By 2003, the Department reported that, the Poverty Relief Programme had supported 3691 community projects and benefited over 533 650 people (DSD, 2003). The Department later reported that:

A total amount of R341 million was transferred to IDT since 2000/01 through to 2003/04 financial years. At 31 March 2006 a balance of R58 222 160.12 (including accumulated interest of R10 089 463.34) was available. The Department, in collaboration with IDT, has developed a detailed plan for the utilization of the balance of funds still remaining at the IDT. A total amount of R57 374 615.57 has been committed to various poverty alleviation projects and to finance programme management costs as well as the exit strategy (DSD, 2006a).

In 2005, the Department of Social Development adopted the Sustainable Livelihoods Programme to replace the Poverty Relief Programme. The new approach was based on the Department for International Development's (DfID) Sustainable Livelihoods Approach. Also in 2005, the DSD launched a pilot project in the Eastern Cape to bring to life the principles of the livelihoods approach, cooperatives and 'sweat equity.' In this scheme, 'sweat equity' is understood as the in-kind contribution of people's own labour, valued as the number of person-months multiplied by the minimum wage. At least in the pilot, the DSD matched the community's pledge of sweat equity Rand for Rand, in that it contributed R120 000 to match the value of the sweat equity promised by the community.

The expected outcomes for the pilot, and the Sustainable Livelihoods Programme more broadly, are:

- Restored self-esteem; positive attitude towards self-help
- Increased capacity of the beneficiaries to create wealth and sustainable jobs through appropriate capacity building programmes
- Fully operational and sustainable cooperatives
- Documented local best practice model/approach

In January 2006, a Service Delivery Model for Development was launched and it too stated that the traditional welfare approach was "not developmental and creating dependency" as well as "financial unsustainability" (DSD, 2006d). The sustainable livelihoods approach was formally adopted as an approach which "promotes a holistic vision of development and seeks to direct the focus of development thinking towards encouraging clients to use the knowledge and expertise of individuals in their communities and resources available in their environment creatively and innovatively to address their socio-economic needs" (DSD, 2006d, p.20).

Echoing earlier shifts in orientation announced by the Department, the model also encouraged a shift from a "welfarist to a social development perspective" (DSD, 2006d). From such an approach the Department stated that its role is to merely "augment what local people already do well, together with the resources and assets to which they have access" (DSD, 2006d). The central idea was that "this paradigm shift is premised on the notion that people are masters of their own destiny and, instead of helping the poor in the traditional way with handouts, it moves on to the development and empowerment of individuals, groups and communities, teaching them to be self-reliant" (DSD, 2006d). The imperatives of a new development paradigm are stated as:

- Social processes that bring about changes in relationships so that the poor, vulnerable and marginalized can gain increased control over their lives, and access to and control over resources.
- Transformation of attitudes, institutions, and structures
- Influencing the formulation and implementation of appropriate policies at micro, meso and macro level
- Social processes that support people's potential, indigenous/local knowledge and expertise in pursuance of their own development
- Continued reorientation of social services sector personnel towards the development paradigm (DSD, 2006d).

Therefore the purpose of community development should be to render services firstly through the human-orientated and people-centred approaches of participation, empowerment and ownership of the development actions by the community to address and prevent deprivation. Secondly, by identifying and implementing interventions and working with community development workers, community and other relevant stakeholders (DSD, 2006d). This however signalled a deliberate move away from the many projects that were established with the Poverty Relief Fund. Indeed, "an exit strategy aimed at making funded poverty relief projects financially and economically viable was developed in collaboration with the Independent Development Trust" (DSD, 2006a).

7.2 Existing literature on and evaluations of the Social Development Programme

The IDT conducted an evaluation of 208 DSD-funded projects in September 2004. Projects were assessed using both patterns of expenditure and capacity status (i.e. implementation of activities, financial management, entity beneficiaries, benefits, and sustainability) indicators. The conclusion of the study was that:

- 50 percent of projects were sufficiently developed and ready to graduate[17]
- 32 percent of projects required only moderate support to get them ready for graduation and may perform well in some areas but poorly in others
- 8 percent of projects still require mentoring or support on a large scale. These projects were underperforming in every sphere of operation.

Subsequently, in 2006, the Department commissioned a verification study of the IDT study. A total of 913 poverty projects were assessed using the same indicators and concluded that things were improving because of intensified implementation support. Specifically:

- 53 percent of projects were sufficiently developed and ready to graduate

17 *The report does not specify what 'graduate' means in this context.*

- 33 percent of projects required only moderate support to get them ready for graduation and may perform well in some areas but poorly in others
- 13 percent of projects still require mentoring or support on a large scale. These projects were underperforming in every sphere of operation (DSD, 2006c).

In addition to the two evaluations of the Poverty Relief Programme projects, an evaluation of the new Sustainable Livelihoods Programme's pilot project in Dutyini, Eastern Cape was conducted by the Department. It concluded that firstly, "connections" and cooperation have been increased in the community. This created family and neighbours as a resource for moral support, problem solving, assistance, network and backup for household chores. Secondly, the culture of savings has been introduced and project participants have saved a total of R3000 and raised an additional R120 000 through 'sweat equity.' Thirdly, skills have been transferred through active participation in the project, workshops, and participation in technical and business training. Fourthly, participants have been able to increase their hope and ability to see a future for themselves and their families. Finally, participants worked cooperatively to improve the surroundings of their community school (DSD, 2006e).

It is not the purpose of this report to critique the shift in strategy of DSD in favour of the sustainable livelihoods approach, not least since no on-the-ground evaluation of this approach was conducted as part of this present exercise. However, we do share our observations regarding the implications of this shift for the specific category of projects with which this chapter is mainly concerned, i.e. those entailing individual services such as home-based care and support to orphans and vulnerable children. In particular, the report examines the aftermath of the shifts in policy and approach for these types of initiatives.

7.3 Case studies

The five poverty projects selected were originally established and supported as typical individual services welfare projects, with little or no emphasis on business sustainability principles. They were meant to simply respond to the immediate needs of the community with the help of the Department of Social Development and, if possible, other government departments such as Health. Originally, all these projects relied almost exclusively on DSD for funding. Even though all of them are still very much active, their future is uncertain.

Table 7-1: Summary of individual services projects

	Project Name	Province	Overview
1	Siyathuthuka Child Care Project	KwaZulu-Natal	The project is based at Umlazi Township in KwaZulu-Natal. It was established in 1999 as a dual purpose project of the Department of Social Development. Its main activity was to provide the aged (older women) with some form of activity to enable them to make a contribution in the community. Beneficiaries were provided with training, sewing machines and other materials. The various products that were made were then given to poor families in the community. The project is now also running a child-care service and feeding scheme for aids orphans. The Department of Social Welfare has also arranged outings for project members. Currently the project has twenty members, five of them are volunteers. The project relies exclusively on funding from the Department of Social Development. However, the project is now expected to sell all it products and actively seek other sources of funding. The project is making a small contribution in alleviating poverty in the community. Both direct and indirect beneficiaries are limited in number. The project has benefited from ongoing monitoring and evaluation of the project. The Department of Social Welfare and the Independent Development Trust has ensured that the project keeps beneficiary and financial records.
2	Sizanani Aids Home Care Project	KwaZulu-Natal	The project is based in KwaMashu township in KwaZulu. It was established in 1981 as an HIV & AIDS Home Based Care project. Its objectives were to help sick people, providing food for them, and taking care of AIDS orphans. In 1999, the project was taken over by the Department of Social Welfare and other institutions such as Poly-Clinic (Department of Health) and Community Chest also provided resources. The project has 20 volunteers, a total of 1180 AIDS orphans, and other ad hoc beneficiaries.

Table 7-1: Summary of individual services projects			
	Project Name	Province	Overview
2	Sizanani Aids Home Care Project	KwaZulu-Natal	The project has managed to diversify its activities and currently has a vegetable garden, bead and sewing project, and brick-making project. The products from the bead and sewing and bricks projects are sold to the community and the money is used for the project. The majority of those who work in the projects are HIV & AIDS infected women. The project has benefited from ongoing monitoring and evaluation of the project. The Department of Social Welfare and the Independent Development Trust has ensured that the project keeps beneficiary and financial records.
3	Lethabong Home-based Care	Mpumalanga	The Lethabong Home-based Care is situated in Kwa-Mhlanga, Thembisile Local Municipality. It was started by six women in 1999. Of the original founders, only one is left. The key function of the project is to provide care for those infected and affected by HIV & AIDS, but also the chronically ill from other diseases are taken care of. It started with forty-five beneficiaries, now it has sixty-six. The project pays its fourteen volunteers a monthly stipend of R1000.00. Through its home visits, the project has managed to identify and assist more children. When the project was founded, the Department of Social Development and Health became were actively involved and provided training in counselling. The project continues to work closely with the local clinic. Other organization that are involved with this project are the University of Pretoria which provides training, the Red Cross providing training and clothing, Mokhanyo (an NGO) which assists with transport from time to time and the Thembisile Local Municipality which has provided the project with an office from which it functions. For the financial year 2006/7 the Department of Health gave the project R39 000 00.
4	Masibambisane Daycare	Mpumalanga	The project is at Kwa-Mhlanga, Thembisile Local Municipality. It started by the local community members in 1994. The project initially operated in one of the founders home until it received funding (R100 000.00) from the Department of Health and Social Development in 1995, and it was able to acquire a site of its own and constructed the buildings. The project caters for the aged mainly, but also accepts the disabled. The beneficiaries come to the centre daily, and their activities include traditional handicrafts, literacy classes, knitting and sewing. The project also receives food and clothing which are donated by various organizations.
4	Faith Based Alliance for Social Development	Western Cape	Faith-based Alliance for Social Development is situated in Grabouw, Cape Town. Its initial concern was the slow service delivery to the people of this community. It offered training and seed money for business start-ups. However, the project is currently unable to provide the start-up funding to small businesses. The project is heavily dependent on funding assistance from government, the Department of Social Development in particular. The project also relies on volunteers who offer their services and time to cook meals to give to the people in need. These volunteers are not paid by the project; the only benefit they get is food that they receive daily. The direct beneficiaries of this project are not involved in the running of the project. The project reaches a limited number of people. The project seems to be well managed. Yet, monitoring and after-care of the small businesses funded through the project is not done regularly leaving the entrepreneurs sometimes not knowing how to deal with unforeseen pressures on their businesses like the market.

7.4 Findings

The following research findings are based on research conducted in five projects, which includes interviews with beneficiaries, the provincial and national Department of Social Development and Independent Development Trust and various other stakeholders. These findings are also informed by the researcher's own observations during project visits.

7.4.1 Relevance of objectives

The projects' objective of poverty alleviation through HIV & AIDS support and care, employment creation, and food security are unquestionably relevant. In a context where there is high unemployment and poverty, such community-based projects are playing a vital role. The Siyathuthuka Project started out as a pensioner's welfare project whose objective was to keep pensioners busy during the day by encouraging them to make clothes and a variety of items to give to the community. Its objective has since changed to that of a day-care centre for children and a feeding scheme for AIDS orphans and vulnerable children in the community.

