

**The Impact of Development Funding on Community Development:  
A Case Study of the National Development Agency in  
Makhuduthamaga Municipality in the Limpopo Province**

by

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**Moloke Peter Lentswane**

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## DECLARATION OF CANDIDATE

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I, **Moloke Peter Lentswane**, hereby declare that this mini-dissertation submitted by me, to the University of Limpopo, for the degree of Master of Development has not been previously submitted by me for a degree at this or any other university; that it is my work in design and in execution, and that all material contained herein has been duly acknowledged.

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**LENTSWANE MP (Mr)**

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**DATE**

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## GLOSSARY OF ABBREVIATIONS AND ACRONYMS

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<b>APRM</b>	- African Peer Review Mechanism
<b>ASGI-SA</b>	- Accelerated Shared Growth of South Africa
<b>BBBEE</b>	- Broad Based Black Economic Empowerment
<b>CBOs</b>	- Community-Based Organizations
<b>CSOs</b>	- Civil Society Organizations
<b>DBSA</b>	- Development Bank of Southern Africa
<b>EU</b>	- European Union
<b>GEAR</b>	- Growth, Employment and Redistribution
<b>IDC</b>	- Industrial Development Corporation
<b>IDP</b>	- Integrated Development Planning
<b>IDT</b>	- Independent Development Trust
<b>ISRDS/P</b>	- Integrated Sustainable Rural Development Strategy/Programme
<b>LED</b>	- Local Economic Development
<b>MDGs</b>	- Millennium Development Goals
<b>MLM</b>	- Makhuduthamaga Local Municipality
<b>NDA</b>	- National Development Agency
<b>NEF</b>	- National Empowerment Fund
<b>OECD</b>	- Organization for Economic Co-operation and Development
<b>PRA</b>	- Participatory Rural Appraisal
<b>RDP</b>	- Reconstruction and Development Programme
<b>RSDP</b>	- Rural Social Development Programme
<b>SMMEs</b>	- Small Medium and Micro Enterprises
<b>TNDT</b>	- Transitional National Development Trust
<b>UN</b>	- United Nations
<b>UNDP</b>	- United Nations Development Programme
<b>UNOPS</b>	- United Nations Office for Project Service
<b>WSSD</b>	- World Summit on Sustainable Development

## **ABSTRACT**

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*The study aims to provide insights into the nature and extent of development funding provided to various poverty eradication projects by the National Development Agency (NDA) and its subsequent impact on reducing poverty in the predominantly rural communities of the Makhuduthamaga Municipality in the Limpopo Province. It examines in detail the impact made by the NDA on community development through the disbursement of funds to poverty eradication projects. It also provides insights into the total number of the NDA-funded projects and the total proportion of the NDA-funds allocated to them in the Makhuduthamaga Municipality.*

*The study further examines the nature of the NDA support regarding the design of the interventions, relevance, participation of communities, delivery modalities and sustainability. The effectiveness of the NDA-funded projects in community development is determined using employment opportunities created, income generated, skills transferred, assets accumulated, sustainability mechanisms and community empowerment indicators. Although all of these indicators are found to be tightly linked to the NDA's mandate of poverty eradication, the extent to which the NDA has achieved its objectives in disbursing development funding earmarked for poverty eradication and strengthening of CSOs was yet to be determined, hence the relevance of this study.*

*The study, therefore, highlights key issues regarding the types of employment opportunities created and levels of income emanating from the NDA-funded projects. The study further highlights various areas of community empowerment, financial and sustainability measures put in place for the sustainability of the NDA-funded projects. Using a combined method of research, that is the qualitative and quantitative case study approach, the study highlights in detail insights into the impact made by the NDA on community development, particularly on Makhuduthamaga Municipality. The study highlights that while the NDA made some strides in the creation of employment opportunities, income generation, food security and community empowerment, both financial and institutional sustainability proved to be a daunting challenge for the NDA-funded projects. Tailor-made and accredited training interventions coupled with the introduction of market-driven products to the NDA-funded projects as opposed to heavy reliance on donor funding will go a long way in bringing about productivity and, most probably, positive balance sheets and the maximum impact on the NDA funded projects.*



## CHAPTER 1

### Background on NDA-Funded Projects in the Makhuduthamaga Municipality

#### 1. Introduction

Widespread and devastating poverty remains one of the major challenges facing democratic South Africa. The post-apartheid government, elected in 1994 and 1999 respectively, is facing a number of challenges, such as poverty, crime, inequalities and unemployment (Ngwane, Yadavalli and Steffens 2001:201). The Minister of Social Development, Zola Skweyiya (NDA 2004:5) points out that "... chronic and transient poverty remains the most significant obstacle to a comprehensive realization of socio-economic rights by the poor". Accordingly, Statistics South Africa (1998) as quoted in Roux (1999:49) reflects that "the number of unemployed persons rose from 1,64 million in 1995 to 2,23 million in 1997. This translates to an unemployment rate of 15,9% in 1995 rising to almost 22% in 1997".

Given these socio-economic challenges, the South African government established the National Development Agency (NDA) as an independent government-funding agency that would serve as facilitative mechanism between all stakeholders that are pursuing poverty eradication. The NDA replaced the Transitional National Development Trust (TNDD) which had been established within the framework of the government's Reconstruction and Development Programme (RDP) (Pereira 2003/04:17). According to Zola Skweyiya (NDA 2005/6:8) "... (the) NDA (is expected to) play a significant role in moving a major component of our society from depending solely on social grants to engaging in sustainable economic activities that will improve their quality of life and contribute towards eradicating poverty".

The NDA was constituted through an Act of Parliament – NDA Act 108 of 1998 as promulgated in April 2000. Its mandate is to contribute towards the eradication of poverty and its causes by granting funds to civil society organizations for purposes of carrying out projects or programmes aimed at meeting development needs of poor communities. Accordingly, the NDA has implemented (and continues to implement) this mandate by disbursing funding to the tune of R12,9 million to 26 poverty eradication projects in Makhuduthamaga Municipality in Greater Sekhukhune District. The District is one of the presidential nodal points that require special attention and focus (NDA 1997:12). The NDA Provincial Manager in Limpopo, Zach Chuenyane (NDA 2007:12) points out that "as a nodal point, the district's poverty levels were such that more resources were needed to achieve maximum impact". Most of the projects funded by the NDA in Makhuduthamaga

Municipality have an agricultural component, which is important for food security. Funding also covers local economic development and healthcare-oriented projects (NDA 2007:12). The effectiveness of the foregoing NDA-funded projects in delivering the expected results has not been determined. Hence this present study seeks to determine which NDA-funded projects in the Makhuduthamaga Local Municipality have succeeded or failed and why. It is anticipated that the outcome of the study will enable the NDA and other donors to draw lessons from the findings of the study and greatly contribute towards policy development in South Africa.

## **2. Statement of the Problem**

The National Development Agency has been established to fund organizations conducting developmental activities in the poverty eradication arena. Since its inception in 1998, the NDA has funded various civil society organizations which are carrying out projects or programmes aimed at meeting the development needs of poor communities and strengthening the institutional capacity of other organizations which are involved in direct service provision to poor communities. Owing to its mandate for poverty eradication, the NDA has been engaged in the World Summit on Sustainable Development (WSSD), particularly in ensuring that a diverse cross section of CSOs actively takes part in the WSSD and represents the wishes and aspirations of the poor communities in the WSSD. In view of its active engagement with the WSSD, it therefore suffices to argue that the NDA's mandate is tightly and intimately linked to the United Nations' Millennium Development Goals (MDGs), in particular, the first MDG which has to do with halving the proportion of people living in poverty and suffering from hunger by 2015 (NDA 2002/03:12).

Furthermore, by virtue of its mandate, the NDA is considered to be one of the important role-players that can ensure growth and skills development in South Africa and it is expected to play an important role in the Accelerated and Shared Growth Initiative of South Africa (ASGI-SA) (NDA: 2006/7:5). However, despite the fact that the NDA's mandate has been explicitly stated in the NDA Act 108 of 1998 as it relates to the UN MDGs and ASGI-SA, the extent to which the NDA is achieving its objectives in disbursing funding earmarked for poverty eradication and development CSOs and CBOs has not yet been determined.

While the Chairperson of the Projects and Programmes Screening Committee (PPS), Nontobeko Moletsane (NDA 2004:6) points out that the NDA-funded projects have "impacted on communities in the area of economic development, health and education" (and that) "these projects have proven to be sustainable beyond the NDA's assistance", Chaminuka and Belete (2008:21) in the NDA's impact assessment study reveal that

“although raising income and creating jobs were the common objectives in all (NDA-funded) projects, the extent to which this was achieved differed from project to project. Most projects were still struggling to achieve the targeted employment creation goals and maintain initial levels of employment. Some of the projects that had been previously funded had since reduced the number of staff they had towards the end of the grant period. Under-funding and inadequate training were found to be major constraints across the projects in terms of meeting their objectives”.

Most of the projects are not sustainable beyond the NDA’s funding period (Chaminuka and Belete 2008:18). Furthermore, the fact that chronic and transient poverty remains one of the most significant obstacles to a comprehensive realization of socio-economic rights by the poor remains a matter of grave concern (NDA 2004:5) and raises some doubts about the effectiveness of the NDA-funding towards poverty eradication as well as the sustainability of the NDA-funded projects in South Africa. Despite the significant proportion of the development funding allocated to various categories of projects since its inception, there are concerns that the allocated development funds are not aligned to the communities’ greatest needs and that “the bias in favour of donors priorities, over those of the recipients of aid (development funding), has resulted in more concentration on sectors that are not important to (the) poor...” (Ndungane 2008:2).

According to Chaminuka and Belete (2008:25) “(some of the reasons behind the failure of the NDA-funded projects) are partly due to the challenges that have emanated from within the projects themselves as well as the external environment ... (which include, among others,) inadequate water, lack of youth commitment (and participation), high turnover of project members and inadequate funding”. They have also noted that “some of the challenges are, however, also partly caused by problems within the NDA (which include) the slow release of funds and failure by the NDA to meet their contractual obligations ...”

Ndungane (2008:2) raises a concern that “development aid (funding) contributes little to the country’s economic growth and sustainability because donors favour urban, over rural projects because of the pressure to see immediate results and their concentration on sectors that are not important to the poor...”. However, the Chief Executive Officer of the NDA, Godfrey Mokate (NDA 2007:3) raises a contrary view that “since its inception the NDA has made an impact on communities”. He further states that “but with the funding it gets from the Department of Social Development, it is not able to reach as many people as it wishes” (NDA 2007:3).

It is in light of the above, that the study is aimed at determining the impact of the NDA-funded projects in community development with specific reference to the Makhuduthamaga Municipality in the Limpopo Province. Makhuduthamaga Municipality is one of the local municipalities in the Sekhukhune District. The District, and specifically the Makhuduthamaga Municipality, is one of the presidential nodal points that require special attention and focus since it is characterized by high levels of poverty and unemployment (NDA 1997:12). Chaminuka and Belete (2008:13) indicate that “the district with the highest number of NDA-funded projects (in Limpopo Province) is Sekhukhune District (of which Makhuduthamaga is one of its five local municipalities, including Elias Motsoaledi, Greater Tubatse, and Greater Marble Hall and Fetakgomo Municipalities”.

### **3. Definition of Concepts**

**Community-driven projects** – the investment of capital by members of the community in a time-bound intervention to create productive assets. They are often the constituent activities of the community programmes (Cusworth and Franks 1995:3).

**Sustainable rural livelihood** – the secure access to adequate stocks and flows of food and cash to meet basic needs ... where security is defined in terms of ownership of (or access to) resources and income-earning activities, embracing the need for reserves and asset offset (Chambers 1993: 15 as quoted in Mohamed and Dodson 1998:103). It encompasses capabilities, resources and opportunities that enable people to pursue individual and household economic goals (Mkandawire, Sikhitha and Mkhathshane May 30, 2001:9).

**Community development** – the vehicle for the human process of empowerment (Swanepoel and De Beer, 2006:08). It also refers to measures to improve the health, housing, education, and welfare, including economic welfare, of individuals, households and communities in particular (Ntonzima and Binza 2011:660).

**Local Economic Development (LED)** – is a shared process in which local citizens from all sectors work together to stimulate local business, producing a resilient and sustainable economy. It is also a way to help create decent jobs and improve the quality of life for everyone, including the poor and the marginalized (Ntomzima and Binza 2011:659).

**Non-Governmental Organizations (NGOs)** – consist of organizations not in any way dependent on or responsible to either the public or private sectors. Usually NGOs come into existence to address specific problems e.g. health, education or housing. More often, though, they address a number of problems in the field of development (Swanepoel and De Beer 1996:19).

**Development Aid/ Funding**– refers to the net disbursements of loans and grants made on concessional financial terms by development funding institutions to promote economic development and welfare. It also includes the value of technical cooperation and assistance

(WDR, 1990:253).

#### **4. Aim of the Study**

The study seeks to provide insights into the nature and extent of development funding provided to various poverty eradication projects by the NDA and its subsequent impact in reducing poverty in the predominantly rural communities of the Makhuduthamaga Municipality in the Limpopo Province.

#### **5. Objectives of the Study**

The study, specifically, focuses on the following objectives:

- To determine the total number of the NDA-funded community projects and the total proportion of the NDA-funds allocated to them in Makhuduthamaga Municipality in the Limpopo Province.
- To examine the nature of the NDA support with regard to the design of interventions, relevance, participation of communities, delivery modalities and sustainability.
- To assess the effectiveness of the NDA-funded community projects in addressing the greatest needs of the poor communities in Makhuduthamaga in the Limpopo Province.

#### **6. Research Questions**

This research is aimed, amongst other things, at determining the total number of the NDA-funded projects in the Makhuduthamaga Local Municipality. Upon determining the total number of these NDA-funded projects in interaction with the NDA, the researcher gathered information about the total value of funding disbursed in the Makhuduthamaga Local Municipality for community development and poverty eradication purposes in the Makhuduthamaga Municipality during the period 2006 – 2010. Adequate answers to all of the above-stated research questions enabled the researcher to make an appropriate conclusion with regard to the total number of the NDA-funded community projects and the total proportion of the NDA-funds allocated to them in Makhuduthamaga Municipality in the Limpopo Province.

The researcher also gathered information about various sectors which the NDA prioritized and funded during the period 2006 – 2010. This included the rationale behind the prioritization of such sectors, the target beneficiaries, specific target areas, funding criteria and the worthiness of the funding disbursed in the area. The link between the prioritized sectors and the socio-economic needs of the target communities in the Makhuduthamaga

Local Municipality was determined. It was also important to determine the relevance of the NDA funding to the selected sectors in terms of the active participation of the targeted communities in, amongst others, the selection of such sectors, design of the NDA-funded projects, monitoring and evaluation methods, and coaching and mentoring in the NDA-funded projects.

The researcher also assessed the effectiveness of the NDA-funded community projects in addressing the greatest needs of the poor communities in Makhuduthamaga Municipality in the Limpopo Province. This was done through assessing whether there is an appropriate alignment between these needs and NDA-funded projects. An assessment of the local community's participation in the initial stage of the NDA-funded project design assisted the researcher in understanding the relevance, level of ownership and co-determination of the local communities in ensuring the success and the long-term sustainability of the NDA-funded projects and their impact on the communities. In doing this, the researcher understood explicitly the initial socio-economic performance indicators of the NDA-funded projects in the target area which was of great assistance in understanding the impact of the NDA's funding interventions in the area. Subsequently, the performance of the NDA-funded projects was measured against those socio-economic indicators with a view to assess whether such NDA-funded interventions have been effective or not.

It was also crucial for the researcher to assess the availability of the institutional and financial sustainability measures meant to ensure the long-term existence and beneficitation of the NDA-funded projects. This assessment was aimed at determining whether the NDA provides adequate monitoring, evaluation, coaching and mentoring of its funded projects, and whether the NDA has an exit strategy in place to ensure continued existence of its funded projects after their funding period. This was informed by the fact that the financial and institutional sustainability were considered to be a key to the positive impact of the NDA-funded projects in terms of creating of employment and income opportunities as well as skills development and empowerment. The researcher assumed that the NDA-funded projects would have made a positive impact on creating employment and income opportunities, transfer of skills, empowerment and development, sustainable livelihoods and food security. The researcher also established the challenges behind the failure of the NDA-funded projects in the Makhuduthamaga Local Municipality and made possible recommendation for future policy improvement with regard to the development funding in South Africa.

## **7. Significance of the Study**

A study regarding the effectiveness of the NDA-funded projects in contributing towards the eradication of poverty in the Makhuduthamaga Municipality has never been undertaken. Because this study is the first of its kind, it is anticipated that the study will contribute towards public policy on development funding and/or aid. It is also anticipated that the NDA and other donor agencies may be informed by the findings of the study. Furthermore, it is anticipated that the study will make a contribution to the knowledge and information gap with regard to the role of the NDA in community development and its contribution towards the eradication of poverty in the Makhuduthamaga Local Municipality in particular, and South Africa in general.

## CHAPTER 2

### **Development Funding and Community Development in South Africa: A Theoretical and Empirical Overview**

#### **1. Introduction**

This chapter presents various topical aspects with regard to the impact of development funding in community development, specifically with reference to South Africa. An attempt is made to provide a theoretical background and context from which development funding was found to be appropriate and prudent for community development in South Africa. Furthermore, the theoretical perspective on the approaches and/or models considered to be appropriate to community development is explored with a view to highlighting the importance of integrating various models and/or approaches for maximum community development impact. Similarly, the review of the role of development funding in community development is also made with a view to provide a justification from which development funding was provided. In addition, the theoretical perspective on the role of government agencies as catalysts for community development is presented in order to have a clear understanding of what the government agencies such as NDA should be doing.

It is also pivotal to look at the existing empirical evidence regarding the relationship between development funding and community development in South Africa while not ignoring the evidence on the performance of government-funded projects with a view to highlighting the relevance of government funding and Government Agencies in South Africa and abroad. This would lead us to an appropriate conclusion regarding the link between the development funding and community development. The review would, therefore, cover the following sections: theoretical perspective on the role of the state in community development; theoretical background and context of the development funding and community development in South Africa; the role of development funding in community development; review of empirical evidence for the impact of development funding in community development and a synthesis regarding the relationship between the development funding and community development.



## **2. Development Funding and Community Development in South Africa**

### **2.1. Theoretical Perspective on the Project Model: Appropriate Approaches to Community Development**

In the provision of development funding and/or support to Government Agencies, including their community-driven projects, local and international investors and/or donors have keen interest in the project models and approaches which are applied by the respective Government Agencies and government departments in bringing about community development or local economic development to the roots of the society. Amongst such approaches are the Integrated Sustainable Rural Development Strategy/Programme (ISRDS/P) (*which today is referred to as Integrated Development Planning (IDP) approach to rural development in South Africa*); the *Basic Needs Approach to development*; and the *People-Centred and/or Community-Driven Approach to Development (which puts people in the centre of development action)*; the *Participatory Development Approach (which embraces the notion of participation by the beneficiaries of development)* and the *Learning Process Approach to Development*. According to Coetzee (1992:261), the notion of participatory development calls for the “creation of procedures for democratic decision-making at the local level and the involvement of people in these procedures to the extent that they regard them as the normal way of conducting community affairs”. Community development should always be seen as an attempt by a community collectively and on its own as an initiative to reach certain self-set goals according to pre-established procedures in order to realize self-identified needs (Coetzee 1992:262).

The Integrated Sustainable Rural Development Strategy is a multi-sectoral, holistic approach to community development and it embraces all aspects of sustainable development. It requires development to be socially, ecologically and economically sustainable. This approach places people at the centre of concern for sustainable development and emphasizes the importance of people as one of the three components of sustainability along with economics and environment. The first principle of social sustainability relates to local, historically defined content which will include elements of livelihood, social participation, justice and equity. The notion of a sustained conscious responsibility towards our successors and future societies is integral to social sustainability as is the acknowledgement that economic and environmental sustainability are intrinsic to social sustainability, since a social system cannot be sustained if it is not environmentally and economically viable. The third principle for sustainable development presents the dimension of intergenerational equity, thus raising the requirement of a sustainable future. Adherence to these principles requires social considerations to play a key role in moulding the project throughout the planning and implementation stages. It is, therefore, essential that any development

programme or initiative is embedded in the local society (Sandham and Van Der Walt 2004:68). Ntonzima and Binza (2011:663) concur with the above by pointing out that “sustainable development is a socio-economic challenge that does not undermine the ecological and social systems upon which communities and society are dependent”. They further allude to the fact that its successful implementation requires integrated policy planning and social learning processes while its political viability depends on the full support of the people it affects through their governments, social institutions and private activities (Ntonzima and Binza 2011:663).

The Integrated Sustainable Rural Development Strategy requires proper planning, which in turn, calls for massive data inputs, voluminous processing and detailed analytical work. It is the means of integrated development where all aspects are simultaneously considered, addressed and are improved upon. The integrate development planning process requires, inter alia, the active involvement of concerned groups, consideration of ecological and/or environmental factors, availability and utilization of funds, collective suggestions for solutions and technical information about the area to be treated, and technically viable solutions, and methodology for bringing about desired development. All of the above factors should be mutually supportive to bring about the integrated sustainable rural development (Saraf 1999:566-567).

Sandham and Van der Walt (2004:68-69) present a practical application of the Integrated Sustainable Rural Development Strategy by citing “a study regarding the patterns of domestic water inadequacies on the South African West Coast in 1995 identified Lepelfontein (population 328) as one of a number of settlements where insufficient supply of fresh water for domestic use was experienced on a daily basis”. Subsequently, a pilot project was launched in Lepelfontein in 1999 with a view to improving the living conditions of the Lepelfontein community through the improved and consistent supply of fresh water. Within a short period of time the pilot screen collected more than 10 000 litres of water. The success of the pilot project and the suitability of the climate for fog harvesting spawned the idea of extending the project beyond the supply of water for domestic purposes to offer an opportunity for much needed socio-economic development of the community. A development initiative was proposed where the introduction of more fog collection screens would make it possible to launch a community gardening project as a form of small-scale agricultural activity. Consistent with the vision of sustainable development advocated by the South African Government, this project aimed to benefit the whole community and involve as many members of the community as possible. In recognition of the principle of social sustainability, the project funding agency included the requirements for an extensive social

survey in order to determine the social conditions in Lepelfontein” (Sandham and Van Der Walt 2004:69). Sandham and Van der Walt (2004:74) concluded by affirming the relevance of the Integrated Sustainable Rural Development approach by stressing that “the fog water supply is the primary environmental resource and is environmental sustainable, while leadership, cooperation, and local ownership contribute to economic and social sustainability”. This remains the most relevant practical example of a coherent, well-planned and properly implemented project that addresses not only a single dimension of life, but that follows an integrated approach that involves, stimulates and develops all aspects of community life in Lepelfontein.

In support of this development approach, Reddy and Clarke (2000:323) made some interesting observations and alluded to the fact that “Integrated Development Planning involves, inter alia, working with the community to assess its needs; developing a common vision; setting priorities and goals; assessing what resources are available; designing programmes and projects and ensuring the required coordination locally, provincially and nationally for the different services and ensuring proper financial planning, budgeting, implementation, monitoring and evaluation of programmes”. This brings into the debate the participatory approach to development which is also referred to as Participatory Rural Appraisal (PRA) approach to development. This approach is very common in South Africa. It promotes the involvement of local people in every aspect of rural development, in collecting and compiling every possible piece of information. But the major negative point with this approach is that not many technical details are included (rather ignored) because of limitations of resources or time constraints or the absence of an understanding to combine a variety of technical information with inputs from rural people. This is to stress that PRA is very important and necessary and nothing but a balanced mix of various approaches is recommended for favourable results. Therefore, the PRA should be considered an integral part of the Integrate Sustainable Rural Development Programme/Strategy (Saraf 1999:567).

According to Saraf (1999:573) the “[...] PRA technique is considered as a faster means of collecting information from the primary sources like villagers or end-users by way of informal conversation with them in an amicable environment”. PRA appears to be the effective to generate the current information, as well as the requirements of the villages. PRA is supposed to be a continuing process of bilateral information exchange at all stages during the project implementation for ensuring the villagers’ participation. During PRA, general as well as specific information can be generated about villages and individual households as well. This also helps identify the prospective members of user groups, self-help groups and representatives for relevant potential committees. During PRA, a village resource mapping is

used, from which important resource information is presented in the form of the drawings by villagers while various useful scenarios of the present available facilities and resources is mapped out with a view to helping in identification of further required infrastructural facilities (Saraf 1999:573-574).

Rutatora and Mattee (2001:89) provide a four-pronged approach from which PRA, Participatory Technology Development, Farmers' Groups and Farmer to Farmer Extension approaches were combined successfully to constitute a comprehensive and integrated development planning approach. Rotatora and Mattee (2001:89) clearly demonstrate that the "Uluguru Mountain Agricultural Development Project (UMADEP) which is based in the Department of Agricultural Education and Extension at Sokoine University of Agriculture (SUA), (Tanzania) uses a combination of Participatory Rural Appraisal, Participatory Technology Development (PTD) and Farmers' Groups and Farmer to Farmer extension approaches. Experience in the use of these approaches shows that farmers in collaboration with extension workers have developed activities which address location specific problems and generated appropriate technological innovations that are sustainable and take into account the socio-cultural and economic milieu of the communities. In addition, this has led to the formation of the farmers' group which facilitate learning, decision-making, and adoption of agreed innovations". The overall aim of UMADEP is to consolidate the rural society in its complexity to constantly play an active role for its betterment in the changing socio-economic environment while the specific objectives are to improve (in a sustainable manner) the productivity of the labour of smallholder farmers in the Uluguru Mountains; to associate through a long term communication process, SUA to the rural communities in order to promote the emergence of a smallholder farmers' movement; and to train change agents (farmers, students, professionals) to develop a methodology that constantly links action to reflection. UMADEP is basically a community-based research and extension project which employs a multidisciplinary approach working in partnership with government extension officers and farmers (Rutatora and Mattee 2001:93).

UMADEP strongly advocates participatory approaches to research and extension with a view to increasing farmers' participation in the project, motivating them to learn and change and providing them with appropriate and/or environmentally sound advice. Participatory approaches, involving farmers in their own development and using their indigenous knowledge, have been argued as an alternative to conventional extension approaches. PRA should be conducted in various villages in the project area for the purpose of (1) self-introduction to the communities; (2) establishing rapport with the community; (3) mutual learning about the situation in the villages, in terms of problems, potentials, resources,

needs and interests of the farmers; (4) establishing a framework or plan for development actions; (5) seeking commitment from the communities; and (6) identifying starter activities and who might participate in such activities (Rutatora and Mattee 2001:95).

