

**Evaluating the effectiveness of income generation projects in alleviating poverty
in the rural communities of Ba-Phalaborwa Municipality**

BY

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ABSTRACT

**EVALUATING THE EFFECTIVENESS OF INCOME GENERATION
PROJECTS IN ALLEVIATING POVERTY IN THE RURAL COMMUNITIES
OF THE BA-PHALABORWA MUNICIPALITIES**

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South Africa is one of the African countries with the highest percentage on poverty. In 1994, the new democratically elected government led by the African National Congress (ANC) inherited a country with a wealth distribution that ranked among the most unequal in the world. Such an unequal distribution included, amongst other things, poor human development indicators, unemployment and an economy in crisis. The government faced a challenge of developing programmes, policies and strategies that would help accelerate the economic growth, thereby creating employment opportunities and uplifting the socio-economic standards of, amongst others, disadvantaged rural communities. Within attempts to fight poverty and improve their living conditions, people are challenged to work together through, amongst others, income generating projects.

The goal of the study is to evaluate the effectiveness of income generating projects in alleviating poverty in the rural communities of Ba-Phalaborwa Municipality. Within the context of a qualitative approach, evaluation research was conducted to evaluate the effectiveness of income generating projects in the rural communities of Ba-Phalaborwa Municipality. For the purpose of data collection, a focus group interview with the participants from four income generating projects, namely Titirheleni Vamanana Brick manufacturing project, Musa Sewing project, Mandela Bakery project and Hluvukani Roof tile manufacturing project, was conducted. The conclusions drawn from the research findings show that, based on the perception and experiences of project members,

the income generating projects were effective in alleviating poverty in the rural communities of Ba-Phalaborwa Municipality in the sense that their economic, human and social capital improved and are sustainable.

Key words:

Economic Capital

Human Capital

Income Generating Project

Poverty

Poverty Alleviation Project

Sustainability

Social Capital

OPSOMMING

EVALUERING VAN DIE EFFEKTIWITEIT VAN INKOMSTEGENERERENDE PROJEKTE IN DIE VERLIGTING VAN ARMOEDE IN DIE LANDELIKE GEMEENSKAPPE VAN DIE BA-PHALABORWA MUNISIPALITEIT

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Suid-Afrika is een van die Afrika-lande met die hoogste armoede persentasie. In 1994 het die nuwe demokraties-verkose regering, gelei deur die African National Congress (ANC), 'n land geërf met 'n rykdomverspreiding wat onder die mees ongelyke in die wêreld gelys het. So 'n ongelyke verspreiding het, onder andere, swak menseontwikkelingsindikatore, werkloosheid en 'n ekonomiese krisis ingesluit. Die regering het 'n uitdaging om programme, beleide en strategieë te ontwikkel wat sou help om ekonomiese groei te versnel deur werkskeppingsgeleenthede te skep en die verbetering van sosio-ekonomiese standaarde van, onder andere, benadeelde landelike gemeenskappe. In pogings om armoede te beveg en hul lewensomstandighede te verbeter word mense uitgedaag om saam te werk deur, onder andere, inkomstegenererende projekte.

Die doel van hierdie studie is om die effektiwiteit van inkomstegenererende projekte in die verligting van armoede in die landelike gemeenskappe van die Ba-Phalaborwa Munisipaliteit te evalueer. Binne hierdie konteks van 'n kwalitatiewe benadering was evalueringnavorsing gedoen om die effektiwiteit van inkomstegenererende projekte in die landelike gemeenskappe van die Ba-Phalaborwa Munisipaliteit te evalueer. Vir die doel van dataversameling was 'n fokusgroeponderhoud met die deelnemers van vier inkomstegenererende projekte, naamlik Titirheleni Vamanana Baksteenvervaardigers projek, Musa Naaldwerk projek, Mandela Bakery projek en Hluvukani Dakteëlvervaardigers projek gevoer. Die navorsingsbevindings wys dat,

gebaseer op die persepsies en ervarings van die projekte, was die inkomstegenererende projekte effektief in armoedeverligting in die landelike gemeenskappe van die Ba-Phalaborwa Munisipaliteit in die sin dat hulle ekonomiese, mense en sosiale kapitaal verbeter het en volhoubaar is.

Sleuteltermes:

Ekonomiese Kapitaal

Mense Kapitaal

Inkomstegenerende Projek

Armoede

Armoedeverligtingsprojek

Volhoubaarheid

Sosiale Kapitaal

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CHAPTER 1: INTRODUCTION

1.1. INTRODUCTION

Historical evidence shows that poverty in South Africa dates as far back as the beginning of the colonial era and its subsequent apartheid regime that saw the oppression of the indigenous population. In this regard, the latter included the establishment of policies that systematically oppressed black people and deprived them “of their land, productive assets, cultural heritage and self-respect” (Mubangizi, 2008:176). As a result, many South Africans became victims of poverty. Consistent with these oppressive forces, the situation in South Africa during the early 1990s was characterised by socio-political instability, low projected economic growth rates and, most importantly, a rising expectations by the people that the type of the government they aspired to would meet the backlog of basic needs (Patel, 2005:85).

According to Ranney (in Schoeman 2001:291), the state has the authority to legislate and exercise its control over the implementation of laws, rules, regulations and policies to eradicate socio-political, economic and other related problems. As a result, the new democratic government of South Africa promulgated several policies and legislation including, amongst them, the Constitution of South Africa Act 108 of 1996 that seeks to redress the imbalances inherent from the apartheid government.

The issue of poverty alleviation has been central in the minds of historians, economists and social theorists since the beginning of systematic thinking and writing about social reality and transition (Wassermann, 2001:171). Based on the above mentioned facts, the challenge for the post-apartheid government was to develop policies and programmes that would help accelerate the economic growth, create employment and uplift the socio-economic standards of, amongst others, previously disadvantaged rural communities.

According to Binza (2006:11), the *Reconstruction and Development Programme* (RDP) promulgated in 1994, was the first official policy of the country to impact on economic growth. At the time, the economic growth rate was recorded at 3,5% (Binza, 2006:11). The programme

was developed to combat poverty in order to ensure a better life for all South Africans. The inability of the programme to satisfy its central aim led to waning public confidence (Patel, 2005:93). This resulted in the establishment of *Growth, Employment and Redistribution* (GEAR); a macro-economic policy formulated in 1996 and geared towards the upliftment of the country's economic growth in conjunction with the RDP.

The macro-economic policy was aimed at achieving growth and development, thereby promoting growth through exports and investments as well as addressing uneven developments and unequal redistribution of resources by creating jobs and re-allocation of resources through the budget system (Binza, 2006:13). As a consequence, African citizens themselves had high expectations that the strategy will combat poverty. Contrary to such hopes, it needs to be mentioned that although GEAR has been in place since 1996, numerous South Africans lost their jobs as a result of the strategy that encouraged privatisation of the state owned enterprises. This negative perception of GEAR is also confirmed by various scholars (cf. Binza, 2006; Sewpaul, 2001). In order to fast track GEAR, the government developed, in 2006, a new strategy called *Accelerated and Shared Growth Initiative of South Africa* (AsgiSA), and was aimed at reducing the level of unemployment and poverty by half in 2014. To improve the welfare of the nation, South Africa, like many other developing countries, accepted the challenge in 2000 to achieve the aim of the United Nations' Millennium Development Goals (MDGs) to alleviate poverty by half in 2015 (Lombard, 2005b:2). AsgiSA was spearheaded by former Deputy President of South Africa, Ms Phumzile Mlambo-Ngcuka to have a policy that is in line with the goals of the MDGs.

Furthermore, South Africa developed programmes such as the *Expanded Public Works Programme* (EPWP), social security and poverty alleviation projects, all of which were aimed at achieving the goals of both GEAR and AsgiSA. However, this study argues against the generally accepted attitudes that poverty alleviation is the responsibility of the government. In stead, it contends that poverty alleviation should be seen as a collective responsibility that cuts across all sectors of government, including the private sector and civil society. In accordance with the stipulations of the *White Paper for Social Welfare*, "the Department of Social Development (DSD) bears the primary responsibility for reaching the poorest of the poor - most of whom live

in the rural areas” (Mubangizi, 2008:178). The government, through DSD, empowers the community to be self-reliant by initiating community-based projects such as income generating projects. DSD therefore developed targeted programmes for women, youth and persons with disabilities. Such programmes include the formation of collectives guided by a view to provide basic skills training in conjunction with start-up capital and an ongoing support for income generation projects (Mubangizi, 2008:178). Additionally, many development agencies have tended to increase their emphasis on assisting communities to secure income through their own efforts (Albee, 1994:[sa]).

It is against the above background that the study believes that the income generating projects are aimed primarily at contributing towards the alleviation of poverty through investing in human, social and economic capital by means of family-centred and community-based strategies (Patel, 2005:158). The study, furthermore, argues that development is about people working as a collective in order to attain common goals. For the people to address poverty in rural communities, members of community need to take a collective responsibility to reach social development. Service providers themselves need to invest in participants’ human, social and economic capital in order to alleviate poverty through, *inter alia*, income generating projects.

Along with the relevant scholarship in the field of social work, the researcher’s perspective and experience as a social worker reveal that social workers are well skilled and positioned to promote and implement programmes that enhance peoples’ social functioning in conjunction with economic development efforts, *viz.* to promote the realisation of social development (cf. Lombard, 2004; Sewpaul, 2001). About the role of social workers in addressing poverty in communities, Lombard (2005:98) puts it more eloquently and writes:

[I]n order to make real inroads in addressing the poverty level of the vulnerable poor in society, social workers should develop strategies and interventions which not only contribute to human and social development, but specifically ... self employment.

According to Van der Berg (2005:599) “the government faces a major challenge in effectively bringing services to the poor, both as a means of alleviating immediate, acute poverty and of

establishing a socio-economic environment conducive to economic growth that can incorporate the poor [into] the economic mainstream.” Subsequently, substantial social investments in human development are also needed in, for example, poverty reduction, urban and rural development, health, education, developmental welfare services, and basic infrastructure services, such as water, sanitation and electricity (De Vos, Schulze & Patel, 2005:20).

The rationale for this study is thus to evaluate whether one of government’s programmes, namely income generating projects, is effective in alleviating poverty by investing in participants’ human, social and economic capital.

1.2. PROBLEM FORMULATION

When the ANC came into power in 1994, the country was faced with the challenge of developing intervention strategies that would impact on socio-economic development. The government established social development programmes which were directly linked to economic development. According to Patel (2005:198), additional funds were “allocated annually by parliament for poverty alleviation programmes across government departments.” This was in line with Patel’s view that “development must be accompanied by redistribution through social investments in key social sectors” in order to make significant contributions toward human and social capital, as well as “to improve the development status of the majority of the population” (Patel 2005:103).

The Limpopo Province, for instance, is one of the nine provinces in South Africa whose population suffers from extreme poverty. The population of the Limpopo Province is estimated at 5.5 million, 54.6% of which is women, while 45.4 % is men, of this total, approximately 39.4% is believed to be youth. The HIV infection rate is estimated at 21.5% of the population. The unemployment rate in the province is estimated at 48.8% (National Development Agency, [sa]). The demographic and economic profile of the province suggests why programmes for poverty alleviation were introduced in the Limpopo Province. However, it is not known whether the income generating projects introduced by government indeed succeed in alleviating poverty.

The Limpopo Province consists of five districts, namely: Vhembe, Waterberg, Capricorn, Sekhukhune and the Mopani District. In this study, the researcher will focus on the Mopani District because it is the one district with the highest level of unemployment (Provincial Growth and Development, 2004). The Mopani District Municipalities are characterised by mainly rural conditions. This is due to, first, its remote geographical location from the main economic centres of the Province and, second, its low levels of economic activities, coupled with extreme levels of poverty (Msengana-Ndlela, 2005). The total population in the district is approximately one million, with approximately 218 796 households. Women constitute 49.9%, while men constitute a 50.1% (Msengana-Ndlela, 2005). The service providers in Mopani District Municipalities took up the challenge to address poverty and unemployment on the premise that the government will assist in terms of funds. The income generating projects in the Mopani District Municipalities have been established in, amongst others, the Ba-Phalaborwa Municipality. The total population of the Ba-Phalaborwa Municipality is approximately 131 092. The total number of unemployed people in this municipal area is estimated at 14,804 (GeoHive, sv ‘South Africa statistics’). However, the effectiveness of these projects in alleviating poverty in the Ba-Phalaborwa Municipality is unknown.

According to Miraloa and Bautista (in Noyoo, 2003:253), evaluations are expected to “provide feedback on the relevance of projects, their efficiency and effectiveness, and impact and sustainability.” Ramango (2009) also attests that the envisaged study will assist the Department of Social Development (DSD) to identify the gaps that need to be closed for projects to effectively address poverty. The Chief Community Development Officer, Ms Momo Mohlame, welcomed the study to be conducted in the Ba-Phalaborwa Municipality (Mohlame, 2009). Evaluating projects that are in place to alleviate poverty will assist the DSD to identify whether community members involved in these projects experience the alleviation of poverty in their households. This study therefore seeks to determine the effectiveness of income generating projects in alleviating poverty within the Ba-Phalaborwa Municipality. In undertaking this study, a contribution will be made towards the evaluation of income generating projects and, furthermore, to the improvement of income generating projects in alleviating poverty within the

community. The study will, in the process, confirm and/or disconfirm the extent to which the current state of affairs is to the advantage of the communities it seeks to serve.

1.3. GOAL AND OBJECTIVES OF THE STUDY

The **goal** of this study is to, based on the perceptions and experiences of participants, evaluate the effectiveness of income generating projects in alleviating poverty in the rural communities of the Ba-Phalaborwa Municipality.