The Sizanani Project's main objective is to offer HIV/AIDS care and support to those infected and affected by the disease. It offers a variety of services to the community such as a feeding scheme, bead-work employment creation project, vegetable garden and pays for school fees and uniforms for AIDS orphans in the community.

Masibambisane Day care project provides care and assistance for the aged and disabled. Activities of the project include, amongst others, handcraft, knitting and sewing. Lethabong Home-based care project offers HIV/AIDS care and support to those infected and affected by the disease. It offers a variety of services such as support groups, food parcel scheme, and monitors school progress of AIDS orphans in the community.

The Faith-based Alliance for Social Development project assists unemployed people to start their own businesses. Training as well as seed money is offered to prospective entrepreneurs.

The Lethabong Project also provides care for those infected and affected by HIV & AIDS and those who are chronically ill from other diseases. Its focus is also on poor and vulnerable children.

Table 7-2: Projects' objectives

Project	Objective / Main activity
Siyathuthuka Child Care Project	Food security & Day care
Sizanani Aids Home based Care Project	HIV/AIDS care and support
Lethabong Home-based Care	HIV/AIDS care and support
Masibambisane Day-care	Food security & Day care
Faith Based Alliance for Social Development	Employment creation & food security

7.4.2 What works and what does not

The Department of Social Development has been able to review its policies in line with national policies. The Department has also been effective in monitoring and evaluating its own poverty projects. This has enabled the Department to also evaluate itself and come up with strategies to enable success at project level. At national level, the Department has also articulated both its policy and implementation model through its Service Delivery Model/Guidelines Report (2006d). At project level, progress and financial reporting is most impressive. The Department has encouraged and insisted on national financial reporting rules at project level. It has encouraged all projects to report on a regular basis. All records pertaining to the projects are kept by both the Department and the projects. These are not only progress and financial reports but also lists and details of project beneficiaries, asset registers and project activities and plans.

While at national level, the policies and implementation model of the Department is well articulated, at provincial and project level there is limited understanding and confusion. As such project beneficiaries have felt misunderstood, disempowered and not consulted on issues that affect them. The change in policy and approach has led projects to believe that the Department is suddenly reneging on its promise to fund their activities. The emphasis on self-reliance by the Department is understood by projects as an inhumane exit strategy by the Department. What is worrying is the Department's idea that all projects can be self-sustaining and the role of the Department confined only to the "development and empowerment of individuals, groups and communities, teaching them to be self-reliant" (DSD, 2006d).

The IDT has played a crucial role as both mediator and implementing agent. Projects often rely on the IDT to settle disagreements between them and the community development practitioners of the Department. Project members often communicate their grievances about the Department through IDT agents. It is also through IDT that capacity development is enhanced. Often project members use IDT agents to clarify their confusion regarding activities especially financial reporting and processes.

While the IDT has played a mediating role between the two, this is not ideal and is unsustainable given that the IDT is not a permanent implementing agency. In addition, the conflict in approach between the Department and the IDT has led to further confusion at project level. On the one hand the Department insists on following its own procurement and payment rules (such as three quotations for every purchase); and on the other hand, the IDT does not always apply such rules. This has created tensions between the Department and projects. Project members often feel that the IDT agents are flexible and able to adapt to their situation while the Department's community development practitioners are seen as rigid and less accommodating.

Most project members complained about lack of income. Most of the project members are volunteers and thus do not receive any income from the project. While all project members want to be paid a salary like those who work for Public Works projects, the reality is that the projects cannot afford to pay them. The sustainability of these projects is also undermined because there are no direct benefits for those who work on them. It was only in one project (Lethabong Home-based care) where volunteers were offered a monthly stipend of R1 000. However, this amount of money was viewed as too little.

7.4.3 Effectiveness and efficiency

These projects are viewed and experienced by most community members as "ivory towers." This is the idea that only a few are and can benefit from these projects. After many years of their existence, the projects are not scaled up to benefit most poor community members. This becomes the reality of most of the projects since they are operating in a context where both unemployment and poverty are high if not increasing. For most of the HIV/AIDS care and support projects, the demand is overwhelming and the funding and volunteers are declining.

While the IDT is playing a significant role as an implementing agency, it too is seen as a financially unsustainable model given the new imperatives of stringent fiscal policy. Therefore, instead of money going directly to projects or poor communities, it is transferred to the IDT, then the provincial Department and then eventually to the communities.

All projects offer a glimmer of hope for most poor and vulnerable individuals and communities. However, the magnitude of the social and economic problems renders these projects insignificant. The potential impact of these projects is further compromised by unrealistic expectations of turning such projects into income-generating projects.

7.4.4 Sustainability

The sustainability of these projects and the Department's poverty programme is undermined by a number of factors. Firstly, the funding model of the programme is questionable as all projects rely almost exclusively on the Department. All projects which were established as welfarist are now expected to start raising funds in preparation for the eventuality of the end of funds from the Department. There is a possibility that most project members will stop coming to the project once the funds have ceased.

Secondly, of the five projects, only two projects said they have received support from other institutions and organisations. The limited support from other institutions has put most of the burden on the Department to provide financial support as well as capacity development support. With the exception of the Department of Health, there has been no inter-departmental cooperation. The Department of Health provided resources and support to home-based care projects. In this regard, Sizanani Aids Home-base Care project has managed to work closely with the Department of Health's Poly Clinic and Community Chest. They have helped the project to diversify its activities and raise its own funds through sub-projects such as a brick-making project. The project is slowly moving away from relying exclusively on the Department for funds.

Thirdly, the role of the community in most of these projects has been limited with only a few volunteering their time and skills. The main reason cited was that the projects did not benefit people because they did not provide regular income for those who get involved. As such, the credibility of many of these projects has been questioned.

Lastly, most projects lack capacity and skills especially financial and entrepreneurial skills. These skills are important for the long-term sustainability of these projects in the light of limited funding from the Department. Indeed, there was the reality that not all project members are entrepreneurs, have the skills, and or want to be entrepreneurs. Those who work with communities and projects also did not have the necessary skills to help projects move away from welfare projects and dependence on the Department to self-sufficient business-like projects.

7.4.5 Scale of engagement

The number of project direct beneficiaries (those who work in the project) has been low and decreasing in communities where the need for the services that the projects are offering is very high. The number of active project beneficiaries was also significantly less. Some project members only came to the projects when there was something in it for them such as food parcels or donated clothes. However, the number of people needing assistance has been increasing for most projects - hence, the number of indirect beneficiaries is relatively higher and increasing. The number of indirect beneficiaries was not readily available in most of the projects. However, for Sizanani Aids Home-based Care project, a total of 1180 AIDS orphans were recorded as receiving assistance from the project and a further estimate of 300 community members were also benefiting from the project through food parcels and donated clothes. In comparison, the project only had 20 direct beneficiaries (volunteers).

Table 7-3: Number of direct project beneficiaries

Project	Number of direct beneficiaries
Siyathuthuka Child Care Project	20 beneficiaries
Sizanani Aids Home based Care Project	20 beneficiaries
Lethabong Home-based Care	66 beneficiaries
Masibambisane Day-care	58 beneficiaries
Faith Based Alliance for Social Development	Unknown

7.4.6 Targeting

When they were set up, these projects targeted the right communities and project members. Most of the direct beneficiaries (those that work in the projects) are older women who have a number of skills and have been working in the community for a number of years prior to joining or initiating the project. All projects (of the case study), except for the Faith Based Alliance for Social Development, are led by older women from the community. Arguably, the new business model that the Department is encouraging for projects might not resonate with this group of women. These might not have the necessary skills or the willingness to acquire such skills. The indirect beneficiaries are both men and women, young and old. Even though the scale of the projects is rather small, the projects have recruited the right beneficiaries and are benefiting the right individuals and communities.

7.4.7 Monitoring and Evaluation

The monitoring and evaluation of all projects and the Poverty Relief Fund programme have been done effectively. At project level, the IDT and the Department's community development practitioners have monitored the progress of projects. Reports documenting both the financial and implementation status of the projects are submitted monthly. Through these monthly reports, problems have been highlighted and, where possible, solutions found. At provincial level, programme monitoring has also been conducted. At national level, two useful evaluations have been conducted by the IDT and DSD. In the first study conducted in 2004, the IDT evaluated 208 of the DSD funded projects focusing specifically on patterns of expenditure and the status of projects. The second study, in 2006, focussed on verification of information supplied by the IDT. Subsequently, a new service delivery model was introduced.

7.5 Conclusions

In sum, the objectives of the HCBC and ECD projects are largely achieved at project level, though there is broad recognition that the overall initiative needs to be scaled up. There has been progress in most of the projects in relation to responding to the needs of the community. Indeed, all projects were meeting their objectives of poverty alleviation by providing care and support to those affected and infected by HIV and AIDS, distributing food parcels and cooking for the poor and orphans, and encouraging job creation. However, the impact of each project on communities has been rather limited given the growing demand for their services, in a context of enduring poverty and unemployment.

It is doubtful that individual services projects should be treated the same as IGPs, or expected to subsume IGPs as a means of ensuring financial sustainability. These types of initiatives are not intrinsically developmental - they are services, mostly care of the aged or vulnerable children or people affected by HIV/AIDS. Not all have project members who have entrepreneurial skills or ambitions - and they should not be expected to be self-sufficient, nor to all learn how to tap into donor funding. The shift in emphasis challenges the very strength of community projects which are often based on helping the community and not generating income.

Regardless of the outcomes of projects that the Department has funded, both evaluation and monitoring have been effectively done. The constant monitoring of projects, especially beneficiary and financial record keeping, was often viewed as a hassle by project members but was necessary to ensure that projects achieve their objectives. It is through such close monitoring done by IDT and community development practitioners that some skills were transferred to project members.

Even though it is too early to evaluate the long-term impact of the shift in policy and approach by the Department on projects, beneficiaries and communities, the immediate effects are already visible at project level. The sustainability of most projects rest on the funding received from the Department or other sources. The uncertainty of funding has created great insecurity in most projects. The impact of this could be devastating to poor communities.

It might be premature to evaluate the new pilot project in the Eastern Cape that was designed and implemented in accordance with the new sustainable livelihoods approach. Nevertheless, preliminary investigations suggest that the new sustainable livelihoods projects might not address the major challenges facing the Department in relation to HBC projects. The new project appears to be simply a change in emphasis in both the funding of the projects and approach.

Part Three

Cross-Cutting Analysis, Synthesis and Conclusion

8. FINANCIAL ANALYSIS

8.1 Introduction

The evaluation will not be complete without the knowledge of how these programmes have fared financially. The programmes under review were evaluated financially in the aspects of performance and management, basing this on programme financial information provided by the latest Accounting Officer and Auditor-General's Reports published by the responsible government departments[18]. The evaluation was thus based on audited financial data for the past three financial years (2003/04 to 2005/06), the adjusted appropriation for the current financial year - 2006/07, and on the additional benefit of financial projections for the next three years (2007/08 to 2009/10 Medium Term Expenditure Estimates). While this covers the entire financial record for relatively new programmes (e.g. CASP, EPWP, etc), it takes a short-term view of programmes like Land Reform (and its Land Redistribution component), but it is nevertheless a useful approach, given the rapidity with which most programmes and their financial expenditure patterns have evolved. A good example is the Land Redistribution sub-programme of Land Reform, which evolved from SLAG at inception in 1994 to LRAD around 2001/02 and according to the 2007 Budget Vote, has added a new policy to the framework, called the Proactive Land Acquisition Strategy (PLAS). To meet the Land Redistribution target of 30% of commercial land transferred to PDIs by 2014, expenditure under LRAD/PLAS is projected to increase at an annual rate of more than 140% (compared to 19% per annum 2003/04 - 2005/06), a rate unprecedented in land reform history.

