EVALUATION OF INCOME GENERATING PROJECTS: THE CASE OF ILINGE AND MACHIBINI PROJECTS IN LUKHANJI LOCAL MUNICIPALITY.

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EVALUATION OF INCOME GENERATING PROJECTS: THE CASE OF ILINGE AND MACHIBINI PROJECTS IN LUKHANJI LOCAL MUNICIPALITY

By

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LIST OF ACRONYMS

GDP : Gross Domestic Product
IGP : Income Generating Project
IGPs : Income Generating Projects
LDCs : Less Developed Countries
MDGs : Millenium Development Goals
NGO : Non Governmental Organization
SLAQ : Settlement/ Land acquisition Grant
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ABSTRACT

The study is conducted in the Eastern Cape Province of South Africa in Lukhanji Local Municipality. Eastern Cape has a population of 1 676 470.

Source: Demarcation Board (www.demarcation.org.za), 03 April 2009.

The Province is made up of seven district municipalities which includes the following; Nelson Mandela Bay Metropolitan Municipality, Cacadu, Amathole, Chris Hani, Ukhahlamba, OR Tambo, Alfred Ndzo. It is comprised of seven local municipalities which are King Sabata Dalindyebo, Nyandeni, Qaukeni, Mbizana, Mhlontlo, Port St John’s, and Ntabankulu.

Eastern Cape, according to Bradshaw Debbie et al (2000;4) has the second highest poverty levels in South Africa (47% of households below the poverty line, which is based on imputed monthly expenditure of R800 or less) (SSA, 2000b), combined with the highest provincial unemployment rate (55%) in the country (SSA, 2003).

This province is characterised by inequitable growth and development. As mentioned above, it has a high level of poverty. For this reason, strategies like Income generating projects (IGPs) have been formulated to address the need for improved livelihoods, better skills and self employment opportunities. Income generating project as a concept is a convincing strategy when looked at a distance however there is a need to evaluate the impact of Income generating projects (IGPs) through a scientific study to determine the
evidence of speculations that Income generating projects are claimed to improve and sustain livelihoods of our people.

In the light of the aforesaid, the researcher has endeavoured and undertaken a study on the evaluation of income generating projects. This was done to determine the extent to which income generating projects (IGPs) as a mechanism to alleviate poverty address this problem of poverty. Due to the broadness of the concept of the problem and the extensive nature of the geographical area of the Eastern Cape, the study was exclusively focused on the agricultural projects of Ilinge and Machibini Project in Lukhanji Local Municipality.

For the purpose of this study, a combined method approach was used. In other words, the study applied both quantitative and qualitative research design in an attempt to gain an in-depth understanding of the problem investigated. Both questionnaire and interviews were employed during gathering of data of the study and participants were project members, project leader and key informants as contributing builders and managers of the projects.

Findings revealed that there is lack of sustainability on income generating projects as the projects studied lost a high number of project members with a common complaint of lack of income to sustain project members during their membership on the income generating projects (IGPs). Lack of skills is considered to be a crucial contributing factor as one other project complained of total lack of training of project members.
CHAPTER 1: INTRODUCTION AND CONTEXT

1.1 INTRODUCTION

For the past decades, government and non-governmental organizations (NGOs) have embarked on the poverty alleviating strategies of implementing Income Generation Projects (IGPs). Target beneficiaries of these projects are usually unemployed people ranging from youth, women people living with disability. Most of these projects are funded by Department of Social Development. There are other departments such as department of Agriculture; department of environment and economic affairs and Eastern Cape Office of the Premier which also contribute to the financial assistance of these projects. Department of labour, has for many years been responsible for funding these projects through the national skills development fund by providing them with training in order to empower and sustain these projects. Department of Labour has since stopped the training service and projects now depend on other departments for training.

1.2 The rationale and background to the study

The rationale for undertaking this study is to evaluate the impact and the future of income generating projects in the agricultural sector. Attention is given to agricultural projects which are viewed to be unsustainable and have less impact on the alleviation of poverty. There is a wide variety of agricultural projects namely poultry farming projects; cattle farming projects; vegetable cultivation projects; fruit projects; sheep and goat farming. The researcher focused on the two garden projects from Machibini and Ilinge location under Lukhanji Local Municipality specializing on cultivation of vegetables. Both these projects have been in existence for since 2005.

Machibini and Ilinge are both rural villages under the same authority of a chief and Lukhanji Municipality. These areas are situated 18 kilometers away and parallel to each other on the west south of Queenstown in the Eastern Cape. Both villages are freehold areas owned by blacks. Government has secured these villages with funding for most of their income generating projects. Income generating projects are mostly agricultural projects however there is a few non agricultural projects that involve sewing by the disabled project members.
The rationale for this exercise is a universal need to impact on poverty alleviation strategies and the need for these projects to be sustainable. Research may contribute towards alleviating poverty depending on the results of the study as there is a serious need for people to be secured with basic needs especially food security.