The University of Venda (UNIVEN) adopted a two-pronged approach focusing on the people-centred rural development approach and on the community engagement approach in its outreach community development initiative in various wards in the Makhado Local Municipality. According to Francis, Dube, Mokganyetji and Chitapa (2010:362) "... community development could not occur if the people affected ... did not believe that working together and organizing to address shared needs and perspectives collectively could make a positive difference". Mobilization empowerment and social inclusion are critical ingredients of the people-centred and community engagement approaches. Mobilization empowerment refers to an approach that assists the majority poor and socially excluded people within different wards in Makhado Municipality in the Limpopo Province (South Africa) to realize the power that they could gain through collective action. Linked to this process was the need for social inclusion. This encompasses processes and activities that the UNIVEN project team initiated and continues to facilitate with the aim of removing institutional barriers for rural communities to access livelihood improvement opportunities. UNIVEN adopted this two-pronged approach based on the belief that strengthening the ability of rural community institutions or coalitions to demand service from government and other development agents in isolation would create a more serious conflict than is the case at present. A desire to achieve livelihood improvement drives these efforts. In simple terms, this entails enhancing assets (physical, financial and natural capital) and capabilities (human and social capital) of people in the rural communities. The key pillars of this endeavour create an enabling environment for achieving these goals, including mindset or behaviour change, effective communication, community mobilization and policy advocacy as well as social change processes and ideals that acknowledge grassroots community members as a solution to the challenges that they face (Francis, Dube, Mokganyetji and Chitapa (2010:362-363).

In the contemporary South African dispensation, Local Economic Development (LED) has also emerged as an integral approach to the Integrated Sustainable Rural Development Strategy. LED is considered as a joint approach to rural development which uses local values such as poverty reduction, increased self-reliance, satisfying basic human needs, mutual commitment, as well as integrated social and environmental goals. As a strategy, the LED also uses economic drivers (such as growth of jobs, income and business activity) and considers development with regard to the role of structural change and quality of

development. The LED values the importance of locality; partnership between local government and other spheres of government; business and civil society sectors; community empowerment; local communities taking part in considering, designing and implementing LED projects; and using of local resources effectively. The LED as an approach to development strives to ensure a significant investment in the socio-economic infrastructure, employment, and improvement of the quality of life of the local people (Ntonzima and Binza 2011:659).

Accordingly, local communities respond to the LED needs in many ways, and a variety of approaches can be taken such as the following: (1) ensuring that the local investment climate encourages local businesses; (2) supporting small and medium-sized enterprises; (3) encouraging the formation of new enterprises; (4) attracting external investment (nationally and internationally); (5) investing in physical (hard) infrastructure; (6) investing in soft infrastructure (education and workforce development, support systems and regulatory issues); (7) supporting the growth of particular clusters of business; (8) supporting informal and newly emerging business; and (9) targeting certain disadvantaged groups (Ntonzima and Binza 2011:660-661). Kanyane (2008:700) puts it differently by pointing out that LED as an appropriate approach to community development is aimed at doing the following (1) providing a conducive, competitive and attractive local business environment; (2) supporting and encouraging networking and collaboration; (3) encouraging the development of business and investment clusters; (4) encouraging workforce development and education; and (5) supporting quality of life improvements. He further states that “the broader aim of the LED is to create employment opportunities for a local community, alleviate poverty and redistribute resources and opportunities to the benefit of all residents”. This clearly indicates that the success of communities depends largely on their ability to adapt to a changing and increasingly competitive environment, locally, nationally and internationally (Kanyane 2008:700-701).

## **2.2. Theoretical Perspective on the Role of the State in Community Development**

The state has the primary responsibility to play a leading role in creating an enabling environment, one that allows the poor to improve their circumstances and actively seek a participative role in that process. The pre-democratic government has in large measure failed to provide an enabling environment in the past. The state has the responsibility to create a stable political and social climate (the policing role of the state) without which economic activity becomes impossible (Schrire 1992:641). It is also expected of the state to create an institutional environment conducive to successful economic activity (Schrire 1992:641). In the light of this the South African government has formulated the legislative,

institutional and policy frameworks within which the economic development activities are encouraged among the impoverished and poor communities.

For example, the South African government promulgated the National Development Agency (NDA) Act 108 of 1998 which brought the organization, NDA into being to contribute towards poverty eradication through grant funding. Furthermore, the government created the Independent Development Trust (IDT) in 1990/1 to deal with the same major challenge of combating poverty. Because of the existing enabling environment, business also created a new fund, the Private Sector Initiative for addressing poverty (Schrire 1992:648). South Africa has a more or less complete range of special development funding institutions, subsidized by government to varying extent. The most noteworthy of these are: the National Development Agency (NDA), the Development Bank of Southern Africa (DBSA), the Industrial Development Corporation (IDC), the Land Bank, the Industrial Development Corporation (IDC) and the Independent Development Trust (IDT). For example, the DBSA has received substantial injections of government funds and is now a serious investor in infrastructure (Schrire 1992:515).

According to Young (2008:126), “a number of national development finance institutions (established by the state) [...] make it possible [...] (for communities), even in the remote and rural areas [...] to gain development funding (for community development purposes)”. Development Finance Institutions (DFIs) have developed into the role of providing development funding to the previously neglected South Africans. The following are some of the typical examples of the development funding institutions in South Africa and a synopsis of each:

- The Limpopo Economic Development Enterprise (LimDev) is a social and economic development enterprise, operating within the Limpopo Province. LimDev delivers key services such as enterprise development, housing finance and assistance, and investment products.
- The Development Bank of Southern Africa (DBSA) was established in 1983 to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure in South and Southern Africa. It plays the role of financier, advisor, partner, implementor and integrator to mobilize finance and expertise for development projects that it deems to be valuable towards socio-economic growth.
- The Industrial Development Corporation (IDC) provides finance across a range of sectors from construction and metals to textiles and tourism. The IDC was

established in 1940 as a self-financing DFI to promote economic growth and industrial development in South Africa. The primary objectives of the IDC include contributing to the generation of balanced, sustainable economic growth in South Africa and to the economic empowerment of the South African population.

- Khula Enterprise Finance Ltd is an independent agency of the Department of Trade and Industry focusing exclusively on development finance for the fast growing Small Medium and Micro Enterprise (SMME) sector of the national economy.
- The Land and Agricultural Development Bank of South Africa (Land Bank) has been the leading agricultural financier in South Africa since 1912, offering tailor-made development finance to established and emerging farmers.
- The National Empowerment Fund (NEF) is another agency of the Department of Trade and Industry, specifically geared towards driving and implementing Broad-based black economic empowerment (BBBEE). The agency acts as a channel for government to demonstrate its financier commitment to broadening participation in the economy. The agency is also strongly involved in women empowerment in South Africa (Young 2008:126–127).

The above facts clearly demonstrate that the state in its role to promote economic development has over the years established various DFIs in South Africa, which have tailored their products and/or services to better suit the pressing needs of the South African communities. Furthermore, as demonstrated above these DFIs offer a wide range of products and/or services across all levels and sectors (Young 2008: 126).

Simutanyi (2006:4) is absolutely right in emphasizing that one of the state's roles is to take a lead in promoting economic development and that it is expected to formulate development programmes that reflect the people's aspirations. For example, the post-apartheid South African state formulated the Reconstruction and Development Programme (RDP) which also played a crucial role in the establishment of the development funding institutions such as the IDT, NDA, DBSA and others. The Growth, Employment and Redistribution Programme (GEAR) replaced the RDP as the development programme in 1996 and it was aimed at accelerating economic development and economic growth. The state as an important role-player in the economy found it fit to replace GEAR with the Accelerated Shared Growth Initiative of South Africa (ASGISA) in order to accelerate service delivery and meet the demands of the majority of the people. To date the South African government has promulgated the Broad-Based Black Economic Empowerment framework aimed at promoting entrepreneurship and economic development initiatives amongst the previously



disadvantaged and/or neglected groups and individuals. The formulation of these programmes and development frameworks one after the other is a clear indication that the state plays a leading role in the fight against poverty, unemployment, crime and other social ills confronting the society in South Africa.

This assertion is supported by Esman (1991:7) by arguing that the state is expected to play a leading role in tackling poverty, joblessness and economic inequalities. Esman (1991:7) unequivocally reflects that the state must “expand economic opportunities for the people, fight social deprivation and provide public facilities for the poor (through relevant institutional mechanisms, systems and structures)”. The state has a duty to grow the economy and play a role of prime mover in economic development. The state should also formulate the policy and legislative framework (such as the NDA Act 108 of 1998) for development, enforce investment priorities and provide a wide range of essential public services from education to transportation to public health, from agricultural extension and irrigation to promoting and financing community development initiatives. The state should produce or develop comprehensive multi-sectoral, multiyear development plans for both macro-level economic policies and sectoral investment, public and private (Esman 1991:7).

The state must mobilize revenue and other resources for development purposes through taxation, customs, and borrowing; manage public finances, including foreign exchange; and allocate and control substantial funds for a myriad of government-sponsored development programmes. It must construct, operate and maintain the essential physical infrastructure of ports, roads, bridges, electric power, water supply, and telecommunications. Besides, it must provide for public education and environmental sanitation; sponsor and support agricultural research and extension, conserve land and forest resources; protect the natural environment; and maintain institutions that ensure social order, protect lives and property, enforce contracts, and guarantee the security needed to foster investment and facilitate economic transactions. To finance these responsibilities, the state must extract fifteen to twenty percent of the gross national product (GNP) in revenue (Esman 1991:14).

Indeed, the state is well qualified to represent the general will or the common interest of society, since any lesser grouping necessarily reflects a particular, limited, parochial, and self-regarding set of interests. The state is the most reliable agent and trustee for society in defining and pursuing such cherished collective community development goals as national unity, economic modernization and social justice. The state should sponsor and, when necessary, undertake any activities that are essential to the society as a whole, including any that are critical to social and economic development. The state should promote the

values of social security and equitable access to basic services and to protect the weaker and more vulnerable against the harsher outcomes of the competitive forces. The state should, however, not aspire to operate the productive sectors of the economy or to monopolize economic and social services. The state should, instead, attempt to promote and stimulate economic initiatives and management capabilities in society wherever they can be found, to arrive at expedient divisions of labour between the agencies of the state and non-governmental actors, and to shape competitive patterns among them, each doing what it is best equipped to do (Esman 1991:91-93).

### **2.3. Theoretical Perspective on the Role and Challenges of Government Agencies as Catalysts for Community Development**

There is a variety of Government Agencies referred to as “Development Agencies” or “Government Agencies” or “Local Economic Development Agencies”. For the purpose of this study we will refer to them as Government Agencies given the fact that they have been established by government to pursue the development agenda. Some of these Government Agencies are attached to the provincial sector department, some to the national sector departments and others to the local and district municipalities while others are established due to the efforts of international players like the United Nations Development Programme. The Government Agencies are structures established at the local, provincial and national level by government to serve as a catalyst for socio-economic development in the poor rural and urban communities. Government Agencies remain critical role players in an imperative need for encouraging sustainable and inclusive economic growth, income generation, employment, and decent jobs. The focus of the majority of the Government Agencies has been in SMMEs’ development and empowerment because it is rightfully believed that the success of the economy of any area is highly dependent on the effectiveness of its small entrepreneurs and the ability of Government Agencies to channel their allocation of resources towards strengthening the poor communities with entrepreneurial potential. Development Agencies are, therefore, considered as an appropriate platform through which local communities shape and share the future of their territory. This territory should be driven by local action, local labour market, and an applied economic development strategy to address area and/or site-specific needs. Development Agencies are considered to be independent organizations sculpted out of the needs and aspirations of the community, established by government with a particular focus on favouring access to for the most marginal portions of the broader community to opportunities of income and decent employment (Pretorius and Blaauw 2008:155 – 158).

Lwanga and Doorgaperesad (2008:181) concur with Pretorius and Blaauw by clearly

pointing out that Government Agencies which happen to be state-owned are “seen as vehicles to promote economic development, reduce mass unemployment and/or ensure national control over the overall direction of the economy”. Lwanga and Doorgaperesad (2008:181), however, highlight the negative trend of the Government Agencies by pointing out that over the period of time, Government Agencies “developed an image of mismanagement and further faced the allegations of maladministration, lack of efficiency, poor performance and inadequate service delivery”. They also stress that given this situation “ultimately most of them faced financial deficit and hampered the economy at the macro level”. It is also noted from Lwanga and Doorgaperesad (2008:184) that “far too many of the (Government Agencies), and particularly those in infrastructure e.g. energy, water and sewerage, telecommunications, and transport; have a long history of poor performance”. Malefane (2011:981), in support of Lwanga and Doorgaperesad (2008), spells out the following inadequacies which haunt the Government Agencies from time to time: (1) a lack of business confidence and minimal opportunities for private investment in underdeveloped areas of the municipality; (2) increasing risk of investing in poor and underdeveloped municipal areas; (3) minimal contribution of municipal sector departments to local economies and their ability to act effectively at business level and in joint ventures due to bureaucratic practices and over-regulation; and a lack of business development support and entrepreneurial skills development.

Malefane (2011:977) ascertains that the establishment of the Government Agencies was the result of any government efforts to increase the socio-economic benefits of the broader community. He further points out that Government Agencies, especially those located at the municipal level of government as municipal actors, “locate the local economic development (LED) agenda in its rightful place, in municipalities [...] possess a locational advantage and their mandates, legislative frameworks and strategic objectives, as well as their structural composition, allow them to play multiple roles that are geared towards the creation of economic opportunities in communities”. The important roles played by the Government Agencies are meant to uncover available and opportune networks together with which they can make a meaningful impact on communities they serve. Government Agencies’ roles are sought to be embedded within the intergovernmental relations framework and are referred to as inter-sectoral, extra-sectoral and international roles (Malefane 2011:977).

Government Agencies are expected to provide critical leadership and a high level of influence in decisions on resource allocation to match priorities of local communities. Government Agencies are also expected to ensure that once resources are allocated, they are effectively and efficiently used to benefit the greatest number of local communities. Due

to their close proximity to local communities, Government Agencies are expected to have local information (often in the form of databases) about the conditions of the communities and their groups. This gives Government Agencies the advantage that strategically positions them to negotiate with local community groups and representatives. From this perspective, it is a reasonable expectation that the Government Agencies should be in a good position to mobilize local users and resources to ensure sustainability of services. Government Agencies also play a pivotal role in negotiating agreements with local private entities for joint investments in economic infrastructure (Malefane 2011:979-980).

According to Pretorius and Blaauw (2008:158) "... (Government Agencies) are designed to meet the demands of the clients, usually small, micro, and medium enterprises (SMMEs), with the supply of financial (loans *and grants*) and non-financial services (promotion, technical assistance, employee training, and management of projects". Nieman (2001:455) supports the above assertion by Pretorius and Blaauw (2008:158) by categorically stating that "the government recognizes the importance of developing a strong SMME sector. Today it is internationally accepted and acknowledged that the SMME sector is an essential factor in promoting and achieving economic growth and development". This leads to the role the Government Agencies play in small enterprise development and empowerment.

Therefore, Government Agencies are expected to boost the levels of economic activity in the country's rural, underdeveloped and previously marginalized areas (townships) where unemployment is high. They are expected to respond to socio-economic challenges, growing concern over economic growth and development, poverty as well as the poor performance of municipalities, provincial and national sector departments in economic development. Their economic development mandate is based on the premise that traditional municipal, district, provincial and national structures cannot optimally respond to the socio-economic challenges that are faced by local communities. Government Agencies are also expected to counteract past apartheid policies that have bequeathed a legacy of massive poverty and humiliating social and economic environments in which people live and work. Government Agencies are seen as important vehicles for realizing the vision of a democratic and developmental local government in which municipalities fulfil their constitutional obligation to ensure social and economic development, participation and, among others, human settlements in which residents can lead dignified lives (Malefane 2011:981).

In light of the above, it is clear that Government Agencies remain fundamentally relevant to the dire course of promoting small and medium enterprises. Through these initiatives the creation of permanent and decent jobs for the most disadvantaged population could be

realized. Internationally, Government Agencies initially grant loans to SMMEs to start their operations; later these enterprises can apply for bank loans with their credible repayment records. This practice is informed by the fact that the prospective SMMEs under normal circumstances do not qualify for bank loans because of the banks' collateral requirements (Pretorius and Blaauw 2008:175). In South Africa, the Minister of Trade and Industry launched the fairly new Small Enterprise Development Agency (SEDA) on 13 December 2004. SEDA, as a Government Agency and part of the Department of Trade and Industry (DTI), supports small businesses. Other agencies, fitting into the SEDA mandate and also functioning under the DTI auspices such as the Community Public Private Partnership (CPPP), NAMAC and Ntsika have also been incorporated into SEDA – creating a service delivery network for small businesses throughout South Africa. The Ntsika Enterprise Promotion Agency is a Government Agency of the DTI, facilitating non-financial support and business development services to small-, medium- and micro-enterprises. Khula Enterprise Finance Limited facilitates access to credit for SMMEs. SEDA's mandate is to support and promote cooperative enterprises to reach a greater variety of enterprises, particularly those located in rural areas. It is also tasked with the responsibility to ensure the integration of SMMEs of the second economy into the first economy (Pretorius and Blaauw 2008:176).

#### **2.4. The Review of the Empirical Evidence on the Performance of Government-Funded Projects**

In the study, which was done in 30 countries that used government funding for SMME development, of which 11 were developing countries, the results in these 11 countries reflected that while funding was positively associated with firm growth, government intervention in providing such development funding has not been successful, especially where there were weaknesses in the underlying institutional infrastructure. Evidence on the performance of World Bank-supported projects also casts doubt on the efficacy of development funding. Out of 18 projects for which some outcome data are available, 12 show some positive results such as increased output, sales or exports, achievement of target rates of return and increased job creation. However, for those projects, it is not clear whether the results justify the resources spent on the projects. On average, the World Bank supported Africa Enterprise Fund (AEF) projects did not do well in terms financial profitability. The failure rate was high and negative results prevailed. All in all, AEF had poor financial results that limited the development impact of projects financed. The high risk of SMME investment and the economic environment in most African countries demonstrate that government funding will ultimately not be profitable due to high delivery costs (Ijeoma and Matarirano 2011:860).

Ijeoma and Matarirano (2011:858) are of the view that “in African states (development) [...] funding does not have better results as intended by government funding agencies”. They further contend that many project initiators, in particular the community as being supported by Government Agencies, can only achieve success through unlimited perseverance. The community can start a project as a business venture with the potential for positive economic spin-offs and still fail if the community does not have the inner drive or desire for prosperity. Indeed, it is not whether the community gets funding that matters, but the internal motivation is a fundamental factor for success. Any community project which is destined to be successful, even without getting funding from formal sources, can still prosper because the community will be able to take advantage of any opportunity that comes their way. It is common that many individuals also have, to a great extent, a tendency to abuse what was acquired cheaply and the same is possible with beneficiaries of cheap funding. Provision of development funding can lead to abuse of funds and give no impetus for growth and productivity (Ijeoma and Matarirano 2011:858).

The Universal Service Agency (USA), through the Department of Arts, Culture, Science and Technology and through the National Research Foundation (NRF), has invested a substantial amount of funding in the establishment of telecentres in the Eastern Cape and Limpopo Provinces of South Africa for the purposes of bridging the digital divide in rural communities. Research into these telecentres has already indicated that most telecentre initiatives in South Africa are struggling and unsustainable. It was found that especially long-term sustainability of these telecentres has been the major problem and stumbling block. The access-provision projects have been more focused and sustainable, but so far their impact has not yet reached many deep rural communities. The Multi-Purpose Community Centres of the Government Communication and Information System (GCIS) are also promising, but they are relatively new and clearly face many of the obstacles that will lead to the downfall of the USA telecentres. A possible reason for the lack of success of some of the telecentres is that they largely address only one issue, providing access to internet in rural areas while there are other typical challenges such as reconciling the tension between technology push and local development needs and the lack of electric power in some rural areas (Conradie, Morris and Jacobs 2003:200-201).

No telecentre can continuously depend on donor funding and handouts for its sustenance. This is simply because donor funding is usually intended to kick-start projects which are subsequently expected to become self-sufficient and sustainable. It is, therefore, crucial for a telecentre to be able to cover its running expenses and also generate profit, to counter dependence on hand-outs. Most information and communication technology projects rely on

'soft' money – money which comes from donor agencies for their survival. As a result, such projects are not sustainable in the medium to long-term, making such initiative very fragile. The following factors, inter alia, remain critical for the sustainability of telecentres: (1) determining the need for a telecentre in the earmarked area; (2) operating a telecentre as a business venture; (3) appropriate site and the size of the telecentre building; (4) ensuring community support and ownership; (5) timely procurement and maintenance of the equipment; (6) sound management skills of the telecentre manager and a strong telecentre management committee; (7) adopting competitive pricing and marketing strategies (Maepa and Mphahlele 2003:224).

The Government Agencies are considered efficient instruments to promote sustainable local economic development in South Africa and abroad. Although Government Agencies focus on local economic development and the promotion of SMMEs, Government Agencies operating in different parts of the world try to address different problems. According to Pretorius and Blaauw (2008:160), "since 1991 international experience has shown how (Government Agencies) address a variety of problems such as (1) the fight against social exclusion and poverty, (2) reconstruction and the development of economies, (3) development of micro and small businesses and (4) conversion to a market economy". Pretorius and Blaauw (2008:160-163) further provide in detail practical examples of how this variety of problems were addressed as outlined below:

**In the case of the fight against social exclusion and poverty:** Guatemala was governed by various right-wing civilian and military governments since 1954. During the 1980s confrontations between guerrilla groups and the army often occurred. Civilians, especially the Maya population, were harshly oppressed by the military. After the signing of a peace accord in 1996, some areas hit by violent conflict were hosting great number of refugees who were excluded from social and economic activities (Pretorius and Blaauw 2008:160). Pretorius and Blaauw point out that the Ixan Government Agency was established with the support of the United Nations Development Programme for Displaced Persons, Refugees and Returnees in Central America (PRODERE) in 1994 to fight against the exclusion of people from social and economic activities. The main focus of the Ixan Government Agency remained economic development. However, in this instance it also helped to address poverty and social exclusion present in Guatemala, particularly in Ixil and Ixan. The Ixan Government Agency was supported by the Department of E1 Quinchè in Guatemala. In 1994 the Ixan Government Agency had approved loans up to \$400 000 and more than a 1000 new jobs were created as a result of these loans (Pretorius and Blaauw 2008:160-161). In Africa, Government Agencies in Mozambique, Angola and South Africa have

extreme poverty high on their agenda. This poses a challenge of empowering local people, especially those marginalized from the regional and national economy (Pretorius and Blaauw 2008:161-162).

**In the case of reconstruction and development:** There were four (4) Government Agencies established by Croatia. These Government Agencies were situated in areas along the borders with Serbia and Montenegro, and Bosnia and Herzegovina. These areas endured enormous devastation, deterioration of physical infrastructure and industrial facilities, decline in economic activity, and loss of young skilled labour. The main objective of the Government Agencies as supported by the United Nations Development Programme (UNDP) and by the United Nations Office for Project Service (UNOPS) in Croatia was to support the process to revitalize these war-torn areas (Pretorius and Blaauw 2008:162).

**In the case of the development of Micro- and Small-Businesses:** The Government Agency in Ocotepeque, Honduras, granted a loan to a tin-smith making buckets, bread pans, and gutters from his farm. This micro-business later expanded to manufacturing grain silos for use by small-scale farmers. The lives of the tin-smith and his family have benefitted from this Government Agency financed initiative as well as those of the community who can now store their crops in these durable, low-cost silos for future consumption (Pretorius and Blaauw 2008:162).

**In the case of the conversion of the market economy:** The hierarchical system in Croatia has been abolished since Croatia announced its independence from Yugoslavia in 1991. The resultant economic restructuring requires a lot of additional effort. A major constraint on small and medium-sized enterprises is limited resources. Exposure to commercial credit was limited before 1992 and after the war in 1995 banks were hesitant to provide credit to the private sector. One example is the absence of organized markets for agricultural products in the Okuèani Municipality. Farmers struggled to sell and distribute their products. The Government Agency of Western Slavonia helped to prepare a business plan for a wholesale agricultural market. The finished market would house 60 sellers in sheltered and hygienic circumstances. In the Balkan region problems linked to making the transition to a market economy and the movement away from big conglomerate industrial economies to small enterprises have been addressed successfully. Examples of Government Agencies are found in Bosnia-Herzegovina, Croatia, Albania, and Serbia. In Central America efforts are made to include vulnerable people in the economy and help local actors gain from local resources and the roles of the Government Agencies are critical in these instances.



In light of the above, one is persuaded to indicate that there is evidence of community projects or initiative which became successful as a result of government funding provided by the Government Agencies. There are cases of unsuccessful projects which were the beneficiaries of government funding. However, this failure could be attributed to the lack of motivation by the concerned communities and failure by some Government Agencies to plan properly and use appropriate models of community development. It, therefore, suffices to indicate that development funding and Government Agencies will remain relevant for the purpose of pursuing the government mandate of promoting social and economic development in South Africa.

## **2.5. Historical Background and Context of the Development Funding and Community Development in South Africa**

Historically Civil Society Organizations (CSOs) received their funding directly from donors. However, South Africa in the post-apartheid era now has a credible government that has agreements with many donor countries. For a number of reasons a conscious decision has been taken by government to establish a single entity through which funds should be channelled (NDA 2005:4). Subsequently, the NDA Act 108 of 1998 was promulgated resulting in the establishment of the NDA as a government-funding agency. The Transitional National Development Trust (TNDD) preceded the National Development Agency (NDA), the government-funding agency established in terms of the promulgated NDA Act 108 of 1998. By virtue of its name, TNDD was a temporary measure of the post-apartheid era which was established within the framework of the government's Reconstruction and Development Programme (RDP) (NDA 2005: 4). The NDA Act 108 of 1998 was passed in 1998 with the express aim of establishing a government-funding agency that would have its primary goal in the eradication of poverty. The NDA carries the massive mandate from government as explicitly outlined in the above-mentioned Act that eventually brought it into being.