The assessment of financial performance was aimed at determining programme efficiency, through the measurement of the 'productivity' of the programme intervention. However, as we have found typical of government funded poverty reduction programmes, it is invariably impossible to assess financial performance quantitatively at project-level, due to the absence of financial records. Only qualitative assessment of project financial performance was attempted during the case studies, extracts of which have been cited here. Our discussion of financial management at project-level therefore focused on making recommendations for what the consultants deem necessary for basic financial reporting and monitoring for government funded projects, with the view of correcting this anomaly.

In the absence of project-level financial records, the assessment of programme efficiency conducted here is considered a partial analysis, an attempt to define the relationship between the quantity, quality and timeliness of programme inputs and the quantity, quality and timeliness of the outputs produced and delivered, as is possible from available audited programme expenditure records and other programme statistics.

The constraints notwithstanding, the overall objective of the financial evaluation was to ascertain if there was adequate justification for the expenditure of public funds on these programmes, and whether the resources were spent as economically as possible, and within the prescribed government financial management policies, laws, and regulations. While financial performance assessment examined programme efficiency, the financial management assessment looked at compliance with prescribed accounting procedures and norms, and with government financial management norms and regulations established for the protection of public funds.

The review of financial performance involved the evaluation of each programme according to a set of performance indicators. Programmes were subsequently compared to one another according to performance criteria deemed common to all.

8.2 Financial performance and programme impact

Financial performance and impact at programme level was evaluated in the following aspects (where applicable):

- Programme annual expenditure compared to programme results and targets set and attained for the financial year or period under review
- Actual annual expenditure compared to Appropriation

[18] *Analysis was based on 2007 Estimates of National Expenditure (departmental Budget Votes) and 2005/06 departmental Annual Reports - DLA, DoA, DPW, DSD.*

- Annual growth in expenditure
- Programme Expenditure compared to Programme Management Expenditure (National and Provincial Offices)
- Programme Expenditure compared to Professional Fees incurred during implementation
- Annual and total number of jobs created, monthly and total income received by beneficiaries, amount of training offered, etc
- Annual and total number of beneficiaries reached
- Annual and total expenditure per beneficiary.

In comparing the performance of one programme to the others, the following criteria were employed:

- Expenditure against attained targets
- Total Expenditure
- Total number of beneficiaries reached
- Expenditure per beneficiary.

8.2.1 Financial performance of the Land Reform Programme

The Land Reform Programme (consisting of Programme Management, Land Reform Grants, Kwa-Zulu Natal Ingonyama Trust Board, Land Reform Empowerment Facility and the Communal Land Rights Programme) is one of DLA's seven programmes. Its main objective is stated as: 'Take responsibility for providing sustainable land redistribution programmes, tenure security for all occupiers of land in South Africa, public land information and the management of state land'[19]. The assessment done here uses the available financial data to determine the financial efficiency of the implementation of the Land Reform Grants sub-programme, which is the sub-programme which provides grants (mainly household grants) for programme and project planning, land acquisition and settlement.

The Land Reform Grants sub-programme's performance at successful spending of appropriation between 2003/04 and the current financial year was considered effective, consistently above 96% annually. A further understanding of the sub-programme's financial performance can be gained from expenditure patterns revealed by the analysis in the table below. In the table, Land Reform grants transferred to households (as a proxy for Land redistribution expenditure) was compared to total Land Reform Programme expenditure, total DLA expenditure, and to programme delivery expenditure such as the Land Reform grant sub-programme management expenditure and Professional Services Fees paid during programme implementation.

19 *Department of Land Affairs (DLA): Vote 28, 2007, Estimates of National Expenditure.*

Table 8-1: Budget and expenditure patterns for land reform

		Actual Expenditure 2003/04	Expenditure as % of Appropriation 2003/04	Actual Expenditure 2004/05	Expenditure as % of Appropriation 2004/05	Actual Expenditure 2005/06	Expenditure as % of Appropriation 2005/06	Adjusted Appropriation 2006/07	Medium Term Expenditure Estimate 2007/08		
		R"000	R"000	R"000	R"000	R"000	R"000	R"000	R"000	R"000	R"000
Land Reform Programme Expenditure		453 734	97.50	453 656	96.00	644.864		907 289	1 696 680	2 896 169	3 303 789
Household Transfers		347 110	100.01	320 810	96.60	483 162		540 357	1 009 548	2 616 313	3 008 760
Professional Fees		4 307		8 085		12 798		39 197	68 883	42 289	44 357
Land Reform Management		106 346		126 316		151 215		330 920	657 092	248 014	263 037
Restitution		839 116		1 182 780		1 789 381		2 247 132	3 327 095	2 500 000	1251 006
DLA Total Expenditure		1 635 800	97.19	2 021 990	98.00	2 876 896		3 730 196	5 678 519	5 995 335	5 190 876
Household Transfers as % of L Ref Prog Exp		76.50		70.72		74.92		59.56	59.50	90.34	91.07
Professional Fees as % of Household Transfers		1.24		2.52		2.65		7.25	6.82	162	1.47
L R Management Exp as % of Household Transfers		30.64		39.37		31.30		61.24	65.09	9.48	8.74
L R Management Exp as % of DLA Total		23.44		27.84		23.45		36.47	38.73	8.56	7.96
Av. Annual Household Expenditure growth (%)		41.37		27.12		27.00		24.05	30.34	104.65	240.51
Av Annual L Reform Expenditure Growth (%)		21.22		15.87		16.79		14.49	17.78	43.64	57.96
Total Programme Expenditure to date									87.01	70.70	14.07
Total Programme Expenditure since 2003/04	2 459 543 000					19.2			86.83	159.16	15.00
Total Household transfers since 2003/04	1 691 439 000										
Land Redistribution Target of 30 % in 2014 (ha)	24 600 000										
Land Redistributed to date (ha)	3 400 000										
Land Redistribution Target 2007/08 (ha)	3 100 000										
% Land Redistributed to date	4.00										
Total No. of Beneficiaries											
Total Training Years											
Expenditure/Beneficiary											

Land Reform Programme expenditure increased between 2003/04 (R453 734 000) and 2005/06 (R644 864 000) by 19.2% per annum, as a result of government determination to meet the elusive target of 30% white commercial farm land transferred to the previously disadvantaged by 2014. According to the DLA, total land transferred to date stands at 3.4 million hectares, a mere 4% of the 2014 target. For this reason, the DLA's PLAS has planned infusion of funds over the medium-term, which includes 87%, 70% and 14% annual expenditure increments for 2007/08, 2008/09, and 2009/10, respectively, reaching R3.3 billion by 2009/10, from the current (2006/07) expenditure of R907 million. Most of this fund infusion is targeted at land redistribution (i.e. the Land Reform Grants sub-programme), bringing it to 91% of total programme expenditure in 2009/10, and average annual increment of about 87% over the medium term. DLA's 2007/08 land redistribution target is 3.1 million ha (compared to the total of 3.4 million distributed to date). Whether the new redistribution targets are realistic will have to be seen over the medium-term.

To understand the size of the Land Reform Grants sub-programme within the programme, Land Reform Grants transferred to households were compared to the programme totals. Sub-programme expenditure of R347 110 000 in 2003/04 amounts to 76% of programme expenditure). This increased to R483 162 000 in 2005/06 (74% of programme expenditure).

How much of programme budget is set aside for Professional Services (that implement these projects) is a measure of the availability of implementation support resources, and could determine programme success. Comparing the household grant transfers to Professional Fees paid by the Land Reform programme, we found the latter to be on the low side, ranging from 1.2% in 2003/04 to 7.2% in the current financial year, which puts such expenditure within the Treasury's acceptable expenditure norms for professional fees. It can be assumed that given the small proportions of project expenditure paid out for professional services, much of the project business planning and implementation work is done by DLA and DoA staff. These provisions for professional service support for the programme are not at the level of the project planning allocation of 9% prescribed for redistribution projects. Could this be under budgeting?

It is important to note how Land Restitution programme expenditure compares to the Land Reform household grant transfers. The need for rapid finalisation of restitution claims meant a higher infusion of funds into the latter programme. Over the period therefore, land reform household grants as a proportion of restitution grants dropped from 43% in 2003/04 to 24% in the current financial year. The picture changes dramatically over the medium-term. Restitution expenditure is expected to diminish in value while redistribution expenditure increases exponentially. Land Reform Household grant transfers are estimated to be as much as 240% of spending on land restitution by 2009/10.

In the bigger departmental (DLA) picture, Land Reform sub-programme grant transfers currently stand at about 14% of the total. It is projected that by 2009/10 the household grant transfers (redistribution grants) could be as much as about 58% of total departmental expenditure.

8.2.2 Financial performance of CASP

CASP is the government's main support service delivery mechanism to land redistribution projects. By design, 70% of CASP expenditure is targeted at land reform projects. While the work of the entire DoA Livelihoods, Economics and Business Development (LEBD) Programme is targeted at the support of small and emerging farmers, CASP has been specifically orientated to the support of the land redistribution programme, in an effort to bring sustainability to land redistribution projects.

The 2007 Estimate of National Expenditure[20] puts the number of land reform beneficiaries supported by CASP at 19 518, and the total beneficiaries reached at 53 709 (89 000, according to 2006 DoA Annual Budget[21]), i.e. 36,34% of beneficiaries reached are land reform beneficiaries. With this in mind, it is interesting to note how CASP expenditure compares in size to land redistribution grants. The CASP expenditure of R200 million in 2004/05 was 62% of land reform household grants, and the R300 million CASP expenditure of the current financial year, 56% of the former.

20 *Department of Agriculture (DoA), Vote 24, 2007 Estimates of National Expenditure.*
21 *Department of Agriculture (DoA), 2006 Annual Report, www.nda.agric.za.*

Increases in CASP estimates over the medium-term do not match the escalation in projected land redistribution expenditure. CASP expenditure in 2009/10 is estimated at only 16% of land redistribution expenditure. A major problem that has dogged the land reform programme is the alignment of DLA and DoA budgets to ensure adequate and relevant service support for new land redistribution projects. The two departments have been working for years at the realignment of their delivery processes. It is not clear from this analysis if CASP funding is aligned to redistribution expenditure, although it looks like that. Will the CASP expenditure ensure sufficient support to land redistribution projects? What percentage of redistribution project expenditure will suffice as aftercare service support funding (in CASP) will have to be studied carefully before any judgement can be made on this subject. However, the current annual comparison of Land Redistribution and CASP funding appears reasonable on preliminary examination. There is currently a backlog to the extension of CASP support to land redistribution projects, and catching up on the backlog is where problems may lie.