The researcher identified the following **objectives** for the research project:

- To describe income generating projects in relation to poverty alleviation within the context of South African policies, strategies and programmes;
- To evaluate the effectiveness of income generating projects in alleviating poverty in the rural communities of the Ba-Phalaborwa Municipality, based on the perceptions and experiences of the participants; and
- To formulate conclusions and recommendations based on the outcomes of the study.

1.4. RESEARCH QUESTION

The following research question was formulated in this study:

- To what extent do the perceptions and experiences of the participants reflect the effectiveness of income generating projects in poverty alleviation in the rural communities of the Ba-Phalaborwa Municipality?

Within the context of this study income generating projects were considered effective in poverty alleviation if the participants' perceptions and experiences indicated towards improvement in human, social and economic capital and sustainability.

1.5. RESEARCH METHODOLOGY

The study followed a qualitative approach in order to best understand (cf. Fouché & Delport, 2005:74) the effectiveness of the income generating projects in alleviating poverty within the rural communities of the Ba-Phalaborwa Municipality. It should be noted, though, that the evaluation research undertaken in this study was not a rigorous quantitative research, as most frequently used, but rather an evaluation of the effectiveness of the projects based on the perceptions and experiences of direct beneficiaries.

In order to accomplish the goal of this study, a case study, as research design, was adopted. Specifically, the researcher used a collective case study because he was interested in understanding the perceptions and experiences of direct beneficiaries of a number of different projects. The study was conducted with four different income generating projects from the Ba-Phalaborwa Municipality. Data collection was conducted using a focus group interview and later analysed following Creswell's (1998) process (in De Vos, 2005:334) of qualitative data analysis. The data collection instrument used was a focus group interview schedule (see Addendum 01).

The process of piloting the study was made possible through members from each project who had similar characteristics. The participants used for the pilot study were excluded from the main study. The researcher used non-probability sampling and, specifically, purposive sampling (cf. Strydom, 2005:202). The participants considered in this study were members from Titirheleni Vamanana Brick manufacturing project, Musa Sewing project, Mandela Bakery project and Hluvukani Rooftiles manufacturing project. In total, eight (08) members were recruited for participation in the study. Prior to the implementation of the data collection procedures, the researcher obtained ethical clearance (see Addendum 04) from the Faculty of Humanities, University of Pretoria, and permission to conduct the study from the DSD in the Limpopo Province and Ba-Phalaborwa municipality (see Addendum 02 & 03). Each participant also had to provide informed consent (see Addendum 05) before participating in the focus group interviews.

1.6. ETHICAL ASPECTS

“Ethics refer to a set of moral principles, suggested by an individual group and subsequently widely accepted, which offer rules and behavioural expectations about the most correct conduct towards subjects, employers, respondents, sponsors, students, researchers and assistants” (Strydom, 2005a:57). The following ethical issues were applicable in the study:

Avoidance of harm: “Participants can be harmed in a physical and emotional manner” (Strydom, 2005a:58). In this study, the researcher had to ensure that participants were protected, within reasonable limits, from any form of physical discomfort that may emerge from the research project. The researcher informed the participants beforehand about the possible impact of the investigation. The researcher also had to exclude participants that could possibly prove to be vulnerable during the investigation. However, it was not foreseen that any participant could be harmed in any way by participating in this study.

Informed consent: Obtaining “informed consent implies that all possible information on the goal of the investigation, the procedures which will be followed during the investigation, the possible advantages, disadvantages and dangers to which the participants may be exposed, as well as the credibility of the researcher” be shared with potential participants, or their legal representatives (Strydom, 2005a: 59). Participants were informed that audiotapes will be used. The researcher drafted an informed consent form, which the participants had to sign before they voluntarily participated.

Deception of subjects: “Deception involves withholding information or offering incorrect information in order to ensure participation” in the study (Strydom, 2002:66). No deceptions were employed in this study. The participants were fully aware of the goal, objectives and procedures to be followed during the investigation.

Violation of privacy/anonymity/confidentiality: “The participants’ right to decide when, where and to whom, and to what extent their attitude can be revealed, should be respected by the

researcher” (Strydom, 2005a:61). In this study, the information provided by participants were treated with confidentiality. The researcher in this study was ethically obliged not to divulge participants’ information without their consent. According to Neuman (2006:139), confidentiality means that information may have names attached to it, but the researcher keeps it confidential. The researcher in this study had to adhere to the ethics as per his agreement with the participants. As a result of this agreement, participants’ rights to privacy and confidentiality were not violated both during or after the study.

Actions and competence of the researcher: The researcher is “ethically obliged to ensure that he is competent and adequately skilled to undertake the investigation” (Strydom, 2005a:63). “The professional researcher must respect the customs of the particular community in all his actions in order to obtain proper co-operation from the community” (Strydom, 2005a:64). The researcher was competent and adequately skilled to undertake the study. The researcher opted to carry out this study because he worked with the community to enhance their welfare and that he passed a module in research methodology in partial fulfilment of the MSW (Social Development & Policy) programme.

Release or publication of the findings: The researcher must compile a research report accurately and objectively (Strydom, 2005a:65). “The subjects should be informed about the findings in an objective manner, without offering too many details or impairing the principle of confidentiality” (Strydom, 2005a:66). The researcher had to inform the participants, before they engaged themselves further in the project, that the findings will be published and that these findings have the potential to assist DSD to identify gaps that may need to be closed, and/or may confirm that the programmes are to the advantage of the beneficiaries.

Debriefing respondents: Through debriefing, problems generated by the research experience can be corrected (Babbie, 2001:475). After completing the investigation, the researcher has to clarify any misconceptions that may have arisen in the minds of participants (Strydom, 2005a:66). It is the responsibility of the researcher to make sure that participants are debriefed if they seem to be vulnerable during the sessions. The researcher ensured that the community

development officer was available to offer debriefing to those participants who requested it. However, no participant requested debriefing.

1.7. DEFINITION OF KEY CONCEPTS

Within this study, the following key concepts are used and their definitions are provided below:

1.7.1 Economic capital

According to Midgley (in Lombard 2005:145), “economic capital implies that human development should be integrated into the economy through vocational training, job placement, the creation of micro-enterprises, cooperatives and community-based projects which encourage economic self-sufficiency and full integration into society.”

Economic capital is a term that is often used within the financial portfolio risk management to represent a quantitative measure of the amount of capital that would be required to cover the potential losses that might be incurred by a risky portfolio of financial exposures (Wikipedia, sv ‘economic capital’).

According to the researcher, economic capital refers to an important component of the development process where one realises that human development alone does not enhance the welfare of the society. Addressing people’s economic needs through such initiatives as income generating projects contribute towards the realisation of people’s optimal social functioning where they experience social development.

1.7.2 Human capital

Human capital investment in developmental welfare programmes refers specifically to “capacity building programmes, vocational training matched with employment opportunities, investment in educational development and support for children such as primary school nutrition, fostering

social skills and competencies for school going children, entrepreneurial training for youth, and learnership and internship programmes” (Patel, 2005:104).

Human capital refers to “the store of knowledge and skills that individuals possess, although this term can also include other individual characteristics such as health, creativity and energy and so on” (Midgley & Sherraden, 2000:235).

Within the context of this study, the concept of human capital refers to educational training and skills that are received by project members which may contribute towards the effectiveness and sustainability of income generating projects.

1.7.3 Income generating project

“Income generating projects are those initiatives that affect the economic aspects of people’s lives through the use of economic tools such as credit” (Albee, 1994:[sa]). An income generating project is defined as “a project which allows autonomy and self sufficiency in helping families secure much needed income with which to buy necessary food and medicines” (Ummah Welfare Trust, 2008).

According to the researcher, income generating projects refer to projects that generate income, create job opportunities for the poor and uplift the standard of living or enable the poor to support one another and organise themselves into groups.

1.7.4 Poverty

Poverty can be described as “an interlocking and multi dimensional phenomena caused by lack of multiple resources such as employment, food, assets, basic infrastructure, health care and literacy” (Patel, 2005: 240).

Poverty is “a situation where a population or section of the population is able to meet only its bare subsistence needs for food, shelter and clothing to maintain minimum levels of living” (Schoeman, 2001:438).

The researcher believes that poverty can be defined as a situation under which people live without having necessary resources to meet their basic needs.

1.7.5 Poverty alleviating projects

Poverty alleviating projects refer to “projects that generate livelihoods, create new demands for rural poor, provide services to which all have access, or enable the poor to support one another and to organize themselves into groups” (Lelope, 2007:8).

Poverty alleviation is “a process which seeks to reduce the level of poverty in a community, or amongst a group of people or countries” (Wikipedia, sv ‘poverty alleviation’).

The researcher defines poverty alleviation projects as the efforts taken by the community members by working collaboratively as a group to uplift their livelihoods through the creation of jobs.

1.7.6 Sustainability

According to Bossert quoted in Gonzalez (1998:47), sustainability can be defined as “the continuance of activities and benefit generated by the donors and community at least three years after the end of the project.”

“Sustainability is the ability to maintain a certain process or state” (Wikipedia, sv ‘sustainability’).

According to the researcher's conceptualisation, sustainability can be defined as the continuation of the project even after funding is terminated.

1.7.7 Social capital

Social capital refers to “social networks that encourage trust and cooperative social interaction for the benefit of the community in order to promote social integration” (Patel, 2005:104).

Social capital also refers to “the social networks and institutionalized social relationship that promote community integration” (Midgley & Tang, 2001:248).

The researcher believes that social capital can also be defined as being a social network, civic engagement and solidarity of the community.

1.8 LIMITATIONS OF THE STUDY

The following limitations of the study were identified:

- The participants were not from the same community and, as a result; transportation to the agreed venue was a challenge.
- This study was undertaken from a qualitative research approach. Therefore, the findings cannot be generalised to either the Municipal area or the Province at large.
- The sample was small as it consisted of only eight participants. Therefore, the findings cannot be generalised.
- The study only focused on four income generating projects within one Municipal area of Limpopo. As a result, the findings cannot be generalised to income generating projects at large.
- The findings reported in this study depict the perceptions and experiences of participants. Data presented are not rigorous quantitative results. For that reason, the findings should

be interpreted tentatively and verification on a broader scale and through quantitative research is essential.

1.9 DIVISION OF THE RESEARCH REPORT

The research report is divided into the following sections:

1.8.1 Chapter 1: Introduction

This chapter begins with the introduction and problem formulation of the study, the goal and objectives of the study, a synoptic overview of the research methodology, ethical issues and the definitions of key concepts.

1.8.2 Chapter 2: Income generating projects within the context of South Africa's policies, strategies and programmes

This chapter offers a literature review and focuses on the contribution of income generating projects towards poverty alleviation within the context of the current South African policies, strategies and programmes.

1.8.3 Chapter 3: Research methodology, empirical findings and interpretations

This chapter deliberates on the research methodology used in the study and, thereafter, provides research findings and their interpretation.

1.8.4 Chapter 4: Conclusions and recommendations

This chapter summarises the main points of the study, thereby making recommendations and suggestions for further studies.

CHAPTER 2

INCOME GENERATING PROJECTS WITHIN THE CONTEXT OF SOUTH AFRICA'S POLICIES, STRATEGIES AND PROGRAMMES

2.1. INTRODUCTION

Poverty alleviation has been reconfirmed and prioritised on the agenda of South African policies and programmes since the new democratic government took over from the apartheid government in 1994. As a result, the government embarked on ambitious reform programmes to improve the socio-economic welfare of the previously marginalized sections of the country's population (Surrender & Van Niekerk, 2008:325). The Department of Social Developments in all nine provinces of South Africa is responsible for social security and welfare services (Patel, 2005:116). Patel continues to indicate that social security programme, otherwise "known as social assistance, consisted of temporary emergency support for specific" sections of the population who qualified for such services. Other social grants that are available include disability, foster care, old age and child support grants (Patel, 2005:75).

However, the payments of these grants are selective and means-tested. As evidence to the current government's commitment to alleviating poverty in South Africa, various initiatives were established to achieve a better living standard and enhanced opportunities for its poorest citizens. One such initiative is the income generating activities that allow opportunities for the unemployed to improve their human and socio-economic welfare. "At the 2005 World Summit, leaders reaffirmed that each country has a primary responsibility for its own development, and reiterated the importance of national policies and development" (Wikipedia sv 'development strategies that work').

The policies to be discussed are as follows: *Reconstruction and Development Programme (RDP)*, *Growth, Employment and Redistribution (GEAR)*, *Accelerated Shared Growth Initiative of South Africa (AsgiSA)*, *Joint Initiative Priority of South Africa (JIPSA)* and *White Paper for Social Welfare*. The discussion will also entail programmes that address poverty through income

generating projects. Furthermore, programmes to be discussed are as follows: Expanded Public Works Programme (EPWP), Black Economic Empowerment Programme (BEE) and Small, Medium and Micro Enterprises (SMME's). The following strategy will be discussed in this chapter, the Provincial Growth and Development Strategy (PGDS). The chapter will, before offering a discussion on the various national policies, strategies and programmes, provide a definition of the concept poverty, highlighting types of poverty and their causes. In addition the extent of its prevalence in South Africa in general and the Limpopo Province in particular, will be outlined. Reflecting on international and regional policies, strategies and programmes are beyond the scope of this study.

2.2. DEFINITION OF POVERTY

Poverty means “running short materially, socially and emotionally” (Alcock, 1997:03). It means spending less on food, on heating, and on clothing by someone on an average income”. According to Schenck (1996) as quoted in Mamburu (2004:01), “poverty contributes to physical weakness through a lack of food, an inability to reach or pay for services and satisfy basic needs for survival.”