Accordingly the NDA Act 108 of 1998 stipulates that the NDA will grant funds to CSOs for the purposes of carrying out projects or programmes aimed at meeting development needs of poor communities. This is the aspect of the NDA's work that is most prominent in many people's understanding of this government-funding agency (NDA 2005:4). However, there are other critical areas to the mandate. These include a mandate for the NDA to strengthen the institutional capacity of CSOs to ensure long-term sustainability; to promote consultation, dialogue and sharing of development experience between CSOs and relevant organs of state; and to promote debate on development policy as well as to undertake research and publication aimed at providing the basis for development policy. Furthermore, the NDA Act 108 of 1998 (2) (a) (i) and (ii) stipulates that "the NDA may grant money from its funds in

accordance with such criteria and procedures as ... (it) determines; and with due regard to ... (its mandate of contributing towards poverty eradication in South Africa)".

As a matter of fact, the unique historic nature of community development and the rising levels of poverty in South Africa informed the establishment of the NDA. While there is a serious contestation about the origin of community development, in South Africa it has been argued that it was derived mainly from British and American community development literature. Lombard (1992: 31-32) points out that "... the historical development of British and American community work would have had an effect on community development in South Africa, particularly if one takes into account that the First World War brought about universal problems, of which poverty and poor economic conditions were characteristics".

While Phifer *et al.* (1980, as quoted in De Beer and Swanepoel 1998:2) concur with Lombard (1992) that "community development ... originated in the United States ... with an aim to establish community organization in order to promote better living, better farming, more education, more happiness and better citizenship", De Beer and Swanepoel point out that it originated in India with an aim "... to bring back life in all its completeness, making villagers self-reliant and self-respectful ... and competent to make efficient use of modern resources for the fullest development of their physical, social, economic and intellectual conditions". Similarly, the Gandhian rural construction experiment, which started in 1931, made an emphasis on self-sufficiency and attitude change as prerequisites for community development to take root in the society (De Beer and Swanepoel 1998:2). Furthermore, De Beer and Swanepoel (1998: 11) also point out that "...community development was not popular in South Africa during its international heyday". This was mainly because of skepticism and mistrust in government circles about its potential for political change.

Although there is limited scholarly literature on the role of the NDA in community development, its role in community development could be located within the context of the above brief historical background of community development in South Africa. The Minister of Social Development, Dr. Zola Skweyiya points out that "despite the challenges encountered ... the NDA has fulfilled its primary objective of contributing towards the eradication of poverty and its causes, by granting funds and providing for the strengthening of CSOs (functioning) in impoverished communities and poor communities". He further points out that the NDA "... has approved the funding of approximately R68,7 million to projects (during 2005/6)". Accordingly, the Chairperson of the Board, Bishop Mpumlwana, supports the above assertion by pointing out that "with its role as broker between government and CSOs, to enhance the integration of (community) development

programmes, the NDA seeks to continue its efforts as a catalyst towards realizing sustainable development. With the ever increasing demands for (development) funding, every effort ... made (by the NDA) both internationally and nationally (is) to develop strategic partnerships and collaborative working relations ..." (NDA 2005/6: 12).

Chaminuka and Belete (2008:5) argue that "since 1994, the South African government has come up with a number of initiatives to reduce poverty in South Africa. The NDA is an important role player in the fight against poverty ... tasked with distributing funds to CSOs championing the fight against poverty as well as transferring agricultural, social, economic and financial skills on behalf of the government. The NDA specifically committed itself to enhance livelihood and food security in identified communities; speed up participation by households including women, youth, disabled and people infected or affected by HIV/AIDS; improve sustainability of food projects". However, the Country (RSA) Review Report Number 5 of the African Peer Review Mechanism (APRM) (2007:243) suggests that the NDA as one of the agencies responsible for assisting with the identification, funding and monitoring of viable projects has got significant capacity problems. The report further reveals that "the task of accelerating socio-economic development in South Africa to achieve sustainable development and poverty reduction faces several other challenges such as a lack of a comprehensive and coherent development framework and strategy that emphasizes the nexus of growth, employment and poverty reduction" (APRM 2007:244).

## **2.6. Review of Empirical Evidence on the Impact of Development Funding in Community Development**

The thorough review of the empirical evidence from limited literature about the impact of development funding in community development reveals that the failure and success of the funded community-driven projects could be squarely blamed on both the donor and the recipients. The findings of the study commissioned by the NDA reveal that "whilst there is some progress that has been made in the attainment of the key objectives of employment creation, capacity building and poverty eradication, there are challenges that have hindered the successful achievements of the intended objectives of the NDA. Some of the challenges [...] emanated from within the projects themselves (e.g. lack of youth commitment, high turnover of project members and lack of adequate funding); as well as the external environment (e.g. inadequate water for farming activities). Challenges that emanated from problems within the NDA include, slow release of funds and failure by the NDA to meet their contractual obligation resulting in poor progress of some of the projects" (Chaminuka and Belete 2008:3).

The study further reveals that “there were instances where some projects failed to deliver narrative and financial reports to the NDA due to capacity problem(s)”. In this regard, it is clear that the NDA-funded projects’ failure is attributable to the NDA; failure to properly capacitate project leadership in terms of narrative and financial report writing. The study further points out that “another problem that emerged [...] is that the concept of poverty eradication is not a shared vision by all partners of the NDA. Some of the NDA partners took themselves as role players in poverty alleviation and seemed to be of the view that poverty eradication can only be a dream” (Chaminuka and Belete 2008:3-4). It has also been indicated that “the issue of inadequate funding of projects is related to the failure of the NDA to realize that it has spread itself too thinly and thus has got minimal impact when it comes to the crucial issue of sustainability when the NDA eventually pulls out of the project”.

Chaminuka and Belete (2008:21) also point out that “although raising income and creating jobs were the common objectives in all (NDA-funded) projects, the extent to which this was achieved differed from project to project. Most projects were still struggling to achieve the targeted employment creation goals. Some of the projects that had been previously funded had since reduced the number of staff they had towards the end of the grant period. Underfunding and inadequate training were found to be major constraints across the projects in terms of meeting their objectives”. According to Zomer (1998:1) “most organizations consist of well-meaning individuals, but often lack managerial and technical skills to design, implement and monitor programmes. Yet the easy availability of funds for NGOs [...] has meant that many inefficient organizations are continuing to exist”.

The provision of funds for community development is an indirect aspect that hardly ever attracts the attention of researchers and which features in writing more implicitly than explicitly, but which is nonetheless extremely important. Funding occurs mostly through structures, usually government, non-governmental or community-based organization structures. Besides the fact that this routing makes it difficult to trace the course of funding from its origin to its conclusion, it also places pressure on structures that are not automatically capable of handling funds (De Beer and Swanepoel 1998:42). They further point out that “[...] there are serious problems regarding funding [...]. The first is that the provision of funds places the donor in a strong position to make certain demands, thereby removing the community’s ownership or their decision-making power. From the literature, it is clear that this interference in the community’s democratic right by donors occurs continuously”.

Hayes (1981, as quoted in De Beer and Swanepoel 1998:43) points out that “if funding agencies and government bodies will condone only those projects which fit into an accepted mould, then perhaps community development is doomed to a position of promoting the status quo”. De Beer and Swanepoel (1998:43) point out that “the other main problem regarding funds is the mismanagement or lack of appropriate control of funds”. They further stress that thousands of cases of maladministration of funds owing to incapability or corruption are evident.

In the case of Pakistan, the European Union (EU) as one of the donors provided funding for a Rural Social Development Programme (RSDP) in Pakistan. The programme was aimed at strengthening the development of NGOs and CBOs in Pakistan. The programme focused on institutional development of support organizations and, through them, to provide support to CBOs and middle level NGOs. However, both the delays in negotiating the Cooperation Agreement and changes in the donor’s priorities meant that the programme still had not kicked off when the agreement was finally signed in 1988. These delays brought with them slight changes in the emphasis of the programme. Where in earlier drafts the emphasis was on the improvement of rural and semi-urban NGO services in the fields of basic health, basic education and family planning, later on the programme put more stress on the need to invest in the capacity of support organizations themselves. The original aim of improving social services was replaced by the objective of supporting seven large NGOs, in the hope that they would benefit the NGO sector as a whole (Zomer 1998:1).

Furthermore, there were particular problems with some of the organizations that were to channel the EU funds to the rural NGOs and CBOs. One organization, which focuses on family planning issues, was completely paralyzed by the struggle in its Board between people who represented the old government and those who were put in the Board by the Nawaz Sharif (new) government. Necessary new staff could not be hired and, in the end, the director was fired as he was seen to be too political and too much in line with the old government. Subsequently, the RSDP is an example of bad planning on the part of the EU as the donor. But it also illustrates how difficult it is to support civil society activities in countries with politicized and centralized government. And it shows that vast amounts (20 million ECU in this case) are being paid to the NGO sector, even though there is often little proof of the sector’s impact in relations to the funding provided by the EU. Donor agencies usually are convinced that it is good thing to support development NGOs, as these agencies can reach people and places that governments cannot and their bottom-up approach helps ordinary people to express their needs and use their own abilities (Zomer 1998:2).

However, it is not immediately obvious that NGOs and CBOs do really reach the poor, and do so in cost-effective and innovative ways. Traditionally, NGOs are good at making big claims, but less good at critically evaluating their achievements. Many NGOs speak of evaluation, when all they do is monitoring what they do. Monitoring is measuring activity; evaluation is measuring impact. NGOs tend to emphasize quantifiable outcomes of their projects, and ignore the more difficult issues relating to the development process. Most evaluations mention numbers of people trained, amounts of equipment supplied or numbers and dates of workshops held. But very few NGOs evaluations answer questions such as: what was the quality of the local participation? Has the target group benefited from the project? Have the poorest groups increased their self-reliance and capacity to deal with the world around them (Zomer 1998:2).

## **2.7. Review of Development Funding within an International Context**

The experience of developing countries shows that it is hard to organize and regulate development funding institutions (DFIs) in ways which ensure that funds will be used appropriately. The tendency is for government to set ambitious objectives for new institutions and to pay little attention to regulation and control. It is also argued that “it is possible that at least one-third of all DFIs in the developing countries are in serious financial difficulties. The problem is essentially two-fold: they are largely in the business of financing high-risk or low-return activities that commercial banks avoid; and their costs of administration, assessment, and control are almost always higher than for conventional banking operations” (Schrire 1992:514). The author also points out that “in many countries DFIs have been essential vehicles for the control and disbursement of international aid and loans” (Schrire 1992:514).

The international development assistance strategies that emerged during the early 1970s focused on technical and financial assistance directed at the developing nations. According to Rondinelli (1993:63-64)

“the poor majority [...] or the marginal groups in the developing societies [...] were to be the target groups of the new assistance policies. International assistance agencies initially faced the problem of identifying and defining these beneficiaries and then (of) finding means of channelling aid to them. Three basic targeting strategies emerged during the 1970s: (1) aid was channelled to the places where the majority of poor lived, through integrated rural development programmes – or rural-oriented service and production projects; (2) aid was focused on overcoming deficiencies in the living standards of the poor, through basic-human-needs programmes; and (3) aid was focused on groups with common socio-economic characteristics that created or maintained them in poverty, through projects designed

for special publics.”

The World Development Report (WDR) on Poverty (1990:127) points out that “aid is provided in the form of grants and loans by three broad groups of donors: bilateral donors, multilateral agencies, and non-governmental organizations”. Bilateral donors, in particular, provide aid for many reasons – political, strategic, commercial and humanitarian. Reducing poverty is only one motive, and it is usually far from the most important. A substantial proportion of aid is provided at least partly for purposes other than promoting development.

It stands to reason, therefore, that the impact of aid on poverty has been smaller than it might have been (WDR, 1990:127-128). According to Rondinelli (1993:56), “although the new international [...] aid strategies (and policies) were more successful in disaggregating and focusing aid on critical problems, the overall results in developing nations had been disappointing”. By the end of the 1960s international evaluation commissions became increasingly critical of the ability of assistance organizations to deliver aid effectively and to break the bottlenecks and overcome the obstacles to development (Rondinelli 1993:56-57). It has also been noted that developing nations often lacked adequate policies for using aid, leading to duplication of requests and confusion.

According to the World Development Report (WDR) on Poverty (1990:4), “aid has often been an effective instrument for reducing poverty – but not always”. It further stipulates that “even when aid has been directed to the poor, the results have sometimes been disappointing – especially in countries in which the overall policy framework has not been conducive to the reduction of poverty. The resources can be made available - although little will be achieved unless they are used effectively” (WDR 1990:4). Although many countries have benefited significantly from aid, some of the poorest countries have become trapped in *aid dependency* without a positive impact on poverty reduction. The comprehensive review by the OECD’s Development Assistance Committee (DAC) as quoted in the WDR (1990:127) point out that “the most troubling shortcoming of development aid has been its limited measurable contribution to the reduction – as distinguished from the relief – of extreme poverty, especially in the rural areas of both middle-income and poor countries”.

When aid has served development, it has done so by financing development projects in specific sectors. The question is - how far aid of this sort has helped to reduce poverty? According to WDR (1990: 128), “a clear link between aid and the reduction of poverty has been hard to find”. Although the overall effects of aid may be unclear, detailed studies of individual countries have highlighted its role in specific instances. Aid contributed in an

important way to growth and declining poverty in Korea, for example. A recent study concluded that aid-financed investments in infrastructure paved the way for the country's successful export-oriented growth in the 1960s ... that aid promoted agricultural and rural development (WDR 1990:128). Korea has moved from an initial heavy dependency on aid toward self-reliance. A number of other countries, such as Indonesia for example, have moved towards self-reliance, and most of them have also made good progress on poverty alleviation (WDR 1990:128–129).

A large part of aid that flows to poor developing countries finances specific projects. However, the effect of aid on the poor is difficult to judge. One reason is that sometimes external assistance for specific poverty alleviation projects is used to indirectly finance other undertakings that do not help the poor and may even hurt them. Nevertheless, observers have concluded that projects in the following areas have contributed to the reduction of poverty: agriculture (particularly crops grown predominantly by the poor); high-yielding varieties of food grains; irrigation that benefits many small farmers; basic infrastructure; primary education, basic health care and nutrition; and relief from natural and man-made disasters (WDR 1990:130).

The World Bank's experience with rural and urban development projects indicates that such projects have registered many successes, as have many efforts of other donors. According to the World Bank Report (1990:130-133)

“a review of experience reveals, however, that some aid projects intended to reduce poverty have gone wrong, although it is impossible to give a precise number. Amongst other reasons include, the fact that some poverty-oriented projects are undertaken mainly to satisfy donors and, often, because the government wants funds for something else; and that frequent shifts in donor concerns and policies have often overshadowed the need for stable long-term strategies; and that donors have unduly neglected the institutional and managerial aspects of poverty-oriented projects and programmes; and that donors and recipients have given too little attention to socio-cultural and political factors and have not been sufficiently aware of the important role that the poor themselves can play in initiatives designed to assist them”.

Esman (1991:83) argues that “[...] a great many development activities in every sector of society, economy and government involve the participation of development (aid) agencies”. He further hints that “a very small proportion of such assistance is awarded in cash with no strings attached”. Since foreign aid officials are accountable to their governments or to their executive boards, they often ensure that the resources they control are committed to



activities that in their professional judgment will contribute positively to economic or social development. Furthermore, they ensure that the resources committed are likely to be used with reasonable efficiency and probity and to reach their intended beneficiaries. The uses of these resources must be accounted for periodically by procedures and reports prescribed by and acceptable to the headquarters of the donor agencies” (Esman 1991:83).

At the implementation phase, the foreign aid agency may be present in the form of an individual or team of specialists or advisors who may be employees of the donor agency or of its contractors. This is done to ensure that resources contributed by the donor are used for their intended purposes. At the end level of monitoring and evaluation, there is also donor presence. At all stages of assisted activities, agents of a foreign government or of international or voluntary organizations participate in one or more of these roles, interfering in the operations of the developing country’s government in ways that the donor governments would never tolerate on their territory. On a small but increasing scale, foreign aid is provided directly to private enterprise, voluntary associations, and local communities, supervised and monitored, however, by agents of the foreign donor. In practice, the donor agencies that provide the external resources are sometimes effectively in control (Esman 1991:83–84).

Ndungane (2009:1) points out that “under present circumstances aid resources are vital for human survival and the development of many people in the developing countries. Bad governance and poor administration of aid should not be mistaken for non-potency and therefore lead to blanket condemnation of the potentially beneficial aid”. Despite US\$38 billion in aid flowing in 2008, Africa still faces a serious resource gap to bring about socio-economic development. Ndungane (2009:1) stresses that “the ineffectiveness of aid has been duly recognized, and through the Paris Declaration on Aid Effectiveness concerted efforts are being made by African countries and its development partners to improve its effectiveness. The somewhat unfavourable history of aid should not be used as the basis to write off its potential in closing the resource gap”. History should be used as a lesson to learn from and make necessary adjustments and/or improvements.

Furthermore, the recent near-collapse of the global financial architecture provides vital evidence that aid resources, if well targeted and properly administered, hold the key to the survival and eventual development of the majority of poor people. Aid remains a life-and-death matter for most of its intended beneficiaries. People are dying of hunger and preventable and curable diseases, children are malnourished and never develop to their fullest potential; the environment is being degraded partly out of economic necessity.

Therefore, if the mere threat of mass unemployment provokes such a gigantic response, so should the mass calamities facing 1.3 million people globally. They also deserve bailout in the form of aid. The debate on the ineffectiveness of aid provokes some questions about who really holds the key to redressing the injustices that exist globally. Aid resources have a place in the construction of African solutions to Africa's problems and more energy should be directed at pinpointing its right place (Ndungane 2009:2-3).

### **3. Summary and Application of the Literature Review**

In forming the framework of analysis for this research, various sources of relevant scholarly literature were consulted and reviewed. The scholarly literature reviewed clearly demonstrates the relationship between development funding and community development while it explicitly clarifies the role of the state in community development. The state is found to be an important role player in community development. There is adequate literature which unpack and illustrate the leading role of the state in creating an enabling and conducive environment for meaningful community development to take root in the broader society. It was succinctly revealed that the state formulates the legislative, institutional and policy frameworks which allow for the integration of the impoverished and poor communities into the mainstream of the economy. Equally, the South African government was found to have deliberately formulated and promulgated various legislative and policy frameworks which resulted in the establishment of development finance institutions that are earmarked to provide relevant tailor-made support, services and/or products to the impoverished communities. The NDA Act 108 of 1996 which gave effect to the establishment of the NDA was identified as the most practical evidence demonstrating the role of the state in support for community development and in ensuring the active involvement of the impoverished communities in local economic development initiatives. This clearly demonstrates that the state in its role to promote economic development has over years established various DFIs in South Africa which have tailor-made products and/or services to better suit the pressing needs of the South African communities. In a nutshell, the state has a duty to grow the economy and play a leading role in tackling poverty, joblessness and economic inequalities.

The government agencies which have been established by government in all three levels of government to fast-track and support the government's effort of growing the economy are expected to make a significant dent in the fight against poverty, joblessness and economic inequalities. However, due to a number of challenges, some find it difficult to make progress in reducing poverty and economic inequalities. The challenges range from mismanagement and maladministration, lack of efficiency and poor performance to inadequate service delivery. Government agencies should provide critical leadership and a high level of

influence in decisions on resource allocation to match priorities of local communities. Government agencies should also ensure that once resources are allocated they are effectively and efficiently used to benefit the greatest number of the local communities.

The review of the empirical evidence on the performance of government-funded projects through government agencies reveals that while funding was positively associated with firm growth, government intervention in providing such development funding has not been successful, especially where there were weaknesses in the underlying institutional infrastructure. For example, evidence on the performance of World Bank – supported projects also casts doubt on the efficacy of development funding. Out of 18 projects for which some outcome data were available, only 12 show some positive results such as increased output, sales or exports, achievement of target rates of return and increased job creation. However, for those projects, it is not clear whether the results justify the resources spent on the projects. Although this was the case with World Bank the review of local and international scholarly literature provided information regarding community projects or initiatives which became successful as a result of government funding provided by government agencies. There are cases of unsuccessful projects which were the beneficiaries of government funding. However, this failure could be attributed to the lack of motivation by the concerned communities and failure by some government agencies to plan properly and use appropriate models of community development. In this regard, the reference was made to the Integrated Sustainable Rural Development Strategy which was found to be a multi-sectoral and holistic approach to community development that embraces all aspects of sustainable development. All other approaches were found to have been an integral part of the Integrated Sustainable Rural Development Strategy.

The review of scholarly literature also reveals that there is limited scholarly literature on the role of the NDA in community development. The critical review of the empirical evidence from limited literature about the impact of development funding in community development reveals that the failure and success of the funded community-driven projects could be blamed on both the donor and the recipients. The challenges emanating from the recipients include lack of youth involvement and commitment, high turnover of project members, lack of adequate funding and inadequate water for farming activities. The challenges emanating from the problems with the NDA include slow release of funds and failure by the NDA to meet their contractual obligation resulting in poor performance of the NDA-funded projects. All of the above-mentioned challenges cast doubt on the impact of development funding in community development and the relevance of the development funding in community development.

#### **4. Conclusion**

There seems to be an agreement amongst scholars that there exists an interesting relationship between development funding and community development in South Africa and globally. Indisputably the development funding provided for community development would always make a significant impact on community development and a difference in the lives of the rural poor on condition that it is well managed, administered and monitored. In South Africa, although the NDA remains a new organization with limited scholarly literature on its community development work, there exist literature which clearly demonstrates that similar development funding organizations in other countries of the world continue to make a remarkable achievement while others do not.

Nonetheless, since its inception the NDA has been disbursing funds for the purposes of poverty eradication and community development. Similarly, the NDA has done a great deal of work in executing its primary mandate of contributing towards poverty eradication through funding CSOs involved in community development in South Africa. However, the impact of the development funding (provided by the NDA) on community development is yet to be determined. International experience has demonstrated that the failure of community development projects could be blamed to both the donor and the recipients. The limited scholarly literature on the impact of the NDA in community development, therefore, remains an opportunity for scholars to explore the possibility of conducting research with a view to close the information gap on the impact of the NDA-funded projects in South Africa.

## CHAPTER 3

### Research Methodology

#### 1. Introduction

This chapter seeks to clearly outline the research methodology which was utilized in conducting the study on the impact of development funding provided by the National Development Agency (NDA) in the Makhuduthamaga Local Municipality in the Limpopo Province. Based on an extensive review of existing literature on research designs, the relevant and appropriate research design has been identified and justified for utilization in this study. The researcher has also clearly identified and fairly described the study area as well as the population of the study. The selected sampling methods and size as well as the justification behind the selected sampling methods are clarified. Furthermore, the variety of data collection methods are clearly identified and well justified. It is also noteworthy to indicate that various issues which may have an ethical bearing on conducting and concluding this study are carefully considered.

#### 2. Research Methodology

##### 2.1. Research Design

The study made use of the combined method of research, that is, both qualitative and quantitative case study research designs using a descriptive enquiry in order to produce better results and gain a deeper understanding of the impact that emanates from the funding provided by the NDA in community development, particularly in the Makhuduthamaga Local Municipality. Within the context of the fundamental principles underpinning quantitative research design, the researcher conducted the study in a well-structured, logical, measured and extensive manner (Bouma and Atkinson 1995:208). The researcher made use of the quantitative research design with a view to redefine concepts of interest into the language of variables and the basic causal relationships among variables. The application of this research design enabled the researcher to focus on causal relations between independent and dependent variables.

According to Neuman (2000:127), the independent variable is “the cause variable, or the one that identifies forces or conditions that act on something else, (while) the dependent variable is the variable that is the effect or is the result or outcome of other variable”. This indeed enabled the researcher to determine whether the provision of development funding is likely or less likely to result in sustainable community development projects and sustainable livelihoods amongst communities. Through the quantitative research design a causal

relationship between development funding, community development and sustainable livelihoods was determined. The quantitative case study research design enabled the researcher to define the research problem in a way, which makes immediate sense to practitioners and administrators.

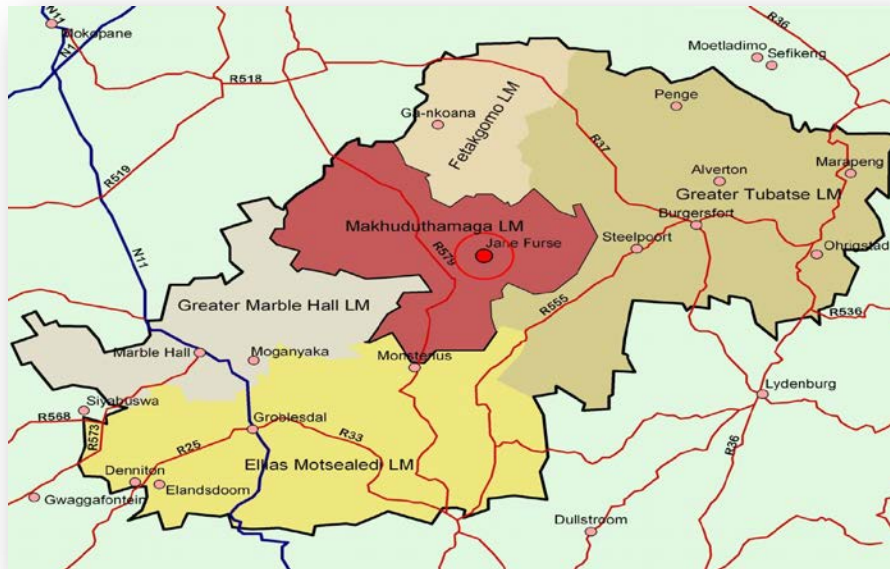
The study also made use of a qualitative case study research design using a descriptive enquiry. Silverman (2006:349) outlines the advantages of the qualitative (case study) research design by pointing out that it is relatively flexible, studies what people are doing in their natural context and that it is well placed to study processes and outcomes as well as meanings and causes. The chosen case study design enabled the researcher to gain a better and in depth understanding of the extent to which the NDA-funded projects benefit the poor communities of the Makhuduthamaga Municipality.

Payne and Payne (2005:31) point out that “a case study is a very detailed research enquiry into a single example (of a social process, organization or collectivity) seen as a social unit in its own right and as a holistic entity”. Yin (1984:14, as quoted in Mason, 2001:129) points out that “the case study allows an investigation to retain the holistic and meaningful characteristics of real-life events – such as individual life cycles, organizational and managerial processes, neighbourhood change, international relations, and the maturation of industries”. In this regard, the social theory is utilized to examine the relationship of the NDA-funded projects and community development in Makhuduthamaga Local Municipality. By concentrating on one case of the NDA-funded projects, it has become possible to complete the study fairly quickly, and in much greater depth and detail, than if the study was trying to cover several cases.