Table 8-2: Budget and expenditure patterns for CASP

		Actual Expenditure 2003/04	Expenditure as % of Appropriation 2003/04	Actual Expenditure 2004/05	Expenditure as % of Appropriation 2004/05	Actual Expenditure 2005/06	Expenditure as % of Appropriation 2005/06	Adjusted Appropriation 2006/07	Medium Term Expenditure Estimate 2007/08		
		R"000	R"000	R"000	R"000	R"000	R"000	R"000	R"000	R"000	R"000
Livelihoods, Econs & Bus. Dev (LEBD) Exp.		70719		268 880		628 582		719 346	886 951	917 660	883 478
CASP Expenditure				200 000		250 000		300 000	415 000	434 918	478 410
LEBD Professional Fees		10410		6 433		6 516		36 896	55 006	57 172	61 278
LEBD Management		1 624		1 486		600		1 903	1 998	2 044	2 084
DOA Total Expenditure		1 194 776		1 408 183		1 906 831		2 367 630	2 281 166	2 384 956	2 400 414
CASP Expenditure as % of LEBD Prog Exp				74.38		39.77		41.70	46.79	47.39	54.15
CASP Exp as a % of LR household Grant				62..34		51.74		55.52	41.11	16.62	15.90
LEBD Professional Fees as % CASP Expenditure				3.22		2.61		12.30	13.25	13.15	12.81
LEBD Management Exp. as % CASP Expenditure				0.74		0.24		0.63	0.48	0.47	0.44
LEBD Management Exp. as % of LEBD Prog Exp		2.30		0.55		0.10		0.26	0.23	0.22	0.24
CASP Exp as % of DOA Total Expenditure				14.20		13.11		12..67	18.19	18.24	19.93
Total al. LEBD Prog Expenditure since 2003/04	1 687 527 000										
Total CASP expenditure to date	750 000 000										
Overall CASP Programe Targets											
CASP Exp Allocation to L Reform Projects (%)	70										
CASP Exp Alloc. to Food, Security & Others (%)	30										
Total CASP Projects - 31/03/2006	542										
Av. CASP funding per project	1 383 763.84										
Total No. of Beneficiaries - 31/03/06	53709										
Av. CASP funding per beneficiary	13 964.14										
Total No. of CASP L Reform Beneficiaries to date	19518										
CASP MTEF Output Target	80000										
An. Growth in CASP Expenditure						0.25		0.20	0.38	0.05	0.10

It is important again to look at how much of programme budget is set aside for Professional Services that implement CASP projects. LEBD Professional Fees expressed as percentage of CASP expenditure was a low 3.2% in 2004/05, rising to over 12% in the current financial year. Over the medium term, professional fees rise to an average of about 13% annually, which may be better budgeting for this vital project implementation input.

Total CASP expenditure to date is R750 million. At the reported total number of beneficiaries of 53 709 and a total number of 542 projects, CASP expenditure is R13 964 per beneficiary and R1.3 million per project.

8.2.3 Financial performance of the Expanded Public Works Programme (EPWP)

The National Public Works Programme (NPWP) is one of Department of Public Work's four main programmes. The Expanded Public Works Programme (EPWP) is one of the NPWP's three sub-programmes, besides administration. The EPWP was established to promote the use of government expenditure to create additional employment opportunities by introducing labour intensive delivery methods and additional employment and skills programmes for the unemployed to participate in the delivery of needed services. The over arching objective of the EPWP is to create additional work opportunities with training for 1 million South Africans over five years (by 2009) - of at least 40% women, 30% youth and 2% disabled. By the end of its second year (2005/06), EPWP had applied its total expenditure of R87.3 million to leverage a total project investment of R5.7 billion, as the result of the implementation of 7 800 projects, creating over 435 300 job and training opportunities and beneficiary wages amounted to R1.5 billion[22].

22 *Department of Public Works, Vote 6: Public Works, 2007 Estimates of National Expenditure.*

Table 8-3: Budget and expenditure patterns for EPWP

		Actual Expenditure	Expenditure as % of Appropriation	Actual Expenditure	Expenditure as % of Appropriation	Actual Expenditure	Expenditure as % of Appropriation	Adjusted Appropriation	Medium Term Expenditure Estimate		
		2003/04	2003/04	2004/05	2004/05	2005/06	2005/06	2006/07	2007/08		
		R"000	R"000	R"000	R"000	R"000	R"000	R"000	R"000	R"000	R"000
National Public Works Programme Exp.		310 644		96 875		142 090		163 896	17 3574	186 167	215 045
EPWP Expenditure - DPW				24 525		62 838		77 953	71 742	81 568	98 328
NPWP Professional Fees		9149		40 908		72 371		84 528	73 757	86 900	107 495
NPWP Management											
DPW Total Expenditure		2 028 279		2 248 778		2 354 255		3 116 762	3 693 120	4 122 101	4 708 448
EPWP Expenditure as % of NPWP Exp.				25.32		44.22		47.56	41.33	43.81	45.72
NPWP Professional Fees as % of EPWP Exp				166.80		115.17		108.43	102.81	106.54	109.32
NPWP Management Exp as % of EPWP Expenditure				0.00		0.00		0.00	0.00	0.00	0.00
NPWP Management Exp as % of DPW Total Exp		0.00		0.00		0.00		0.00	0.00	0.00	0.00
Annual NPWP Expenditure Growth (%)				1.09		2.67		2.50	1.94	198	2.09
Total NPWP Expenditure Since 2004/05						156.22		24.05	-7.97	13.70	20.55
MTEF EPWP Output Targets						-19.2			5.90	7.26	15.51
Number of Temp Jobs Created by 2007/08	300 000							713 505			
% of EPEP workers trained	100							165 316			
EPWP Overall Output Target											
Total Jobs Created by 2009	1 000 000										
% Training Offered	100										
Current Attained Targets by 2005/2006											
Total No. of Projects	7 800										
Total Project cost	5700 000 000										
Total Beneficiary Remuneration	1500 000 000										
Total Jobs Created	435 300										
Av. Prog. Expenditure per beneficiary	13 094										
Av. Prog. Expenditure per project	730 769										
Av. Income per beneficiary	3 446										

At inception of EPWP in 2004/05, R24.5 million was spent on projects, escalating by over 156% to R62.8 million the following year. The sub-programme's expenditure grew by another 24% to R77.9 million in the current year. Over the medium-term, EPWP expenditure is projected to grow at an annual rate of 9.5%.

The sub-programme's expenditure was in each year of its first two years 100% of budget appropriation, an indication of the sub-programme's excellent ability to spend. The sub-programme, in comparison with its mother programme, spent an equivalent of 25%, 44% and 47% of the mother programme's total expenditure. Compared to the DPW, EPWP expenditure is between 1% and 3% that of its mother Department, annually. The EPWP's performance can further be viewed from programme expenditure impact per project and per beneficiary. At the overall total programme expenditure (over implemented projects) by all participating government departments of R5,7 billion, average programme expenditure per project and per beneficiary was R730 769 and R13 094, respectively, at the end of its second year. From the total wage bill of R1,5 billion, average income per beneficiary was determined at R3 446.

Thus, in terms of budget expenditure and output delivery, the EPWP has been an excellent performer over its short life of three years.

8.2.4 Financial performance of DSD's Sustainable Livelihoods sub-programme

The Sustainable Livelihoods sub-programme is one of the Department of Social Development's Community Development Programme's five sub-programmes. The sub-programme promotes the delivery of coordinated and integrated services that will contribute towards reducing poverty and underdevelopment. There was a negative annual expenditure growth rate of 5.6% between 2003/04 and 2006/07 for the Community Development Programme as the result of the transfer of all poverty reduction projects from the DSD to the Independent Development Trust (IDT). For the same reason the Sustainable Livelihoods sub-programme also has a negative growth rate. The management of DSD poverty reduction projects having changed hands, not much light will be shed on poverty reduction projects by the analysis of the financial data in Table 8-4 below, because they do not cover actual poverty reduction project funding, but the funding of support services to these projects.

Table 8-4: Budget and expenditure patterns for DSD's Sustainable Livelihoods Sub-programme

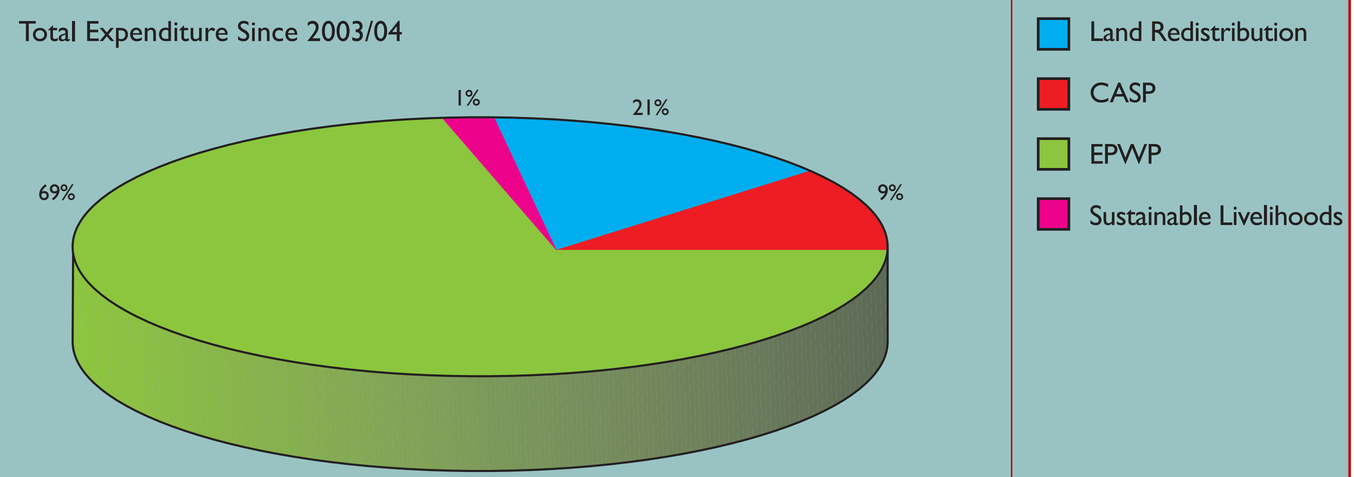
		Actual Expenditure	Expenditure as % of Appropriation	Actual Expenditure	Expenditure as % of Appropriation	Actual Expenditure	Expenditure as % of Appropriation	Adjusted Appropriation	Medium Term Expenditure Estimate		
		2003/04	2003/04	2004/05	2004/05	2005/06	2005/06	2006/07	2007/08		
		R"000	R"000	R"000	R"000	R"000	R"000	R"000	R"000	R"000	R"000
Community Development Programme (CDP)		186 406		130 457		142 316.00		156 689	167 528	174 201	185 614
Sustainable Livelihoods (SL)		77 558		11 793		10 921		15 986	9 420	9 318	10 419
CDP Professional Fees		5 901		3 362		3 600		12 443	13 645	11 802	12 954
CDP Management		512		1 179		1 867		966	1 438	1 509	1 584
DSD Total Expenditure		39 357 272		47 766 267		55 067 840		62 382 425	67 232 108	73 220 351	79 269 425
SL Expenditure as % of CDP Exp				9.04		7.67		10.20	5.62	5.35	5.61
CDP Professional Fees as % of SL Exp				28.51		32.96		77.84	144.85	126.66	124.33
CDP Managment Exp as % of CDP Exp		0.27	10.00		17.10		6.04	15.27	16.19	15.20	
SL Expenditure as % of DSD Total Exp				10.90		1.31		0.62	0.86	0.87	0.85
Annual SL Expenditure Growth (%)				0.02		0.02		0.03	0.01	0.01	0.01
Annual CDP Expenditure Growth (%)				-84.79		-7.39		46.38	-41.07	-1.08	11.82
Total CDP Expenditure since 2003/04								615 868	6.92	3.98	6.55
Total SL Expenditure since 2003/04								116 258			

However, a general discussion of poverty reduction and poverty reduction programme expenditure has to mention the support services provided by the DSD for the reduction of poverty and underdevelopment through the work of its Sustainable Livelihoods sub-programme. It may be a worthwhile exercise to compare the poverty reduction programmes reviewed here with one another and to other forms of national poverty reduction expenditure, such as that on social welfare, education, housing, rural electrification, water reticulation and sanitation, etc.