2.3. TYPES OF POVERTY

2.3.1. Absolute poverty

Various scholars provide different definitions regarding the concept of absolute poverty. While Lindsey (2008:01), for instance, argues that absolute poverty is “a measure of the number of people [living] below a certain income threshold or the number of households unable to afford certain basic goods and services,” Bellu and Liberati (2005:04) insist that absolute poverty is a standard of living defined in absolute terms. As a rationale for thinking, Bellu and Liberati (2005:04) contend that poverty is “measured by the value, in real terms, of a given level of goods ensuring some form of minimum subsistence [and, that is,] the value of basic food or the minimum income required to have decent lives.” According to this view, every individual or

household who earns below the specified level is defined as absolute poor. Contrary to the two schools of thought as presented above, Sachs (2005) as quoted in Letshokgohla (2009:7) asserts that absolute poverty refers to a household income that cannot meet the basic needs of survival. In such families, Sachs (2005) continues, there is chronic hunger due to shortage of food, lack of access to basic medical and health care, a lack of drinking water and fuel energy, no basic education, no shelter and lack of clothing.

2.3.2. Relative poverty

Relative poverty “refers to a standard of living defined in relation to the position of other people in the income/expenditure distribution” (Bellu & Liberati, 2005:04). For example, people who could be described as poor are those individuals that have incomes below 50 per cent of the average income of the society.

2.4. CAUSES OF POVERTY

According to White and Killick (2001) as quoted in Shinns and Lyne (2004:2), the following are the main causes of poverty, and appear to be associated with:

- **Gender discrimination:** “Unskilled women usually earn lower incomes than unskilled men who have greater physical strength for manual work.” Gender discrimination is also evident in education (Shinns & Lyne, 2004:2). In the past, women, especially in black cultures, were deprived of education.
- **Institutional failures:** “Insecure property rights and weak regulatory and enforcement systems raise [transaction] costs and reduce both the incentive and ability to use assets properly” (Shinns & Lyne, 2004:2). Alcock (1997:39) points out that social security system, social services, health policies, housing policies are the structural causes that failed to eliminate poverty. For example, many claimants, according to Alcock (1997:39), do not receive the benefit to which they are entitled.

- **Proneness to income shocks:** “Income shocks are more frequent and severe where people have poor access to health care and rely on agriculture for live hoods” (Shinns & Lyne, 2004:2). “Farming is particularly vulnerable to natural disasters such as drought, floods, pests and diseases” (Shinns & Lyne, 2004:2).
- **Human capital:** “Unemployment levels are highest amongst people who lack education. In South Africa, almost 60 percent of adults with no formal education are poor, whereas the incidence of poor people is 15 per cent amongst matriculants and five per cent amongst those with tertiary education” (Shinns & Lyne, 2004:3).
- **Social capital:** “This incorporates concepts such as trust, community and networks that indicate faith in safety nets provided by family, community and government” (Shinns & Lyne, 2004:3).

The above mentioned facts play important role in communities as they enable members to raise their household incomes.

2.5. PREVALENCE OF POVERTY IN SOUTH AFRICA

As the South Africa’s 2009 elections came to a pass in April, it should not be forgotten that poverty alleviation remains one of the most important concerns for the country. According to the recent analysis report by the University of Stellenbosch’s Department of Economics, based on the data of two surveys recently conducted by Statistics South Africa, 47.1% of South Africa’s population consumed less than the “lower-bound” poverty line proposed by Statistics South Africa in 2007. This means that 47.1% of the population did not have R322 (in 2000 prices) for essential food and non-food items (Sangonet, sv ‘Poverty remain priority in South Africa’). South Africa’s unemployment rate dropped slightly to 21.9% in the quarter ended 2008 from 23.2% in the third quarter. The total number of employed people was reported to have lifted by 189 000 to 13,844 million (Stats South Africa, sv ‘unemployment rate’). The population of South Africa was estimated at 49 320 500 and unemployment rate at 24% in 2009 (Statistic South Africa, sv ‘mid-year population estimates 2009’).

2.6. POVERTY IN LIMPOPO PROVINCE

The Limpopo Province consists of five districts; namely Vhembe, Waterberg, Capricorn, Sekhukhune and Mopani district municipalities. The population of the province is estimated at 5.5 million of which 54.6% is women, 45.4 % is men and youth at 39.4%. The unemployment rate is at 48.8%, the HIV infection is at 21.5%, (National Development Agency [sa]). However, for the sake of this study, the researcher focuses only on Mopani district and on one of its five municipalities. The district has high levels of unemployment (Provincial growth and development, 2004). As a result of high level of unemployment, the Mopani District Municipalities, amongst others, the Ba-Phalaborwa Municipality took a challenge to address poverty and unemployment by establishing income generation projects. The total population of the Ba-Phalaborwa Municipality is approximately 131 092. The total number of unemployed people in this municipal area is estimated at 14, 804 (GeoHive, sv ‘South Africa statistics’).

The South African government has, by means of policy formulation, responded, in a credible fashion, to poverty alleviation and sustainable development (Moller, 2002:26). This section below will elaborate on South African policies, programmes and strategies as well as context specific initiatives in the Limpopo Province.

2.7. AN OVERVIEW OF SOCIO-ECONOMIC POLICIES SINCE 1994

There are four policies that will be contextualised below, i.e. *RDP*, *GEAR*, *White Paper For Social Welfare*, *Accelerated Shared Growth Initiative of South Africa*, and *Joint Initiative on Priority Skills Acquisition*. The focus will specifically be on its contribution (or lack of it) towards poverty alleviation through, amongst others, the income generating projects.

2.7.1. Reconstruction and Development Programme (RDP)

On the eve of the first racially inclusive democratic elections in 1994, the African National Congress (ANC) “embarked on drafting its vision of how it would transform the country through the *Reconstruction and Development Programme*” (Aliber, 2003:475). The ANC adopted the RDP in 1994 as policy framework for integrated and coherent socio-economic progress (Lombard, 2008:156). *The White Paper on RDP* focused mainly on improving the standard of living and quality of life for all South Africans, and to create a sustainable democracy (RDP White Paper, Discussion Document, 1994:8). The “RDP was reinforced and supported by a number of implementation strategies such as the Anti-Poverty strategy, Integrated Rural Development Strategy and Urban Development Strategy” (Chicano, 2003:3). These policy documents will not be discussed in this chapter. The RDP outlined five key objectives as presented below: “the provision of basic needs, developing human resources, building the economy, the democratization of the state and society and implementation of the RDP” (Patel, 2005:92).

2.7.1.1. Meeting basic needs

This programme aims to improve the quality of life of all South Africans and particularly the poor and marginalized and focuses on such things as the provision of free basic services like water and electricity, improving public transport, improving access to health care, social grants and providing a clean and healthy environment (Wikipedia sv ‘developmental state; sv ‘government vision and key programmes’). This programme played a vital role in the life of the people of South Africa. One of the positive outcomes of the RDP is that the South African governments have built houses for poor people who do not have proper accommodation, and offered them food parcels from the welfare offices. According to the researcher’s perspective the programme’s emphasis is on creating job opportunities for all communities, thereby boosting their household income to sustain themselves through productive activities such as projects. The RDP called for affirmative action for “black people”, women and rural communities and, in particular, vulnerable group such as farm workers, elderly and youth (Bond & Khoza, 1999:03).

People are able to meet their basic needs through the establishment of projects that generate income.

The RDP highlighted the need for women and youth to become central beneficiaries of public work programmes. By the end of 1997, the community based public works programme (CBPWP) was responsible for 1112 projects which provided 1, 43 million days of work, of which 41 per cent were accounted for by women and women- headed household (Bond & Khosa, 1999:06).

2.7.1.2. Developing human resources

According to Bond and Khoza (1999:25), the RDP commitment to education highlighted the needs of women and youth especially in rural areas. “This programme focuses on providing opportunities for people to develop themselves, to improve the quality of their lives and their standard of living”. The key programme includes “education and training, arts and culture, sports and recreation and youth development” (Wikipedia sv, ‘developmental state’ sv ‘government vision and key programmes’). According to Dison, Walker and Mclean (2008:7), human capital investment in developmental welfare programmes refer more specifically to capacity-building programmes, vocational training matched with employment opportunities, investment in educational development and support for children such as primary school nutrition, fostering social skills and competencies.

The *White Paper for Social Welfare* (RSA, 1997) paved the way for the appointment of other categories of social services personnel especially in light of an “over reliance on professional social workers” (Lombard, 2008:164). The community development workers were employed in large number to assist the communities in establishing projects and helping them with business plans. According to the researcher the best way to address poverty is through human development, projects members are actually expected to receive training from the departments with which their project are registered as well as other private organizations. As such community development workers play an important role in developing human resources.

According to Mamburu (2004:185), the development of human resources is attended to through sub-objectives such as prioritization of women and youth, skills training, resources for

community arts facilities, and the children. The South African Constitution Act 108 of 1996 stipulates that everyone has “the right to a basic education including adult basic education, and to further education, which the state, through reasonable measures, must make progressively available and accessible” (Section 29(1) (a)-(b)). This made the government to introduce Adult Basic Education and Training (ABET). The training that people receive makes them more self-reliant and to take initiatives with regard to projects.

2.7.1.3. Building the economy

The South African economy has its strengths and weaknesses. Mining, manufacturing, agriculture, commerce, financial services and infrastructure, for example, are well developed, although they do not seem to have benefited all the people so far (RDP: Policy Framework, 1994:09). This programme aims to create a strong, dynamic and balanced economy that can provide work for the people of South Africa. It includes the development of small business, creating better working conditions, developing stronger industries, the EPWP and improve infrastructure (Developmental State, sv ‘government vision and key programmes’). The RDP called for support to promote community-controlled local economic development through small and micro enterprises (Bond & Khoza, 1999:31).

It is this very policy that encourages citizens to create their own jobs such as spaza shops, stokvels as well as SMME’s and projects that accelerate the economic growth rate. The *White Paper for Social Welfare* (RSA, 1997), states that the welfare of the population will not be enhanced automatically by the economic growth. It further states that development must be accompanied by redistribution through social investment in key social sectors that can make significant contribution to human and social capital (Patel, 2005:103). This study claims that having strong economy is a result of proper implementation of social development and, in this regard, community development programmes such as income generating projects, must impact positively on the economic growth rate.

2.7.1.4. Democratising the state and society

The RDP called for sufficient central government powers so as to coordinate and implement the whole process effectively (Bond & Khoza, 1999:50). The final programme aims to create a democratic state where all people have equal access to power, information, to vote, and ways of influencing government decision through participatory democracy. It includes holding of regular elections, improving access to rights and information and deepening democracy (Developmental State, sv ‘government vision and key programmes’). Democratization is integral to the RDP, without which the resources and potential of our country and people will not be available for a coherent programme of reconstruction and development (RDP, Policy Framework, 1994:09).

According to Patel (2005:93), the targets for many of the programmes were extremely ambitious given the inadequate institutional delivery systems, lack of capacity in government, limited funding, an over-loaded transformation agenda (coupled with the simultaneous restructuring of the public sector) and high expectations of the new government to deliver on its promises. The *Reconstruction and Development programme* was the first socio-economic policy of the country which made an impact on economic growth, with the economy registering a growth rate of 3, 5% in 1994/1995 (Binza, 2006:11). However, the higher expectations of the South African were not met. These included job creation and poverty reduction. The inability of the RDP to meet its targets also led to waning public confidence (Patel, 2005:93).

This situation coupled with public management difficulties resulted in the closure of the RDP ministry and office in 1997 (Patel, 2005:93). After the closure of RDP offices, the government adopted a neo-liberal capitalist macro-economic policy in 1996, namely *Growth, Employment and Redistribution* (GEAR), to streamline economic growth in conjunction with the RDP.

2.7.2. Growth, Employment and Redistribution Policy (GEAR)

According to Liebenberg and Stewart (1997:9), this strategy can be seen as the ANC's reinterpretation of policy in response to pressure from the international economy. The main aim of GEAR was "to achieve growth and development by promoting growth through exports and investments, and to address uneven development, unequal redistribution of resources" through the budget system (Binza, 2006:13).

According to Chicano (2003:03), the goals of the GEAR package of policies are as follows:

- "A competitive fast-growing economy which creates sufficient jobs for all work-seekers;
- A redistribution of income and opportunities in favour of the poor;
- A society in which sound health, education and other services are available to all; and
- An environment in which homes are secure and places of work are productive."

Furthermore, this strategy was aimed at generating an economic growth rate of 6 per cent, employment through a market based approach, the reduction of inflation and contain fiscal expenditure and achieve a macro economic balance (Patel, 2005:94). According to the researcher's perspectives, this policy shifted the government's responsibility and commitment to its goals by privatizing state own enterprises. As a result, it became difficult for GEAR to meet the target because there were more work seekers than jobs. Furthermore, the policy also encouraged the cuts in government social expenditure and weakening of the labour right. "The GEAR slowed down government's funding of welfare organization (see Patel & Wilson, 2003) and, consequently, its delivery on socio-economic programmes" (Lombard, 2008:157).

The challenge that remains is to promote equitable and sustainable human development that is inclusive and that addresses the twin challenges of the country's apartheid past as well as the demands of an industrializing society and an emerging economy and democracy in the global area (Patel, 2005:94). The only stated target of GEAR that was achieved is the reduction of the fiscal deficit (Aliber, 2003:476). According to the researcher's perspectives this simply means

that GEAR did not attain its goals because the majority of South Africans lost their jobs. The post-apartheid government of South Africa inherited mostly functional systems of social grant and, apart from the system, the government introduced a bewildering array of anti-poverty initiatives, programmes, and projects (Aliber, 2003:483). In 1997-98, poverty alleviation funds was introduced and took over the remaining RDP funds, but in 1998-1999 was capitalized by central government.