## **2.2. Study Area**

The chosen study area, Makhuduthamaga Local Municipality (Map 1 below) is one of the 5 local municipalities which fall under the Sekhukhune District Municipality. The Sekhukhune District Municipality is a cross-border district that occupies the northern part of Mpumalanga Province and the mid-southern part of the Limpopo Province. The Makhuduthamaga Local Municipality is located about 140 kilometres from the City of Polokwane in the Limpopo Province. The area is largely rural and is located outside of major towns and cities, with Pretoria and Johannesburg being approximately 200 kilometres and 250 kilometres away, respectively. Polokwane lies about 120 kilometres to the northwest of the district while Nelspruit lies about 150 kilometres to the southeast. According to census 2001, the estimated population size of the study area is 285 879. The study area is a predominantly rural municipality characterized by poverty, hunger and underdevelopment, high

unemployment levels, low levels of education, and no employment opportunities (IDP, 2008/9:16-31). It is because of the foregoing characteristics that the NDA found it apposite to fund approximately 26 different community development projects in the area. During the orientation study, it was revealed that not all the NDA-funded projects were delivering the expected results. Hence, the purpose of the present study is to determine which NDA-funded projects have succeeded or failed and why.



**Map 1: Map of Makhuduthamaga Local Municipality (MLM 2012)**

### 2.3. Population

The primary population of the study is comprised of the following:

- 26 NDA-funded projects in the Makhuduthamaga Municipality which are categorized as follows: education and training, agriculture and food security, and health and nutrition. These projects are the relevant population to the study because they have been funded by the NDA in the past and would provide relevant information with regard to the effectiveness of the NDA funding in community development.
- 53 654 households in the different areas in which the NDA has funded projects in Makhuduthamaga Municipality. These households remain relevant because the NDA-funded projects were aimed at improving their standard of living through the creation of employment opportunities, skills development and sustainable livelihoods in the target areas. The households were categorized as follows: direct and indirect project beneficiaries. Direct project beneficiaries refer to those households that are directly involved and participating in the project activities including project officials

while indirect beneficiaries refer to those beneficiaries who are benefiting from the project by means of buying and/or receiving project products and services such as vegetable gardening products and skills development programmes.

- The National Development Agency's Limpopo provincial office. In the NDA the focus has been on the NDA officials, in particular, the NDA provincial manager and development manager who by virtue of being responsible for the disbursement of funds to the projects and monitoring of the projects provided important information on the effectiveness of the NDA funding in community development in the targeted areas.

The secondary population of the study is comprised of the following:

- The Makhuduthamaga Local Municipality will also be relevant to the study because the municipality and its officials have been tasked with the responsibility to ensure that meaningful local economic development take roots in the Makhuduthamaga Local Municipality.
- Small, Medium and Micro-Enterprises (SMMEs) in the Makhuduthamaga Municipality which benefited from the NDA-funded projects. These SMMEs are relevant because by virtue of being the beneficiaries of the NDA-funded projects they are in a position to inform the study on how they have benefited from the NDA-funded projects.

In compiling the sampling frame, the researcher obtained the complete formal lists of various NDA-funded community-driven projects from the NDA in the following area: education and training, agriculture and food security, and health and nutrition.

#### **2.4. Sample Selection, Method and Size**

The study makes use of the non-probability sampling method, specifically, the purposive sampling strategy. In utilizing this sampling strategy the researcher used his judgment to select the relevant officials from the NDA and the respective NDA-funded poverty alleviation projects and other key stakeholders such as the Makhuduthamaga Local Municipality and its officials with experience and knowledge of the NDA-funded projects and their impact on community development in Makhuduthamaga Municipality to serve as respondents to the study. The researcher relied on the knowledge and experience of the research population (De Vos, Strydom, Fouché and Delport 2007:202). The unit of analysis for this study was constituted by four (4) NDA-funded projects, namely the Makhuduthamaga Development Consortium, the Leseding Centre for the Mentally Handicapped, the Phakgamang Community Resource Centre and the Mamakukapitsi Projects. Bless and Higson-Smith



(1997:64) describe the unit of analysis as “the person or object from whom the [...] researcher collects data”. Similarly, the researcher used the following criteria to select the above-mentioned NDA-funded projects (as unit of analysis):

- The size of the project and/or total number of beneficiaries for the specific NDA-funded project;
- The length of the period for funding including the total value of the development funding provided by the NDA for the selected project;
- The objectives and expected outcomes of the selected project such as the changes in income levels, employment levels, living conditions, health, water, housing, learning and empowerment levels, and sustainability factors; and
- The location of the NDA funded projects so that the selected projects should not be in close proximity to one another.

The total sample size was 113 interviewees constituted by 100 primary population and 13 secondary population: The interviewees were categorically identified as follows:

- 8 officials from 4 NDA funded projects i.e. 4 were in education and training, 2 in agriculture and food security, and 2 in health and nutrition.
- 2 officials based in the NDA Limpopo office i.e. the Development Manager and the Provincial Manager.
- 100 community members i.e. direct beneficiaries of the 4 NDA-funded projects (project participants).
- 1 LED official from the Makhuduthamaga Municipality.
- 2 multiple by 2 SMMEs officials from the Makhuduthamaga Local Municipality.

## **2.5. Data Collection Methods**

### **2.5.1. Primary and Secondary Sources of Information**

The researcher's point of departure in collecting data was the review or scrutiny of the available, relevant literature from which he obtained information on the perspectives on the most recent research findings related to the impact of development funding in community development. In this regard various academic books and scholarly journals, acts, Integrated Development Plans, Local Economic Development Strategy Documents of the Makhuduthamaga Municipality and various NDA reports, a Community Survey of 2007, Poverty Assessment Studies in Limpopo Province, African Peer Review Mechanism (APRM) Reports, Project Consolidate Reports, scholarly journals, international agencies reports such

as the WDR, UNDP and Statistics South Africa reports as both the primary and secondary sources of information were consulted. However, unlike the primary sources of information, the secondary sources of information were subjected to thorough scrutiny for accuracy and validity reasons during the study.

The primary and secondary sources of information enabled the researcher to provide the theoretical and empirical insights into the following: (1) the role of the state in community development; (2) a wide range of appropriate approaches for community development; (3) the role and challenges of government agencies as catalysts for community development; (4) the empirical evidence on the performance of government-funded project; (5) the historical background and context of development funding and community development in South Africa; (6) the impact of development funding in community development; and (7) the review of development funding within the international context.

### **2.5.2. One-to-One Interviews and Focus Group Interviews**

The researcher utilized one-to-one interviews and focus groups from which he gathered information from the recipients of development funding, the communities of the Makhuduthamaga Municipality as beneficiaries and officials from the NDA, and other key stakeholders. In using this qualitative interviewing method to gather data, the study highlighted the impact of NDA funding in community development from different perspectives of the participants in the study. Furthermore, the qualitative interviewing enabled the researcher to unfold the meaning of peoples' experiences in relation to donor support and to probe deeper following the answers of the respondents. In utilizing one-to-one and focus groups interviewing, the study made use of semi-structured interviews which De Vos *et al.* (2007:292) define as "those organized around areas of particular interest, while still allowing considerable flexibility in scope and in depth". The researcher developed a set of conceived open-ended questions on an interview schedule, but the interview was guided by the schedule rather than being dictated by it.

In utilizing focus groups, the researcher selected six (6) participants with similar characteristics that related to the development funding and grouped them for interviewing purposes. De Vos *et al.* (2007:300) define a focus group as "a carefully planned discussion designed to obtain perceptions on a defined area of interest in a permissive, non-threatening environment". The focus groups enabled the selected fieldworkers of the NDA-funded projects and women households as beneficiaries to freely voice their opinions in the absence of their superiors and spouses. The focus groups enabled the researcher to investigate a multitude of perceptions regarding the impact of the NDA funding in community

development. Permission was obtained from the participants for the usage of tape recordings during interviews while the participants were interviewed in the language of their choice and this enabled free expression of views by the interviewees. Data were collected from the participants with regard to their educational levels, training, skills and expertise acquired during the funding period, products produced and the availability of markets, revenue generated and the ability by the projects to sustain their operations and pay salaries to the project participants, the total number of jobs created as a result of the approved NDA funding, income levels, access to health and water services, specific project outputs, sales and profit figures, asset acquisition, levels of participation, and ownership by the community.

### **2.5.3. Self-Administered Questionnaires**

The researcher also made use of self-administered questionnaires in order to generate responses, which enabled the researcher to present the quantitative data using the Statistical Package Software System (SSPS). The researcher provided questionnaires directly to the respondents who in turn read the instructions and questions, then recorded their answers. Neuman (2000:271) clearly points out that “this type of survey is by far the cheapest, and it can be conducted by a single researcher”. He further emphasizes that “(self-administered questionnaires) are very effective, and response rates may be high for a target population that is well educated or has a strong interest in the topic or the survey organization” (Neuman 2000:272). The researcher was present when the respondents were completing the questionnaires with a view to clarifying questions and/or probe for more information when the respondents give incomplete answers. This assisted in ensuring that only targeted respondents earnestly completed the questionnaire. Using self-administered questionnaires, the researcher collected data from the participants on educational levels, employment levels, income levels and sources thereof, living conditions, health and water accessibility and housing conditions.

### **2.5.4. Direct observations**

The researcher also utilized direct observations. The researcher perceived and studied the resources, conditions and people in interaction with the respondents. The direct observations, which were made to the NDA-funded projects, helped in observing a variety of livelihood indicators amongst diverse socio-economic settings in which the NDA-funded projects operate. Since the researcher made use of a photographic machine to generate photos to describe the set-up of various projects, permission was obtained from the target groups. Using direct observations, the researcher collected data on asset acquisition, skills and expertise used in the project operations, living conditions which had a strong link with the levels of income of the project participants, health and water accessibility and housing

conditions.

## **2.6. Data Analysis Methods**

An in-depth data analysis was made through data filtering and mind mapping to eliminate irrelevant data. According to Brynard and Hanekom (1997:52) “mind mapping essentially contributes towards the process of filtering out irrelevant data, until only relevant data remains”. This theme identification method was utilized to analyze the processed data. The data collected were coded in order to analyze and make sense of it. In utilizing codes, attention was given to descriptive, interpretative and pattern codes. These were used to interpret data collected according to the themes identified, and provided reasons, explanations, and motives behind the factual information while connecting different sections of the text and helping to create a more meaningful whole. In analyzing the quantitative data the researcher made use of the Statistical Package Software System (SPSS), a computer programme designed for data analysis. The raw data on educational levels, employment levels, income levels and sources thereof, living conditions, health and water accessibility, and housing conditions were collected from the participants and transformed into an electronic format using a computer spread sheet. This consisted of completed questionnaires and notes or hand-written texts taken during the one-on-one and group interviews. The numerical codes that appeared in the questionnaires were entered into a computer in a format that was used by a statistical software computer package. The spreadsheet was used to enter data for each subject in the row while columns were representing scores on variables.

The frequency distributions were generated with a view to presenting graphical and/or tabular representations in which the values of variables were plotted against the number of times (frequency) they occurred. According to Blanche, Durrheim and Painter (2008:194), “frequency distributions for categorical data (i.e. nominal and ordinal data) are easy to produce since the numbers represent categories, and all we have to do is count the number of people in each category and represent this graphically”. In this regard, bar graphs and pie charts are used and interpreted. The pie chart is used with a view to providing a simple representation of the proportion of cases in each category. For example, it has been shown that there were proportionally more females than males in the sample, with quite an insignificant proportion of missing values. The frequency distributions provided the researcher with a rough idea about what a distribution of scores looks like while describing the shape, variability, and central tendency of a distribution. These enabled the researcher to calculate the most useful piece of descriptive information.

The researcher made use of cross-tabulations with a view to determining the relationship between variables, for example the relationship between education and income of the project participants as well as the relationship between income and tenure or ownership of assets. This assisted the researcher to make a determination regarding the influence of education on the income of the project participants and the influence of income on the tenure or ownership of any assets e.g. houses. The researcher, therefore, prepared a cross tabulation of project participants earning an income from their project and information on their levels of education. It was also crucial for the researcher to set up a cross-tabulation between the levels of education of the project participants (the dependent variable) and their level of participation (the independent variable). In this case the dependent variable was placed at the left-hand side of the table to serve as the row variable and the independent variable at the top to serve as the column variable. This was done using a statistical software computer package.

### **2.7. Ethical Considerations**

The study was conducted in accordance with the basic ethical principles and standard practice of research. As required the researcher ensured that potential informants were, as far as possible, enabled to freely give their informed consent to participate in the research and were advised that they could terminate their involvement for any reason, at any time (Payne and Payne 2005:68). The participants were informed about “what the research is about, who is undertaking it, and why it is being undertaken”. The researcher concurred with Henning, Van Rensburg and Smith (2004:73) in that the respondents “need to know that their privacy and sensitivity will be protected and what is going to happen with their information after recording”. Anonymity was guaranteed under this study. The informants’ identities were protected in that their identities were not revealed in the report and that no harm was done to them.

### **3. Conclusion**

The research methodology stated above supplied a fundamental framework from which the study on the impact of NDA funding in community development was conducted. The methodology provided detailed information about the chosen research design or strategy which was considered to be fit for the kind of study which was embarked upon. The methodology also provided detailed information with regard to the Makhuduthamaga Local Municipality as a study area, the target population for the study, the sample selection, method and size, chosen data collection methods for the study, chosen data analysis methods for the study and fundamental ethical issues which were considered by the researcher during the study.

## CHAPTER 4

### Presentation and Interpretation of Findings

#### 1. Introduction

This chapter presents and interprets in detail the findings on the impact of development funding in community development using a case study of the NDA in Makhuduthamaga in the Limpopo Province. The results are made regarding the total number of community development projects funded by the NDA during the period 2006 – 2010, including the total value of funding disbursed in the Makhuduthamaga Local Municipality for community development and poverty eradication purposes. The information regarding the various sectors and priorities for development funding including the criteria applied in the selection of the fundable projects and different approaches applied by the NDAs is outlined. An assessment of the effectiveness of the NDA-funded community projects in addressing the needs of the poor communities in the Makhuduthamaga Local Municipality is made. The impact indicators used to assess the performance of the NDA-funded projects include, amongst others, employment opportunities created, income earned, living conditions of the respondents, access to healthcare services, affordability and food security, and empowerment and asset acquisition. A determination is also made regarding the sustainability factors that have a direct influence on the continued existence and maintenance of the NDA-funded projects. The challenges encountered by both the NDA and funded projects are also highlighted with a view to draw lessons for possible future policy improvement purposes.

#### 2. Presentation of Findings

##### 2.1. NDA, Development Funding and Community Development

##### 2.1.1. NDA's Funding Approaches, Equitable Share and Core Business

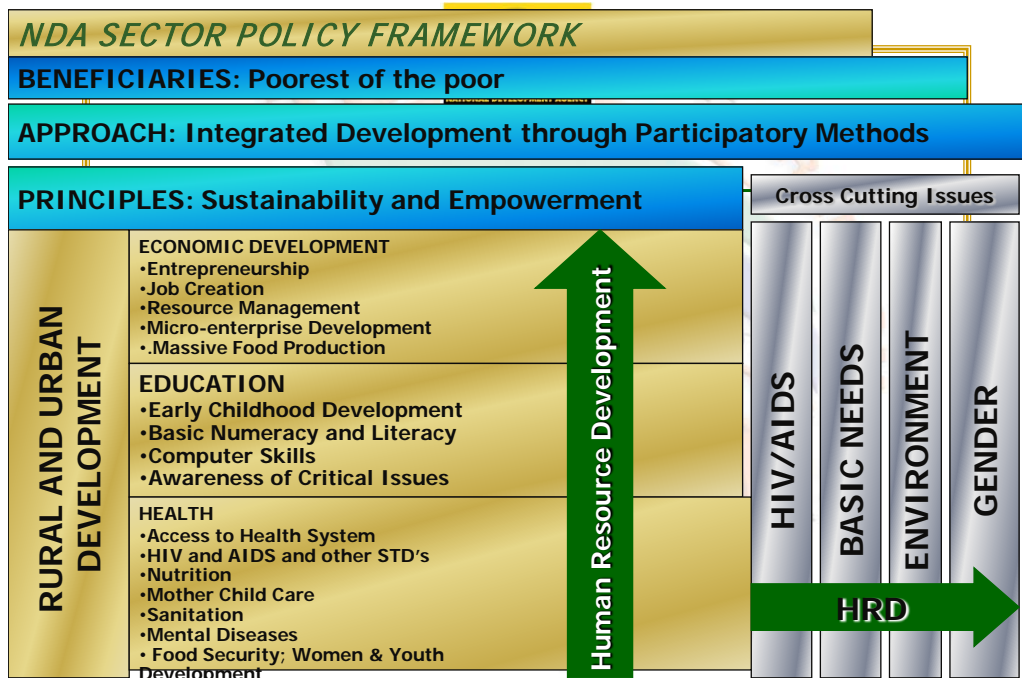
The study reveals that the NDA uses the "Request for Proposal" (RFP) approach and a "Programme Formulation" approach to provide development funding to the organizations considered deserving and eligible organizations. These approaches are considered by the NDA to be pro-active in nature. Through the RFP approach the NDA solicits applications from well-established CBOs, NGOs, CSOs and cooperatives for specific interventions in specific areas using print media (*that is placement of advert in the print media*). Through the Programme Formulation approach, specific areas and sectors based on primary research on priority poverty pockets are targeted.

The study further reveals that the NDA's main funding source is the South African government. Since 2006 it has been receiving over R100 million annually which has been increased by at least 6 percent per annum. Since its inception it has disbursed over R400 million to civil society organizations involved in poverty eradication projects across South Africa (Chuenyane and Ngwenya 2007:11). The study also reveals that its core business is to unlock the potential of poor communities through grant-making to CSOs involved in poverty eradication projects, capacity building of civil society organizations, informing and influencing government policy on community development, consultation and dialogue on development policy issues and trends and collaborating with stakeholders in order to facilitate strategies on poverty eradication in South Africa.

With its equitable share from the South African government, development funding gets distributed according to the information gathered by Statistics South Africa. The provinces and subsequently district municipalities that are said to be the poorest get a bigger share of the budget. In this regard, the Limpopo Province, Eastern Cape, KwaZulu-Natal and Gauteng Provinces are found to be the poorest provinces while Sekhukhune (*that is the district hosting the Makhuduthamaga Local Municipality*) and Mopani District Municipalities are found to be amongst the poorest district municipalities in the Limpopo Province. The study reveals that the NDA has disbursed funding to the amount of R13 million during the period 2006 – 2010 for community development in the areas of education and training, rural development, economic development and health.

### **2.1.2. Target Clientele, Priority Sectors, Criteria and Eligibility for Funding**

The study reveals that the target clientele for the NDA funding include community-based organizations, Consortia of NGOs, CSOs strategic partners, faith-based organizations (FBOs), and cooperatives. In disbursing its development funding it concentrates on various sectors, namely economic development, education, health and food security including cross-cutting issues as per figure 1 below:



**Figure 1: Priority Sectors and Areas** (Chuenyane 2006: 10)

The study reveals the following as the criteria for the provision of development funding to the eligible organizations:

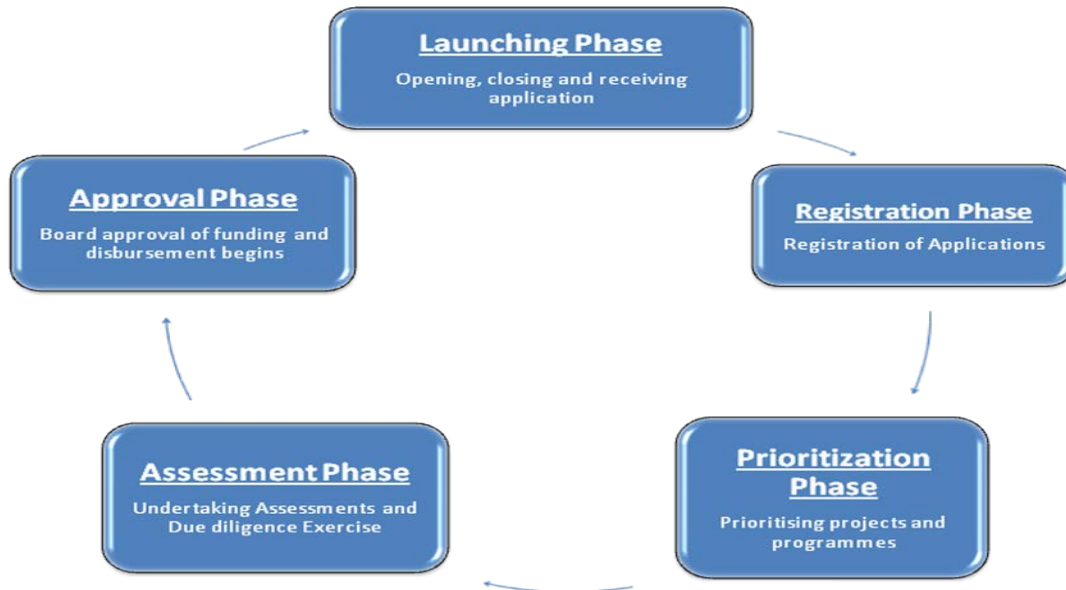
- Projects promoting poverty eradication in the targeted and/or proposed areas;
- Projects promoting community ownership;
- Projects optimizing the effective utilization of resources and skills through a complementary partnership approach;
- Projects with potential to improve the asset base of the poor communities and
- Projects building on sustainability and quality development.

The critical scrutiny of the eligibility criteria points to the following organizations: non-profit organizations, non-governmental organizations, CBOs in the process of registering as legal entities, registered cooperatives, section 21 companies, trust or section 18 companies and organizations managing the projects and not acting as agents. The underlying principles of self-sustainability and self-reliance remain crucial considerations in the selection of fundable organizations (Chuenyane 2006:10-14).



### 2.1.3. Project Cycle of the NDA and Fundamental Challenges

The study further reveals that the project cycle of the NDA is unique to the traditional project cycle since the NDA's project cycle ranges from opening, closing and receiving applications (launching phase), registration of applications, prioritization, assessment, and presentation to the board to funding approval as clearly demonstrated below:



**Figure 2:** NDA's Project Cycle

The study, however, reveals the following as fundamental challenges encountered by both the NDA and development funding recipients (project beneficiaries) in the disbursements and utilization of the development funding:

- Project sustainability;
- Low literacy levels;
- Lack of markets for the produced products and goods;
- Lack of additional and/or complementary resources;
- Lack of institutional support;
- High labour turnover and youth apathy;
- Lack of integrated approach to poverty eradication;
- Low levels of commitment and accountability and
- Need of capacity building and development.



Picture 1: Phakgamang Community Resource Centre Offices

## **2.2. Four (4) NDA-Funded Projects: A Focal Point for the Study**

### **2.2.1. Phakgamang Community Resource Centre**

The Phakgamang Community Resource Centre (*picture 1*) was founded in 1976 as the Phakgamang Study Group after the students' uprising in the South African political history. It is a legally registered non-profit organization located approximately 115 kilometres from the City of Polokwane in the impoverished and remote Diphagane rural area in Makhuduthamaga Local Municipality in the Sekhukhune District Municipality. It is located in the Southern Region of the Limpopo Province in South Africa. Although it was established in 1976, it became fully operational in 1988 during the time in which its activities were reviewed and the focus changed to a more integrated development approach to community development. The change in approach has resulted in the renaming of the then Phakgamang Study Group in 1994 to the current Phakgamang Community Resource Centre.

In 2000 and 2005/2006 the centre received development funding from the NDA to the amount of R212 254 and R1 337 850 respectively. With the funding received from the NDA the Phakgamang Community Resource Centre focused on the following programmes: Construction of the 4 Early Childhood Development Centres; Career-linked Training Programmes, Education for Democracy, Primary Health Care including HIV and AIDS Education and Local Economic Development. The local economic development programmes included vegetable gardening activities, diamond mesh wire, fence making, sewing, brick-making and tourism. To a certain extent, the ECD activities were also considered local economic development initiatives within the principles of an integrated development approach to community development and their potential to generate income, create employment opportunities and contribute to the economic development and growth. The

target beneficiaries for the Centre are the unemployed and illiterate youth and women including people with disabilities, ECD practitioners and children. This study determined the extent of the NDA funding to the amount of R1,3 million contributed to community development through the disbursement of this development grant to the Phagamang Community Resource Centre as a lead organization for all of the projects listed above.



*Picture 2: Leseding Centre For Mentally Handicapped Offices*

### **2.2.2. Leseding Centre For Mentally Handicapped**

The Leseding Centre for the Mentally Handicapped (*picture 2*) is a community-driven organization which was established in 1997 and legally registered as a non-profit organization in 1999. It later changed their name from Leseding Centre for Mentally Handicapped to the Leseding Protective Workshop due to change in the programme focus to include local economic development initiatives as opposed to only providing care and support services for the mentally handicapped. However, for the purpose of this study it will be referred to as Leseding Centre for Mentally Handicapped. It is located at Jane Furse next to the newly established Jane Furse Hospital which is situated about 120 kilometres from the City of Polokwane in Makhuduthamaga Local Municipality in the Sekhukhune District Municipality, Limpopo Province. The centre caters for clients aged between 15 to 55 years who are mentally handicapped. It currently has 95 persons with varied disabilities aged between 15 to 35 years, both males and females.

The centre has received development funding to the amount of R420 000 from the National Development Agency for the purposes of providing health services ranging from the provision of love, care, life skills and security to the mentally handicapped persons which would ensure enhanced and healthy mental status and self-reliance of the mentally handicapped persons. The centre's local economic development initiatives which were funded by the NDA include training the mentally handicapped persons in vegetable

gardening, sewing and knitting, beading, baking and brick-making.



Picture 3: Sekhukhune Educare Project Office (left) and Community Gardens (right)

### 2.2.3. Makhuduthamaga Development Consortium

The Makhuduthamaga Development Consortium is a community-driven organization located at Jane Furse, 130 kilometres from the City of Polokwane. It is the product of the collective engagements between the Makhuduthamaga Home-Based Care Umbrella, the Jane Furse Local Business Service Centre (currently referred to as Limpopo Business Support Agency - LIBSA) and the Sekhukhune Educare Project (*picture 3*). In 2004 the three community-based organizations formed a consortium with a view of maximizing their impact in community development. Each of the parties attributed some different competencies, skills and expertise with an eye to increasing their impact. They subsequently agreed to legalize their status by registering as a non-profit organization, namely Makhuduthamaga Development Consortium on 16 March 2005. During the same year, the Makhuduthamaga Development Consortium successfully made an application for funding to the NDA totalling R2 471 651.00 with a view to coordinating food security and home-based care training programmes as well as the creation of safety nets.