1.3 Problem statement

Income generating projects (IGPs) are considered to be unsustainable and have less impact on poverty alleviation. There have been mixed feelings about the effectiveness of income generating projects whose aim is to reduce poverty and promote skills and employability of people through income generating projects (IGPs). Some people believe that IGPs play an effective role in fighting poverty while some believe that the programme is flawed, ineffective and not helpful as it seeks to be.

The majority of the population of Machibini and Illinge Location has never enjoyed access to employment in the formal sector owing to the discriminatory practices of the apartheid of the past. This resulted to a number of households living in impoverished circumstances. It has been observed that a number of people are participating in income generating projects in order to sustain their livelihoods however there are reports that some projects are not helping project members to sustain themselves and projects are running without profit for a longer period. Further, the problem identified in this study concerned the reasons for the apparent lack of success of income generating projects initiated to enhance livelihood strategies.

1.4 Research Questions

- For what purpose are income generating projects designed?
- Are vegetable projects sustainable?
- Is there any benefit from joining vegetable project?
1.5 **Research aims and objectives**

The aims and objectives of the study are as follows:

- To establish the extent to which income generating projects reduce or alleviate poverty.
- Investigate sustainability of vegetable projects.
- Assess and analyze the current situation of the projects under the study.
- Identify challenges facing income generating Projects and make recommendations for future interventions.
- To identify areas that need improvement and how this can be achieved.
- Determine effective ways of marketing these projects for sustainability and profitability
- Compare success and failure of these vegetable projects.

1.6 **Delimitation of the study**

Owing to human, financial and time constraints, the study is limited to only two of the income generating projects in Lukhanji which may not necessarily be a representative sample of the Lukhanji Local Municipality.
CHAPTER 2: Theoretical framework/Literature review

2.1 Introduction

The chapter will look at the theoretical background to investigate aspects related to the Income generating projects. Views of scholars and other authors will be regarded to validate this study as their information has been scientifically researched.

2.2 Sustainable development

If sustainable development in the quality of human life is to be achieved, it will need a more efficient economic performance capable of generating surpluses above the satisfaction of basic demands. It will also demand social systems that are able to resolve development problems.

Different scholars have defined sustainable development in different ways but the most popular definition for sustainable development as described by World Commission on Environment and Development (1987:43) is ‘the development that meets the needs of the present without compromising ability of future generations to meet their own needs’. Sustainability is considered by the Department of Social Development to be the core concept of livelihood. It is understood as continued poverty reduction. Singh and Gilman (1990:540) define sustainability as “the ability to exercise choice, access to opportunities and resources using them in ways that do not foreclose options for others to make a living either now or in the future”. In practical terms, De Beer and Swannepoel (2000:50) are of the view that sustainable development must accommodate the objective of poverty alleviation and ensure “that future generations will be in a better position than existing ones”. In an ideal situation, sustainable development must be able to secure the future welfare of the descendants.

2.3 Agricultural activity role in economic development initiative

Agriculture is still regarded by economists as the leading productive sector by value and employment in South Africa. The vast majority of people in less developed countries (LDCs) live and work in the rural areas and as such agriculture is rated the highest contributor toward gross domestic product (GDP) as stated by George et al. (2010: 43-46). As
population grows, the demand for food supply becomes a crucial factor and it is no wonder that efforts to improve efficiency in agricultural production and activities continues to be top-priority development objective. Garden projects thus form part of this top objective a they play a significant role in supplying food and contributing to overall development. Such improvement will require improved technologies as well as advanced equipment like improved irrigation systems, market infrastructure and skills training.

It is also a source of concern, given the climatic conditions of the country and the evidence of widespread poverty and the dependence of South Africa on food imports. Sometimes production drops during the busiest part of the growing season, planting and weeding times and at times labour is underemployed. Since the planting is determined by the onset of the rain, vegetable projects are guaranteed to prosper around that season.

Crop production is commonly successful among White farmers who are still equipped with highly advanced technological equipments that are able to produces more production and enhance marketing strategies. In the rural areas, Black farmers many of whom are women, are running crop production activities but are faced with farming challenges like poor soils, pest damages and lack of proper agricultural skills and technological resources. In this regard, success in agricultural farming is derived from technological farming than traditional method. This suggests reasons for the lack of sustainability among garden projects which are dominated by rural people, particularly black communities.