Aliber (2003:43) states that part of the original thinking around the poverty alleviation fund was apparently to balance the impact of GEAR, not least in terms of public perception that were hostile to GEAR and to the closing of the RDP office. “The major challenge facing the government’s ability to reduce poverty is the high rate of unemployment and, in particular, the decline in formal sector employment” (Aliber, 2003:483). The most efficacious government interventions for job creation at present are public work programmes, Small Medium and Micro Enterprises, human resources development and poverty relieving income generating projects. There are budgets allocated and the government wishes its citizens to become economically self-sufficient and escapes the trap upon social security grants. As results of the call made by South African government on society to revisit their policies and approaches to demonstrate commitment to transformation and changes towards democratic society, the *White Paper for Social Welfare* (RSA, 1997) was developed to meet the needs of the people.

2.7.3. White Paper for Social Welfare

The White Paper for Social Welfare (hereafter referred to as White Paper) was launched in 1997 after a formal discussion of the government and stakeholders within the welfare sector to address poverty. The White Paper (RSA, 1997) stated that the welfare programmes should be available to all South Africans; the focus must be on the poor, those who have special needs and those who are vulnerable. It emphasized that particular attention be paid to addressing the needs of the communities in rural areas where people are not integrated into the mainstream of society (RSA, 1997).

The government used the White Paper as a basis for development of a plan of action for the future in order to facilitate a shift to a developmental approach to social welfare (Green, 2008:176).

The White Paper (RSA, 1997) introduced strategies needed to address poverty such as community development programmes. The White Paper encourages the promotion and strengthening of capacity-building programmes, micro-enterprises, small business development and co-operative enterprises for women (RSA, 1997). On the basis of this, the study argues that the White Paper (RSA, 1997) had a huge impact in alleviating poverty in rural communities through poverty alleviation programme such as income generation projects (IGP). In order to give effect to the stipulations of the White Paper, the Department of Social Development (DSD) took the challenge to fund community based projects such as IGP and monitor the progress of the projects.

Poverty alleviation cuts across all spheres of government, i.e. national, provincial and local governments because all government departments have their own way of dealing with poverty. Patel (2005) identifies five features central to the idea of developmental social welfare in South Africa as embodied in the White Paper (Patel & Hochfeld, 2008:195). Such features are:

- Firstly, the perspectives are rooted in a rights based approach to development that emphasizes social justice;
- Secondly, social development is concerned with harmonizing economic and social policies and programmes;
- Thirdly, participation in development focusing on active citizenship and civic engagement in achieving human development;
- Finally, the policy also attempts to bridge the micro-macro divide.

For proper implementation of the White Paper (RSA, 1997) and the facilitation of the developmental social service delivery, the following policies and legislative amendments were directive of the new approach: *Financial Policy for Developmental Social Service* (1999), *Policy*

on *Financial Awards to Service Providers* (RSA, 2005a), the *Procedural guidelines for the implementations of the Policy on Financial Awards to Service Providers* (RSA, 2005b) and the *Integrated Service Delivery Model* (2006), The policy on *Financial Awards to Service Providers* played a vital role in bringing development to the people because awards were afforded to NPO by focusing on welfare services. South Africa has a vast network of non-governmental organizations (NGOs) delivering welfare services on behalf of the government (Patel & Hochfeld, 2008:192). Due to the unprecedented pace of transformation, the government had to come up with a ‘shared’ initiative that can accelerate economic growth rate called AsgiSA.

2.7.4. Accelerated and Shared Growth Initiative – South Africa (AsgiSA)

AsgiSA was formally launched in 2006 by the then Deputy President of the Republic of South Africa, Ms Pumzile Mlambo Ngcuka (RSA, 2006). The main objective of the policy was to reduce unemployment and poverty by half in 2014. This policy was specifically drafted to give effect to South Africa’s commitment to the Millennium Development Goals (MDGs). In terms of (MDG) goal 1, all signatories to the MDG’s should aspire to half poverty by 2014 (Wikipedia, sv ‘millennium development goals’). The government has identified a number of key constraints that hinder the achievement of the desired growth rates, namely:

- “Shortages of suitably skilled labour and the spatial distortions of apartheid affecting low–skilled labour costs, i.e. the lack of appropriate, efficiency administered labour market institutions and empowerment policies.
- The regularly environment and the burden on small and medium enterprises
- Deficiencies in state organization, capacity and leadership.
- Barriers to entry, limited competition and hence limited new investment opportunities” (RSA, 2006).

In an attempt to address these constraints, actions were required in the following categories to address it, namely:

- “Macro-economic issues: this focuses on selecting projects and programmes to ensure spending efficiency and to eliminate government dis-saving.
- Infrastructure programmes -it focuses on improving government capacity, particularly at provincial and municipal level, to implement infrastructure investment programmes.
- Sector investment strategies: this sector promotes inclusivity by supporting SME’s, development in historically black communities and rural areas, and job creation and skills development.
- Skills and education initiatives: this sector addresses the scarce skills initiative through training and, furthermore, redresses inequality and economic marginalization through job creation and employment particularly for black people.
- Second economy interventions: this strategy addresses inequality and economic marginalization.
- Public administration issues: the department of public service and administration and other relevant departments identified the need to strengthen human resource management in terms of recruitment, retention and organizational structure” (RSA, 2006).

“In principle, AsgiSA (2006) portrays the same set of objectives as its predecessors, the RDP as well as the GEAR policies, but the challenge faced by the government is to improve the impact of its programmes through an innovative redesigning of implementation modalities and frameworks; to extend its capacity through incentive guidelines for business and civil society collaboration” (Integrated National Strategy, 2004). This policy (ACCELERATED SHARED GROWTH INITIATIVE OF SOUTH AFRICA) is a ‘shared’ initiative which implies that, it is not only the responsibility of the government to achieve the objectives that are to reduce unemployment and poverty but also the business, labour and civil society.

To illustrate the realisation of AsgiSA’s vision, the researcher will use Eskom as an example. The Chief Executive Officer, Mr Jacob Maroga stated in Eskom’s Annual Report (2007) that Eskom is one of the key contributors to *Accelerated and Shared Growth Initiative for South Africa* and that it challenges every business to promote the development of communities, small business and individuals (Maroga, 2007:[sa]). Eskom’s most significant contribution is through

its core business of supplying competitively priced electricity, i.e. Asgisa's project at Grootvlei power station where the local community members were employed by the contractors (Maroga, 2007:[sa]). It also gives funds to projects that help in accomplishing the objectives of AsgiSA, which is to reduce poverty and unemployment.

Part of AsgiSA's implementation includes government funds and selected number of programmes that are intended to act as catalysts for economic development. For example, the *Limpopo Local Economic Development Programme* (LLEDP) is being implemented by the Department of Local Government and Housing. This LLEDP programme reduces poverty through pro-poor economic growth and job creation through an integrated approach, which will support five core areas, namely:

- Supporting sustainable community economic development by creating sustainable jobs for the poorer and more disadvantaged segments of society;
- Strengthening local competitiveness of SMME;
- Strengthening local economic development capacity;
- Management, monitoring and co-ordination- of the overall programme; and
- Enhancing the local economic development environment (MEC, Soviet Lekganyane, 2007).

Thus, from the researcher's point of view income generating projects form part of the poverty alleviation programmes that create jobs to the South African citizens. In an attempt to address potential risk in educational sector the government initiated Joint Initiative on Priority Skills Acquisition (JIPSA), which is an important part of AsgiSA (2006).

2.7.5. Joint Initiative on Priority Skills Acquisition (JIPSA)

AsgiSA was formally launched in 2006 by the then Deputy President of the Republic of South Africa while Joint Initiative on Priority Skills Acquisition was established a month later, to address scarce skills in the following areas: engineering, management and planning skills in

education, health and municipalities (RSA, 2006). As part of JIPSA, a number of unemployed students are currently in training programmes abroad to acquire skills in information communication technology, telecommunication, finance, science and technology (Development sv ‘South Africa skills initiative on track’). This initiative is linked to the human capital investment in this study, where projects members receive training from different government departments and private donors. However, the above mentioned policies are not the only ones to alleviate poverty as there are other programmes also developed to address poverty.

2.8. AN OVERVIEW OF SOCIO-ECONOMIC PROGRAMMES SINCE 1994

This section will provide an overview of the Expanded Public Works Programme, Small Medium and Micro Enterprise Programmes and Black Economic Empowerment Programme. All the mentioned will be contextualised within a poverty alleviation context.

2.8.1. *Expanded Public Works Programme (EPWP)*

This is one of the South African government’s short to medium-term programmes aimed at the provision of additional work opportunities coupled with training (Nzimakwe, 2008:1). The Expanded Public Works Programme (EPWP) is government–led initiatives aimed at drawing a significant number of unemployed South Africans into productivity and increases their capacity to earn an income (EPWP, 2004). “The expanded public works programme is seen as a cross-cutting programme that is to be implemented by all spheres of government and other state entities” (Nzimakwe, 2008:207). The new Minister of Public Works, Mrs Gwen Mahlangu-Nkabinde (2010) stated that EPWP will be used to fast track job creation.

According to the report by the Minister of Public Works, during 2009/2010 financial year the department under-spent by R101.3 million (50.19%) on its incentive grant for municipalities, and by R35.2 million (23.25%) on its incentive grant for province. The EPWP is underpinned by two fundamental strategies to reduce unemployment. Firstly, to increase economic growth so that the number of new jobs being created starts to exceed the number of new entrants into the labour

market and, secondly, to improve the education system such that the workforce is able to take up the largely skilled work opportunities which economic growth will generate

According to Phillips (2004), quoted in Nzimakwe (2008:02), the following sectors were identified as having potential of creating EPWP employment opportunities:

- “Infrastructure (increasing the labour intensity of government-funded infrastructure projects);
- Environment (creating work opportunities in public environmental improvement programmes);
- Social (creating work opportunities in public social programme, e.g. home-based care workers and early childhood development workers); and
- Economic (e.g. income generating projects and programmes to utilize government expenditure on goods and services to provide work experience, small enterprise, learnership/incubation programmes)”.

This programme encourages the human capital investment by training the community through temporary employment. The EPWP empowered the majority of the South African and was criticised for temporary employment. It had a huge contribution towards income generating projects through human capital investment which made workers of the projects to be self-reliant. President Zuma in his State of the Nation Address (RSA, 2010) asserted:

The nation will recall that during the 2009 state of the nation address, I announced that the Expanded Public Works Programme would create 500 000 work opportunities by the end of December, we had created more than 480 000 public job opportunities, which is 97% of the target we had set.

This indicates that more than 480 000 people received training opportunities, income and experience. It created temporary jobs while providing assets that add to income generating capacity and improve accessibility of remote communities.

The MEC for the Limpopo Department of Public Works (DPW), Ms Rosina Semanya (2008), outlined in her budget speech that the Department delivered 54 428 jobs which constitute 94.84%

of the set target of the year and also benefited 5 844 people with skills development. This shows exactly that poverty is being addressed through human capital investment. As a result of the training that people received, it makes them become self reliant and develop skills. However at the time of the study, the actual number of people who became self reliant is unknown. Apart from government creating jobs through EPWP, the SMME's programme was developed to take part in poverty alleviation.

2.8.2. Small, Medium and Micro-enterprise Programmes

Since 1994, South Africa confronted the dual challenges of reintegration into the global economy as well as positioning itself to realise the high expectations associated with the new democratic order (Rogerson, 2004:765). Rogerson (2004:756) stated that in order to attain the objectives of economic growth through competitiveness, on the one hand, and employment generation and income redistribution, on the other, the country established SMME programmes. The objectives of SMME's programme include poverty alleviation, job creation and enhancement of national economic growth as part of apartheid reconstruction. During 1994-2003, the government's focus on SMME's economy derived from a conceptualization of at least three key roles for SMME in reconstruction: SMME's as agents of employment promotion, redistribution and the improvement in global competitiveness (Rogerson, 2004:766).

According to Berry and Blotnitz (2002:[sa]), SMME's "encompass a very broad range of firms, from established traditional family business employing over a hundred of people (medium sized enterprises), down to the survivalist self-employed from the poorest layers of the population (informal micro- enterprises)." "The White Paper on National Strategy for the Development and Promotion of Small Business in South Africa (1995) was an initial attempt to create an enabling environment for the creation of small, medium and micro enterprises" (RSA,1995).

However, the contribution of SMME's to the economy and poverty alleviation is the subject of growing controversy. Most observers concur that the SMME economy can be a positive factor in contributing to poverty alleviation (Rogerson, 2004:771). The government should create

conditions conducive to the emergence of small scale enterprise which provides opportunities for poor people to generate the resources they need to meet their own social needs (Midgley, 1995:107). Despite the voluminous research, however, there is still little clarity about the extent to which South Africa's SMME's "contribute to poverty alleviation, economic growth or international competitiveness" (Berry & Von Blottnitz, 2002:[sa]).

The Limpopo Provincial Government has embarked on the process of aligning the growth and development through the establishment of a fundamental document called Limpopo Employment Growth and Development Plan (LEGDP, 2009). The LEGDP had key action programmes amongst others are enterprise development programmes such as SMME's (LEGDP, 2009-2014). The provincial SMME development pays special attention to the constraints and challenges facing the women, young people, people with disabilities and enterprises operating in previously disadvantaged areas in the province. However the Limpopo SMME has some key strategic challenges amongst others are lacks of information on SMME sector. In order to address the challenge, the public awareness programmes which involved a range of activities such as district roadshow, Limpopo SMME portal were designed to help Limpopo-base SMME to become aware of the opportunities available for them (LEGDP, 2009-2014). This was also aligned with the National Small Business Act 102 of 1996 that divides SMME's into the following categories:

❖ **Survivalist Enterprise**

This category operates in the informal sector of the economy and is mainly undertaken by unemployed persons with income generated below the poverty line; it provides minimum means to keep the unemployed and their families alive. In the category, there is no training, little capital invested and opportunity for growing the business is very small. Examples of these can be spaza shops and street vendors.

❖ **Micro Enterprise**

This category employs between one to five people usually the owner and family members. It is also an informal business without license and formal business premises, but they are aware of the legislations. The employees possess basic business skills and training.