The main activities of the consortium included home-based care and food gardens, support for existing and emerging business enterprises and training of Early Childhood Development (ECD) practitioners. The NDA approved funding totalling R2 035 184.00. This money was paid in five tranches/portions to the consortium for management and monitoring purposes. The programme's funding contract period between the NDA and the Makhuduthamaga Development Consortium commenced on 01 March 2005 and terminated on 28 February

2007. The beneficiaries of the Makhuduthamaga Development Consortium included Community-Based Organizations (CBOs) and the communities of the Makhuduthamaga Local Municipality, particularly, children, youth and persons with disabilities including orphans and women. A total of 138 projected employment opportunities were to be created in the implementation of the Makhuduthamaga Development Consortium as a result of the NDA funding through skills transfer, training, mentoring and coaching.



*Picture 4: Mamakukupitsi Projects Offices*

#### **2.2.4. Mamakukupitsi Projects**

The Mamakukupitsi Projects (*picture 4*) are a product of an amalgamation of community-based development projects in the impoverished and remote rural Managaneng, Maila-Mapitsana and Tshatane areas characterized by dry climatic conditions. Although the Mamakukupitsi Projects were eventually registered as a legal entity (non-profit organization), the naming remains an acronym representative of the amalgamated projects, namely: Maditse Garden Project, Makgobokele Cooperative, Ikukeng Poultry and Garden Project and Pitsi Adult Education Centre. It was founded as a result of the collective engagement between various community-based development projects in the above-mentioned rural areas and the intervention by the NDA. It is constituted by the Maditse Garden Project, the Makgobokele Cooperative, the Ikukeng Garden and Poultry Project, and the Pitsi Adult Education Centre. The Mamakukupitsi Projects are located about 150 kilometres from the City of Polokwane in the Southern Region of the Limpopo Province.

Subsequent to the interaction between various projects, their communities and the NDA, in 2004 the NDA approved development funding for the Mamakukupitsi Projects to the tune of R1 030 244.00. This development funding was disbursed to this programme for the purposes of poultry farming, vegetable production, sewing, bakery, Adult-Based Education

and Training (ABET), and home-based care for persons with disabilities and people living with HIV and AIDS. The target group for the programme is the unemployed graduates, school drop-outs and illiterate youth, children and women, persons with disabilities and people living with HIV and AIDS including those affected by it. The main objective of the programme was to improve the socio-economic condition of the communities in the Makhuduthamaga Local Municipality, in particular for the communities of the Manganeng, Maila and Tshatane areas through embarking on local economic development activities and creation of employment opportunities.

In utilizing qualitative methods of data collection, one-on-one interviews and focus group interviews were held with recipients of development funding (i.e. project beneficiaries and project leadership) and direct observations were made regarding the quality of the material used in rural socio-economic infrastructure, the total number of jobs created, the levels of income and affordability, the levels of skills and expertise, mentally handicapped and early childhood development (learner) intake, partners and donors/funders attracted post-NDA funding, asset acquisition and effective use, and sustainability factors thereof. These were considered to be relevant factors in determining the impact of development funding provided by the NDA to the Phakgamang Community Resource Centre, and the Leseding Centre for Mentally Handicapped, the Makhuduthamaga Development Consortium and the Mamakupitsi Projects for community development purposes.

### **2.3. Qualitative Analysis of the Impact of NDA's Development Funding in Community Development**

#### **2.3.1. Socio-Economic Conditions of Project Participants Prior to NDA-Funding**

Various socio-economic ills confronted the project participants (respondents) prior to the NDA funding. The socio-economic ills ranged from a lack of employment opportunities to a lack of income earning opportunities, a lack of basic needs such as food and a lack of access to healthcare services emanating from the lack of funds to pay taxi fares to the nearest clinics, and a lack of technical and business management skills and expertise. It has also been indicated that the majority of the respondents were found to be desperately and hopelessly searching for employment and income earning opportunities. The funding of the community development projects by the NDA represented hope in terms of the creation of employment and income earning opportunities for the respondents.

The majority of the respondents were highly dependent on social grants, that is, child welfare support grants and elderly pensions as sources of their income for their livelihoods

prior to the NDA funding. Poverty was found to be the major challenge confronting the project participants prior to the NDA funding. The social grants received from the Department of Social Development were found to be playing an important role but was inadequate. Some of the respondents indicated that prior to the NDA funding they had been idling, having nothing to do and that the injection of the NDA funding into the community development projects has given them hope in terms of their participation in the economic mainstream of the society. The respondents expected the NDA funding to bring about some socio-economic relief and benefit in terms of the creation of employment and income earning opportunities, skills transfer and food security.

### **2.3.2. Rural Socio-Economic Impact and Infrastructural Development**

Investment in rural socio-economic infrastructure remains one of the essential stimulants of community development, thereby improving the physical environment of the rural communities to enable them to pursue community development projects sustainably. The critical scrutiny of the NDA funding in relation to an imperative need to invest in rural socio-economic infrastructure for meaningful community development reveals that the NDA has made great strides in providing appropriate social and economic infrastructure for the poor rural community in the Makhuduthamaga Local Municipality. By providing for the construction of four (4) early childhood development (ECD) centres in the Diphagane, Mashabela and Mohwelere rural areas, respectively, through Phakgamang Community Resource Centre, the NDA has contributed to the culture of learning and education for the children in rural areas, to the increase in employment opportunities for the poor rural communities and significantly contributed to the concerted efforts to eradicate poverty.

Through the integration of the fence-making, sewing and agricultural activities into the ECD initiatives the NDA contributed to the increase in agricultural productivity and income, sustainable livelihoods and food security, and improved access to services for the rural communities of Diphagane, Mashabela, Mohwelere and the surrounding rural areas. In its effort to invest in socio-economic infrastructure, the NDA has evidently constructed four (4) ECD centres namely the Ramphelane Creche (*picture 6 below*), the Fanang Diatla Creche (*picture 8 below*) located in Ga-Mashabela; furthermore the Matlebjoane Creche (*picture 7 below*) located in Mohwelere and the Mpodi Creche (*picture 5 below*) located in Diphagane. These four ECD Centres in total accommodate 298 children of which Mpodi Creche accommodates 64 ECD learners, Ramphelane Creche accommodates 64 ECD learners, Fanag Diatla Creche accommodates 80 ECD learners and Matlebjoane Creche accommodates 68 ECD learners. The centres collect fees ranging from R50 to R100 per learner per month. Below are the pictures depicting the investment made by the NDA in

bringing about rural socio-economic infrastructural development in the Makhuduthamaga Local Municipality:



*Picture 5: Mpodu Creche (Diphagane)*



*Picture 6: Ramphele Creche (Mohwelere)*



*Picture 7: Matleboane Creche (Ga-Mashabela)*



*Picture 8: Fanang Diatla Creche (Ga-Mashabela)*

Critical scrutiny of the Phakgamang Community Resource Centre initiatives reveals that the NDA has integrated the local economic development, social and/or educational activities into its programme. These include the establishment of the Diphagane Garden Project, Sewing Project, library services, fence-making and brick-making. Through its work the centre enjoys tremendous support from the rural communities of the Diphagane, Mashabela, Phaahla and Marishane areas and it has contributed to the culture of learning in the above-mentioned areas. However, although the NDA has funded equipment for the effective operations of these projects, the study reveals that some of these noble initiatives have ceased to exist, namely the brick-making and fence-making projects. This resulted in the underutilization of the brick-making equipment and fence making equipment. The faltering of these projects is attributable to internal squabbles within the organization, a lack of focus, mismanagement



and maladministration of the proceeds generated from the sale of products, the poor coordination and facilitation of project activities, poor planning and a lack of technical guidance, a lack of business acumen and sustainability plan.

The study further reveals that in supporting the Leseding Centre for Mentally Handicapped which has since been renamed Leseding Protective Workshop, the NDA has significantly contributed to the imperative need for the improvement of the socio-economic infrastructure for rural communities in Jane Furse and the surrounding areas in the Makhuduthamaga Local Municipality. The project activities for the NDA funded Leseding Centre for the Mentally Handicapped include vegetable gardening (*picture 9 below*), flower production and arrangements, sewing of garments and knitting, beading of bracelets and earrings (*picture 10 below*), baking, mat-making and bee keeping (*pictures 9 and 10 below*). The Centre sustains itself from the proceeds generated out of the sale of its products such as vegetables, bracelets and mats (carpets). The study further reveals that the centre has also established the tuck-shop adjacent to the main-gate of the new Jane Furse Hospital from which it sells cooked meat and pap as well as drinks and snacks. The centre also rents out chairs for community functions to generate revenue for its sustainability.

The products produced from the centre are made by the people with varied disabilities and annually the proceeds from the sale of the products are shared amongst all people with disabilities based on individual performance. A certain percentage is reserved for the continuous production of products and for the sustainable operation of the centre. Through the sale of these products the centre effectively pays the salary bills for its employees and allocates a share for the producers (i.e. people with disabilities) at the end of every year. The Centre consists of 95 mentally handicapped youth from which 19 are classified as suffering from mild retardation, 43 moderate retardation, 6 severe retardation and 2 profound retardation while 25 are placed on stimulation (ECD level class) due to the fact that there are still under age.

The centre also receives a subsidy from the Department of Social Development. The Department of Social Development provides a subsidy of R15 per child per day. 48 percent of the subsidy received is used as a stipend for the employees, 16 percent for the operation of the centre, 26 percent for the administration of the centre and 10 percent used to purchase production equipment. The Department of Labour provides tailor-made technical training programmes for the centre while the Association for Persons with Disabilities (APD) offers trainings on administration, financial management, organizational development and monitoring and evaluation. The study further reveals that subsequent to the NDA funding the

centre has received support from the Department of Agriculture in the form of purchase of the tractor and related pieces of equipment (that is, plough and trailer). Depicted below are the building and vehicle funded by the NDA as well as the activities carried out in the Leseding Centre for the Mentally Handicapped:



*Picture 9: Some of the activities undertaken by Leseding Centre for Mentally Handicapped (Top Left: office structure funded by the NDA. Top right: vegetable garden. Bottom left: NDA-funded vehicle. Bottom right: bee-farming project)*



*Picture 10: Some of the activities undertaken by Leseding Centre for Mentally Handicapped (Left: mats produced by the centre, Right: Chairs used for renting purposes by the centre and equipment used to make mats)*

Although the NDA has made great strides in community development by investing in socio-economic infrastructural development needs of the Jane Furse communities and the surrounding rural communities, the study reveals that the NDA funded projects in the Makhuduthamaga Local Municipality are faced with a plethora of challenges which threaten the sustainability of the impact made and the funded project. These challenges include, amongst others, the shortage of and/or inadequate surface and underground water required for the irrigation of vegetable gardens, lack of access to markets, inadequate and inconsistent stipend which has a negative bearing on the morale of project participants and high labour turnover, security of accumulated assets, subservised assets such as the tractor, inadequate financial resources and lack of appropriate equipment (e.g. industrial sewing and baking machines) for sustained production. Despite all of the above-mentioned challenges, the centre presents great prospects for sustainability and community development.

A critical scrutiny of the Makhuduthamaga Development Consortium and of the Mamakukapitsi Projects reveals that the NDA has not made provision for the rural socio-economic infrastructure. It has, however, made great strides in strengthening the capacity of home-based care CBOs to deliver on its mandate. The study also highlights that the Makhuduthamaga Development Consortium was constituted by three organizations, namely Sekhukhune Educare Project, Makhuduthamaga Home-based Care and Jane Furse Local Business Service Centre currently a parastatal entity of the Limpopo Department of Economic Development, Tourism and Environmental Affairs referred to as LIBSA.

The Mamakukapitsi Projects (*picture 11 below*) are constituted by four projects, namely: the *defunct* Maditse Garden Project, the Makgobokele Cooperative, the Ikukeng Poultry and Garden Project, and the Pitsi Adult Education Centre. By funding the Makhuduthamaga Development Consortium and the Mamakukapitsi Projects, the NDA has made a significant impact on community development by bringing about food security for communities, establishing income generating activities and providing employment opportunities for the rural poor, providing care for orphaned and vulnerable children and establishment of food especially vegetable gardens in various households for food security purposes through the 23 member organizations of the consortium and establishing agricultural projects in the Makhuduthamaga Local Municipality for the great benefit of the rural communities in Jane Furse, Manganeng, Tshatane and Maila-Mapitsane and the surrounding areas. The study, however, indicates that the office structure of the Ikukeng Poultry and of the Garden Project funded by the NDA were of poor quality and sub-standard work as demonstrated:



*Picture 11: Ikukeng Poultry and Garden Project office (top right and left, and bottom middle) and poultry houses (bottom left and right)*

Through the NDA funding, the Makhuduthamaga Development Consortium and the Mamakukapitis Projects have effectively provided the following services through their member-based organization, the home-based care centres, namely caring for the orphanage; caring for the sick and bedridden; advocacy for social, health and welfare programmes; referral services and accompanying patients to clinics and health centres; promotion and advocacy for nutritional programmes; drop-in centre programmes for orphans and vulnerable children; provision of palliative care; comprehensive counselling; facilitation of foster care grants for HIV and AIDS patients; and establishments of greening projects such as vegetable gardens for community households. Through the Jane Furse Local Business Support Centre, NDA funding has made a significant impact on strengthening the capacity of the then Jane Furse LBSC and the current LIBSA to provide business services to the Small, Medium and Micro Enterprises (SMMEs). The services provided through the NDA funding include training of SMMEs on various aspects of business management, mentoring, coaching and incubation, development of business plans and identification and facilitation of market linkage for SMMEs. Through the then Jane Furse LBSC, the NDA has provided support to emerging and new business to the extent that they are firmly established and have developed business plans for some of the SMMEs including cooperatives.

Critical scrutiny of the Makhuduthamaga Development Consortium and of the Mamakukapitsi Projects reveals some serious challenges which threaten sustainable impact made by the NDA in community development. One of the key challenges is the unsustainable institutional arrangements made only for the purpose of accessing funding from the NDA (for example, both the Makhuduthamaga Development Consortium and the Mamakukapitsi Projects were established and registered as legal entities for the purpose of accessing funding from the NDA). After the NDA funding ended, the two organizations were found to be non-existent and dysfunctional while members conceded that the entities were established as mechanism and means to access funding from the NDA. This also points to the lack of synergy and cohesion amongst leadership members post the NDA funding.

The second challenge has got to do with the manner in which the funding has been disbursed of which the respondents felt that the NDA did not comply with contractual obligation in terms of timelines. In one case, the tranche of the funding was disbursed in 2007 followed by the next tranche released 3 years later in 2010. In another case, the funding application was made and approved in 2004, the first tranche released in 2005 followed by the next tranche two years later in 2007. It was the conviction of the respondents that the delays in releasing tranches negatively impact on the implementation of projects including the planning schedule. However, an acknowledgement was made by the

respondents that at times the release of the tranche was beyond the NDA's control, and it could be blamed on the projects leadership, climatic conditions and both the project and the NDA. The effectiveness and/or weaknesses of the project management systems and procedures within the NDA have resulted in positive and/or negative effects on the expected impact of the NDA funding in community development.

The third challenge has got to do with unaccredited service providers who provided training to some of the project participants and then have disappeared upon payment without providing them with certificates of competence and/or participation. The respondents indicated that they have been trained in different areas of project management and business management. Although the majority of the respondents conceded for having been provided with training, some of the respondents could hardly remember and/or mention at least a single area of the training they have undergone. They have, however, indicated that no certificate of competency and/or participation was awarded to them after the training was completed. Some respondents further expressed their concern over the selection criteria for service providers for the provision of training.

Of major concern was the fact that they did not form part of the selection process and would have appreciated it if the NDA could have capacitated them to make their own selection of training service providers. The careful analysis of the respondents' bone of contention indicates that the training service providers were imposed on them by the funder and they could not own the process and this has raised some levels of unhappiness and dissatisfaction and has negatively impacted on the implementation of the projects. The respondents indicated that they need an additional technical training to enable them to be more productive and meet the market demands. They further expressed concern over their lack of capacity to meet the bulk demand of their products owing to the methods of production and inappropriate equipment. The provision of industrial machines and relevant trainings could assist them to meet the increasing demand of their products.

### **2.3.3. Sustainability and Viability Considerations**

Critical scrutiny reveals that the Phakgamang Community Resource Centre, the Leseding Centre for Mentally Handicapped and individual organizations which constitute the Makhuduthamaga Development Consortium such as LIBSA (*Formerly Jane Furse LBSC*) and the Sekhukhune Educare Project will continue to make a significant impact on community development as organizations funded by the NDA. The Phakgamang Community Resource Centre will make an impact through its ECD centres while the resuscitation of the fence-making and brick-making projects will put it in a good position to generate income for

its financial sustainability. The Leseding Centre for the Mentally Handicapped also has a number of income generating projects which gives it an advantage of financial security to operate sustainably. Both the Sekhukhune Educare Project and the Jane Furse LBSC are well off in terms of financial sustainability. The Sekhukhune Educare Project will rely heavily on its accreditation with ETDP-SETA to generate revenue through provision of accredited learning programmes to other community based organizations and some government entities while Jane Furse LBSC has been incorporated under the Limpopo Department of Economic Development, Tourism and Environmental Affairs as its parastatal referred to as LIBSA.

The study reveals that currently individual projects of the Phakgamang Community Resource Centre, of the Leseding Centre for Mentally Handicapped and of the Makhuduthamaga Development Consortium generate a profit out of the sales of agricultural products, beading products, carpets, cakes, rolls and buns as well as monthly fees contributed by ECD and Mentally Handicapped learners' parents for the services provided. The most critical challenge which emerges from the study is the aspect of access to markets from which all projects are found to be wanting in terms of their target market. The trend analysis points to a heavy reliance on immediate domestic markets which only revolves around the surrounding communities and/or nearby communities including street vendors. Although the study reveals that there are serious challenges with access to markets, the current economic conditions which dictate price hikes in food and other commodity also give the projects involved in agriculture like Phakgamang Garden Project an opportunity to expand its market. It could do this by entering into the negotiations with big wholesalers with a view to securing other markets beyond the surrounding communities and local shops for its success.

The careful analysis of the Mamakukapitsi Projects reveals that the sustainability prospects are threatened by disillusionment and by lack of synergy and cohesion among the project participants. The study reveals that although the Mamakukapitsi Projects have income generating projects as an affiliated organization, these projects seem not to be operational. During the study the Mamakukapitsi Projects had no product to showcase as a means of demonstrating its prospects for revenue generation and sustainability. It is subsequently insolvent due to its negative balance sheet emanating from a lack of operational activities. However, the home-based component of the project is funded by the Department of Social Development for running the HIV and AIDS programme. Its local economic development initiatives include baking and sewing. However, the two programmes are currently not operational due to a lack of technical skills, lack of materials and appropriate equipment

(industrial baking machine) for baking purposes. The sewing component of the project stopped from existing despite the availability of sewing machines. The other threat to the sustainability of the Mamakukapitsi Project is the high labour turnover which is also evident in the closure of the Maditse Garden Project and the decline of numbers of project participants for the Makgobokele Cooperative from 23 to two project participants. Also, thelkekeng Poultry and Garden Project declined from 44 to 13 project participants, while Pitsi Adult Education Centre declined from 19 to 6 project participants.

Generally, the Phakgamang Community Resource Centre's projects, the Leseding Centre for Mentally Handicapped projects and the Makhuduthamaga Development Consortium projects present a great opportunity for the creation of employment opportunities and income earning for unemployed women, people with disabilities and the youth. The development funding from the NDA has played a pivotal role in integrating the unemployed women, people with disabilities and the youth into the economic mainstream of the society. It has, to a certain extent, enabled rural communities from the predominately rural Makhuduthamaga Local Municipality to be flexible in meeting their own needs and it builds a sense of responsibility, dedication and self-reliance amongst unemployed women and the youth. It has served as a fertile ground to unleash the untapped potential of the unemployed women and youth through skills training and transfer. The target group required some entrepreneurial skills which would enable them to have business insight. The development funding provided and projects carried out served as a viable and sustainable alternative for heavy reliance on child support and pension grants since it had a great prospect to increase their earnings for survival. It, therefore, suffices to indicate that the development funding had, to some certain extent, led to the improvement in the living standards for the unemployed women, the youth and people with disabilities.



## 2.4. The Quantitative Analysis of the Impact of NDA’s Development Funding in Community Development

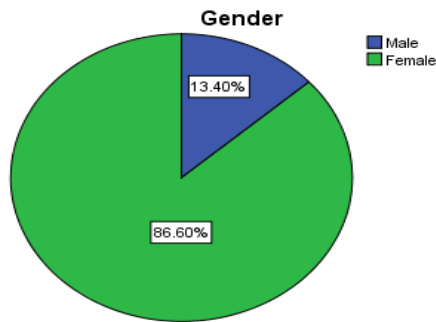
### 2.4.1. Demographic Information of the Respondents

The study reveals that 87 percent (as per table 1 below on project participants per gender) of the project participants (respondents) are women while 13 percent are men participating in the NDA-funded projects. This is attributable to the burden of poverty encountered by women in general and their responsibility to provide for food in their respective households to ensure that children do not go to sleep without food on a daily basis. The study clearly reveals that a significant proportion of women participate in the NDA funded projects and/or community development projects with a conviction that these community development projects will enable them to provide for the basic needs for their households. This could also be accounted to the NDA criteria for project selection given its deliberate bias to women participation in the potential projects since it considers women, the youth, children and people with disabilities as the central focus for empowerment and cross-cutting issues. Table 1 and Figure 3 below clearly demonstrate that women happen to be at the forefront of the poverty eradication and happen to be the beneficiaries of the NDA-funded projects.

The study also highlights that of all the NDA-funded projects participants, 45 percent are married and 39 percent are of 40 – 49 age while 24 percent are of 30 – 39 age followed by 13 percent of 20 – 29 age. This simply implies that the youth represents the lowest proportion of project participants in the NDA-funded projects. This is attributable to the fact that community development projects by nature require some level of volunteerism and sacrifice which the youth find difficult since they often look for other opportunities which they consider to be better.

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	13	13.4	13.4	13.4
Valid	Female	84	86.6	86.6	100.0
	Total	97	100.0	100.0	

**Table 1:** Participation by gender in the NDA-funded projects



**Figure 3:** Participation by gender in the NDA-funded projects

The study demonstrates in tables 3 below that 24 percent of the project participants are between the ages of 30 – 39 years followed by 13 percent falling between the ages of 20 – 29 years. A significant number of adult participants in the NDA-funded projects are women who have an obligation to look after their dependent household members on daily basis. They, therefore, look at the community development projects as an opportunity to work, generate income and provide food for their respective households. This trend is also informed by the current socio-economic challenges which provide for fewer job opportunities leaving the majority of the population in rural areas without job. Tables 2 and 3 below clearly reflect the marital status and age groups of the project participants in the NDA-funded projects respectively.

Marital status				
	Frequency	Percent	Valid Percent	Cumulative Percent
Married	44	45.4	45.4	45.4
Widowed	11	11.3	11.3	56.7
Valid Divorced	1	1.0	1.0	57.7
Single	41	42.3	42.3	100.0
Total	97	100.0	100.0	

**Table 2:** Marital Status of the project participants in the NDA-funded projects

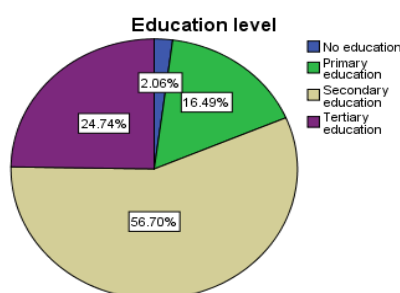
Age				
	Frequency	Percent	Valid Percent	Cumulative Percent
	20-29 yrs	13	13.4	13.4
	30-39 yrs	23	23.7	37.1
	40-49 yrs	38	39.2	76.3
Valid	50-59 yrs	9	9.3	85.6
	60-69 yrs	12	12.4	97.9
	70-79 yrs	2	2.1	100.0
	Total	97	100.0	100.0

**Table 3:** Age Groups of the project participants in the NDA-funded projects

Table 4 below also highlights that 57 percent of the projects participants have secondary education while 25 percent have tertiary education. This study clearly indicates that the majority of the NDA-funded project participants can read and write, and to some extent they are considered to be literate. The revelation that a significant proportion of the project participants have secondary education and the fewer project participants have tertiary education is informed by the lack of access to higher education emanating from exorbitant fees charged by tertiary institution and the subsequent failure to afford tertiary education by the poor rural communities coupled with the lack of information on bursary opportunities. Furthermore, this could also be due to the difficulties encountered by people with only secondary education in accessing job opportunities outside the community development projects hence the NDA-funding criteria targets the unemployed of whom the majority are people with primary and secondary education or no education at all. Table 4 below demonstrates the extent to which the NDA-funded project participants are literate, can read and write.

Education level				
	Frequency	Percent	Valid Percent	Cumulative Percent
No education	2	2.1	2.1	2.1
Primary education	16	16.5	16.5	18.6
Valid Secondary education	55	56.7	56.7	75.3
Tertiary education	24	24.7	24.7	100.0
Total	97	100.0	100.0	

**Table 4:** Education Level of NDA-funded Project Participants

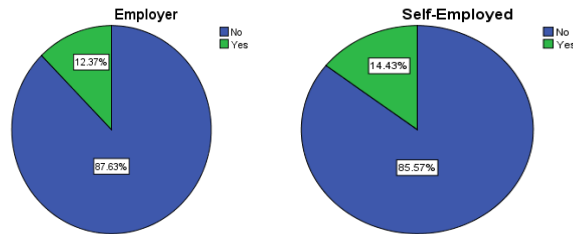


**Figure 4:** Education Level of NDA-funded project participants

The study further indicates in table 5 and figure 5 that of the total proportion of the NDA-funded project participants, an insignificant percentage (12 percent), can be classified as employers while a significant proportion (88 percent) of the project participants are found not to be employers. This is attributable to the fact that the NDA-funding criteria give preference to the unemployed and poor communities hence the majority of project participants describe themselves as employees rather than employers given their level of authority and/or position of power in the project and the economy. This could also be informed by the NDA's selection criteria which give preference to the unemployed and poverty stricken rural communities who do not have any income for sustainable livelihoods. Matter-of-factly, the NDA funding is meant to present opportunities for the rural poor to generate revenue, earn an income and subsequently make a living through community development projects. The study further demonstrates that only 14 percent of total NDA-funded project participants are found to be self-employed while a significant number of the project participants responded "no" to self-employment. The 14 percent of the respondents who responded as employers represent the project participants who are the managers of the NDA-funded project participants and who earn a better income than the ordinary project participants. Table 5 and 6 below showcases responses regarding the classification and determination of the NDA project participants as employers and self-employed participants in the projects.