Government initiated support to agriculture and growth led to commercialization of agricultural farming through the adoption of modern technologies resulting in consistent growth and output thereby favoring increased production by income generating projects.

Other issues of food production are directed to access to land as land is the source of livelihood for most people especially those living in the rural areas. It appears that land access is still a problem for the poor according to Jaizairy et al (1992). The department of Land affairs completed the process of land reform policy where there are three programmes designed which consisted land restitution, land redistribution and tenure reform programmes. The department as stated in its White Paper of 1998 assisted communities in accessing government settlement/ land acquisition grants (SLAQ) to acquire land. However in most cases, community farms financed with these grants and settled by groups of
Community members are too small to support all the beneficiaries with increased production. This exercise limits garden projects to consume whole part of the land at once for farming and discourages growth in production.

Changes resulting from the implementation of the new Water Act, 36 of 1998 affected severely on agriculture as stated by Lieb and Jan (2003:4). South Africa is not a water rich country and therefore by laws is restricting the water usage. These can pose a potential risk during unfavorable climatic conditions. It is possible to cultivate vegetables and crops and the land fails to produce. This risk can be related to threaten sustainability. Research findings according to Lieb and Jan (2003:49) reported that “South Africa receives low rainfall that makes crop production limited or impossible” and he states that South Africa’s Water act 36 of 1998 gives priority to human needs and ecological sustainability above that of agriculture. The new act respects water rights and allows farmers to apply for water license to secure such opportunity.

2.4 Skills Development

Skills development is a very crucial policy and forms part of development. Skills Development Act of 1998 provides legislative basis for the provision of skills services. It is important that people are taught self-reliant skills that will lead to sustainability. This refers to the fact that people should ensure that their projects generate income in order to sustain themselves.

The Skills Development Act of 1998 which aims to skill the unskilled with training needs for a more productive output is challenged as most of the garden project members work in projects without proper training. Department of Labour who used to implement this policy through the National skills fund by training unskilled projects stopped this service in 2008. The service was transferred to the Department of Higher Education who at this stage has never trained any project in the Eastern Cape including Lukhanji Local Municipality Projects since its inception of such service. This change affected harshly the functioning of projects as these project’s skills needs are in demand.
2.5 **Poverty in South Africa**

Of the problems to be improved, poverty is perhaps the most basic. *Poverty may be directly linked with lack of adequate income and skills, and as such poverty may be caused by lack of employment or income, skills to help produce food in the form of farming and other means of producing food.* As stated by Lieb and Jan (2003:173), they provide that ‘there is ample evidence that the majority of people in the Eastern Cape live in poverty but however the extent as to how deep this poverty, is unknown’. Further, *in South African Context, The Human Sciences Research Council (HSRC) volume 4 of November 2006, regards poverty as multi-dimesional that cannot be reduced into single definition. The concept of poverty is broadened to two main aspects :“people’s access to enough food and income to cater for all their household needs. Research findings of the HSRC indicate that, compared to the other racial groups in South Africa, black people are still way behind in terms of access to enough food as well as income for their household needs.*

Various research studies indicate that income generating projects benefit the poor. The need for the income generating projects is rooted back to poverty crisis and high unemployment rate. One of the most challenges of the income generating projects is the poor improvement on poverty that is directly affecting the project members. Poverty applies to individuals and their families. Townsend (2000:12) mentions that individuals, families and groups in the population can be said to be in poverty when they lack resources to obtain types of diets and participate in the activities and have their living conditions and amenities which are customary or at least widely accepted and approved in the societies to which they belong.

It is possible to interpret Townsend’s idea in favour of the research study as it applies to the context of people involved in income generating projects. If members within the project are unable to afford their basic needs especial the nutritional needs despite being placed in an income generating project, they can be regarded to remain below the poverty line and maybe likely to withdraw from the project.

2.6 **Theoretical background on development and poverty**

Back in the early years of development thinking, poverty was regarded as a lack of basic needs. Strategies to overcome poverty were conducted and this is where the idea of Income Generating Project comes in. The basic needs approach directly address these need.
Treunicht (1997:27) believes that this approach is ‘as a result of the short comings of the modernization theory of the trickledown effect’.

The role of development theories that attempt to address economic growth cannot be ignored when it comes to visioning the future of income generating projects on human lives. George et al (2010:118-119) put it ‘different theories have led to different implications for what government might do to achieve their goals’. Walt Rostow, an economic growth theorist believed that the slowdown in the rate of growth would be the normal path for any subsector in an economy.