❖ **Very Small Enterprise**

Part of the formal economy uses technology, and less than 10 employees are paid. It also includes self-employed artisan such as electricians, plumbers and professionals. This category mostly comprises professional and few unskilled.

❖ **Small Enterprise**

This category employs less than hundreds employees. It is better established than very small enterprises, are formally registered and have fixed business premises. It has got a manager with more complex management structure. The income generating projects fall into this category because they have more than ten employees who receive monthly payment.

❖ **Medium Enterprise**

This category has got a manager who employes up to 200 employees but with a decentralized management structure with division of labour. This category operates from a fixed premise with all formal requirements. The SMME's contribution to employment and economic development could be translated into the following objectives:

- Raising the rate of formation of new SMME's with growth potential (as these SMME's will contribute to investment, employment, and income generation);

- Raising performance of existing SMME's (with a view to increase both their competitiveness, and their ability to fulfill a role in society); furthermore, this objective emphasises the issue of sustainability; and
- Increase the rate of graduation of the micro into the small or medium-sized enterprises categories. SMME's is one of the programmes that succeeded in meeting the target set by AsgiSA in 2009 in terms of economic growth rate and job creations. Despite the success in terms of Asgisa, this programme does not say much about its contribution towards poverty alleviation through the income generating projects.

2.8.3. Black Economic Empowerment Programme (BEE)

Poverty is especially prevalent in rural areas and particularly among Africans and coloureds. The national data on poverty and unemployment indicate that as a group, rural blacks have a high chance of being poor (Aliber, 2003:480). This implies that black people were denied access to market forces and their skills were not remunerated accordingly. As a result, the Black Economic Empowerment Programme was introduced to re-position black people into the market force. The following are the objectives of BEE in terms of Broad-Based Economic Empowerment Act no 53 of 2003:

- “Empowering rural and local community by enabling access to economic activities, land, infrastructure, ownership and skills;
- Promoting access to finance for black economic empowerment; and
- Promoting economic transformation in order to enable meaningful participation of black people in the economy.”

Black Economic Empowerment is a programme which focuses on redistribution. For instance, black people such as Patrick Motsepe begun to have shares in mining industries. The mining industries contribute towards poverty alleviation through projects funding, i.e. Anglo-American Chairman's fund. According to the head of Anglo-American South Africa, Kuseni Dlamini,

(2007), the Anglo-American chairman's fund is a substantial funder of broad range of welfare projects; champions in this sector include:

- Organization and projects providing care for elderly, the disabled and children;
- Initiatives aimed at improving the quality of life of the poverty stricken and destitute;
- Institutions providing care, skills training and reintegration into society of vulnerable children and youth -at- risk.

The Anglo-American Chairman's fund and Department of Education established a public private partnership focused on uplifting 16 rural schools at Sekhukhune, Magakale and Apel areas. Kuseni Dlamini, furthermore, stated that, accordingly, their Corporate Social Investment (CSI) is aligned with national development priorities such as AsgiSA, JIPSA, poverty alleviation, social development as well as broader initiatives including the united nation Millennium Development Goals. This implies that BEE programme does contribute towards poverty alleviation through projects even though the researcher is not clear as to which income generating projects in the Limpopo Province are funded by Anglo-American Chairman's funds except for the Department of Education. Apart from BEE, the government established the National Growth and Development strategy. The Limpopo Province, where the empirical study was undertaken, adopted this strategy, called Provincial Growth and Development Strategy (PGDS). The next section will provide an overview of the latter.

2.9. LIMPOPO PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY

The Limpopo province developed and adopted this provincial growth and development strategy in order to provide a framework for programmes that advance the growth of the economy in a manner that attracts investments, create sustainable jobs and, ultimately, improve the living conditions of the people of Limpopo (PGDS, 2004). The Province has come up with the plan that will promote development and help in achieving the goals of PGDS which is called Limpopo Employment Growth and Development Plan.

Following the outcomes of the various international, national and provincial programmes and initiatives such as the World Summit on Sustainable Development, New Partnership for Africa's Development, the National Spatial Development Programme, the National Growth Summit, the *Integrated Sustainable Rural Development Strategy* and *National Skills Development Strategy*, the province adopted three development objectives whose performance indicators correspond to those of the Millennium Development Goals (PGDS). These objectives are as follows:

- “The need to improve the quality of life of the population of Limpopo (addresses priorities that cut across three objectives such as BEE, HIV/AIDS, poverty alleviation);
- Growing the economy of the province, sustainable job creation, innovation and competitiveness; and
- Improve the institutional efficiency and effectiveness of government” (PGDS, 2004).

These objectives are aimed towards facilitating economic growth and capital investment that will address the low absorption rate of the labour force into economy as matter of priority. This strategy appeared to be succeeding in alleviating poverty in the province by promoting SMME's and EPWP. These two programmes are the main pillars of poverty alleviation because people are employed in large numbers. Furthermore, people in the income generating projects also help in alleviating poverty. Social development can best be promoted by people themselves working together harmoniously within their local communities (Midgley, 1995:114).

2.10. SUMMARY

This chapter outlined some of the policies, programmes and strategies which contribute towards poverty alleviation. Indeed, the post-apartheid South Africa had to embark on different activities to improve the living standard of the people and poverty alleviation. Since the issue of poverty has been reiterated in this chapter as a central issue in the minds of historians, economist theories, the researcher drew a conclusion that policies, programmes and strategies were developed to deal with specific problems within the community. It was indicated that income generating projects form part of small enterprises as a programme to alleviate poverty. In the next chapter the focus

will be on the findings of the empirical study, and interpretation thereof, where the researcher asks the question whether income generating projects succeed in poverty alleviation.

CHAPTER 3

RESEARCH METHODOLOGY, EMPIRICAL FINDINGS AND INTERPRETATION

3.1. INTRODUCTION

As reiterated throughout the proceeding chapters, this study evaluates the effectiveness of income generating projects in alleviating poverty in the rural communities of the Ba-Phalaborwa Municipality. This chapter will outline the research methodology applicable to this study, the research findings and interpretation.

3.2. GOAL AND OBJECTIVES OF THE STUDY

3.2.1 Goal of the study

Based on the perceptions and experiences of the participants, to evaluate the effectiveness of income generating projects in alleviating poverty in the rural communities of the Ba-Phalaborwa Municipality

3.2.2 Objectives of the study

The researcher identified the following objectives for this study:

- To describe income generating projects in relation to poverty alleviation within the context of South African policies, strategies and programmes.
- To evaluate the effectiveness of income generating projects in alleviating poverty in the rural communities of the Ba-Phalaborwa Municipality, based on the perceptions and experiences of the participants.
- To formulate conclusions and recommendations based on the outcomes of the study.

3.3. RESEARCH METHODOLOGY

In this chapter, the researcher will outline and discuss the research methodology employed in this study, *viz.* the research approach, research question, research design, type of research, the description of the population, sampling frame, the sampling methods and sampling sizes, data collection method and analysis.

3.3.1. Research approach

This research project is qualitative in nature. Qualitative research is defined as an approach that elicits the participant's accounts of meaning, experience or perception (Fouché & Delpont, 2005:74). This research approach enabled the researcher to obtain first hand information about the participants' perception and experiences with regard to income generating projects in the rural communities of the Ba-Phalaborwa Municipality. By using a qualitative approach, the researcher could understand the effectiveness of income generating projects in alleviating poverty in the rural communities of the Ba-Phalaborwa.

3.3.2. Research question

According to Bless and Higson-Smith (2000:17), "research questions are based on the research problem and reduce the problem so that it can be handled in a single study." As this study was executed from a qualitative research point of view, a research question was considered the most appropriate. The following research question guided this study:

- To what extent do the perceptions and experiences of the participants reflect on the effectiveness of income generating projects in poverty alleviation in the rural communities of the Ba-Phalaborwa Municipality?

Within the context of this study income generating projects were considered effective in poverty alleviation if the participants' perceptions and experiences indicated towards improvement in human, social and economic capital and sustainability.

3.3.3. Type of research

Within the context of applied research, evaluation research was used in this study to evaluate the effectiveness of income generating projects in alleviating poverty within the rural communities of the Ba-Phalaborwa Municipality. According to Babbie (2001), as quoted by De Vos (2005:108), evaluation research can be defined as “a process of determining whether social intervention has produced the intended results.” This research project undertook evaluation research based on the perceptions and experiences of participants in four different income generating projects in the Ba-Phalaborwa Municipality, namely: Musa Sewing project, Hluvukani Rooftiles manufacturing project, Mandela Bakery project and Titirheleni Vamanana Brick Manufacturing project. This evaluative study should not be confused with rigorous quantitative evaluative studies. This study specifically focuses on the perceptions and experiences of participants of income generating projects and their opinion regarding the effectiveness of these projects in alleviating poverty.

3.3.4. Research design

Within the context of qualitative research, the researcher used a case study as research design. A case study is a strategy towards “studying a social phenomenon through a thorough analysis of an individual case” (Kumar, 2005:113). In this regard, the research was conducted with participants from income generating projects from different communities (i.e. Lulekani, Namakgale and Benfarm) in the Ba-Phalaborwa Municipality. The researcher used a collective case study, to compare the findings obtained from four different income generating projects. With a collective case study, the interest in the individual cases is secondary to the researcher's interest in a group of cases (Fouché, 2005:272). In this study, the researcher wanted to compare findings across different income generating projects instead of focusing only on one project as a case. As such, a collective case study was the most appropriate qualitative research design for this study.

3.3.5. Data collection

A focus group interview was used to collect qualitative data. One focus group session with eight participants, representative from the four income generating projects, was undertaken in the study. The focus group interview was a way of collecting qualitative data, which involved “engaging a small number of people in an informal discussion, focused around a particular topic or set of issues” (Wilkinson, 2004:177). A focus group interview schedule was utilised to collect the data. The focus group interview schedule is attached as **Addendum 01** to the research report. The following themes, which were answered by all the focus group members, were explored during the focus group in order to evaluate the effectiveness of income generating projects in alleviating poverty:

- The sustainability of the projects;
- The human capital investment in project members;
- The social capital formation within communities as a result of income generating projects; and,
- The economic capital gained through the income generating projects.

As the researcher is fluent in the mother tongue of the participants there was not need to utilise a interpreter.

3.3.6. Data analysis

Data analysis is the process according to which the gathered information was analysed by the researcher. The researcher used Creswell’s (1998) process of qualitative data analysis (in De Vos, 2005). The specific steps of the process are as follows:

❖ **Step 1: Planning for recording data**

The researcher planned for the recording of the data in a systematic manner that was appropriate to the settings, participants, or both in a way that facilitated analysis before data collection commenced (De Vos, 2005:335). In this study, the researcher recorded data using different recording strategies such as recording on to an audiotape and by jotting down notes.

❖ **Step 2: Data collection and preliminary analyses: A two fold approach**

“Data analysis in a qualitative inquiry necessitates a two fold approach” (De Vos, 2005:335). The first aspect involved data analysis at the research site during data collection. The second one involved data analysis away from the site, following on the initial data collection. Data were collected from different participants in various income generating project and, in the process, was evaluated on the scene and also after the data collection process was completed (De Vos, 2005:335). The focus group interview was recorded and afterwards transcribed.

❖ **Step 3: Managing (organizing) data**

This was the first step in data analysis away from the site of the focus group meeting. At an early stage in the analysis process, the researcher organised the transcriptions into data folders, index cards and computer files (De Vos, 2005:338). The researcher made a backup copy of the transcribed focus group interview and put it in a safe place where it could be accessed by the researcher.

❖ **Step 4: Reading and writing memos**

After the organisation and conversion of the data, the researcher continued analyzing data by getting a feeling of the whole database (De Vos, 2005:337). During the reading process, the researcher listed on note cards the data available, perform the minor editing to make field notes retrievable, and generally “clean up” what seemed like an overwhelming and unmanageable task

ahead (De Vos, 2005:337). The researcher ensured that the transcripts were read several times to be more familiar with the data.

❖ **Step 5: Generating categories, themes and patterns**

“In this loop of the spiral, category formation represented the heart of qualitative data analysis” (De Vos, 2005:337). The process of the categories generation involved noting regularities in the setting or people chosen for the study. As a popular form of analysis, classification involved identifying five or six general themes. The researcher formulated themes and sub-themes.

❖ **Step 6: Coding the data**

According to Marshall and Rossman (1999) as quoted in De Vos (2005:338), “coding data is the formal representations of analytic thinking.” The researcher applied a coding scheme to those categories and themes, and marked passages in the data, using the given codes (De Vos, 2005:338).

❖ **Step 7: Testing emergent understandings**

As categories and themes were developed and coding was well under way, the researcher began the process of evaluating the plausibility of his understanding and explored them through the data (De Vos, 2005:338). The researcher tested his understanding by evaluating the effectiveness on income generating projects based on the perceptions and experiences of projects members.

❖ **Step 8: Searching for alternative explanations**

The researcher searched for other possible explanations for findings and the link between the data and the findings (De Vos, 2005:339). The researcher was critical about the explanations of the gathered information and investigated the possibility of alternative explanations to participants’ comments.

❖ Step 9: Writing the report

This was the last phase of data analysis process. The researcher presented the data and packaged the data into a readable form (De Vos, 2005:339). The researcher wrote a chapter that was easily understandable and clear to the readers.

3.3.7. Trustworthiness in qualitative research

The trustworthiness of qualitative research is “increased through the use of reflexivity, audit trail, triangulation, peer debriefing, member checking and prolonged engagement” (Lietz, Carol, Langer & Furman, 2006:444). The researcher believes that the analysis of qualitative data is trustworthy because reflexivity and member checking were used as measures to ensure the trustworthiness of the qualitative data. According to Lincoln and Guba (1985), as quoted in Lietz *et al.* (2006:444), “trustworthiness is established when findings as closely as possible reflect on the meaning as described by the participants”.