8.3 Inter-programme performance comparisons

The chart below compares the total programme expenditure from 2003/04 to date (2006/07) for the four programmes under review.

Table 8-1: Budget and expenditure patterns for land reform



The overall EPWP programme expenditure (by all participating government departments) of R5,7 billion far outweigh expenditure on all the other three programmes, constituting 69% of total for the four programmes. DSD's Sustainable Livelihoods programme, which is currently reduced to programme support funding (and not project funding, which has been transferred to the IDT), constitutes only 1% of the total. Land Redistribution total expenditure constitutes 21%, and CASP 9% of the total for the four programmes. Over the review period, CASP total expenditure was 44,34% of Land Redistribution Grant expenditure (since 2003/04), which is an indication of CASP preparedness to service the support needs of land reform projects under development (the year-on-year expenditure comparison discussed earlier shows better proportional allocation).

Table 8-5: Comparative achievements and costs of different programme types

	EPWP	Land Redistribution	CASP	Sustainable Livelihoods
Target attainment	43.5% of 1 million jobs by 2009	4% of 30% of white commercial farmland by 2014	36.3% of beneficiaries reached are land reform beneficiaries	
Total expenditure	R165 million	R1 691 million	R750 million	R116 million
No. of beneficiaries reached to date	435 300	(not available)	53 709	
Expenditure per beneficiary	R13 094	(not available)	R13 964	

From the table above, a comparison of the programme expenditure with respect to the level of attainment of stated programme targets puts the Land Redistribution Programme in a bad light. The attainment of only 4% of the 30% target (of white commercial farms transferred to blacks by 2014) over the 13 years of programme life, when 2014 is only 7 years away, makes the performance of Land redistribution very dismal. While we do not have the number of CASP projects that are land reform related, we use the number of beneficiaries as a proxy of the latter. 36.3% of CASP programme beneficiaries are also Land Reform beneficiaries. We do not know at this juncture if this percentage can be compared to the target of 70% (of CASP projects that have to be land reform projects). The EPWP's attainment of 43.5% of its target over two of the assigned five years is above expectation. What needs to be examined in detail is the quality of the deliverables. For example, as the case study revealed, we ought to know how many of the beneficiaries receive training on projects.

The EPWP's ability to leverage R5.7 billion project funding with its own funding of R87.4 million at the end of its second year was seen as good financial performance, especially if it resulted in the payment of R1.5 billion in wages. To date, the programme has created 435 300 new jobs, even if temporary in nature, leading to an average programme expenditure of R13 094/beneficiary (and an average income in wages of R3446/beneficiary). In comparison, CASP has reached 53 709 beneficiaries, whose projects have received an average financial support of R13 964/beneficiary.

8.4 Financial performance and impact at project level

While the assessment of financial performance at programme level was valuable for the determination of the extent to which the public funding made available to these programmes were effectively applied in creating the intended projects, and in the creation of intended programme output targets of number of projects created and number of beneficiaries reached, it is the cumulative project level results which determine the efficiency or 'productivity' of the programme expenditure. Thus, for poverty reduction programmes, the financial efficiency of the programmes should be measured by the aggregate number of sustainable income generating opportunities (projects) and the aggregate value of sustainable income generated for the previously disadvantaged individuals (PDI) targeted, compared to the aggregate expenditure of public funds. Sustainable income generated (and to be generated in the future) could be income generated by entrepreneurs (farmers) or by employees dependent on component projects. The aggregate value of sustainable income generated (and to be generated in the future), as may be determined through Cost-Benefit Analysis, is obviously a more valuable quantitative measure of programme financial efficiency than the number of projects created, the number of temporary jobs created or the number of beneficiaries reached, which are measures of programme efficacy. The evaluation exercise attempted this level of financial performance assessment, with limited success, due to the absence of project level financial records, although the qualitative analysis we conducted offered some insight into project financial performance. The following is qualitative financial performance assessment conducted for three projects in the Eastern Cape and one in the Limpopo Province.

8.4.1 Chibini Road - a public works case study

Project Profile	
Project Name	Chibini Road
Programme Type	EPWP
Province	Limpopo
Project Type	Labour-intensive Road Construction
Project Products	Re-gravelled road
Implementing Agent & Role Players	Limpopo Department of Public Works, Polokwane Local Municipality and Project Steering Committee
Project Management	Consulting Engineers, on behalf of Limpopo Public Works
Location	Between Chebeng and Matlala
Ownership	Limpopo Department of Public Works
Duration	May - September 2005
Other Indicators	Project Cost: R657 894 (pre-VAT) # Beneficiaries: 41

Project description

This is an EPWP re-gravelling road project of 1.4 kilometres of road that passes through the village of Chebeng, which is about 30 kilometres northwest of Polokwane. The road passes through Chebeng towards Ga-Matlala. In the course of the project, which ran from May to September 2005, 41 people were employed, including the Community Liaison Officer (CLO). Recruitment commenced with 10, owing to an initial unwillingness by the people of Chebeng to work for the project. In fact, among the 10 people who started with the project, some were recruited from another village. This difficulty in recruitment owed not to lack of need (Chebeng comprises over 1000 households, and unemployment is high), but because in the year or two preceding this project, a public works project elsewhere in the ward allegedly failed to pay workers what they were promised. However, from the third month of the project, an additional 20 workers were hired, and from the fourth month, an additional 11 (However, one should note that the figures cited here were provided by the CLO, and differ from those provided by the municipality). Of the 41 workers, there were 23 men, 18 women, and 23 youth (18-35 years of age) and 18 adults (over 35).

Efficacy

Although the employment was for a few months, beneficiary interviews indicated that people appreciated the employment, even if it was for a short period, and at a relatively low wage of R38/day. However, in the greater scheme of things, the impact on employment in the area was very small - about 132 person-months of employment, which translates to 11 full-time equivalent jobs over one year. According to the 2001 census, the unemployment rate for the ward in which Chebeng is situated was 48%, which if true of Chebeng itself, would imply approximately 550 unemployed people in the village, of which the 11 full-time equivalent jobs represents about 2% of the total. Looked at differently, given that the 41 beneficiaries came from different households (and ignoring the fact that some came from a neighbouring village), less than 4% of households derived any direct benefits. Observable spill-over effects were minimal. One entrepreneur set up a spaza to cater to the workers, but for reasons that are not clear, this was only for a few weeks. Moreover, training did not take place, despite the CLO's complaints to the Steering Committee.

Efficiency

This project was one of the earlier ones implemented by the Polokwane Local Municipality. The overall impression is that at that stage the Municipality was not as experienced as it is now at the implementation of EPWP projects. There were some problems, for example late payment of workers resulted in a two-week stay-away at one stage. On the whole, the project managed to adhere to schedule, albeit a schedule that already factored in additional time relative to a conventional roads project, which probably would have taken half the time while employing about half a dozen people. An indication of the efficiency costs of EPWP is that the Municipality was compelled to increase the project management budget (of R65 789) from 10% to 14% of project cost (of R657 894, pre-VAT), largely on account of the extra project management time needed to address labour issues, i.e. a surcharge of R26 316.

When the cost of other professional and specialist services - such as surveying, EIA, and materials testing - are considered, total Professional Fees amounted to R120 519. This amounts to 22% of construction costs (of R537 375) and 18% of total project cost (pre-VAT), which is not too far from the DPW norm of 17.5%. Similarly, the relative value of the project wage bill to construction cost was 20%, and just shy of the 22% allowed by the Limpopo DPW. The wage bill was also 16% of the project costs (pre-VAT), and therefore less than the total professional fees bill, which was 18% of the project costs.

Sustainability

Being temporally employment by design, the sustainability of project benefits to the workers was non-existent. However, this is a feature of EPWP infrastructure projects in general, and not the failing of this project. However, in this instance no training was conducted, while the on-the-job skills people may have acquired on a labour-intensive re-gravelling project is considered very modest. The two beneficiaries who were interviewed were both skilled or semi-skilled artisans, for whom the work on the road was welcome but well below their technical skills level.

While training remains one of the two main results expected of EPWP projects, the absence of training was considered a major failing of this project. It should also be mentioned that the modest skills acquired by beneficiaries who did not have any knowledge of road construction are skills that could be applied to similar projects if and when the opportunity avails itself, and such skills and experience could make beneficiaries more employable in the road construction industry.

As for the road, it is now showing some wear, and while it is by no means in poor condition, it looks a little different to other roads running through Chebeng, and according to the CLO is now not very different to how it looked prior to the project. The CLO mentioned that he wrote a letter to the Municipality, on behalf of the steering committee, motivating for the application of some kind of hardening substance which would have improved the road's durability, but did not receive a reply. We wonder if this was a real technical oversight of Project Management, or only of imaginary importance to the CLO.

8.4.2 Masizame CPA - a land redistribution case study

Project Profile	
Project Name	Masizame CPA
Programme Type	Land Reform (LRAD)
Province	Eastern Cape
Project Type	Animal Farming
Project Products	Beef cattle, sheep, goats, wool, milk
Implementing Agent & Role Players	PLRO provided land PDA provides technical support and extension services
Project Management	CPA Executive Committee, Contact Person: M. J. Ralane: 084 6695285
Location	Farm Hazelden, +/- 12km from Whitlesea, Lukanji Municipality, Queenstown, Eastern Cape Province
Ownership	Masizame CPA
Start Date	2001
Other Indicators	Capital Investment: R576 000 LRAD grant funding # Beneficiaries: 36 (original); 25 (current)

Project description

This project was implemented under the Land Reform programme as a Land Reform for Agricultural Development (LRAD) project. The project was initiated by 36 community members from Whitlesea and its environs who lodged an application with the PLRO office in Queenstown in 1995. However, farming commenced only in 2001, when the PLRO transferred the Farm Hazelden to the beneficiaries. The farm was made up of 733.5 hectares grazing and 10 hectares arable land, totalling 743.5 hectares. The total project grant of R576 000 was spent as follows:

Farm purchase price:	R446 000
Tractor purchase:	R60 000
Implements and irrigation equipment:	R16 423
Livestock (15 cows + 1 bull; 53 merino sheep + 1 ram)	R33 680
Production capital:	R19 897

The Masizame (meaning: "Let us try") CPA is governed and managed by an elected Executive Committee. The Committee has delegated day-to-day management of the farm to a Caretaker, JM Plati, who has years of farming experience.