		Employer			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	85	87.6	87.6	87.6
	Yes	12	12.4	12.4	100.0
	Total	97	100.0	100.0	

**Table 5:** Employer Determination

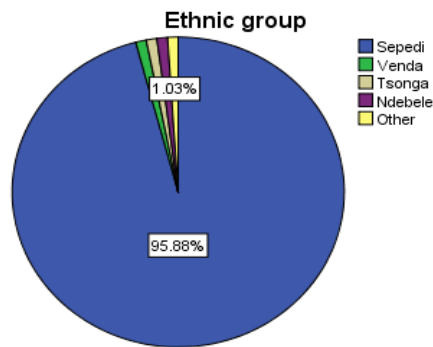


**Figure 5:** Employer Determination (left) and Self-employment Determination (Right)

		Self-Employed			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	83	85.6	85.6	85.6
	Yes	14	14.4	14.4	100.0
	Total	97	100.0	100.0	

**Table 6:** Self-Employment Determination

It is also noteworthy to indicate that a significant proportion of the respondents in this study were Sepedi speaking people as per figure 6 below. This is attributable to the fact that the Makhuduthamaga Local Municipality is located within the Sekhukhune District Municipality where the majority of people speak Sepedi as their vernacular on a daily basis. It is, therefore, not surprising to note that 96 percent of the respondents were Sepedi speaking people while percentages representing other ethnic groupings were insignificant as demonstrated in figure 6 below.



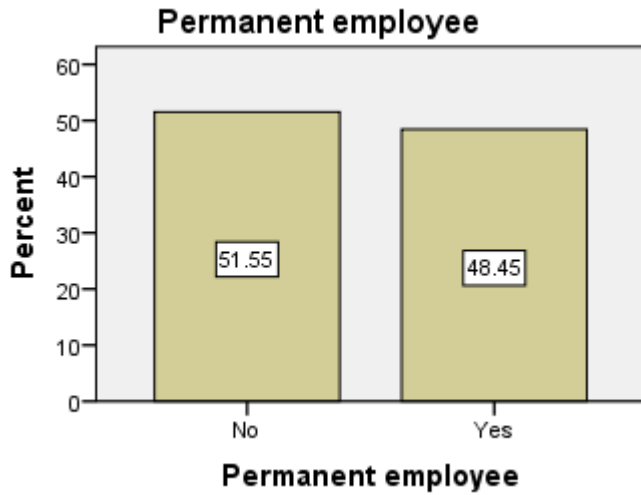
**Figure 6: Ethnicity Distribution**

**2.4.2. Employment and Income Levels**

Table 7 and figure 7 below highlight that 49 percent of the NDA-funded project participants consider their participation in the project as an equivalent of permanent employment while 51 percent do not consider their participation as an equivalent of permanent employment. This simply implies that more than half of the NDA-funded project participants consider their involvement in the project as a voluntary or temporary form of employment. More than half of the project participants as demonstrated in tables 7 and 8, and figures 7 and 8 clearly qualified their involvement in the project as an opportunity for employment. This is due to the payment of a stipend to the project participants of which some, during focus group interviews, indicated that the stipend remains the form of the employment remuneration and that it is equivalent to an income.

	Frequency	Percent	Valid Percent	Cumulative Percent
No	50	51.5	51.5	51.5
Valid Yes	47	48.5	48.5	100.0
Total	97	100.0	100.0	

**Table 7: Determination of Employment Type**

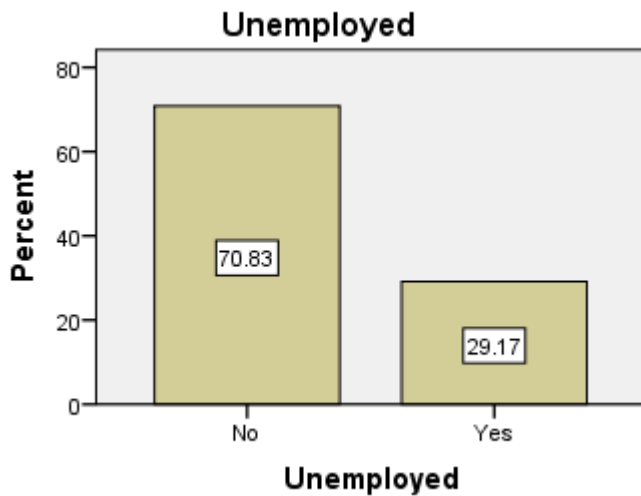


**Figure 7: Determination of Employment Type**

**Unemployed**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	68	70.1	70.8	70.8
	Yes	28	28.9	29.2	100.0
Total		96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

**Table 8: Determination of Unemployment**

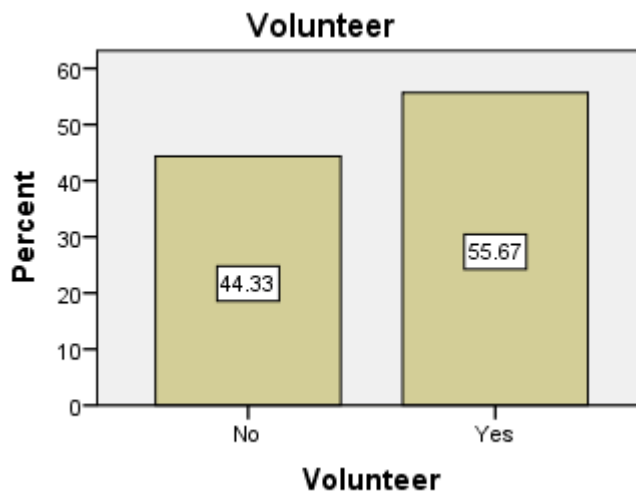


**Figure 8: Determination of Unemployment**

Table 9 and figure 9 below ascertain that 56 percent of the NDA-funded project participants are volunteers who often receive stipends. This could be accounted to the failure of the NDA-funded projects to establish and maintain a positive balance sheet which would results in consistent monthly payment of stipends. Furthermore, the NDA-funded projects are found to be unable to sustainably generate revenue for the purposes of ensuring consistent payment of stipend to project participants. Most of the NDA-funded projects could hardly generate a reasonable income and often operate on a negative balance sheet.

Volunteer				
	Frequency	Percent	Valid Percent	Cumulative Percent
No	43	44.3	44.3	44.3
Valid Yes	54	55.7	55.7	100.0
Total	97	100.0	100.0	

**Table 9:** Volunteer Determination



**Figure 9:** Volunteer Determination

The study further reveals that only 12 percent of the NDA-funded project participants are pensioners. This is attributable to the need for the pensioners to identify and get involved in additional sources of income to complement the elderly government grant since it is often found to be insufficient to cater for the entire household members. A significant proportion of the project participants are not pensioners. Table 10 and figure 10 below clearly demonstrate the extent to which pensioners are involved in the NDA-funded projects.



Pensioner				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	85	87.6	87.6
	Yes	12	12.4	100.0
	Total	97	100.0	100.0

**Table 10: Pensioner Determination**

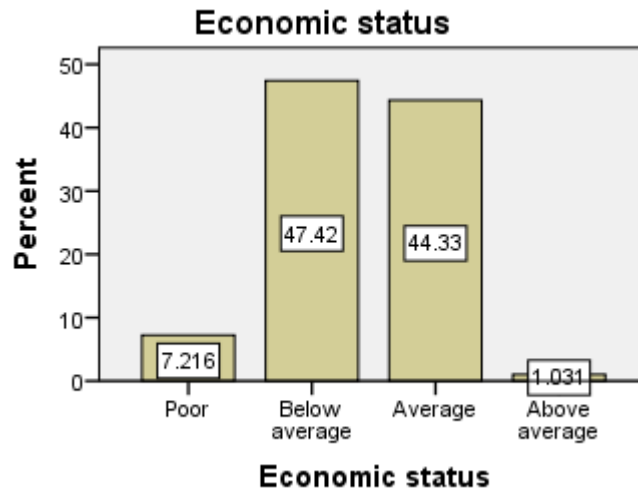


**Figure 10: Pensioner Determination**

In relation to employment, the study reveals that despite the fact that 71 percent of the NDA-funded project participants consider themselves unemployed, it is found that 47 percent of the NDA-funded project participants are below average in terms of the standard of living. However, the fact that 44 percent of the NDA-funded projects are on average standard of living suggests that the NDA-funded projects present an opportunity for project participants to get employment opportunity, generate income and improve their economic status. An insignificant number of the NDA-funded project participants indicated that they are poor. Table 11 and figure 11 below demonstrate the economic status of the NDA-funded project participants emanating from their involvement in the projects.

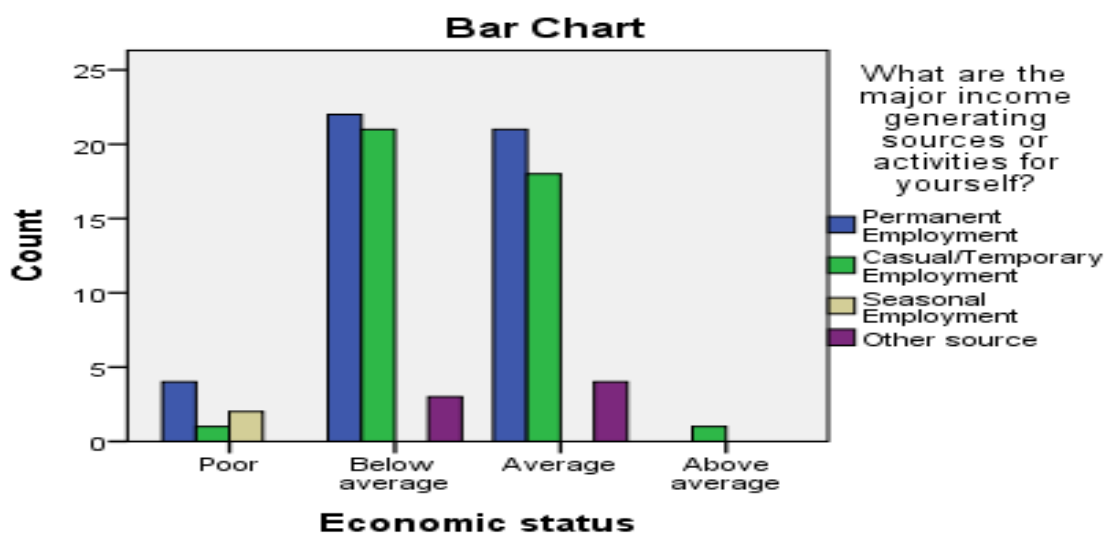
Economic status				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	7	7.2	7.2
	Below average	46	47.4	54.6
	Average	43	44.3	99.0
	Above average	1	1.0	100.0
	Total	97	100.0	100.0

**Table 11: Economic Status Determination**



**Figure 11: Economic Status**

In a cross-tabulation of the employment type, major sources of income and economic status, the study reveals that the employment has a direct influence in the economic status of the NDA-funded project participants. The income earned in the employment enables the project participants to improve their economic status. The NDA-funded project participants whose major sources of income are permanent or temporary are found to be on average standard of living or below average standard of living while those in seasonal and other sources of employment are found to be poor. Those found to be poor represent an insignificant proportion of the total NDA-funded project beneficiaries. Figure 12 below demonstrates the cross-tabulation between the employment, major sources of income and economic status.



**Figure 12: Cross-tabulation of Employment, Major Sources of Income and Economic Status**

The table 12 below highlights the extent to which the NDA-funded projects created employment opportunities. The table clearly indicates that a significant proportion of employment opportunities created falls within the category of permanent and temporary employment. Permanent and temporary forms of employment are the major income generating sources or activities for the project participants. Table 10 below clearly indicates that 49 percent and 42 percent of the NDA project participants generate their income from the permanent and temporary employment sources, respectively, created through the NDA funding to the community development projects.

Table 13 and figure 13 below demonstrate that 85 percent of the NDA-funded project participants earn less than R2000 a month while table 14 identifies other additional sources of income for the project participants as the elderly/child/disability grants. This also simply implies that the income received by the project participants from their involvement in the project is insufficient and considered a stipend, hence their qualification for elderly/child/disability grant. Certainly, if the income received from the NDA-funded project was adequate the NDA-funded project participants would not qualify for the elderly/child/disability grants.

**What are the major income generating sources or activities for yourself?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Permanent Employment	47	48.5	48.5	48.5
Casual/Temporary Employment	41	42.3	42.3	90.7
Seasonal Employment	2	2.1	2.1	92.8
Other source	7	7.2	7.2	100.0
Total	97	100.0	100.0	

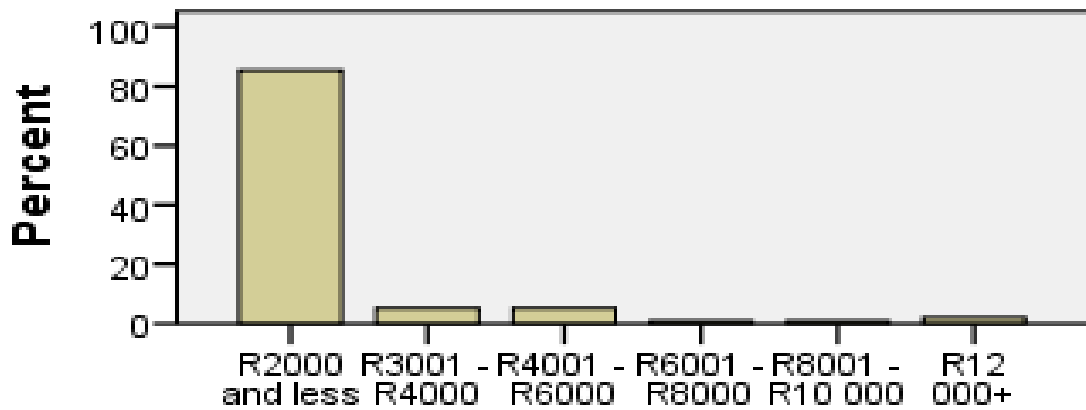
**Table 12:** Major Sources of income generation

**What are the major income generating sources or activities for yourself?**

	Frequency	Percent	Valid Percent	Cumulative Percent
R2000 and less	81	83.5	85.3	85.3
R3001 - R4000	5	5.2	5.3	90.5
R4001 - R6000	5	5.2	5.3	95.8
Valid R6001 - R8000	1	1.0	1.1	96.8
R8001 - R10 000	1	1.0	1.1	97.9
R12 000+	2	2.1	2.1	100.0
Total	95	97.9	100.0	
Missing System	2	2.1		
Total	97	100.0		

*Table 13: Income Determination*

**What are the major income generating sources or activities for yourself?**



**What are the major income generating sources or activities for yourself?**

*Figure 13: Income Determination*

Elderly/Child/Disability grants				
	Frequency	Percent	Valid Percent	Cumulative Percent
No	37	38.1	38.1	38.1
R 1 120	1	1.0	1.0	39.2
R 1 200	10	10.3	10.3	49.5
R 1 480	2	2.1	2.1	51.5
R 1 760	1	1.0	1.0	52.6
R 1 800	1	1.0	1.0	53.6
R 250	1	1.0	1.0	54.6
R 280	9	9.3	9.3	63.9
R 520	1	1.0	1.0	64.9
R 540	1	1.0	1.0	66.0
R 560	15	15.5	15.5	81.4
R 6 000	1	1.0	1.0	82.5
R 810	1	1.0	1.0	83.5
R 820	2	2.1	2.1	85.6
R 840	14	14.4	14.4	100.0
Total	97	100.0	100.0	

Table 14: Elderly/Child/Disability grants

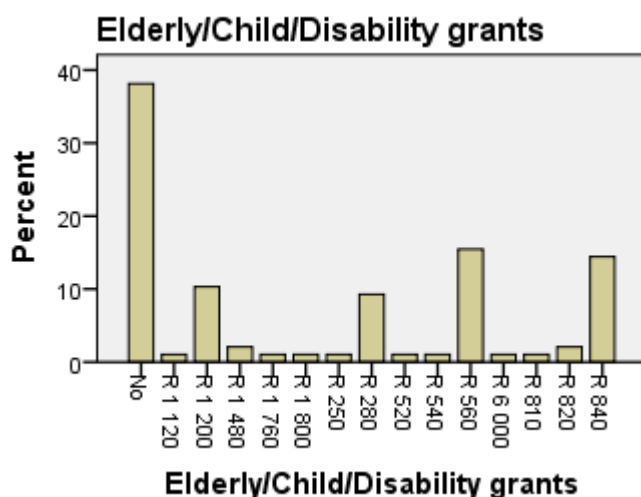


Figure 14: Elderly/Child/Disability grants

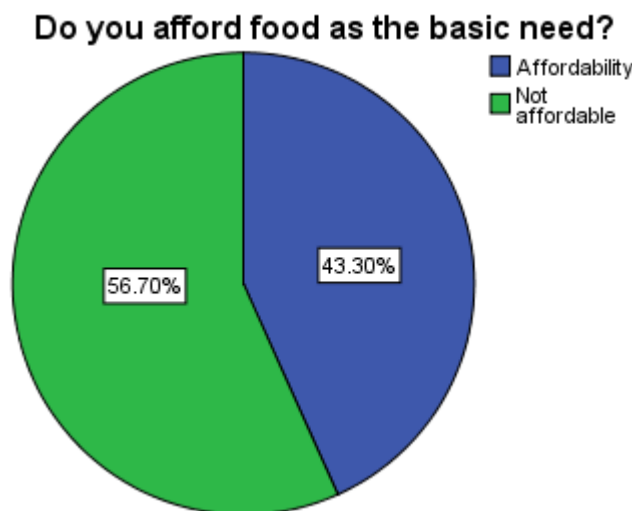
### 2.4.3. Affordability and Food Security

Table 15 and figure 15 below indicate that 43 percent of the NDA-funded project participants can afford food as one of the basic needs for survival while 57 percent are unable to afford food. This implies that a significant proportion of the NDA-funded project participants are

below average and unable to afford basic needs such as food for survival. Table 7 and figure 13 on the section on employment and income support this version by highlighting that the significant proportion of the NDA-funded project participants are below average in terms of their economic status and standard of living in general. This is due to the level of income received from the project which comes in the form of stipends. The stipend given to the project participants is found to be relatively inadequate for an acceptable standard of living. The table 15 below demonstrates the extent of affordability and food security in respect of the NDA-funded project participants. Table 15 and figure 15 below clearly demonstrate the extent to which the NDA-funded project participants are able to afford or not to afford food.

	Frequency	Percent	Valid Percent	Cumulative Percent
Affordability	42	43.3	43.3	43.3
Valid Not affordable	55	56.7	56.7	100.0
Total	97	100.0	100.0	

**Table 15:** Food Affordability Determination



**Figure 15:** Food Affordability Determination

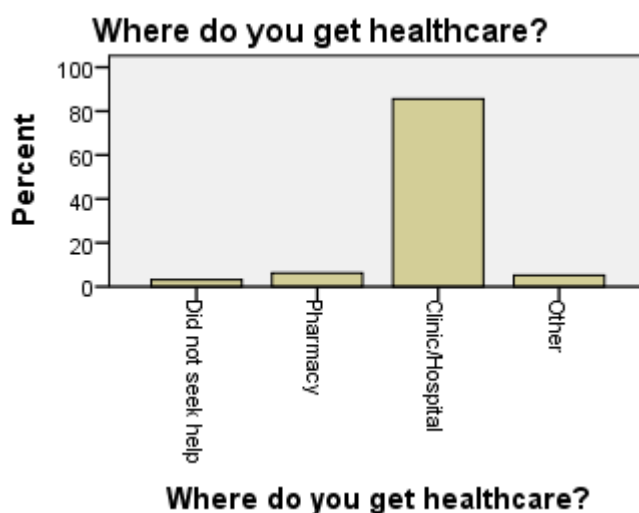
#### **2.4.4. Access to Healthcare Services**

Good health remains one of the most important aspects for a productive labour force. Access to health care services is, therefore, a powerful tool and an essential stimulant of good health and improved productivity in all organizations. In response to the question relating to healthcare accessibility, 86 percent of the NDA-funded project participants were found to have access to healthcare services. A significant proportion of the NDA-funded

project participants highly depend on government clinics and hospitals for health services. This also simply implies that a significant proportion of the NDA-funded project participants cannot afford private health care services due to their low level of income and below average standard of living. Table 16 and figure 16 below demonstrate the extent to which the NDA-funded project participants heavily rely on government clinics or hospitals for health services.

Where do you get healthcare?				
	Frequency	Percent	Valid Percent	Cumulative Percent
Did not seek help	3	3.1	3.1	3.1
Pharmacy	6	6.2	6.2	9.3
Valid Clinic/Hospital	83	85.6	85.6	94.8
Other	5	5.2	5.2	100.0
Total	97	100.0	100.0	

**Table 16:** Health Care Accessibility Determination



**Figure 16:** Access health care services

The study further shows that the only valid reason behind the failure to access health services is the availability of money for transport to clinics or hospitals in case the transport is required in this regard. The study indicates that a significant proportion of the NDA-funded project participants often find it difficult to access healthcare services due to financial constraints. This may be for transport and/or purchase of medication. Table 17 and figure 17 below clearly demonstrate relevant figures with regard to the percentage of the NDA-funded project participants reasoning for failure to access healthcare services. It should, however, be noted that these percentages are informed by the location of each respondent in relation

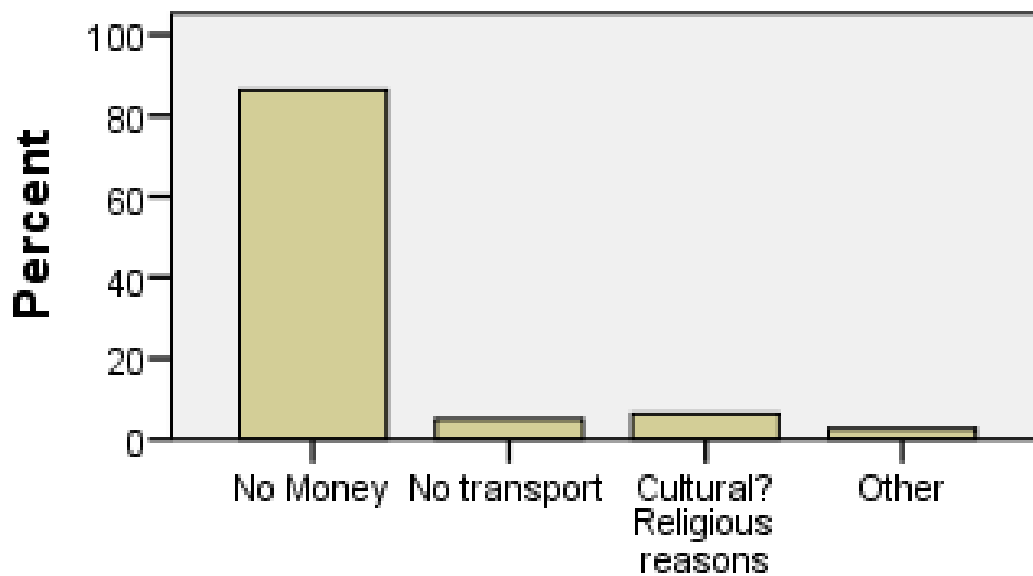
to the nearest location of the clinic and/or hospital.

**What are the reasons for not getting healthcare?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No Money	69	71.1	86.3	86.3
No transport	4	4.1	5.0	91.3
Cultural/Religious reasons	5	5.2	6.3	97.5
Other	2	2.1	2.5	100.0
Total	80	82.5	100.0	
Missing System	17	17.5		
Total	97	100.0		

*Table 17: Reasoning for failure to access healthcare services*

### What are the reasons for not getting healthcare?



### What are the reasons for not getting healthcare?

*Figure 17: Reasoning for failure to access healthcare services*

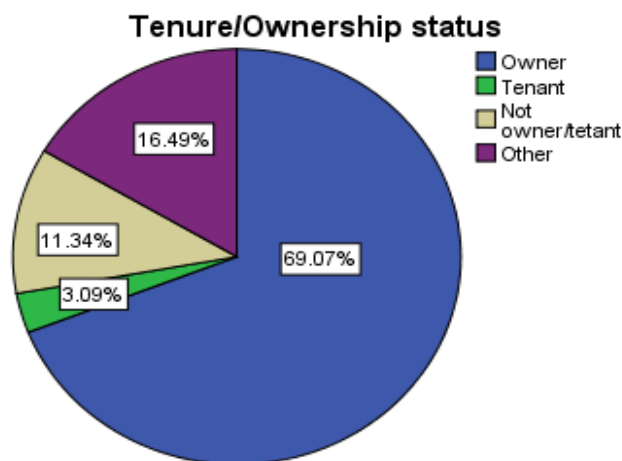


### 2.4.5. Security of Tenure and/or Ownership

The study highlights that a significant proportion of the NDA-funded project participants are women who have security of tenure and/or own houses in which their family lives. The study indicates that 69 percent of the NDA-funded project participants of which the majority are women, have security of tenure and that an insignificant number of them stay in RDP houses. Table 18 and figure 18 below are the representations of the security of tenure with regards to the NDA-funded project beneficiaries. A significant proportion of the NDA-funded project participants who have security of tenure representing 57 percent stay in the detached dwelling while only 9 percent of them stay in the RDP houses and 19 in shacks. Tables 18 – 20 and figures 18 – 20 demonstrate the security of tenure and housing in respect of the NDA-funded project participants.