According to Lietz *et al.* (2006:447), “reflexivity is a process that occurs throughout the research”. The researcher reflected on each step of the data analysis process to ensure that own biases do not interfere with the process.

Lietz *et al.* (2006:453) state that member checking involves that both researchers and participants discuss the research findings and interpretation in order to ensure that it truly reflects the perspectives of research participants. In this study, the researcher went back to two selected participants to ‘sound board’ the research findings and interpretation.

3.3.8. Pilot study

The feasibility of the study and testing of the data collection instrument will be discussed to describe the pilot study applicable to this research project.

3.3.8.1. Feasibility of the study

In this study, the researcher obtained permission from the DSD and the Ba-Phalaborwa municipality to conduct the study. The letter of approval is attached as **Addendum 02 and 03**. Furthermore, the study reported on in this project was submitted to, and cleared by, the Research Ethics Committee of the Faculty of Humanities, University of Pretoria. The ethical clearance form is attached as **Addendum 04**. After approval by both DSD and the University, the researcher visited all the four income generating projects in the Ba-Phalaborwa to make appointments, as well as assessing whether the venue will be suitable to conduct the focus group. The latter was found to be in order and made the study feasible.

3.3.8.2. Testing of data collection instruments

Apart from gaining an overview of the relevant literature, conducting discussions with a representative group of experts and exploring the actual research area, the researcher tested the data collection instrument (Strydom, 2005b:209). The researcher tested the interview schedule with four participants from the above mentioned income generating projects. These participants were excluded in the main study. After the pilot study, the researcher made a few minor changes to the interview schedule. The changes were based on the comments made by the participants and after discussion with the research supervisor.

3.3.9. Research population, sample and sampling

In this study, the following concepts explain how the participants were selected from the total population to be part of the study.

3.3.9.1 Research population

Power *et al.* (in Strydom, 2005c:193) define “a population as a set of entities in which all the measurements of interest to the practitioner or researcher are represented”. In this study, the

population comprised of members from the income generating projects in the rural communities of the Ba-Phalaborwa municipality.

3.3.9.2 Sample

Seaberg (1988), as quoted in Strydom (2005c:194), defined a sample as a small portion of the total set of objects, events or persons which together comprise the subject of the study. In this study, non-probability sampling was used and, specifically, purposive sampling.

3.3.9.3. Purposive sampling

Purposive sampling is based on the judgement of the researcher in that a sample is composed of participants who meet certain criteria for inclusion (Strydom, 2005c:202). The participants were members from Titirheleni Vamanana Brick manufacturing Project, Musa Sewing Project, Mandela Bakery Project and Hluvukani Roof Tiles manufacturing Project.

The criteria used to select the above mentioned projects were as follows:

- The projects needed to be in operation for four years. Projects in operation for this period of time enabled the researcher to determine the aspects contributed towards its sustainability, or the challenges that they faced;
- The projects are funded by the DSD, or private donors;
- The projects have a steering committee; and
- They have a fixed site from where they operate.

The criteria used for recruiting and selecting participants within the four projects were as follows:

- The participants were direct beneficiaries (e.g. community members) of the project;
- The participant had at least 12 months of involvement in the project;
- The participant volunteered to give consent for participating in the project;

- At least two members from each project were recruited for the study. A gender balance was ensured by recruiting one female and one male from each project, if feasible.

3.4. EMPIRICAL FINDINGS AND INTERPRETATION

This section will focus on the biographical profile of the participants (Section A) as well as the actual analysis and interpretation of the qualitative data (Section B).

SECTION A: BIOGRAPHICAL PROFILE OF THE PARTICIPANTS

The research project consisted of eight participants from four different income generating projects. The profile of participants in the study is presented below.

Gender

The group consists of eight participants. Six were female participants while two were male participants.

Age

Table 1: Age of the participants

Age	Number
25-35	01
36-45	06
46-60	01

The age of the participants indicate that 80% are in the middle adulthood, that is 36-45, whilst 20% are still in early adulthood (compare Santrock, 1997:20).

Ethnicity

Table 2: Ethnicity of participants

Tsonga	03
Northern Sotho (Pedi)	05

The majority of the participants were Northern Sotho who follows the Pedi culture. A few were Tsonga people who follow the Tsonga culture.

Educational qualifications

Seven participants passed matric whilst one has a Diploma in Nursing.

Years of experience in income generating projects

Table 3: Years of experience

<1 year	0
2-6 years	01
7-11 years	01
12-16 years	06
17-21 years	0

Table 3 shows that none of the participants are new in the projects, with more that 80% holding 13 years of experience in the projects at the time of the research.

SECTION B: RESEARCH FINDINGS

The findings will be discussed according to the themes and sub-themes that emerged from the data and relevant quotes will be presented below to directly voice the participants' views.

Table 4: Themes and Sub –theme

THEMES	SUB-THEME
Theme 1: Sustainability	Sub-theme 1.1 Funding Sub-theme 1.2 Funders Sub-theme 1.3 Savings accounts
Theme 2: Human capital development	Sub-theme 2.1 Market and product Sub-theme 2.2 Project management Sub-theme 2.3 Financial management Sub-theme 2.4 Book keeping Sub-theme 2.5 Business skills Sub-theme 2.6 Skills training Sub-theme 2.7 Customer care
Theme 3: Social capital formation	Sub-theme 3.1 Bonding Sub-theme 3.2 Trust Sub-theme 3.3 Bridging capital
Theme 4: Economic capital	Sub-theme 4.1 Project income generation Sub-theme 4.2 Participant salary Sub-theme 4.3 Poverty

The participants’ responses are analysed and discussed according to the above mentioned themes and sub-themes.

Theme 1: Sustainability of the projects

Data indicate that these income generating projects started between the years 1994 and 1999. According to the researcher’s observation, this was the time the *Reconstruction and Development Policy* was developed and rolled throughout South Africa. The government is supposed to create an enabling environment for sustainable social development programmes such as income generating projects through social planning, economic growth and development, meeting basic needs and facilitating sustainable development (Midgley, 2005:125). The *Policy on Financial*

Awards to Service Providers (DSD, 2006) was developed and regulates the financing of service providers in the social development sector in order to facilitate transformation and redirection of services and resources, and to ensure effective and efficient services to the poor and vulnerable sectors of society in a sustainable manner (DSD, 2006).

The data further indicate that at least 14 members were involved in the establishment of each project. Three sub-themes were identified with regards to the sustainability of the income generating projects, namely: funding, savings accounts and funders.

Sub-theme 1.1: Funding

In terms of funding as mentioned by eight of the participants, funds were received in their projects to the amount of R50 000 up to R500 000 per annum. One participant substantiated this by stating that:

“Hina hi nyikiwile mali hi 1997 yo ringana 50 000, kasi hi 1998 hi nyikiwile R100 000, hi 2000 ...hi nyikiwile R125 000, yo hetelela hi nyikiwile hi 2005 mali yo ringana R500 000.” [“We received an amount of R90 000 in 1997; R100 000 in 1998 was received; in 2000 the project received R125 000; and lastly, in 2005 the project received an amount of R500 000.”]

Sub-theme 1.2: Savings account

All participants explained that their projects opened savings accounts in order to save the generated income. On a monthly basis, there is a specific income. For example, their monthly income is between R3500 and R90 000 that is saved into the account. One participant said:

“Ti project ta hina tipfule ti savings account laha hi vekaka kona mali n’wheti yinwana ni yinwana, van’wana va hina hina xitoko lexi hi xixavaka ku ngetelela. Hina hi hleketelela mahlweni..hi tshama hiri karhi hi ku timaketeni swinene leswaku tiko risapota project ya hina.”

[“Our projects have opened an account to save money every month; we make sure that there is enough stock. We think about tomorrow by marketing our products to the community.”]

Sub-theme 1.3: Funders

The participants had the following to say about funders: The projects were funded by the Department of Social Development, Old Mutual and Christ Embassy. With these funds, they indicated that they have built houses and bought materials such as bread and bun baking machines, brick making, rooftiles manufacturing and sewing machines.

The following quote is representatives of the experiences and perceptions of the participants with regards to funding by funders:

“Hina Department of Social Development ya hi tlhogomela swinene hi mayelana na mali, va switiva leswaku vuswetl byi susiwa hi kukhomisana.” [“The DSD takes good care of us with regards to funds; they know that together we can alleviate poverty.”]

The researcher agrees with Bossert, as quoted in Gonzalez (1998:47), who points out that sustainability can be defined as “a continuance of activities and benefit generated by donors and community at least three years after the end of the project.” According to Gonzalez (1998:46), “a development [project] is sustainable when it is able to deliver an appropriate level of benefits for an extended period of time after major financial, managerial, and technical assistance from the external donor is terminated.” In the researcher’s view, these projects are sustainable since they generate income on a monthly basis. In addition, the principle of opening savings account to save money on a monthly basis can enable projects to be sustainable because funds could be withdrawn to invest in the production of products after which they could be sold and the profits thereof, could be saved again in the savings account.

The researcher agrees with Lombard’s (2005:93) point of view that finances that are not well managed cause a project to fail. But in this context of this study, it seems that funds were well

managed. As a result, their employees get paid every month and they have an account where they save profits to have funds for the continuation of the project. According to the researcher's interpretation of the findings, the above mentioned information provides evidence that all the projects that participated in this study are sustainable. Because these income generating projects are found to be sustainable, they could be considered effective in alleviating poverty.

THEME 2: HUMAN CAPITAL DEVELOPMENT

According to Fawker (2003) quoted in Lombard (2005:93), human capital development entails the building of personal capacity through skills training in areas such as writing a business plan, preparing funding proposals, bookkeeping, business principles, marketing, advertising, finances, human relations, conflict management and negotiation. According to Robinson and Meikle-Yaw (2007:05), developing human capital became an important aspect of programme/project sustainability. To evaluate the income generating projects in terms of human capital development, the participant's responses and perceptions about the different educational training they have received were explored. The following sub-themes emerged:

- Market and product
- Project management
- Financial management
- Book keeping/record keeping
- Business skills
- Skills training
- Customer care

Sub-theme 2.1: Market and product

The participants commented that they have received training on how to market their products. According to the participants, the product and marketing cannot be separated since products can only be sold when there is a market. The training was provided by the Department of Social

Development and Limpopo Business Agency (LIBSA). After the training, the project members did and still do door to door marketing.

Seven participants stated that training of this nature is very important. The following quote is representative of their experiences and perceptions regarding the training they received to market their products:

“Hi dyondzisiwe nkoka wa ku maketa ti products ta hina, leswi swi endla leswaku tiko ra phalaborwa ri switiva leswaku hi xavisa yini. Loko training yi kunguhatiwa hi rhambiwa hinkwerhu ta ni hi ti project ta Ba-phalaborwa.” [“We have been taught about the importance of marketing because our products are known and bought by the communities around Ba-Phalaborwa. When training is arranged, all Ba-Phalaborwa Municipality projects attend.”]

The following quote represents the perceptions and experiences of one participant about marketing the product:

“Mina ni vona marketing yiri ya nkoka hambi leswi yi lavaku munhu loyi anga tiyimisela eka yona, Hina timembera ta ti project hi fanekele hi ti yimisela swinene” [“I think marketing is crucial, it needs members who commit themselves whole heartedly.”]

Sub-theme 2.2: Project management

Project management training was offered by the Department of Social Development. Eight participants indicated that managing a project takes a lot of effort, knowledge and dedication. Therefore, receiving a skill of this kind gives directions to the project. The following quote is representative of their experiences and perceptions regarding project management training:

“Va hi dyondzisa ku manager project ya hina nkambe va community development officer va endla needs analysis kusungula... va swivona leswaku hi xota vutivi na ntokoto hi project management.” [“We received training on how we can manage our projects, but before that the

community development officer assessed the needs then they detected a shortage of skills and knowledge about project management.”]

Sub-theme 2.3: Financial management

All projects in Ba-Phalaborwa indicated that they have received training on financial management which involved aspects such as budgeting, monthly expenditure and reading of financial statement. This training was offered by the Department of Labour (DL).

Seven participants responded by saying that lacking a financial management skill destroys projects sustainability. The following quote is representative of their experiences and perceptions regarding the training on financial management:

“Departemnt ya Labour(DL) ya hi pfuna ngopfu hikuva emasunguleni a hi tikeriwa ku hlaya switatimente swa mali...hina bajete ya hina ya n’wheti ... hina chart leyi hlamusetaka leswaku hi endle mali muni na swona hi tirhise mali muni”. [“The DL assisted us a lot because initially we were struggling when it came to reading financial statements, we now have a monthly budget, and we now have a chart that indicates how much we generate per month and how much was spent.”]

One participant acknowledged the importance of financial management for sustaining projects. The mentioned participant made the following comment:

“Vutivi bya ku manager mali byi pfune komiti ya project hikuva a vangari na ntokoto a ka budget, hi tlhela hi amukela nkoka lowu tisiweke hi DL”. [“Financial management skills have assisted the project committee. Actually, the committee was lacking skills when it comes to budgeting and I really appreciate the role played by the DL.”]

Sub-theme 2.4: Book keeping/Record keeping

The training on book keeping/record keeping was conducted by Libogeng Training Centre and sponsored by the Palaborwa foundation.