The farm commenced with cattle, sheep and goats owned by individual members of the CPA, as well as CPA (group) owned animals bought from grant funding. Fodder production commenced in 2003 when barley was produced to feed the animals. The farm did its first sale in 2004, when an individual flock owner sold 2 bales of wool.

Since inception has been in a stock development phase - developing a breeding stock for future production - and has therefore not done any major sales. The only sales were the occasional livestock or two, done by individuals with own stock at the farm, and a once-off sale by the CPA of 10 sheep, done to raise funds for the repair of the farm tractor.

Besides fodder, the farm produced between 2003 and 2006 about 0.5 hectares of vegetables annually for own use, mainly cabbage, potatoes, spinach and onions.

Farm records kept include Livestock Inventory and receipts of purchases. No proper production and financial records were kept.

Effectiveness

The project has not created new jobs, and has generated minimum income for beneficiaries, but has nevertheless provided access to land, which is a major economic resource (asset) in rural communities. Most of the beneficiaries brought own livestock to raise at the farm. The project has therefore increased the access of beneficiaries to additional grazing land, reducing the potential for overstocking and overgrazing on communal grazing in the area.

While the project is currently developing its breeding stocks and not selling offspring, for which reason income generation is poor, there have been appreciable increases in the stock levels since inception and the condition of animals at the farm is considered good. Stock levels stood as follows at the time of the visit:

- Cattle: 21 cows + 4 bulls (for CPA), and 212 cows +2 bulls (for individuals).
- Sheep: 149 merino ewes + 4 rams (CPA), and 127 Merino sheep and 63 Dorper sheep (for individuals).
- Goats: 460 (including 4 billy goats) in total.

The farm is also currently producing barley as fodder, and will be producing lucern in the future for supplementary feeding. The supplementary feeding and the rotational grazing practiced at the farm account for the condition of the animals of the farm, thanks to a knowledgeable farm caretaker, the technical advice received from the PDA Extension Officer, Mr. Kakiya, and a resident PDA Animals Specialist (who is a member of the project).

Project beneficiaries mentioned the acquisition of farming experience as an important project objective. They intend to move on and start own farming projects once they have acquired commercial livestock farming experience.

Efficiency

Until a full cost-benefit analysis is done, it is not easy to quantify and cost all the tangible and intangible results of the project, which makes the determination of project efficiency, beyond qualitative analysis, a difficult task. For example, the financial value of the reduction in overgrazing resulting from this project (on communal grazing in the area) may be difficult to define. Similarly the financial value of the restorative justice of land redistribution in this community may be difficult to determine.

In terms of efficiency determination, it is easier, given data availability, to do a financial analysis with respect to the tangible benefits of the project, i.e. the direct products of the project, which include live animals and livestock products such as wool and milk. While project financial records are poorly kept, very little product sales has taken place on this project since 2001 to justify the grant expenditure of R576 000 at this juncture. Total sales to date on the project, of wool and sheep amount to R13 747. However, the stock figures cited above indicate that the short-term objective of project breeding stock development is achieving the desired goals. Given that this project was transferred in 2001, the project could have attained the required production stock levels and even financial breakeven a while back if the farm had production finance at its disposal from the beginning. This may be one reason why it will not be fair to assess these land redistribution projects in terms of the norms of financial efficiency (such as the return on investment (ROI), Cost/Benefit Ratio or the Internal Rate of Return (IRR)), against which measuring criteria this project will be found wanting.

In terms of job creation, the project can be said to have created part-time jobs for the 25 beneficiaries that remain on the project, although the returns to this labour is minimal in financial value (measured in occasional stock sales by individuals and subsistence milk production).

Sustainability

Asked whether in their view this project would be able to continue and grow without further external grant funding, the project leaders answered in the affirmative. They however admitted that for the project to attain desirable production levels and growth that will meet the desires and aspirations of its beneficiaries, external support is needed, and urgently so. The Queenstown PDA office has assisted the project to put in application for CASP support funding, including infrastructure like pumps, fencing, etc.

The project does not see product marketing as a constraint. Wool is currently sold to BKB, the wool marketing body in the Eastern Cape, where the project wool quality is considered above average. Live sheep and goats are sold to local buyers but the project could market commercial livestock quantities through Eliot Auctioneers, and sheep and beef cattle can be taken to the East London Abattoir.

Skills development is considered inadequate on this project, although project participants have received training in cattle husbandry (four members) and wool classification (two members).

For sustainability, the project leadership admitted to the following needs:

- farm management and financial training
- essential production and financial record keeping
- continued government technical advice, financial and general support.

8.4.3 Slovo Welcome Trust - a land reform case study

Project Profile	
Project Name	Slovo Welcome Trust
Programme Type	Land Reform (SLAG)
Province	Eastern Cape
Project Type	Mixed Farming
Project Products	Beef cattle, vegetables
Implementing Agent & Role Players	PLRO provided land PDA provides technical support and extension services
Project Management	CPA Executive Committee
Location	Welcome Valley & Shirwood Forest Farms, between Queenstown and Whitlesea, Lukanji Municipality, Queenstown, Eastern Cape Province
Ownership	Slovo Welcome Trust
Start Date	1995
Other Indicators	Capital Investment: R1 250 000 SLAG grant funding # Beneficiaries: 100 (original); 75 (current)

Project description

The project is one of the very first land redistribution projects, implemented as a Settlement and Land Acquisition Grant (SLAG) project. The project was initiated by an application for funding to the then Eastern Cape Provincial office of DLA by a group of 100 community members, leading to project transfer in 1995. The project is made up of two adjoining farms: Welcome Valley and Sherwood Forest. The farm composition is as follows:

Farm	Total Size (ha)	Arable Land (ha)	Price (R)
Welcome Valley	500	107	700 000
Sherwood Forest	785	64.3	550 000

The project is under the ownership and management of the Slovo Welcome Trust, which is governed by a 10-member Executive Committee. The Committee is responsible for the day-to-day management of the farm. The trust is owned by the 75 members (30 men and 45 women).

The project bought a second-hand tractor at inception and produced its first crop of vegetables in 1995. In the same year repair and maintenance work began on the furrows that transport water from nearby dams to the two farms. The project teamed up with neighbouring farms for these repairs, but water supply was never fully restored to the farms. Similarly, aging water pumps that were repaired soon broke down again. Despite these irrigation constraints 7.5 hectares of arable land was irrigated and vegetable production was done between 1996 and 1998. The project supplied the Queenstown Fresh Produce Market, hospitals, shops and the local community. In 1996 the project produced its first 22 hectares of lucern crop, but had great difficulty cutting and baling the crop, because it did not have the baling equipment for the job. The project at inception also had problems with electricity and water bills that made production unprofitable.

In 1997 the project bought eight Jersey heifers from personal contributions for dairy farming but all the animals were lost to the drought which followed. In 1997/98 the project also bought 300 chicks to commence broiler production and four sows to test pig production. As a result of water shortages none of these projects succeeded.

The vegetable production was quite successful in the beginning. It is reported that for 6 months, the Queenstown Fresh Produce Market was maintained solely by supplies from this project. While the local PDA staff believe the project's failure could partly be attributed to financial mismanagement by former Executives of the Trust, the latter believes the project failed for lack of financial support from government, especially due to the lack of production finance.

The project claims to have kept production and financial records during the years of vegetable production. As at the time of the visit there were no signs of record keeping.

Unlike the other two projects visited, the project leadership had not as yet made any applications for CASP funding yet, although they saw government support funding as the only way out of the financial quagmire. The reason for this was not clear to the author, since the project works closely with a PDA Extension Officer responsible for advising them and informing them of such opportunities.

Effectiveness

As with the Masizame CPA project, the Slovo Welcome Trust project has not created new jobs, and has generated minimum income for beneficiaries for the past nine years, but has nevertheless provided access to land, which is a major economic resource to the beneficiaries. Most of the beneficiaries are raising personal livestock on the farms. The project has therefore increased the access of beneficiaries to additional grazing land, reducing the potential for overstocking and overgrazing on communal grazing in the area.

In the absence of commercial vegetable production - vegetable farming reduced to about 0.5 hectares of subsistence production - the only production activity that remains at the farm is the raising of cattle. The farm currently has 280 cattle at Welcome Valley and 245 cattle at Sherwood Forest, thus, a total of 525 cattle in good condition. Income generation from these stocks is very minimal, as animals are sold by individual owners only in time of family financial crisis. The project though can be said to be providing for the food security needs of its beneficiaries.

Project has an additional value of providing essential farming experience for its members who may move on to start own farming projects.

Efficiency

The project has intangible results that are not easy to quantity when assessing the efficiency of the expenditure made on the project. For example, the financial value of the reduction of overgrazing may be difficult to define, as is the financial value of the restorative justice of land redistribution.

Project financial records are poorly kept, but it is clear that very little product sales has taken place on this project since 1998. Given that this project was transferred in 1995, the project could have attained peak production performance and profitability a while back, if the farm infrastructure was in working condition from the beginning and the project had access to production finance. This is one reason why it may not be fair to assess these land redistribution projects in terms of the norms of financial efficiency.

In terms of job creation, the project can be said to have created part-time jobs for the 75 beneficiaries that remain on the project, although the returns to this labour is minimal in financial value measured in occasional stock sales by individuals and subsistence milk production.

Sustainability

Asked whether in their view this project would be able to continue and grow without further external grant funding, the project leaders answered in the negative. They admitted that for the project to attain its production and growth potential, external support is needed, and needed urgently. The project leaders attribute the project's survival up to this point to the commitment of members to fight poverty together, instead of doing so as individuals.

The project does not see product marketing as a constraint. Project leadership claim that the project had in the past sold to the fresh produce market, hospitals and the community, and will be able to do so again. Commercial livestock quantities will be marketed through Eliot Auctioneers, and sheep and cattle can be taken to the East London Abattoir.

Skills development is considered inadequate on this project, although project participants have received training in Farm Record Keeping, Fruit Production, Poultry Production, Bookkeeping and Business Planning.

For sustainability, the project leadership admit to the following needs:

- general farm infrastructure repairs
- farm equipment, e.g. tractor
- production finance
- training in Farm Management Financial Management, Crop Production, Vegetable Production and Beef Production
- basic farm production and financial record keeping
- continued government technical advice, financial and general support.

8.4.4 Jacohaan Dairy - an income generating project case study

Project Profile	
Project Name	Jacohaan Dairy (sub-project of Masizake CPA)
Programme Type	Land Reform (SLAG); supported by CASP
Province	Eastern Cape
Project Type	Dairy Farming
Project Products	Milk, fodder.
Implementing Agent & Role Players	PLRO provided land PDA provides technical support and extension services
Project Management	Project Executive Committee has appointed a Farm Manager
Location	Jacohaan Farm, near Nomonde Township of Moteno, Eastern Cape Province
Ownership	12 Members of Jacohaan Dairy Project own the farm production and Masizake CPA owns the farm assets
Start Date	1998 as Masizake CPA; 2006 as restructured Jacohaan Dairy.
Other Indicators	Capital Investment: R590 890 CASP grant funding only # Beneficiaries: 12

Project description

This project started as a Land Reform SLAG project in 1998. The project at inception was registered as the Masizake CPA, with a membership of 178. The project was initiated by community members from Nomonde Township and Molteno who applied for grant funding from the then Provincial office of the DLA. The project at that point was made up of four farms with different production activities - dairy, mixed farming and game farming. This, coupled with the large beneficiary numbers lead to production difficulties, confusion and mismanagement. The projects could barely produce, let alone grow and develop. For these reasons the PDA assisted the CPA and its remaining members to break up into four sub-groups that will manage the four component farms. The Jacohaan Dairy became one of the four resultant projects. It was handed over to 12 members (7 men + 5 women) who now own the production (but not farm assets) and manage the dairy of 220 hectares grazing and arable land and 14 cow dairy herd.