Tenure/Ownership status				
	Frequency	Percent	Valid Percent	Cumulative Percent
Owner	67	69.1	69.1	69.1
Tenant	3	3.1	3.1	72.2
Valid Not owner/tenant	11	11.3	11.3	83.5
Other	16	16.5	16.5	100.0
Total	97	100.0	100.0	

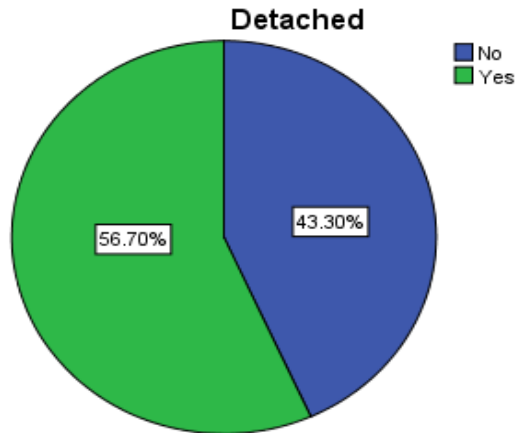
**Table 18:** Security of Tenure Determination



**Figure 18:** Security of Tenure Determination

Detached				
	Frequency	Percent	Valid Percent	Cumulative Percent
No	42	43.3	43.3	43.3
Valid Yes	55	56.7	56.7	100.0
Total	97	100.0	100.0	

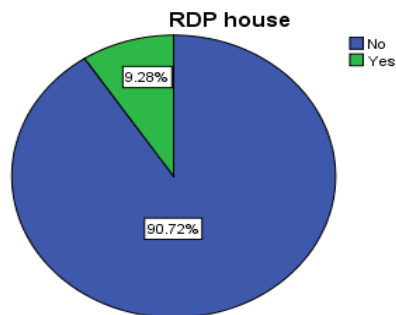
**Table 19:** Detached Dwelling Determination



**Figure 19:** Detached Dwelling Determination

RDP house				
	Frequency	Percent	Valid Percent	Cumulative Percent
No	88	90.7	90.7	90.7
Valid Yes	9	9.3	9.3	100.0
Total	97	100.0	100.0	

**Table 20:** RDP Housing Determination

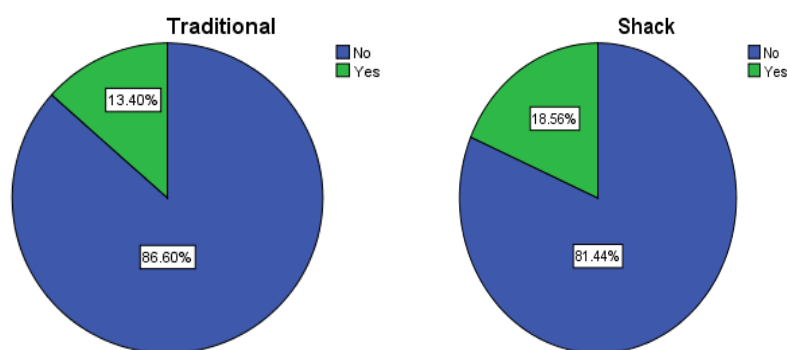


**Figure 20:** RDP Housing Determination

Shack				
	Frequency	Percent	Valid Percent	Cumulative Percent
No	79	81.4	81.4	81.4
Valid Yes	18	18.6	18.6	100.0
Total	97	100.0	100.0	

**Table 21: Shack Housing Determination**

Generally, an insignificant proportion of the NDA-funded project participants stay in traditional houses and shacks as demonstrate below in table 21 and figure 21. This is attributable to the fact that the respondents are located in predominately rural areas with a vast availability of land as opposed to the densely populated urban areas. The rapid increasing and/or construction of shacks in this area can hardly be seen since it is not an urban and/or industrial area with expected plenty of employment opportunities. This could also be explained to a lower level of migration to rural areas as opposed to a higher level of migration to urban areas. Table 21 and figure 21 below clearly reflect the shack housing by the NDA-funded project participants.



**Figure 21: Traditional and Shack Housing Determination**

The study further indicates that only 17 percent of the NDA-funded project participants have used tiles roof on their main dwelling unit while 89 percent use zinc/iron for the roof of the main dwelling. The study also highlights the lowest usage of thatch at 9 percent of the NDA-funded project participants. This shows a trend where people move from traditional housing to modern and/or mixed dwelling units. Furthermore, the study reveals that a significant proportion of the respondents used bricks and cement for both the walls and floors of the main dwelling unit respectively. Tables 22 – 26 clearly present the status quo with regard to the type of the materials used in the main dwelling units.

**What materials have been used in the roof of the main dwelling unit?**

**Tiles**

	Frequency	Percent	Valid Percent	Cumulative Percent
No	81	83.5	83.5	83.5
Valid Yes	16	16.5	16.5	100.0
Total	97	100.0	100.0	

**Table 22: Roof Material Determination**

**Zinc/ Iron**

	Frequency	Percent	Valid Percent	Cumulative Percent
No	11	11.3	11.3	11.3
Valid Yes	86	88.7	88.7	100.0
Total	97	100.0	100.0	

**Table 23: Roof Material Determination**

**Thatch**

	Frequency	Percent	Valid Percent	Cumulative Percent
No	88	90.7	90.7	90.7
Valid Yes	9	9.3	9.3	100.0
Total	97	100.0	100.0	

**Table 24: Roof Material Determination**

**What materials have been used in the floor of the main dwelling unit?**

**Cement**

	Frequency	Percent	Valid Percent	Cumulative Percent
No	8	8.2	8.2	8.2
Valid Yes	89	91.8	91.8	100.0
Total	97	100.0	100.0	

**Table 25: Floor Material Determination**

**What materials have been used in the walls of the main dwelling unit?**

		<b>Bricks</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
	No	9	9.3	9.3	9.3
Valid	Yes	88	90.7	90.7	100.0
	Total	97	100.0	100.0	

**Table 26: Wall Material Determination**

**2.4.6. Access to Water and Sanitation**

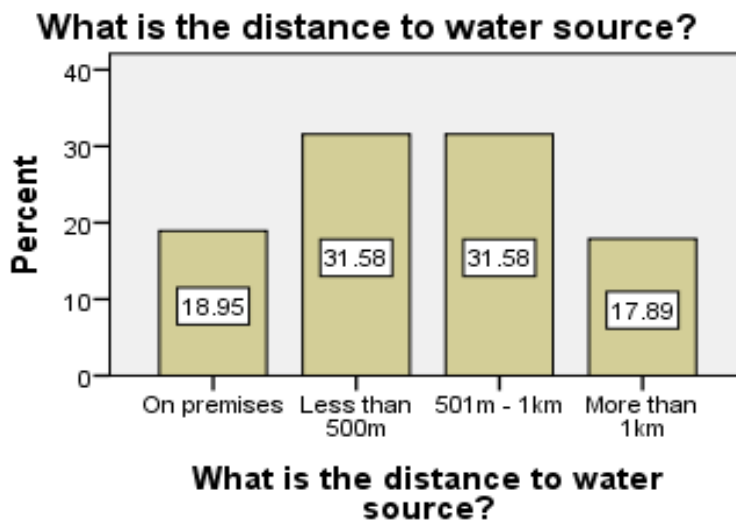
The study indicates in table 27 and figure 22 that 19 percent of the NDA-funded project beneficiaries have water within their premises while 31 percent get water within a distance of less than 500m while 31 percent get water within the distance between 501m to 1 km. This implies that a significant proportion of the NDA-funded project participants (60%) get water in a distance of not above 1km while only 17 percent get water from a distance of more than 1km.

The main source/s of drinking water for a significant number of the respondents is/are rivers and/or dams at 54 percent followed by communal taps at 19 percent and piped outside houses at 11 percent. It is also noteworthy to indicate that in case where there is a borehole, but the underground water is found to be inadequate due to the dry climatic conditions characterising the Sekhukhune region. Table 28, and figures 22 and 23 below indicate the distance of water sources and main sources of drinking water for NDA-funded project participants.

**What is the distance to water source?**

	Frequency	Percent	Valid Percent	Cumulative Percent
On premises	18	18.6	18.9	18.9
Less than 500m	30	30.9	31.6	50.5
Valid 501m - 1km	30	30.9	31.6	82.1
More than 1km	17	17.5	17.9	100.0
Total	95	97.9	100.0	
Missing System	2	2.1		
Total	97	100.0		

**Table 27: Distance to drinking water**

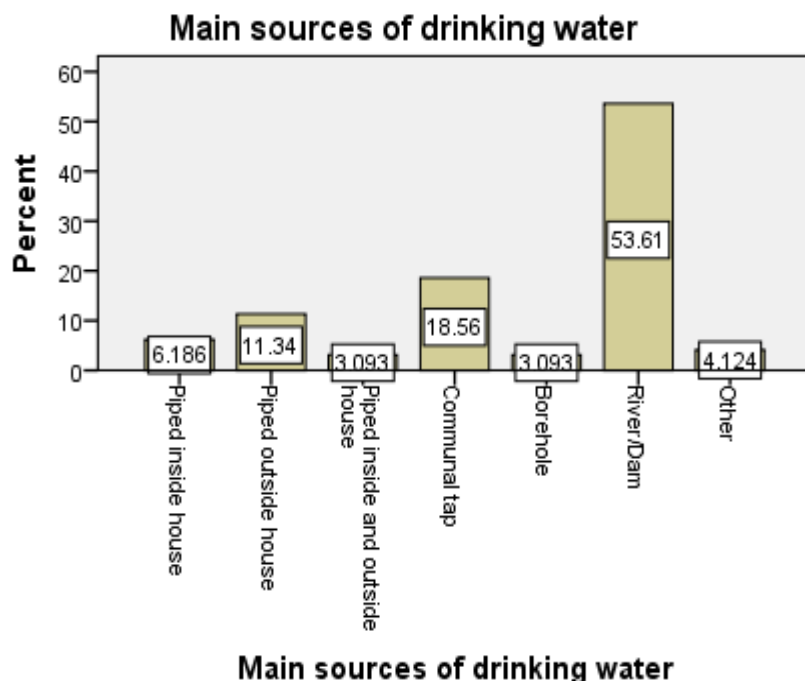


**Figure 22: Distance to water source**

**Main sources of drinking water**

	Frequency	Percent	Valid Percent	Cumulative Percent
Piped inside house	6	6.2	6.2	6.2
Piped outside house	11	11.3	11.3	17.5
Piped inside and outside house	3	3.1	3.1	20.6
Valid Communal tap	18	18.6	18.6	39.2
Borehole	3	3.1	3.1	42.3
River/Dam	52	53.6	53.6	95.9
Other	4	4.1	4.1	100.0
Total	97	100.0	100.0	

**Table 28: Main Sources of drinking water**

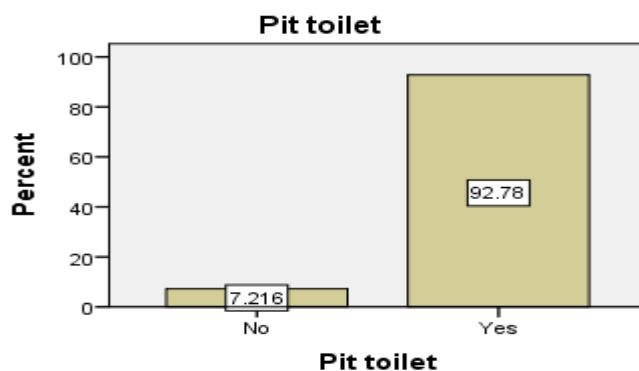


**Figure 23:** Main Sources of drinking water

The study further reveals that a significant proportion of the NDA-funded project participants make use of a pit toilet as opposed to other forms of sanitation. 93 percent of the respondents indicated that the type of the toilet facility used in their respective households is a pit toilet. This is attributable to the lack of the availability of the reliable water source in the Makhuduthamaga Local Municipality. The dry climatic conditions characterising the municipality also influence the use of this type of toilet facility. Table 29 and figure 24 below clearly demonstrate the toilet facilities used by a significant proportion of the NDA-funded project participants.

	Frequency	Percent	Valid Percent	Cumulative Percent
No	7	7.2	7.2	7.2
Valid Yes	90	92.8	92.8	100.0
Total	97	100.0	100.0	

**Table 29:** Type of toilet facility used



**Figure 24:** Type of toilet facility used

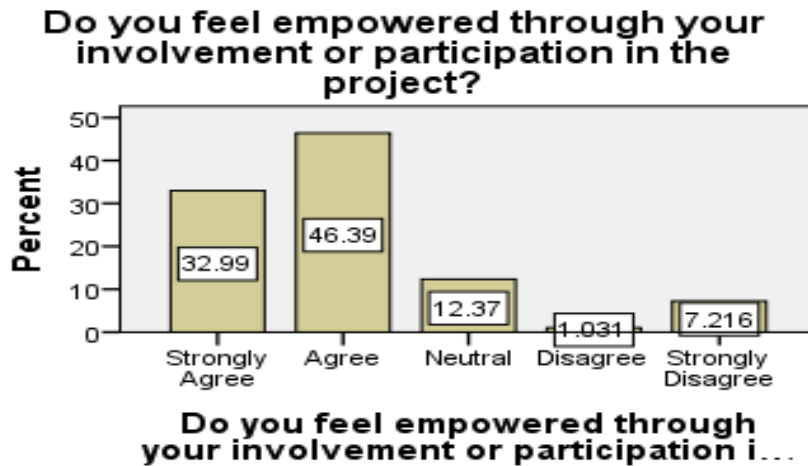
### 2.4.7. Empowerment

Table 30 below highlights that the respondents felt empowered through their involvement in the NDA-funded projects. The study indicates that 79 percent of the respondents claim to having been empowered through the NDA’s injection of funding in the projects and their subsequent involvement in the projects. Categorically, 33 percent of the respondents strongly agree having been empowered through their involvement in the NDA-funded projects and 46 agree to the empowerment brought to them through the NDA funding adding up to 89 percent in total. The respondents indicated that through their involvement in the NDA-funded projects were empowered in terms of earning monthly stipends (some form of income which is not guaranteed), skills training and transfer, purchasing power for the purposes of buying basic food and clothing, and other necessary household items. It should also be noted that there is an insignificant number of respondents who were neutral and disagreed to the question on empowerment emanating from the NDA funding and their subsequent involvement in NDA-funded projects. Table 30 and figure 25 below provide in detail how the respondents categorically answered the question on empowerment.

Do you feel empowered through your involvement or participation in the project?				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	32	33.0	33.0	33.0
Valid Agree	45	46.4	46.4	79.4
Valid Neutral	12	12.4	12.4	91.8
Valid Disagree	1	1.0	1.0	92.8
Valid Strongly Disagree	7	7.2	7.2	100.0
Total	97	100.0	100.0	

**Table 30:** Empowerment Determination





**Figure 25: Empowerment Determination**

The study shows that 54 percent of the respondents felt empowered through asset acquisition while 46 percent felt not empowered by asset acquisition. The assets acquired through NDA funding include, among other things, sewing machines and fence-making machines and constructed ECD centres. Furthermore, through the stipend paid, the project participants had a purchasing power to buy necessary household assets such as televisions, clothing and utensils. The study further indicates that a significant proportion of the respondents felt empowered through skills transfer. This simply implies that there are certain skills and expertise derived by the respondents through their involvement in the NDA-funded projects. These skills refer to various areas of project management, for example, costing and pricing, cost-benefit analysis and basic business management. 83.5percent of the respondents indicated their satisfaction with skills and expertise transferred to them. The study also highlights that 77 percent of the respondents felt empowered with the stipends received from their involvement with the NDA-funded projects since they consider this to be income for them. It should, however, be noted that an insignificant proportion of the respondents expressed dissatisfaction with regard to the possible areas on empowerment and felt that they were not empowered. The study indicates that 19 percent of the respondents felt not empowered in one form or the other through their involvement in the NDA-funded projects.

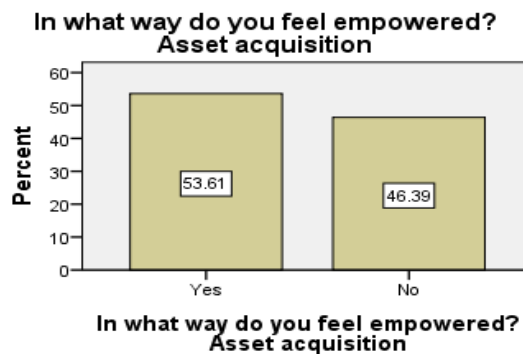
The study also indicates that 83 percent of the respondents felt empowered through food security subsequent to their involvement in the NDA-funded projects. Certainly, this implies that the respondents felt empowered in that they were able to purchase food using the stipend and/or get vegetables from the garden. The study also reveals that 85 percent of the respondents felt empowered in that the NDA-funded project and their subsequent involvement is equivalent to employment opportunity since they were able to receive income

and also felt that their involvement in the NDA-funded projects could enable them to further and/or advance their careers based on the skills and expertise derived from the NDA-funded projects. Tables 31 –36 and figure 26 - 31 provide in detail various areas of empowerment and percentage information regarding the areas from which the respondents felt empowered.

**In what way do you feel empowered? Asset acquisition**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	52	53.6	53.6	53.6
Valid No	45	46.4	46.4	100.0
Total	97	100.0	100.0	

**Table 31: Asset Acquisition Empowerment determination**

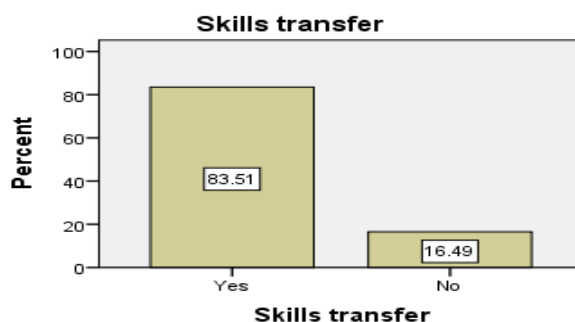


**Figure 26: Asset Acquisition Empowerment determination**

**Skills transfer**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	81	83.5	83.5	83.5
Valid No	16	16.5	16.5	100.0
Total	97	100.0	100.0	

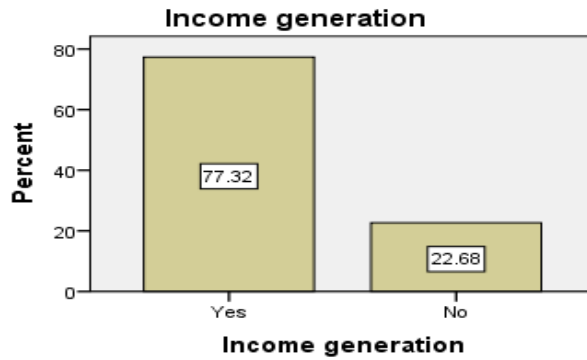
**Table 32: Skills Transfer Empowerment determination**



**Figure 27: Skills Transfer Empowerment determination**

Income generation				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	75	77.3	77.3
	No	22	22.7	100.0
	Total	97	100.0	100.0

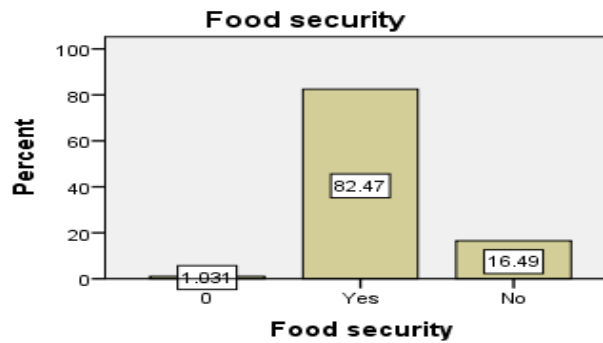
**Table 33:** Income Generation Empowerment determination



**Figure 28:** Income Generation Empowerment determination

Food security				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	1	1.0	1.0
	Yes	80	82.5	83.5
	No	16	16.5	100.0
	Total	97	100.0	100.0

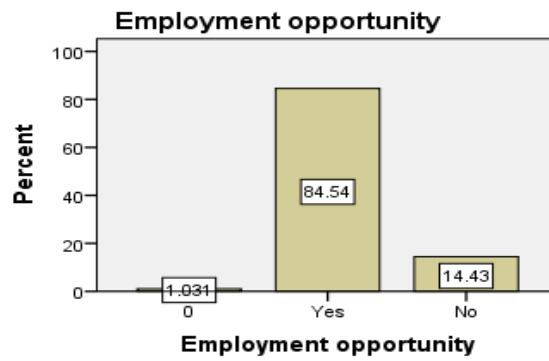
**Table 34:** Food Security Empowerment determination



**Figure 29:** Food Security Empowerment determination

Employment opportunity				
	Frequency	Percent	Valid Percent	Cumulative Percent
	0	1	1.0	1.0
Valid	Yes	82	84.5	85.6
	No	14	14.4	100.0
Total	97	100.0	100.0	

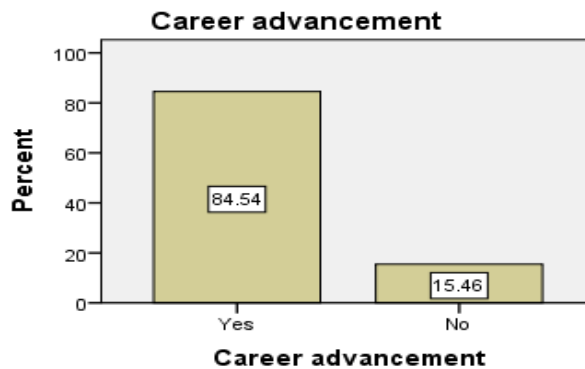
**Table 35:** Employment Empowerment determination



**Figure 30:** Employment Empowerment determination

Career advancement				
	Frequency	Percent	Valid Percent	Cumulative Percent
	Yes	82	84.5	84.5
Valid	No	15	15.5	100.0
	Total	97	100.0	100.0

**Table 36:** Career Advancement Empowerment determination



**Figure 31:** Career Advancement Empowerment determination

**Would you recommend any member of the community for participation in this project for empowerment purposes?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	90	92.8	93.8	93.8
	No	6	6.2	6.3	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

**Table 37:** Respondents' determination to recommend others for involvement in the project

Table 37 above highlights the readiness and/or determination of the respondents in terms of recommending other members of the community to participate in the NDA-funded projects. The study reveals that 93 percent of the respondents are comfortable to recommend other members of the community for involvement in the NDA-funded projects. Certainly, this is attributable to the benefits derived from the involvement and association with the NDA-funded projects which include, amongst others: income generation; asset acquisition; skills acquisition; employment opportunity; and career advancement. This is also supported by the significant number of the respondents who indicated their satisfaction with their involvement in the NDA-funded projects.

### 3. Interpretation of Findings

It is established that the NDA receives its equitable share (funding allocation) from the South African government for the purposes of strengthening the capacity of CSOs involved in poverty eradication initiatives. The Phakgamang Community Resource Centre, the Leseding Centre for Mentally Handicapped, the Makhuduthamaga Development Consortium and the Mamakupitsi Projects are found to be some of the CSOs funded by the NDA to pursue poverty eradication initiatives. It is further established that the core business of the NDA is to contribute towards poverty eradication through grant-making to CSOs. The sectors of priority for the NDA are found to be economic development, education, and health and food security while its target clientele are CSOs. The criterion for the provision of development funding is found to be pro-poor. It is understood that the NDA has provided development funding to the tune of R13 million to various poverty eradication projects in the Makhuduthamaga Municipality during the period 2006 – 2010 through two approaches considered to be proactive, namely: programme formulation and request for proposals (RFP) approaches. This development funding provided to CSOs in the Makhuduthamaga Municipality was expected to be translated into improved living conditions of the rural poor in the

Makhuduthamaga Municipality in the form of the creation of employment and income earning opportunities, skills development, improved access to health care, improved food security and investment in socio-economic infrastructure.

The study highlights that the NDA has made some positive impacts on other areas of community development while there are some areas of weakness and challenges for the NDA. The positive impact made by the NDA includes: its contribution to employment creation and income generation for the poor rural communities; its contribution to the empowerment of the vulnerable groups, that is, the youth, people with disabilities and women; its contribution to the provision of socio-economic infrastructure for the poor rural communities, for example, the construction of 4 ECD centres and of the Leseding Centre for the Mentally Handicapped; and its contribution to the capacity building and/or training of the poor communities in various areas of project management. It is, however, noted that the following are the areas of weaknesses and challenges for the NDA: the failure to ensure the sustainability of its funded projects; failure to ensure the sustainability of the employment opportunities created; failure to attract and retain youth participation in its funded projects; failure to establish market linkages for its funded projects and ensure that they operate on a positive balance sheet; failure to ensure adequate monitoring and enforce accountability on the correct use of the disbursed funding; failure to adequately inculcate a culture of entrepreneurship in its funded projects; and failure to utilize services of the accredited service providers in all training provided to its funded projects.

The participation of the youth in the NDA-funded projects is found to be minimal. The failure of the NDA-funded projects to sustainably yield positive economic benefits remains the major reason for the non-participation of the youth in these projects. It has been established that most of the NDA-funded projects operate on the negative balance sheet, thereby failing to generate adequate revenue for its sustainability. This implies that these projects are unable to sustainably afford the salary and/or stipend bill. Subsequently, the lack of a stipend and/or salary constrains the youth participation and drives away the educated youth to the well-established organizations. Ironically, the NDA-funded projects fail to attract youth participation despite the current socio-economic challenges which leave the majority of youth without employment and make it difficult for the youth to penetrate the labour market. This simply suggests that when conducting cost-benefit analysis with a view to determining the labour and time to be spent on the NDA-funded projects against the economic benefits, the youth often find the opportunity to participate in the NDA-funded projects not to be

appealing to them. This suggests that the NDA funding impact on youth development is found to be weaker than the development of adult people.

However, the failure of the NDA-funded projects to attract youth participation may also be dependent on the fact that they are still dependent on their parents for their survival while their parents participate in the NDA-funded projects due to their obligation to look after their children, including the youth. The introduction of the child support grants by the Department of Social Development through the South African Social Security Agency (SASSA) remains another factor which constrains youth participation in the NDA-funded projects. This assertion is informed by the fact that the majority of the youth with children often consider child support grants as a source of income for a living.

The NDA makes a provision for the payment of a stipend for the period not exceeding 12 month. This stipend provision is made to allow the projects to be well-established, generate revenue and make some savings for effective operation and sustainability in the post-NDA funding period. It is expected that after the termination of NDA funding, the projects will be well-positioned to sustain their payroll, create and sustain employment opportunities created during funding. However, it is found that the employment opportunities created by the NDA and income received in the form of stipends by the project participants are not sustainable. In the post-NDA funding period, the majority of the NDA-funded projects are unable to sustainably pay stipends, retain employment opportunities created and create additional job opportunities. This highlights the weaknesses and challenges with regard to the coaching and mentoring mechanisms employed by the NDA during the funding period. This also indicates that the NDA-funded projects are heavily reliant on donor funding for their sustainability.

It is also expected that the project participants in the NDA-funded projects will afford basic needs such as water, food and shelter. Contrarily, the majority of the project participants are found to be battling to afford food. This could be attributable to the fact that the stipend provided for ordinary project participants often do not exceed R500 per month and it is not guaranteed after the end of NDA funding. Failure to afford food as the basic need by project participants is also informed by the failure of the NDA-funded projects to generate revenue and sustain the payment of stipends to project participants. Poor leadership and mismanagement of project funds including the lack of markets for the products produced by

the NDA-funded projects are considered to be some of the factors hindering the effective operations of the projects.