Eight participants indicated that without recording they cannot remember what they did the previous month. Project members consider recording and book keeping as important skills that need serious attention. The following quote is representative of the participants' perceptions on training in book keeping/record keeping:

“Hinkwerhu a ka tiproject ta hina kuna ti analysis books ...everything that we do we keep records. Loko hi khoma ti mithini ta hina hi teka ti minete. Swina nkoka ku va ni ntokoto lowu naswona a wufanelanga kutekeriwa hansi. Wu fambisana swin’we na watimali hikuva u n’wana u fanekele kutsala hansi leswaku I mali muni yinga tirhisiwa, kusele mali muni, xohetelela vatirhi vatahola mali muni”. [“All projects have got an analysis book where everything we do is kept in . When we hold meetings, scribes take minutes. It is important to have knowledge about record keeping; it should not be underestimated. It goes together with financial management because one needs to put it in black and white how much is spent, how much is left in the account and, lastly, how much project members are going to be paid at the end of the month.”]

Sub-theme 2.5: Business skills training

The training was offered by the Neko project, sponsored by the Department of Labour. The training was attended by all the projects mentioned in this study.

Eight participants responded that they are now business minded. *“Hikwalaho ka dyondzo leyi hi sungule kuva na miehleketo ya swa mabindzu na kuhisekela kulwisa vusweti hi kutirhisana na vanwana eka project ya hina”. [“Through the training we have developed a business mind and attitudes towards poverty alleviation through self reliance and working together as project members.”]*

Sub-theme 2.6: Basic training

Hluvukani roof tile manufacturing project received site training on basic apprentice skills such as concrete roof tiles manufacturing. This training was offered by the Mine Workers Development Agency. The project members were also trained by the South African Bureau of Standard's civil engineering department about building and construction. The participants said that four project members of Hluvukani received training. One participant had the following to say:

“Hina hi dyondze ngopfu hikuva a hi ngari na vutivi hi swakuaka hambu kuri kuendla roof tiles, sweswi a hi vutisi munhu ho endla” [“We have learnt a lot from the training, we did not have knowledge of manufacturing roof tiles but now we just do it without any one's assistance.”]

According to the researcher's perspective, the project functions well when members of the projects are equipped with skills and knowledge which contribute towards its effectiveness and sustainability. Through human development, project members build up esteem, hope and personal empowerment (Lombard, 2005a:234). It is the researcher's belief that knowledge is power. Since projects are falling under developmental welfare programmes, Patel (2005:104) points out that human capital includes capacity building programmes, vocational training matched with employment opportunities, investment in educational development and support for children such as primary school nutrition, fostering social skills and competencies for school going children, learnership and internship programme. Such skills and knowledge help project members to be able to run their projects successfully. Based on the perceptions about the training they have received and their opinion about it, it is concluded that these income generating projects could be considered effective in alleviating poverty because they equipped participants with knowledge and skills and, as such, invested in their human capital development.

Theme 3: SOCIAL CAPITAL FORMATION

According to Patel (2005:105), “social capital refers to social networks that encourage trust and cooperative social interaction for the benefit of the community in order to promote social

integration.” Based on the perceptions and experiences of the participants, social capital formation was described through the following sub-themes: bonding capital, trust and bridging capital.

Sub-theme 3.1: Bonding capital

Project members who took part in this study know each other. Whenever there are trainings, they are grouped together. As a result of the bonding, they believe that their projects prosper. Six participants said the projects contribute towards social development by working together and jointly fight poverty. The following quote describes the participants’ experiences and opinions regarding bonding capital:

“Hi hlangana ngopfu a ka ti training ta hina tani hi ti projects ta phalaborwa municipality. Hi tolovelanile swinene...ha tirhisana swinwe na kufamba swinwe loko mfumo wu hi lava.” [“When there is training, all income generating projects are called. We are used to each other and we work together as projects.”]

Two participants said indeed bonding can emerge from strong ties based on identity and group belonging. The following quote describes the two participants’ experiences and perceptions regarding bonding:

“Vuxaka bya hina hiri vati projects byi hi vumba hi va xiloxinwe hi nga yi hiku munhu I muyini” [“We have good relationship as projects members and it makes us to be one thing without considering cultural differences.”]

According to Edward (2006:04), bonding as a form of social capital is based on exclusive ties of solidarity between people. Bonding capital refers to the type of social capital that brings people closer together even though they already know each other (Gittel & Vidal, 1998: 29). According to the researcher’s perspectives, the bonding of the project members makes the project much

easier to be more productive, because it promotes co-operation amongst projects and project members.

Sub-theme 3.2: Trust

Trust is one of the aspects that are very important in projects, specifically in order to attend to social capital formation. Five participants indicated that trust is something that needs to be developed amongst the project members. The following quote is representative of participant's experiences and perceptions about trust:

“Hina ha tshembana tani hi leswi hinga va tiproject ta phalaborwa. Na swona eka tiproject ta hina management yi tshemba mukhomi wa mali. Ha switwisisa leswaku kukotlombetana kungava kuri kona kambe hina lava hi khutazaku na swona hava tshemba.” [“In our project, we trust each other. Furthermore, the management of the project trusts the treasurer. We also have trust on members that keep records. We have members that are good in counselling and we trust that our personal issues are not discussed elsewhere.”]

Three participants said that trusting each other makes it easier for them to deal with fear since trust alleviates fear. The following quotes are representative of participants' perceptions with regards to trust:

“ Ku tshembana swi fambisana na vixaka lebyi hi vaku na byona a ka hina hinkwerhu na le ka lava hi tirhisanaku na vona. Hina a hi chavi munhu loyi hin'wi tshembaku.” [Trust goes together with the relationship that we have within the project and to those that we network with. We do not fear any one in the project that we trust.”]

Putnam (1993) as quoted in Larance (1996:82) states that trust, as a central characteristic of social capital, is embedded in active, horizontal networks of generalized reciprocity among citizens that facilitates cooperation through their community. According to Kovalainea (2005:72), within trust, bad things also take place, even in cases where the norms are shared by the members of the group or network. However, in these projects it is alluded to by the participants that

anything bad that seems to affect the members is dealt with immediately. “Social capital is strongly dependent on rich durable networks which develop trust, which develop knowledge sharing, develop a sense of reciprocity so that it becomes generalized” (Don & Prusak, 2001:02).

Sub-theme 3.3: Bridging capital

Participants said that during the initial stage of their projects they did not know that one day they would have to work together with, amongst others, hospitals and schools. This statement provides evidence that bridging capital occurs in the projects and, as such, plays a crucial role in terms of social capital formation.

Seven participants said that when they had started their projects they were not aware as to who to work/network with. The following quote is representative of participants’ experiences and perceptions on bridging capital:

“Hina hi tirhisana swinene na swibedlele, swikolo and ti hardware” [“We have bridged with schools, hospital and hardware.”]

One participant said that bridging capital should be taken into consideration most importantly for the success of the projects. The following quote represents his perception on bridging capital:

“Ku humelela ka ti project ta t hina swilawuriwa hi vuxaka bya hina ni vamabindzu kambe kunga ri vona ntsena na vaaka tiko” [“The success of our project depends much on the connection that we have not only with local businesses but as well as the community at large”].

Bridging capital is the type of social capital formation that brings together people or groups who previously did not know each other (Gittel & Vidal, 1998:29). Without connection of some sort bridging capital will never exist. According to Edward (2006:04), bridging as a form of social capital refers to cooperative connection with people from different walks of life, and is more valuable. Putnam’s “theory of social capital presumes that the more people connect with each

other, the more they will trust each other, and the better off they are individually and collectively, because there is strong collective aspect to social capital” (Gittel & Vidal, 1998:29). Within this context of this study, it is concluded that social capital formation occurred, e.g. bonding, trust and bridging capital. As such, the income generating projects could be considered effective in alleviating poverty as they contribute towards social capital formation.

THEME 4: ECONOMIC CAPITAL INVESTMENT

The participants had different views about the economic capital of their projects. From the participants’ responses, three sub-themes were identified, namely: project income generation, participant’s salary and poverty. The eight participants indicated that their projects generated income on a monthly basis. The income generated from the above mentioned projects is between R3 500 and R95 000 per month.

Sub-theme 4.1: Project income generation

Four participants indicated that their projects do generate income even though this money is not too much as compared to other two projects, i.e Titirheleni Vamanana Brick manufacturing project and Hluvukani rooftiles manufacturing project. The following quote is representatives of their experiences and perceptions regarding economic capital investment:

“Project ya hina ya ngenisa mali n’wheti yinwana na yinwana kambe mali yakona yi hambana hindlela leyi landzelaku nkarhi wun’wana yiya henhla na le hansi. Leyi hiyi endlaka yi le xikarhi ka R3500 na R5000. Swihumelela loko kuri na tioda to tala ti huma aka vaaka tiko, ticreche, swikolo na swibedlele.” [“Our projects do generate income although our monthly income fluctuates. The income accumulated ranges from R3500 to R5000. This happens when we have a lot of orders from the community, crèches, schools and hospital”].

Four participants said that indeed their projects generate income but this also depends on the high volume of demand made by customers. The following quote is representative of the experiences and perceptions regarding income generation:

“Hi endla mali yo ringana R80 000 na R95 000 kambe swiya hi nhlayo ya tioda leti endliweke. Vatirhi hinkwavo ku ka tsa na vatirhi vankarhi nyana vahola.” [“We accumulate between R80 000 and R95 000 but it also depends on the volume of orders that were placed.”]

Sub-theme 4.2: Participants’ salary

All participants mentioned that all members of the projects receive a monthly salary, including temporal workers, although their salaries differ according to their years of experience. The following quote is representative of the participants’ perceptions and experiences on the salary:

“Hinkwerhu ka hina ha hola a ka tiproject ta hina, va nwana a ka tiproject ta vona va tsarisiwe na UIF. Hi salary leyi hi kota na ku tundela mindzangu ya hina.” [“All of us receive payment on a monthly basis in our projects and some are registered with UIF. The salaries enable us to support our family.”]

One participant added by saying: *“Hambi leswi hinga kumeki mali yo ringana a ka tiproject ta hina ha hola na swona ha horisana loko n’wheti yi hela” [“Even though we do not get the same salary in our project, we normally give each other a specific amount monthly and it is like a stokvel.”]*

Sub-theme 4.3: Poverty

All participants had the same views on poverty (but two were eager to explain more about the assistance received by working in their projects). It is evident that income generating projects do alleviate poverty. One participant said loudly and laughingly:

“Before ke bereka bo phelo bebose munate, ne ke phela ka o gopela but after o vereka projectene ke thomele o dera license le o reka disudi tsaofapanafapana. Ke kgona o reka se naa ke senyakago”. [“Before I had worked in the project, life was not nice because I had to ask when I needed something, but since I have joined the project I got a driver’s license. Now I have different suites that I have bought. The difference now is I can do anything I like for my self.”]

One participant said that: *“Mina niteke na nsati hikwalaho ka mali ya project, ningasi nghena a projecteni leyi a switika swilo a kaya...vana a vanga kumi mali yo kherha kambe sweswi na ringeta... a swi fani na tolo” [“I married my wife with the payment received from the project, but before I joined the project’ things were very difficult at home, children did not have pocket money, but today is better than yesterday.”]*

Six participants said that: *“ I ntiyiso leswaku ti project ta susa vusweti hikuva hi kota na ku xava swakudya a kaya, eka vatirhi va hina vaake na tindlu na kuhakela xikolo fisi” [“It is true that projects alleviate poverty because we can buy groceries and pay school fees. Furthermore, other project members have built houses.”]*

According to Midgley (1999:177), social programmes can contribute to economic development by assisting low-income people and welfare clients to find productive employment or self-employment. The income generating projects are one of the social programmes that assist in poverty alleviation. According to Hartensia (2008:01), NGO’s have progressively multiplied their focus on development activities, their roles in development and development project cannot be over emphasized. Based on the feedback from the participants, it is concluded that the income generating projects do alleviate poverty because the majority of project members has got houses and are able to support their family.

3.5. Conclusion

This chapter highlighted the research methodology which consisted of the research approach, the type of research, research design, data collection, data analysis, pilot study, research population

and sampling. The verbatim presentation using the case study research design was provided thematically from the transcribed interviews obtained from the eight participant's focus group interview. Lastly, the chapter highlights the empirical findings of the study. The gathered information was analysed using themes and sub-themes. Based on the feedback of the participants, as well as their perceptions and experiences, it is concluded that the income generating projects are alleviating poverty in the rural communities of Ba-Phalaborwa Municipality as it contributed towards human, social and economic capital development and are sustainable. The next chapter will provide a summary, conclusions and recommendations of the research study in its totality.

CHAPTER 4

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

4.1. Introduction

In the previous chapter, the researcher presented empirical research findings obtained through a qualitative study. In this chapter, the researcher will address how the goal and objectives of the study were met. To do so, this chapter provides a general summary of the research project and offers suggestions and recommendations on the effectiveness of income generating project in alleviating poverty in the rural communities of Ba-Phalaborwa Municipality based on the experiences and perceptions of the project members. The aim of the chapter is to provide explanation on whether the following goal and objectives of the research project have been met:

Goal of the study:

- Based on the perceptions and experiences of the participants, to evaluate the effectiveness of income generating projects in alleviating poverty in the rural communities of the Ba-Phalaborwa Municipality.

Objectives:

- To describe income generating projects in relation to poverty alleviation within the context South African policies, strategies and programmes.
- To evaluate the effectiveness of income generating projects in alleviating poverty in the rural communities of the Ba-Phalaborwa Municipality, based on the perceptions and experiences of the participants.
- To formulate conclusions and recommendations based on the outcomes of the study.

Research question

- To what extent do the perceptions and experiences of the participants reflect on the effectiveness of the income generating projects in poverty alleviation in the rural communities of Ba-Phalaborwa Municipality?

Within the context of this study income generating projects were considered effective in poverty alleviation if the participants' perceptions and experiences indicated towards improvement in human, social and economic capital and sustainability.

The chapter is sub-divided into the following headings:

- Summary;
- Conclusions; and
- Recommendations.