The restructured dairy project then approach the PDA for support in July 2006, which lead to the application for CASP funding which was granted as follows:

Infrastructure	**Cost (R)**
Repair of dairy facilities	123 000
Milking Machine	102 210
Stock Watering facilities	140 451
Irrigation facilities	125 229
Total	**590 890**

Effectiveness

In addition to the 12 members, the project has created 3 new permanent jobs, and is beginning to generate income from the sale of milk. The project has provided access to land, which is a major economic resource in rural communities like this one.

The farm is also currently producing milk and lucern as fodder, for own use and for sale. The supplementary feeding and the rotational grazing account for the condition of the animals. Although milk production is far from optimum, the dedication of the Farm Manager and the technical advice received from the PDA Extension Officer, Mr. Luzipho, is helping to turn farm production around.

On all of these projects, beneficiaries consider the acquisition of farming experience as an important project objective. They intend to start own farming projects once they have acquired commercial dairy farming experience. This project enjoys good will from local white commercial farmers, three of who have volunteered to mentor the members in commercial dairy farming.

Efficiency

The quantification and costing of intangible project benefits makes the assessment of project efficiency a difficult task. For example, the financial value of the restorative justice of land redistribution in this community may be difficult to determine.

In terms of efficiency determination, it is easier with respect to the tangible benefits of the project, i.e. milk and lucern. Very little product sales has taken place on this project since the restructuring exercise of 2006, to justify the grant expenditure of R590 890 at this juncture. Once again, it did not appear that the project has production finance. Should this project secure such finance from the bank or any other source, this project will in three to four years be in a position where it can be assessed in terms of the norms of financial efficiency (such as the return on investment (ROI), Cost/Benefit Ratio or the Internal Rate of Return (IRR)).

In terms of job creation, the project can be said to have created full-time jobs for the 12 beneficiaries of the project, and three other employees.

Sustainability

Project leaders believe this project could continue without external financial support. They however admitted that for the project to attain desirable production levels and growth that will meet the desires and aspirations of its beneficiaries, external financial support was needed, especially for the purchase of production inputs.

The project does not see product marketing as a constraint. According to the farm manager, the local spazas prefer Jacohaan fresh milk to that of other dairy farms in the area. As the production volumes increase, the project plans to sell its milk to the cheese factory at Dordrecht, located 60 kilometres away.

Skills development is considered inadequate on this project, although three commercial farmers are currently offering voluntary mentoring to the project participants.

For sustainability, the project leadership admitted to the following needs:

- farm management and financial training
- replacement for farm tractor and baling machine
- mill for feed milling and mixing
- replace herd with Jersey cows
- continued government technical advice, financial and general support.

8.5 Financial management

The assessment of programme financial management was based on current programme management performance, as opposed to a long-term assessment, and was deduced from the 2005/2006 financial management reports of the Accounting Officer of the responsible departments, and on the professional opinion of the Auditor-General. The assessment examined financial recording or documentation process and content, financial record keeping and utilization, how this has affected management reports and reporting processes, financial management decisions made, etc, and how financial management decisions made have contributed to departmental and programme efficiency and sustainability. The discussion highlights auditor's recommended remedial actions, where such was made for future programme efficiency and sustainability.

For each responsible department, the financial statements submitted by the Accounting Officer were audited in terms of section 188 of the Constitution of the Republic of South Africa (Act No. 108 of 1996), and sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). The audit examined evidence supporting amounts and disclosures in the financial statement; accounting principles used and significant estimates made by management; overall presentation of the financial statement; and compliance with all relevant laws and regulations.

Financial management is discussed at two levels, programme and project levels, because while financial management may be adequate at programme level, serious problems were noticed for each programme at component project level, as the case studies revealed.

8.5.1 Financial management of the Land Reform Programme

The financial statements of the Department of Land Affairs were declared by the Auditor-General to be the true representation of the financial position of the Department as at the end of the 2005 financial year, and in accordance with prescribed accounting practice and as required by the Public Finance Management Act, 1999 (Act No. 1 of 1999). Without qualifying this audit opinion, the Auditor-General drew attention to the following matters:

1. Forensic Investigation commissioned by management into all the Regional Land Claims Commissions (RLCCs), which had revealed, amongst others, significant control deficiencies due to non-compliance with policies and procedures.

2. Internal Financial Control Weaknesses, regarding control of revenue from leased state land, and irregular expenditure. As a result of the weaknesses in the management of lease revenue, it was not possible to determine if all rental revenue was received from the Provincial Departments of Agriculture (PDAs). During the 2005 financial year the DLA incurred R8.8 million (12.9 million in 2004) irregular expenditure due to non-compliance with State Tender Board Regulations and the department's own procurement policies and procedures, during the process of adopting the new Supply Chain Management Framework.

Of direct significance to the Land Reform Programme under review were the following notes to the Appropriation Statement: Budget savings (non-expenditure) were the result of poor project management, slow procurement processes, and Land Redistribution and other projects not proceeding as planned.

8.5.2 Financial management at project level

Of the four case studies cited above, only the CASP supported project is making an attempt to keep financial records, at the insistence of the PDA CASP Project Manager. We deem the keeping of basic production records and simple financial statements to be essential for proper financial management at project level. It did not seem to us that the projects were managed with financial viability and sustainability as a goal. If that was a goal, it does not seem an attainable goal if projects would not keep basic financial records.

However, evidence at the project sites indicate that stock and production records were being kept, or were kept in the past when there was production. We believe therefore that if made a prerequisite (by Treasury) for government funded income generating projects, projects will be able to improve on the current disastrous financial management practices. It will help if programme implementing/support agencies, such as PDAs, are asked to collect such financial records and report on project financial performance to national programme management.

9. OVERALL IMPACT, SYNTHESIS AND CONCLUSION

9.1 Introduction

This concluding chapter draws together the main findings from the previous chapters. In particular it assesses whether these various types of poverty reduction initiatives under scrutiny, make a significant contribution to poverty reduction, and if not as yet, whether they have the potential to do so. The discussion begins by means of a rudimentary attempt to sum up the overall impact across the programme types to arrive at some sense of the total impact, and then continues with a discussion of the merits and prospects of the various interventions individually and together. It concludes with a few key recommendations with regard to the design, implementation, monitoring and evaluation of these poverty reduction programmes.

9.2 Overall impact

The programme type analyses in Part II of the report generally agree that the respective programme type interventions operate at a very modest scale, whether relative to their stated objectives (e.g. land redistribution), or relative to some estimate of the need (e.g. level and severity of unemployment). The question remains however what they add up to when considered together, and furthermore what sort of scaling up would be conceivable and to what end.

Table 9-1 attempts therefore to improve on the figures presented in Table 3-2 in Chapter 3, by taking into account the various programme type analyses and considerations, and moreover by ensuring no double counting, and converting figures to full-time equivalents for a full 12-month period. The figures remain order-of-magnitude estimates only, but provide a plausible overall sense of the collective impact of these interventions. It must be pointed out that the figures take only direct beneficiaries into account, and not for example the numbers of people enjoying improved infrastructure or receiving home-based care.

Table 9-1: Estimated employment creation through poverty reduction projects

Programme type	Approx total beneficiaries (See Table 3-2)	Approx net annual full-time equivalents, 2006/07
EPWP	311 254	110 000**
Land redistribution	340 995	80 000***
IGPs	128 086	100 000
Individual services	26 000*	subsumed w/in EPWP
Uncategorised	60 544	Not applicable
Total	866 879	290 000

*From Friedman, 2005, p.178.
** Subtracts employment from conventional construction based on evidence from case studies.
*** Assumes that employment creation is equivalent to employment loss.

The main implication is that, normalised to a 12-month period and in terms of full-time equivalents, the total 'employment creation' is in the order of 300 000. Is this a lot or a little? The frame of reference is rather arbitrary: in relation to the total official and discouraged job seekers numbering 8 million, it is a rather small 4%. On the other hand, between 1995 and 2002 the economy created a net of 1.5 million jobs (Bhorat and Kanbur, 2006, p.6), of which 300 000 is one fifth; in this perspective (never mind the discrepant timeframe), the contribution of projects does not seem so paltry.

9.3 Synthesis

Each of the four programme types is highly relevant in its own way. More interestingly, they appear to be complementary, in that they address poverty through different means and to some extent appear to reach different sub-groups among the poor, for example with the profile of public works beneficiaries being younger, and individual services of course reaching specific types of vulnerable individuals.

Each programme type has its specific weaknesses in terms of effectiveness and efficiency. As it is currently designed, most public works beneficiaries benefit in terms of relatively short employment opportunities, with the proportion securing permanent employment after-the-fact by virtue of the skills they have picked up seemingly rather small. However, it is clear that over time, especially in the context of EPWP, government departments have learned to implement EPWP with ever greater efficiency. Putting a figure on exactly how many net jobs have been created is however difficult. Moreover, there appears to be some re-labelling, for example in respect of the social component of EPWP, whereby stipends paid to those offering home-based care or other services are counted as EPWP jobs even though many of these were already being paid under programmes of the Department of Social Development, or other departments, going back several years.

By contrast, the main weakness of land redistribution projects and income generating projects is that they frequently fail to prosper as economic ventures, such that the number of actual beneficiaries tends to fall below the initial, 'official' number, and ascertaining the nature of the benefits is difficult due to lack of records. Having said that, the general finding of this exercise is that the 'objective' circumstances of these types of projects - in particular their tendency to perform poorly relative to their business plans, should not eclipse their significance to their beneficiaries, who, the data show, often regard their participation in these projects as more important than the social grants they receive or than other benefits received from government. In essence, to the extent there appears to be a general mood swing in government away from these projects, the suggestion of this study is that they still have a role to play, arguably even a larger and more focused role than at present.

To the extent that these projects do under-perform relative to their business plans, there appear to be two possible responses: first, one can either try to determine how the project design or extent of support would have to be enhanced in order to assist projects to meet these expectations; or second, one can moderate the expectations themselves, and generally the investment of resources as well. On the face of it, both responses might be appropriate. It is clear for example that many land redistribution projects should be designed with more modest expectations to begin with, in which case the amount of resources expended per beneficiary could likely be significantly scaled back, and more people could benefit per rand and per hectare. At the same time, this might make space for other projects which in reality require more financial and technical support in order to realise their potential. Such a strategy would imply something that is probably overdue, namely assigning specific targets to different sub-categories of land redistribution beneficiaries.