One of the criteria considered by the NDA to fund projects is that a fundable project will have potential to improve the asset base of the poor communities. It is found that a significant proportion of the NDA-funded projects have acquired some valuable assets. At the individual level it is found that the majority of project participants have acquired some valuable assets from the monthly stipend received from the NDA-funded projects. It was established that projects bought sewing machines, fence-making machines and industrial baking stoves through the NDA funding. A need for projects to make the optimum use of the resources is identified as one of the criteria for project funding. The fact that in two projects it was found that the industry baking stove, sewing machine and the fence-making machine were underutilized defeats this purpose of ensuring the effective use of the resources. It is also found that the NDA had made greater strides in contributing towards a need for investment in socio-economic infrastructure, for example, four (4) ECD Centres were constructed. However, the quality of some of the buildings constructed through the NDA funding was found to be of poor workmanship. The poor workmanship in the construction of the buildings are due to the failure by the NDA and project beneficiaries to make use of land surveyors, geotechnical services and structural engineers in the construction of the project buildings.

The sustainability of every project is dependent on the skills and expertise of the project participants. The NDA funding criteria consider skills transfer to be paramount to the success of every project it considers to fund. In this regard, it is found that the NDA funding makes provision for training in various areas of project management and the first tranche released is used for training of the project participants. It is found that the link between trainings provided, the project output and outcome is inconsistent. Under normal circumstance, the quality of the training will lead to the effective operation of the project and increased productivity. The ineffectiveness and inefficiency of some of the NDA-funded projects point to the serious weaknesses with the quality of training provided to these projects. It is also found that the NDA and project beneficiaries have not been using accredited service providers in training the project participants in various areas of project management. This approach resulted in the compromise of the quality of training required by the project beneficiaries and subsequently defeated the principles of sustainability and empowerment adopted by the NDA in its funding approach.



#### **4. Conclusion**

In a nutshell, the chapter presented and interpreted the findings of the study on the effectiveness of the NDA funding in community development in the Makhuduthamaga Local Municipality. The NDA's approaches, core business and sectors of priority were also clearly outlined in this chapter. The study further outlined the criteria which the NDA uses in the determination of fundable community development projects. The presentation and interpretation of the findings regarding this study were done using a combined methods of analysis made up of the qualitative and quantitative methods of analysis. The Statistical Software Package System was used to analyse data in respect of the quantitative analysis of data while one-on-one interviews and focus group interviews were conducted with the respondents to determine the effectiveness of the NDA-funding in community development. A photographic apparatus was used to capture images of the asset and work done by the NDA funded projects which enabled the clear explanation of the impact made through NDA-funding in community development. To this end, a detailed conclusion can be made regarding the impact of NDA's development funding in community development in the Makhuduthamaga Local Municipality in the Limpopo Province.

## CHAPTER 5

### General Conclusion and Recommendations

#### 1. Introduction

Despite the NDA's involvement in funding poverty eradication projects over the period of years, there have been some concerns that although raising income and creating jobs were common objectives in all NDA-funded projects, the extent to which this was achieved differed from project to project while most projects are struggling to achieve the targeted employment goals and that some suffered since the reduced number of staff they had towards the end of the grant period. It was also argued that the NDA-funded projects are not sustainable after the grant period. Therefore, this study provides insights into the nature and extent of development funding provided to various poverty eradication projects by the National Development Agency (NDA) and its subsequent impact on reducing poverty in the predominantly rural communities of the Makhuduthamaga Municipality in the Limpopo Province. It examines in detail the impact made by the NDA on community development through the disbursement of funds to poverty eradication projects. The effectiveness of the NDA-funded projects in community development is determined using employment opportunities created, income generated, skills transferred, assets accumulated, sustainability mechanisms, and community empowerment factors. The study, therefore, highlights key issues regarding the type of employment opportunities and levels of income emanating from the NDA-funded projects. The study uses a combined method of research, that is a qualitative and quantitative case study approaches and subsequently highlights in detail insights into the impact made by the NDA on community development, particularly in Makhuduthamaga Municipality.

This chapter presents general conclusions emanating from the findings of the study with regard to the impact of NDA-funding on community development in the Makhuduthamaga Local Municipality in the Limpopo Province. The chapter provides a broad overview outlining what are considered key findings on the impact of development funding on community development looking at the case study of the NDA in the Makhuduthamaga Local Municipality. The general conclusions of this study focuses on, among other issues, the extent to which the NDA-funding created employment opportunities, income generating opportunities and capacity building opportunities for the rural communities in the Makhuduthamaga Local Municipality. This does, however, not exclude the emphasis on the assessment of sustainability measures put in place to ensure the continued operations of the NDA-funded projects. The chapter further focuses on specific recommendations aimed at

guiding future policy improvement for development funding in South Africa. These recommendations are informed by the lessons drawn from the NDA-funded projects which will provide for the implementation of best practices in relations to development funding in South Africa.

## **2. General Conclusion**

### **2.1. Employment Creation and Income Generation**

In its effort to contribute towards the eradication of poverty, the NDA has made great strides in creating employment opportunities for the impoverished rural communities in the Makhuduthamaga Local Municipality in the Limpopo Province. Employment remains an opportunity for the rural communities to earn a reasonable income that is equal to the level of skills they have and work they do for sustainable livelihood purposes. In providing funding to the Civil Society Organization in the Makhuduthamaga Local Municipality the NDA has provided income generating opportunities for the rural communities of Diphagane, Mashabela, Marishane, Phaahla, Jane Furse, Maila-Mapitsana, Manganeng, Tshatane and their respective surrounding areas. It is, however, noted that the greater part of the income generated by the project participants through their involvement in the NDA-funded projects is received as stipends and found to be unsustainable. Although these stipends provide an opportunity for income earning and to some extent employment opportunities for the NDA-funded project participants, the fact that it has proved to be unsustainable is worrisome and threatens the sustainability of the NDA-funded projects. From the beneficiaries of the NDA-funded projects who happen to be project participants some consider themselves employed while others consider themselves as volunteers in these projects. Interestingly, a significant proportion of the NDA-funded project participants indicated that they are unemployed. This assertion is informed by the determination made regarding the inconsistent monthly payment of a stipend to the project participants and the level of the stipend. The project participants are often uncertain whether they will receive a stipend during the following month or not. The stipend amount was also found not to be consistent on a monthly basis, that is, the project participants received varied amounts of stipends on monthly basis depending on the availability of funds.

For example, during the study the project participants of the Phakgamang Community Resource Centre were found to have spent two months without receiving any form of a stipend. This is exacerbated by the total absence of the income generating activities for some of the Phakgamang Community Resource Centre's projects and heavy reliance on external funding. The ECD centres for the Phakgamang Community Resource Centre were, however, found to be consistent in the payment of salaries and/or stipends for project

participants although the amount of the stipends was not consistent. Similarly, the participants in the ECD centre had also spent at least a month without stipend or with a smaller stipend due to the failure of parents to pay monthly fees for the ECD learners. Although the Leseding Centre for the Mentally Handicapped had some income generating activities such as the operation of the tuck-shop, beading, sewing and baking, it also relied on subsidy from the Department of Social Development. The project participants for the Makhuduthamaga Development Consortium and Mamakukapitsi Projects, in particular, for the home-based care relied on funding from the Department of Social Development to pay for the stipends.

The subsidy provided to all ECD and home-based care centres including orphanage centres by the Department of Social Development per learner and/or enroller was found to be playing an important role in ensuring consistent payment of stipends to the project participants in the ECD and home-based care centres. Generally, the NDA-funded projects which receive subsidies from the Department of Social Development were found to be consistent in paying monthly stipends to the ECD practitioners and home-based care practitioners. This demonstrates great strides made by the NDA in creating employment opportunities for the rural communities of the Makhuduthamaga Local Municipality. The fact that the project participants receive an income on a monthly basis implies that employment opportunities were created through the NDA funding. It should be noted that the NDA-funding catered for the stipends of the project participants for the first six (6) to twelve (12) months from the date of the release of the funding. However, the extent to which these employment opportunities were sustainable remains a major challenge for the NDA given the heavy reliance of these projects to external funding for the salaries of the project participants.

Considering the income received by the project participants which ranged from R500 to R1500 monthly it was evident that almost all the project participants were volunteers. However, the project participants appreciated the stipend they were receiving indicating that it was better than sitting at home without a job. The inconsistent payment of this stipend threatens the long-term sustainability of the NDA-funded projects since the participants continuously look outside for greener pastures hence the high labour turnover in all the NDA-funded projects. The projects find it difficult to generate income from its produced products to sustain monthly salaries solely due to a lack of access to markets. It is also noteworthy to indicate that after the end of NDA funding most of the NDA-funded projects find it difficult to sustain themselves except where they effectively attract other donors to fund their activities. The NDA-funded projects which fail to attract other potential donors in

the post-NDA funding period often collapse resulting in loss of employment opportunities and/or potential to create employment opportunities.

## **2.2. Capacity Building**

Capacity building remains one of the fundamental ingredients and stimulants for meaningful community upliftment. A careful analysis of the findings indicates that the NDA has done a great deal of work in the area of capacity building and training. Quite interestingly, one of the beneficiaries of the NDA-funded projects, Sekhukhune Educare Centre has become an accredited service provider. In its funding the NDA has invested a significant proportion of the budget into capacity building of the Civil Society Organizations. The NDA-funded project participants were provided with training in a number of technical capacity building areas which included, amongst others: crop and vegetable gardening, brick-making, fence-making, carpentry, bee-keeping, and computer literacy. Furthermore, the NDA has made some stride in the provision of capacity building interventions in the following management areas: business management, financial management, organizational development and governance, project management, and library information services.

Of major concern is the failure by the NDA-funded project to inculcate the culture of entrepreneurship in the implementation of their specific projects which are aimed at improving their revenue base. For example, the collapse of the fence-making and brick-making projects for the Phakgamang Community Resource Centre remains a major blow to the majority of the rural communities in the Makhuduthamaga Local Municipality. Furthermore, the inability of Phakgamang Community Resource Centre to generate revenue from its library services through membership creates a burden for the Centre to pay its employees out of financial resources mobilized for other specific projects. This highlights the weaknesses in the effectiveness of the capacity building interventions provided to the NDA-funded project beneficiaries as well as the commitment and dedication of the project participants to the principles of business management. Furthermore, the failure by the NDA to engage accredited service providers in training their project participants poses a major risk in terms of an imperative need for quality management system. Equally, the failure by the NDA to involve the project participants in the selection of the training service providers has a negative impact on the normal functioning of the funded projects. Notably, the effectiveness of the trainings provided to the project participants is not measured by the ability of the project participants to improve productivity sustainably. This also highlights the weaknesses in terms of the adequacy of monitoring and evaluation of the capacity building interventions and their expected deliverables.

However, the efficiency and effectiveness of the capacity building interventions are also attributable to the high illiteracy rate amongst the NDA-funded project participants. There is an insignificant proportion of the NDA-funded project participants with tertiary qualification. The majority of the project participants have neither a matriculation qualification nor diploma or degree (post-matriculation qualification). There are only a few project participants who can effectively read and write. However, regular workshops, meetings and dialogues organized by the NDA enables civil society organizations to learn from one another in terms of best practices in the implementation of community development projects. Some of the areas of capacity building which seem to be neglected by the NDA in its training are tailor-made business marketing training and pricing and costing training as well as stakeholder management. The collapse of some of the project activities is attributable to the lack of access to the markets, the ability of the civil society organizations to effectively network and link up with potential clients as well as the inability of the civil society organization to effectively cost and price the product produced through projects.

More often than not, the NDA-funded projects collapse due to their failure to attract unemployed young graduates to strengthen the capacity of the projects using the knowledge, skills and expertise derived from their respective tertiary institutions. The NDA-funded projects and the NDA in particular fail to put together the graduate attraction and incentive package during the initial phase of the project to enable the young graduates to participate in the NDA-funded projects. The youth needs to be incentivised to participate in the community development projects due to the knowledge, skills and expertise they bringing with to the project. In this regard the NDA fails to put together a programme which could see young graduates developing an interest to be involved in community development projects with a view to strengthen the capacity of the NDA-funded projects while preparing themselves to enter the formal labour market. In general, the capacity of the NDA-funded projects are limited by the attraction of illiterate project participants who are unable to design, conceptualize and implement a business plan within the confines of the crucial dynamic underpinning project management and/or business management.

### **2.3. Economic Status**

The NDA through it funding to community development projects has enabled a significant number of the project participants to generate income in the form of stipends and to some extent gave them some economic power to buy basic needs such as food and clothing. However, the fact that a significant proportion of the NDA-funded project participants are living standard below average and continues to rely on government social grants such as child welfare grants remains a matter of grave concern. This indicates that the NDA is not

adequately stretching its muscles to ensure that the income given to the project participants as a result of their involvement in the projects has adequate economic power which would elevate them from below an average standard of living to an average standard of living. The fact that the majority of the project participants cannot afford food as a basic need points to the weakness in the NDA's effort to remove the rural poor out of the deprivation trap. The NDA-funded project participants still encounter difficulties in accessing basic healthcare services due to the lack of money to pay for transport to the clinic and/or hospital. While the NDA contribution to the improvement of the standard of living of these rural communities is appreciated, the fact that a month or two could pass without the NDA-funded project participants getting a stipend points to the untenable and/or unsustainable nature of NDA-funded project and livelihoods.

Almost all the NDA-funded projects are struggling to generate sustainable revenue out of the products produced by the project participants. Certainly, this situation perpetuates the culture of dependency on government grants which is not sustainable in the long run. Failure of these projects to generate revenue with a view to complementing subsidy provided by government in the form of stipends has a potential for them to become trapped in the poverty cycle. Interestingly, some of the NDA-funded projects fail to add value to the economy and improve the economic status of the project participants despite the availability of the production equipment at their disposal. The practical case in point is the availability of underutilized sewing machines in the Mamakukapitsi Projects and the underutilized fence-making and brick-making machines at the Phakgamang Community Resource Centre. While other projects are looking for these machines to improve productivity these projects have kept them underutilized in their respective offices. The inefficient and ineffective utilization of these machines will only entrench poverty in the intended project beneficiaries.

#### **2.4. Institutional Sustainability and Governance**

The NDA, through its funding to the Civil Society Organizations has made it possible for these organizations to attract additional funding from other donors. All of the NDA-funded projects received additional funding from other donors after the NDA funding was ended. For example, the Phakgamang Community Resource Centre received funding from the Lottery and the Department of Social Development while the Leseding Centre for the Mentally Handicapped received funding from Old Mutual. The NDA's continued effort to ensure that other partners come on board after its funding ceased has in many cases yielded positive results. However, the extent to which this additional funding is utilized remains an area of grave concern. This assertion is informed by the current operational status of some of the NDA-funded projects which often fails to consistently pay stipends to the project participants.

It is also noteworthy to indicate that the weaknesses in leadership and governance of these projects have made it possible for some of the project operation to collapse as is the case with the Phakgamang Community Resource Centre and the Mamakukapitsi Projects. Should the Department of Social Development pull out of the home-based care centres and some ECD centres this will result in the collapse of these centres. The on-going failure to apply business principles in the operational management of these centres remains an operational risk for these NDA-funded projects while the on-going lack of visionary leadership remains a fundamental strategic risk for the NDA-funded projects.

The NDA's approach to institutional arrangements of the fundable projects with regard to the Makhuduthamaga Development Consortium and the Mamakukapitsi Projects was found to be inefficient, ineffective and unsustainable. Three independent organizations, namely the Sekhukhune Educare Centre, the Jane Furse Local Business Service Centre and the Makhuduthamaga Home-Based Care were organized to form a legally registered entity, the Makhuduthamaga Development Consortium for the purposes of the NDA funding while three independent organizations, the Maditse Garden Project, the Makgobokele Cooperative and the Ikukeng Poultry and Garden Project were organized to form a legally registered entity, called the Mamakukapitsi Projects. These Consortia ceased to operate as legal entities after the end of the NDA funding.

Certainly, the three organizations in respect of the two consortia were in one way or the other coerced by the donors conditions to form a consortium and owing to the great demand of development funding and lack of financial resources they had no option but to comply with the NDA funding requirements and formed an unsustainable consortium. The representatives of these respective three independent organizations from each consortium then formed the team leadership for the coordination of the consortiums activities. Currently, the consortia are no longer in existence because it was formed on a short-term goal and for the wrong purposes, that is, access to NDA funding. However, the NDA's approach to funding the Phakgamang Community Resource Centre was found to be effective, efficient and sustainable in that the independency of these organizations was not interfered with. The Phakgamang Community Resource Centre served as a lead organization coordinating funding for its projects, leading to the institutional sustainability of the Phakgamang Community Resource Centre and its subsidiary organizations. The lack of relationship between the NDA-funded projects and other important stakeholders such as the Makhuduthamaga Local Municipality threatens the institutional sustainability of the NDA-funded projects. All the NDA-funded projects highlighted the total absence of the



Makhuduthamaga Local Municipality in support of its project activities.

## **2.5. Asset Accumulation**

Certainly, the NDA has made great strides in contributing to an imperative need to improve the asset-base of the poor rural communities in the Makhuduthamaga Local Municipality. The NDA has done this both in terms of soft infrastructure and hard infrastructure. In terms of soft infrastructure, the NDA has provided necessary capacity building interventions and to some extent it strengthens the capacity of Civil Society Organizations involved in poverty eradication projects. For example, the level of knowledge, skills and expertise demonstrated by the project participants of the Leseding Centre for the Mentally Handicapped remains the most precious asset for the people of Jane Furse and the surrounding rural areas. The knowledge, skills and expertise acquired through the NDA funding will go a long way in improving the living conditions for the people with disabilities and the general community of Jane Furse and the surrounding rural areas.

In terms of the hard infrastructure investment, the NDA has made great strides. It has invested a substantial amount of money into the economic infrastructure required to improve the economic conditions of the poor rural communities in the Makhuduthamaga Local Municipality. The NDA has constructed four (4) world class ECD centres, one (1) in Diphagane, and two (2) in Ga-Mashabela and one (1) in Mohwelere. The construction of these four (4) ECD centres will go a long way in improving early childhood development education and literacy levels within the Makhuduthamaga Local Municipality. The NDA has also purchased appropriate equipment for the rural communities for the purposes of sewing, brick-making, vegetable gardening and fence-making. The NDA also drilled some boreholes for the purposes of ensuring that community development projects do not have difficulties in accessing water. It is unfortunate that some of these pieces of equipment have not been effectively and efficiently utilized.

## **2.6. Community Empowerment**

Despite various areas of weaknesses and challenges, the NDA has done a great deal of work in empowering the rural communities of the Makhuduthamaga Local Municipality in various areas of need for community development. The NDA has provided the project beneficiaries of its funded projects with an opportunity to learn, transfer knowledge, skills and expertise. It has further enabled the project participants to acquire some valuable asset needed for sustainable livelihoods and provided employment and income generation opportunities as well as an opportunity for the project participants to advance their careers based on the skills and expertise derived from their involvement with the NDA-funded

projects. The NDA has provided the community with appropriate facilities for production and generation of revenue for possible improvement of the local economy. The NDA has presented an opportunity for the vulnerable groups such as women, people with disabilities and children to be provided with necessary services which are required to improve their living conditions. A significant proportion of respondents have expressed satisfaction regarding the extent to which the NDA has empowered them.

### **3. RECOMMENDATIONS**

Drawing from the general conclusions made regarding the study, the following are the key recommendations which are primarily aimed at contributing towards public policy on development funding.

#### **3.1. Creation of Sustainable Employment Opportunities and Reasonable Income**

Taking into cognizance the failure of the NDA-funded projects to create sustainable employment opportunities, adequate coaching and mentoring of the funded projects for the period not exceeding 24 months should be provided to ensure effective and efficient operations of community development projects and subsequent creation of decent work. This will assist the project to understand the importance of maintaining a positive balance sheet through consistent increase in productivity and sustenance of its project beneficiary salary bill. There is a need for the establishment of the incubation facility for the NDA-funded projects which will serve as an area for the provision of coaching and mentoring including technical training of the NDA-funded projects. The facility needs to be managed by someone with technical knowhow on specific areas of focus for the NDA-funded projects. The facility will provide technical training, coaching and mentoring in ensuring that the project participants clearly understand where to get the raw material cheapest, how to process such raw material, how to package and uniquely brand it. The provision of stipends to the NDA-funded projects should be made concomitantly with entrepreneurship coaching and mentoring. The NDA-funded project could be left to be independent upon the determination that the project has established a niche market for its products and is operating on a positive balance sheet able to meet its project beneficiary salary bill requirements for the period not exceeding 12 months. The NDA needs to prioritize the implementation of unique market driven income generating initiatives and ensuring effective accountability in terms of productivity, costing and pricing, recording of sales figures and total compliance with basic principles underpinning business management.

### **3.2. Provision of Quality and Accredited Training**

The sustainability of every project is dependent on the quality of the training provided. Quality training leads to improved productivity and sustenance of the project operations. It is important for the NDA to consider rolling out only accredited trainings using accredited service providers in providing training to its funded projects. It is equally important for the technical training to be separated from the basic business management training. In this regard the technical training should be very extensive and product-driven to ensure that the project has the required capacity to meet the market demands. The NDA should consult with the beneficiary organization in appointing the accredited training service provider to conduct relevant and/or requisite capacity building interventions within the framework of a quality management system. This is meant to ensure that there is total ownership and understating of the potential outcomes of the training by the project participants. The NDA should provide for tailor-made training programmes and/or sessions for the machinery and related equipment purchased for the beneficiary organization to eliminate the underutilization of the project equipment purchased by the NDA for productivity purposes. Furthermore, the NDA should develop mechanisms, systems and procedures to assess the effectiveness of the training interventions conducted on the beneficiary organizations.

### **3.3. Adequate Monitoring and Evaluation**

The monitoring and evaluation of the NDA-funded projects remains ineffective and inefficient. It is important for the NDA to strengthen the monitoring and evaluation of its funded projects to ensure that the projects achieve their intended outcomes. The NDA should consider adopting other mechanisms which will complement the monitoring done by inadequate staff. Failure to ensure that there is adequate human capacity to conduct monitoring and evaluation will result in failure of the NDA-funded projects to meet their intended outcomes. This will enable both the NDA and project beneficiaries to stick to the conditions of the contract and review the conditions regularly as and when it may be required.

### **3.4. Attraction and Retention of Youth Participation**

The revelation that youth participation in the NDA-funded projects remains minimal is a major area of concern for the NDA. The NDA should, therefore, develop a strategy to attract and retain youth participation in its funded projects. It should develop the Unemployed Graduate Youth Attraction & Incentive Strategy and/or Package with a view to identifying various incentives which will be used to attract the involvement of graduate youth in the NDA-funded projects. This assertion is informed by an imperative need to empower the youth as part of the vulnerable groups. The youth constitutes the most energetic, productive

and prominent part of society. The NDA should also consider employing the services of unemployed graduates as volunteers or interns to assist the NDA's project managers to effectively and efficiently monitor and evaluate the performance of the beneficiary organization's projects and enforce accountability by beneficiary organizations. This will also serve as an important strategy to attract youth involvement in its funded projects.

### **3.5. Elimination of Imposed Consortia**

It emerged during the study that the Makhuduthamaga Development Consortium only existed for the purpose of having access to the NDA funding. This defeated the principle of sustainability as adopted by the NDA in funding community development projects. The NDA should refrain from establishing and legalizing imposed consortia which exist for narrow purposes, that is, only to access NDA funding, but instead should allow for the democratic nomination of the lead organization based on capacity and experience which will be charged with the responsibility for the overall coordination of the NDA-funded project activities and management of the development funding. The lead organization model proved to be more compelling and user-friendly. This remains important for the affirmation of ownership, autonomy and responsibility by independent projects. The lead organizations should sign a Service Level Agreement (SLA) or a Memorandum of Understanding (MoU) on key deliverables and timeframes with subsidiary organizations to enforce accountability and reporting.

### **3.6. Timely Disbursement of Funding**

The late and delayed payment of tranches to the project has interrupted the scheduled project activities and has threatened the sustainability of the NDA-funded projects. The NDA needs to comply with the contractual obligations as set out in the contract signed between it and the beneficiary organization in terms of the timelines for disbursement of funds to ensure the uninterrupted project implementation schedule. The timely disbursement of funding remains one of the critical ingredients of sustainability of donor-funded projects. It is, however, possible if adequate monitoring coupled with appropriate coaching and mentoring is undertaken.

### **3.7. Inculcating the Culture of Partnership and Entrepreneurship**

The NDA should collaborate with a variety of stakeholders involved in SMME development. This strategy will greatly contribute towards the sustainability of the NDA-funded projects since the involvement of the stakeholders dealing with SMME development such as the Limpopo Business Support Agency (LIBSA) and the Small Enterprise Development Agency (SEDA) will inculcate the culture of entrepreneurship in the NDA-funded projects. This will assist in ensuring that the project participants develop requisite skills and expertise which will enable them to have business insight necessary to inject profit-driven mentality and performance. The NDA should persuade and ensure the active involvement of the Makhuduthamaga Local Municipality and the Sekhukhune District Municipality, in particular the Local Economic Development and Community Services Units for collaborative support in terms of strengthening the monitoring of the performance of these projects as well as exploring possible additional financial resources for the projects. The beneficiary organizations should be capacitated for stakeholder mobilization, stakeholder relationship management, market linkage and business networking. The NDA in partnership with other relevant organizations such as Progress Milling and Tombi Seleka College of Agriculture should partner to assist beneficiaries to identify and exploit potential domestic and international markets

### **3.8. Pro-Actively Eliminate Structural Defects**

The investment in economic infrastructure is found to be one of the goals of the NDA-funding in community development. However, the quality of some of the community structures erected through the NDA in support of poverty eradication projects remains a matter of grave concern and do not always comply with acceptable building standards. The NDA collectively with beneficiary organization should, therefore, consider making use of geotechnical, civil structural engineers and land surveyors prior to construction of buildings for the projects to eliminate the potential structural deficiencies and poor workmanship.

## **4. Conclusion**

The implementation of the above-stated recommendations will go a long way in ensuring sustainable operations of NDA-funded projects. The sustainability of the NDA-funded projects is dependent on the implementation of these projects within the confines of the basic values of business management. The total compliance with business management principles by the NDA in funding community development projects will result in positive economic spinoffs for the rural communities of the Makhuduthamaga Local Municipality in the Limpopo Province.

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