4.2. Research Methodology

4.2.1. Summary

The research methodology was briefly explained in chapter 1 and the detailed discussion was given in Chapter 3. Chapter 1 offers an introductory section as well as a general overview of the study. The chapter included the problem formulation which presented the background that informed the investigation of the phenomenon in the study. In addition, the chapter outlines the goal and objectives of the study, the research question, the research approach and the research design, data collection method, the pilot study and sampling methods used in the selection of the research participants. Apart from these, the researcher also addresses the ethical issues that were relevant to the study. The chapter concludes with definitions of the key concepts used in the study, and offers a brief description of the structural design of the study.

4.2.2. Conclusions

The following conclusions were drawn from the research methodology:

- A qualitative approach was used to gather data that enabled the researcher to get first hand information from participants about their perceptions and experiences on the effectiveness of income generating projects in the Ba-Phalaborwa municipality in alleviating poverty.
- Evaluation research, in the context of applied research, proved to be relevant for evaluating the effectiveness of income generating project in the rural communities of the Ba-Phalaborwa Municipality.
- The focus group also proved to be relevant as it stimulated the participants to disclose issues that affect their income generating projects directly and/or indirectly.
- Purposive sampling was used, and the selection of the research subjects was based on the researcher's judgements. Most importantly, the criteria for selecting them enabled the researcher to collect qualitative data from four different income-generating projects in the Ba-Phalaborwa municipality, the context within which the study was conducted.

4.2.3. Recommendations

- Since the study was carried out in the rural communities of the Ba-Phalaborwa municipality, the researcher recommends that income generating projects throughout South Africa should be evaluated in a similar fashion in order to obtain a broader understanding on the effectiveness (and the possible challenges thereof) of DSDs income generating projects.
- The researcher recommends that studies of this nature should use qualitative data collection as it gives an opportunity to the participants to give their perceptions and experiences on the effectiveness of income generating projects in alleviating poverty.
- Should funders require more rigorous evaluative studies of a quantitative nature, the researcher maintains that the evaluation should be conducted according to a mixed

methods research approach in order to maintain the “rich data” that qualitative research produces.

4.3. Literature Review

4.3.1. Summary

The literature review offered an overview on the contribution of income generating projects in alleviating poverty within the context of South African policies, strategies and programmes.

Within attempt to contextualize this research project, the researcher offered a detailed discussion on the following:

- Definition of poverty
- Causes of poverty
- Prevalence of poverty in South Africa
- Poverty in the Limpopo Province
- Overview of socio-economic policy such as RDP.
- The RDP divided key task of government into four programmes, i.e. meeting the basic needs; building the economy; developing human resource and democratising the state and society.
- GEAR, *White Paper for Social Welfare*, AsgiSA and JIPSA
- An overview of poverty alleviation programmes such as EPWP, BEE and SMME's.
- An overview of strategies to combat poverty such as *Limpopo Provincial Growth and Development Strategy*.

4.3.2 Conclusions

The researcher, based on the literature, draws the following conclusions:

- The government developed policies, strategies and programmes to alleviate poverty as its priority.
- RDP brought (as the first socio-economic policy) development to the communities of South Africa.
- The *White Paper for Social Welfare* also plays a significant role in the development of the poor communities as well as poverty alleviation through the establishment of projects.
- AsgiSA gives funds to projects that assist in accomplishing its objectives which, in line with the Millennium Development Goals, are to reduce the level of unemployment and poverty by half in 2014.
- The *Expanded Public Works Programme* plays a vital role in the alleviation of poverty in the sense that people are employed on a temporal basis to acquire certain skills.

4.3.3. Recommendation

- To ensure that policies, programmes and strategies contribute towards poverty alleviation through income generating projects, the government needs to put in place systems that will monitor and evaluate the provinces and municipalities regularly in order to ensure proper policy, programme and strategy implementation.
- Furthermore, the government needs to empower the poor in order to be self reliant through capacity development, i.e. social, human and economic capital development. As such, poverty could be alleviated in South Africa.

4.4. Empirical findings

4.4.1 Summary

The focus group interview was used to gather data in order to obtain results on the effectiveness of the income generating projects in alleviating poverty in the rural communities of the Ba-

Phalaborwa Municipality. The data collection process was carried out with eight participants who worked in the projects for more than a year.

4.4.2. Conclusions

Based on the qualitative findings which represent the experiences and perceptions of project members, the researcher draws the following conclusions:

- The projects that participated in the study succeeded in alleviating poverty because there is a specific amount that project members receive on a monthly basis even though it was not mentioned as to how much each member receives per month.
- Projects were found to be sustainable, because money were saved in savings accounts and had to be used at a later stage to buy products. Projects were also found to be profitable.
- Project members' economic capital improved, e.g. obtain a salary, savings accounts for projects.
- Social capital is established through bonding, bridging capital, network and the building of trust. In this regard all projects had at least stakeholders that are reliable in their business.
- Projects invested in members' human capital through various training offered, e.g. project management. The training received enabled project members to be able to manage their projects as well as funds. As a result, the projects were sustainable due to the skills and knowledge acquired.

4.4.3. Recommendations

- The researcher recommends that DSD must thoroughly monitor income generating projects.
- Municipalities must prioritise funding income generating projects.
- Community members must be empowered to establish projects such as income generating

projects.

- Projects members must receive training more often because, as the participants indicated, continuous training contributed to the success of their projects.
- Future social workers must focus on the proper implementation of programmes that directly address poverty.
- Future social work studies must look at the in-depth contribution of income generating project towards economic growth.
- Similar studies should be undertaken throughout South Africa to build a database regarding the strength and challenges of income generating projects in alleviating poverty.

4.5. Accomplishment of the goals and objectives of the study

The researcher will discuss the accomplishment of the research objectives as well as the goal of the study. The discussion is presented in tabular form as reflected in Table 5.

Table 5: Accomplishment of the objective of the study

Number	Objectives	Achievement
1	To investigate the extent to which income generating projects could contribute towards the socio-economic development of South African's citizens within the context of South African policies, strategies and programmes.	This objective was achieved through an in-depth discussion on the policies, strategies and programmes in Chapter 2. The discussion started from the national level and was narrowed to the Limpopo provinces.
2	To evaluate the effectiveness of income generating projects in alleviating poverty in rural communities of the Ba-Phalaborwa Municipality.	This objective was successfully achieved through a qualitative approach as explained in Chapter 3.
3	To formulate conclusions and recommendations based on the out-	This objective was accomplished through making conclusions about the study, as

	comes of the study.	well as providing recommendations regarding the income generating projects and for future researchers as presented in Chapter 4.
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The goal of the study

- To evaluate the effectiveness of the income generating projects in alleviating poverty in the rural communities of the Ba-Phalaborwa Municipality.

The effectiveness of income generating project in alleviating poverty in rural communities of Ba-Phalaborwa Municipality has been successfully evaluated as demonstrated through the accomplishment of the objectives of this study. The empirical findings suggested that income generating projects do alleviate poverty in rural communities, providing that members of the projects are experiencing improvement in social, economic and human capital and these projects are sustainable

4.6. Concluding remarks

Poverty is at the forefront of South African policies, strategies and programmes. As a result, income generating projects were established to alleviate poverty. Projects of this nature play a vital role in poverty alleviation. Although the living costs are very high, at least members of the projects are able to support their families. The researcher therefore suggests that DSD, the community at large and the existing projects members work together as a collective in order to alleviate poverty and improve the quality of life of all poor South Africans.

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INTERVIEW SCHEDULE

Sustainability

- How long has the project been in operation ?
- How many members does the projects have ?
- What value and benefit does the project bring to the community members?
- Is the project funded by the department or private donor ? if yes , are the funds used appropriately?

Human Capital Investment

- Is there any educational training that the committee members received for the management of the project?
- Can you please mention the kind of training that committee members received?
- How the received training assisted the members of the project committee?
- Can you explain how the human capital investment benefit the community at large?

Social Capital Investment

- Can you describe the kind of network that the project have with the community?
- How does the community at large benefit from the project?
- Is there any stakeholder benefiting from the project ? if yes describe how they benefit?

Economic Capital Investment

- Is there any income that the project generates?
- How much does the project generate on a monthly basis?
- How many members are remunerated on a monthly basis?
- How is the level of poverty of members in the project receiving monthly income compared prior embarking on the project?
- Can you then say that this project contribute effectively towards poverty alleviation? If yes or no explain.



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF HEALTH AND SOCIAL DEVELOPMENT

Enquiries: Ramalivhana N.J/ Malomane E.L

Ref. 4/2/2

10 February 2010

Baloyi T.V

Department of Social Work and Criminology

University of Pretoria

0001

South Africa

Dear Baloyi T.V

"Evaluating the effectiveness of income generation projects in alleviating poverty in the rural communities of The Ba-Phalaborwa Municipality"

Permission is hereby granted to Baloyi T.V to conduct a study as mentioned above **poverty in the rural communities of The Ba-Phalaborwa Municipality** in Limpopo Province, South Africa

- The Department of Health and Social Development will expect a copy of the completed research for its own resource centre after completion of the study.
- The researcher is expected to avoid disrupting services in the course of his study
- The research results must be used only for the purpose of the study
- The Researcher/s should be prepared to assist in interpretation and implementation of the recommendations where possible.
- The Institution Management where the study is being conducted should be made aware of this.
- A copy the permission letter can be forwarded to Management of the Institutions concerned

**Acting Head of Department
Health and Social Development
Limpopo Province**



BA-PHALABORWA MUNICIPALITY

PRIVATE BAG X01020
PHALABORWA 1390

TELEPHONE
015 780 6300

FAXIMILE
015 781 0726

E-mail: phalamun@lantic.net

5/4/1

Ref.: Mokoena SS

Enquiries:

Your ref.:

ALL CORRESPONDENCE TO BE ADDRESSED
TO THE MUNICIPAL MANAGER

07 December 2009

Mr Baloyi TV
P.O. Box 1049
LULEKANI
1392

Sir

APPLICATION FOR A PERMISSION TO CONDUCT ACADEMIC RESEARCH IN BA-PHALABORWA MUNICIPALITY: YOURSELF

It is with pleasure to inform you that permission has been granted for you to conduct your academic research in some of the projects based in Ba-Phalaborwa Municipality.

We wish you success in your studies.


NTSHAVHEN KPS
MUNICIPAL MANAGER



100
1908 - 2008



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Faculty of Humanities
Research Ethics Committee

27 November 2009

Dear Prof Lombard

Project: Evaluating the effectiveness of income generation projects
in alleviating poverty in the rural communities of the Ba-
Phalaborwa Municipality

Researcher: TV Baloyi

Supervisor: Dr LS Geyer

Department: Social Work and Criminology

Reference number: 26415209

Thank you for the application you submitted to the Research Ethics Committee, Faculty of Humanities.

I have pleasure in informing you that the Research Ethics Committee formally **approved** the above study on 26 November 2009. The approval is subject to the candidate abiding by the principles and parameters set out in his application and research proposal in the actual execution of the research.

The Committee requests you to convey this approval to Mr Baloyi.

We wish you success with the project.

Sincerely

Prof. Gert Prinsloo
Acting Chair: Research Ethics Committee
Faculty of Humanities
UNIVERSITY OF PRETORIA
e-mail: gert.prinsloo@up.ac.za



100
1908 - 2008



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Faculty of Humanities
Department of Social Work & Criminology

Researcher: THEMBA VICTOR BALOYI

Tel. Number: 072 625 1315(mobile)
(015)780 3320 (office)

Income generation projects
Phalaborwa, Limpopo Province
South Africa

Participant's name:

INFORMED CONSENT

1. **Title of the study:** Evaluating the effectiveness of income generation projects in alleviating poverty in rural communities of the Ba-Phalaborwa municipality
2. **Purpose of the study:** The purpose of the study is to evaluate the effectiveness of income generating projects in alleviating poverty in the rural communities of Ba-phalaborwa municipality.
3. **Procedures:**
 - I understand that I will be asked questions about Sustainability, social, economic and human capital investment. Before the sessions begin there will be ground rules that will be agreed upon by the participants and the researcher.
 - I am expected to, together with other participants, attend one focus group session that will take approximately four hours,
 - I understand that the dates, time, duration of session, including break time, will be agreed upon by the group, that will be based on group consensus.
 - I understand that participants of the focus group are community members (beneficiaries) that are involved in the projects.

University of Pretoria
Pretoria, 0002
South Africa

Telephone : 012 420 2325/2030
Facsimile : 012 420 2093

www.up.ac.za



- I am aware that there will be an observer during the session whose role will only be to record, in writing, the group member's interaction. He/she will thus not participate in any activities during session.
- 4. **Risks and discomforts:** There are no known risks and discomforts associated with this study, although I may experience emotional distress when being interviewed. If I experience distress, I will inform the researcher. I expect the researcher to then arrange a debriefing session for me.
- 5. **Benefits:** I understand that there are no direct benefits for me participating in this study. The results of the study will, however, assist the researcher to gain a better understanding of the effectiveness of income generation projects in alleviating poverty in rural communities of Ba-Phalaborwa Municipality.
- 6. **Participant's rights:** I may withdraw from participating in the study at any time.
- 7. **Financial compensation:** I will receive no financial compensation from the researcher for my participation in the study.
- 8. **Confidentiality:** I understand that all information which is collected from me will be kept confidential. I give permission that any information which is collected from me may be used for research and publication, both in South Africa and other countries, but that my identity will not be revealed unless required by law.
- 9. **Data storage:** I understand that all raw data will be stored for a period of 15 years in the Department of Social Work and Criminology at the University of Pretoria
- 10. If I have any concerns about this study or my participation in it I am free to contact the researcher, THEMBA VICTOR BALOYI, at 072 625 1315.
- 11. I understand my rights as a research participant and I voluntarily consent to participate in the study. I understand what the study is about, and how and why it is being conducted.

I will receive a signed copy of this consent form.

K. M. Longo
Signature of Participant

Date

Signature of Researcher

Signature of Supervisor