The reality is that a key constraint in assisting with more ambitious income generating projects and land redistribution projects is the ability to offer sufficient hands-on expertise, starting from the project conceptualisation phase and carrying on through implementation. Although it is laudable that ways are being explored to enhance this capacity - for example by mobilising mentors from the private sector - for projects with appropriately modest ambitions, it may also be appropriate that the necessary amount of support is very modest. In fact, there is a growing recognition both within land reform and thanks to the livelihoods approach now being championed by the Department of Social Development, that generally people should be assisted to tap into their own skills, and that inappropriate support in pursuit of over-ambitious objectives can impair project performance as much or more than plain neglect.

On the question of sustainability, the analysis of this report was unable to say a great deal. While we can observe what share of projects struggle or shrink to a smaller number of beneficiaries than originally provided for, there are simply no robust data to indicate what share of these projects fail outright. On the face of it, however, the share would appear to be reasonable, in light of the general failure rate of small and medium enterprises in South Africa, whereby more than 50% fail within their first five years, or by some accounts as many as 70% or 80% (Brink *et al.*, 2003). While it is not clear what precisely is the appropriate benchmark for these types of projects, there would appear to be no reason in principle why government should not tolerate a certain incidence of failure, which is not to say that it should be indifferent to the cost of these failures.

What of the role of income generating projects relative to other means of supporting micro-enterprise? The general view is that, to date, government's efforts to support the micro-enterprise sector has shown limited success, but that in rural areas in particular the record is especially bleak.[23] While there are efforts to enhance the reach of support to micro-enterprise in general, and at least one initiative, MAFISA, aiming particularly at rural areas, there is reason to believe that these measures will never be sufficient, not least because of the relatively high cost of rendering advice to sparsely populated rural areas, as well as the repayability of rural micro-enterprises. It could well be that a chief rationale of income generating projects is to reach areas where these other forms of micro-enterprise support are difficult to provide.

Turning to the individual services programme type, this report questions the wisdom of making their sustainability contingent on either linked micro-enterprises or larger community development initiatives. The idea that vital services such as these must be self-supporting is arguably taking the philosophical position of developmental welfare too far, to the detriment of what is likely one of the most efficacious ways of intervening in poor communities. While government has committed itself to carrying on with paying stipends to community workers, it has seemingly absolved itself of defraying the running costs of the CBOs where these workers are located, not to mention the capital costs of drop-in centres and the like. While the principle of community participation and contribution is a sound one, there is a real danger that the provision of these services will stagnate, whereas by all rights it should be expanding rapidly. The analogy would be that a public hospital must raise its own core operational costs by means of soliciting public contributions or launching businesses on the side.

In summary, a great deal has been accomplished through the range of project-based poverty reduction projects the government has implemented over the past 10 years, not necessarily in reducing the share of households below the 'poverty line' (most of these interventions yield benefits that are too modest for that, depending on the circumstances of the beneficiary and her household), and still less as an engine for growth, but in terms at least of giving poor people some means of either addressing their own situation, however imperfectly, or that of their neighbours. There is scope for accomplishing more, if and when approaches are refined, and targeting is rationalised. Future studies should aim at refining these approaches.

9.4 Conclusion

The purpose of this study was to provide an objective, comparative assessment of the different main components of the South African government's project-based poverty reduction initiatives. The focus was accordingly on four main programme types, including public works, land redistribution, income generating projects, and individual services. The overall finding is that, notwithstanding conspicuous problems across all of the programme types, the achievements of some of the constituent projects are notable and the projects have individually and collectively made a modest but meaningful contribution to poverty reduction in the country. The true significance of these projects is obscured in several ways, not least the inadequacy of the data about them, but possibly more so the fact that, as observers, we cherish differing ideas about what constitutes a good project. One conclusion is that there could be significant gains to be reaped if implementers aligned their expectations and standards more closely to those of the beneficiaries they are seeking to help, which among other things means taking on board the rich diversity of abilities and aspirations. There is every reason to believe that government could seize on these modest successes and improve upon them and amplify them as a short and medium-term means of mitigating poverty.

[23] *"The major spatial difference in the impacts of the SMME programme is ... between urban and rural or peri-urban areas. It is evident that, for a variety of reasons, urban-based SMMEs have been the prime beneficiaries in terms of their access and awareness of the SMME support programmes. The least advantaged have been rural entrepreneurs, the majority of whom, to a large extent, have been left out of the reach of the programmes." (Rogerson, 2004, p.773).*

9.5 Recommendations

Based on the findings under each programme and the above conclusion, the following recommendations are made:

9.5.1 The availability of project-level financial information

Poverty reduction projects such as Income Generating Projects, farms under the Land Redistribution Programme, and even Expanded Public Works projects that have a limited lifespan, are usually set up as independent entities or enterprises. Accounting for the expenditure on these projects can therefore not be limited to what government departments report under transfers to projects. The money transferred to the project is used to buy assets or pay stipends and it is absolutely essential that the project, as a separate entity, also keeps track of its assets and expenditure and income. Without basic financial records, it will not be possible to assess the success of these projects from the perspective of generating an income, which is an explicit objective especially for Income Generating and Land Redistribution projects. It is therefore recommended that project management teams prepare basic financial statements on an annual basis and that simple record keeping systems be introduced at all projects. The financial statements should include Income Statements and Balance Sheets. To help with this, it is recommended that a qualified professional set up a bookkeeping system at the inception of the project that will be reviewed and monitored on a monthly basis by the project's own accountant/financial officer or a trained extension/project support/financial officer from the implementing department.

It is further recommended that a user-friendly financial reporting system and formats for all projects be designed by the National Treasury and that projects regularly report to the implementing department. The responsible implementing or support department/agency should also monitor these development projects on a regular basis.

9.5.2 Maintenance of the PSC database on poverty reduction programmes and projects

To effectively monitor and evaluate poverty reduction programmes or project's performance and impact, it is of the utmost importance that key detail of the projects and programmes is available. This was found to be inadequate throughout the four programmes included in this evaluation. The design of the PSC database on poverty reduction programmes and projects developed during 2005 provides for baseline information (including information on beneficiaries, management, funding and location), although still incomplete. Should this database have been further developed and updated by government as was recommended in the 2006 PSC report An Audit of Government's Poverty Reduction Programmes and Projects, it could have been a valuable source of project information during this evaluation process. It was further recommended in the 2006 report that "business processes be developed to ensure that proper recording of information on programmes and projects happens so that the data can eventually be captured (into a web based) M&E system". It is important to note that this database, if further developed and maintained would, apart from providing a complete list of Government's poverty reduction initiatives, also facilitate better reporting on these programmes. It is recommended that the database developed by the PSC be further developed and maintained.

9.5.3 Capacity to implement development projects

It was found that there is little capacity in government to implement poverty reduction projects. It is recommended that departments responsible for the implementation of these projects ensure that officials involved in the direct management of these projects are appropriately trained (for example in entrepreneurship, project management, technical issues relevant to the specific project and financial management) and that the role they play in the success of these projects be emphasised and clarified. It is also recommended that, apart from capacity development, more attention be paid to the areas of project definition, appropriate training of project members (in many instances only life skills training is provided), development of exit strategies, communication and monitoring, evaluation and reporting.

9.5.4 Feasibility studies and business plans

The preparation of project feasibility studies and appropriate business plans are essential preceding steps to government funded projects, since there is a need to justify these investments.

Project financial performance data compiled by the feasibility studies should be used as benchmark for assessing the financial performance of projects, and the business plans with detailed financial analysis should be a prerequisite to project implementation, and should form the basis for future project monitoring, evaluation and reporting.

9.5.5 Further PSC programme evaluations

Many evaluation questions remain unanswered throughout the report. More in-depth programme evaluations focusing *inter alia* on design and policy issues (see the conceptual challenges facing the EPWP discussed in par 4.2 on page 32) are however needed to answer these. In the preceding PSC report (PSC, 2006), the intention of the PSC to do a series of evaluations of poverty reduction programmes and projects, was highlighted. Apart from scaling-up evaluations (as mentioned above), it will also be meaningful to do more of the same evaluations - e.g. include other poverty reduction programmes not included in this project sample. This will enable Government to comprehensively report on its progress towards achieving its target of halving poverty by 2015. These future studies could also assist departments in the much needed refinement of programme approaches and the rationalisation of targets (par 9.3, page 112). Studies should, *inter alia*, identify the strategic comparative advantage of projects relative to other ways of pursuing poverty reduction.

9.5.6 Sharing of lessons learnt

In the absence of a clear definition of what constitutes a successful development project or guidelines that departments can follow in implementing, supporting or managing these projects, elements of best practices should be shared especially amongst departments involved in the same programmes. The responsibility for this should rest with the lead department in the different coordinating structures. It is further recommended that the proposed future studies of the PSC also include best practice case studies. Lessons learned from these best practices could be helpful in minimising poor project design and also in delivering projects more efficiently.

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Appendix A

Key informants at national and provincial level (excludes project-level key informants)

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National Department of Public Works
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Chief Director: Community Development
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Land Settlement
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Jemina Moeng
Director
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Bayete Ndleleni
Programme Manager: Comprehensive Agricultural Support Programme
Department of Agriculture
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Hlami Ngwenya
Team Leader South Africa
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Mac Nodliwa
Planner
Directorate: Monitoring and Evaluation
Department of Land Affairs
Pretoria

Mastoera Sadan
Social Sector
Policy Co-ordination and Advisory Services
The Presidency
Pretoria
SMD Sibanda

Chief Director: Policy Development
Department of Land Affairs
Pretoria

Marie-Louise Samuels
Chief Director: Early Childhood Development
Department of Education
Pretoria

Eastern Cape

Mr. Lezipho
Deputy Director
Department of Agriculture
Queenstown District
Queenstown

Stan Myendeki
M & E Officer
Eastern Cape Provincial Land Reform Office
East London

Willie Ruiters
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Eastern Cape Provincial Land Reform Office
Queenstown District
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S Tshunungwa
Eastern Cape Provincial CASP Coordinator
Department of Agriculture
Bisho

Free State

Duart Hugo
Deputy Director
Environment and Tourism
Programme: Waste Management
Bloemfontein

John Kegakakilwe
District Director: Motheo District
Programme: Comprehensive Agricultural Support Programme
Thaba Nchu

S. Ngcukana
Chief Director: Agricultural Development and Support
Programme: Comprehensive Agricultural Support Programme
Bloemfontein

Stephen Nhlapho
Manager
Programme: Waste Management
Maluti-a-Phofong Local Municipality
Phuthaditjaba

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Sibongile Ndebele
Deputy Director: EPWP Unit
Gauteng Department of Public Transport, Roads & Works
Johannesburg

Ntokozo Nzimande
Assistant Director: EPWP Unit
Gauteng Department of Public Transport, Roads & Works
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KwaZulu-Natal

Mrs Mkhabela
Director, Department of Social Welfare
District Office
KwaMashu

Lindiwe Molefe
Independent Development Trust, Community Agent
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Bongiwe Ndlovu
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Limpopo Provincial CASP Coordinator
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Mpumalanga

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Programme: HIV/AIDS
Nelspruit

Glory Ngomane
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Department of Health and Social Services
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Programme Manager, Department of Agriculture
Mafikeng

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