Garden projects had been notably exploited by established supermarket businesses where for an example a flourishing business would stock vegetable products from emerging small garden project at a cheaper rate and later sell those vegetables at expensive urban market rate. This manipulation of garden projects by established businesses is associated with the challenge of garden projects being limited to local market only. Structuralist theorists are also of the view that market forces limit the degree to which poor countries can develop through trade with richer countries. Dependency theory also accept this view and believe that this tendency is a behavior of exploitation hence Frank, the founder of this theory, extended his argument to the case of wealthy countries whose income is derived from the output of poor countries. The marketing of the agricultural product Act 47 of 1996 that governs the pricing of agricultural policy may affect the profitability and the future of garden project. This is because, given the fact that the garden projects market is widely dominant in the local areas and the rate of poverty may influence the affordability to buy from the local garden projects. If local members cannot afford the products of the garden project, that particular project is force by the circumstances to drop the price there by causing loss to the concerned project.

The role of Midgely’s Social Development Approach cannot be ignored as it plays critical role in the promotion of wellbeing of the population as a whole especially the disadvantaged groups of people. The objective of this approach is to improve health, education, employment and standard of living and focus on outcomes to bring about change (Midgely, 1995). In an attempt to unpack the Social Development approach, Midgely (1995), claims that the approach has a unique feature of linking social and economic development efforts; they are like the two sides of the same coin because the are interrelated. The implications are without economic prosperity, no country can be
able to provide for all the social need of its citizens. The approach seems to lay a platform where government work hand in hand in terms of social and economic development. In Lukhanji Local Municipality, the Department of Social Development and Department of Agriculture are the main funders of some of the income generating projects.

One of the strategic objectives on income generating projects is to reduce problems of hunger and poverty within families (poverty reduction). In the light of relevant literature, we need to examine the extent to which poverty can be alleviated. Todaro and Smith (2006:202) describe poverty in a variety of ways:-

Absolute poverty is described as a situation where “a number of people are unable to command sufficient resources to satisfy basic needs”. Relative poverty is described as a situation where people whose basic needs are met but comparatively to others there is still a huge difference of disadvantage and these people are considered poor as a result.

Poverty reduction strategies have brought relief somehow in that lifespan is prolonged. Fukuda-Parr et al (2002:2), indicate that “the proportion of the world’s people living in poverty has risen in some regions, countries and continents”.

Poverty is commonly experienced among Africans as they are rated 84% amongst the poorest by Wright (2008:16). The UNDP’s Human development report (2003) indicated that in 1990 the level of poverty in 37 countries has increased and the poorest regions of the world are the most vulnerable. The Millennium Development Goals (MDGs) is one of the biggest strategies that seek to eradicate poverty. In 2000, 189 member countries of the United States adopted eight MDGs, committing themselves to making substantial progress toward the eradication of poverty. Millenium development goals (MDGs) are one strongest poverty alleviation strategy believed to end poverty. These MDGs have targeted period where by poverty and other human development goals would have been achieved by 2015, Todaro and Smith (2006).

De Beer and Swannepoel (2000:3) criticize these poverty reduction strategies as they believe that they do not last longer and ‘beneficiaries soon return to their state of equilibrium poverty’. These authors also believe that little has been done to eradicate
poverty as there is little success accomplished. Galbraith (1979:46) also agrees that “the fruits of successful development such as job creation are nullified by an uncontrolled increased in population numbers. This suggests that attempts to secure job opportunities are discouraged by the rising population and there unemployed people outnumber the possible opportunities available. These forces operate in such a way that they return the people to a situation more or less same as before. Garden projects are aided by government with funding for their projects and the money is spent according to budget plans of the projects, but these projects remain with the challenge of non-profitability or wages to benefit themselves as individuals. For this cause, the equilibrium state of poverty is restored.

2.7 **South African Policy and laws towards poverty alleviation**

The study needs to examine who is responsible for the failure of income generating projects not achieving their goals. The White paper on local government (1998: section b1.1) puts it clearly that Government, as the development agent is responsible for ensuring that the income generating projects are sustainable to improve the quality of life and by creating the right conditions in which both people and small businesses can flourish. Project members often regard their projects as government ‘asset’ since they are funded by government and the strict regulations posed by government on how the project should be run. This perception means communities will not take keen interest in ensuring success of these projects which they see as ‘government project’.

2.8 **Conclusion**

Based on the evident arguments of literature, it can be concluded that poverty is a serious concern. Strategies to alleviate poverty are in place but need to be examined if they could be practiced into reality and accomplish the set objectives.
CHAPTER 3: METHODOLOGY AND RESEARCH METHODS

3.1 INTRODUCTION

The study is drawn from two projects that are in Ilinge Township and Machibini Location in Lukhanji Local Municipality. These projects are Ilinge and Machibini projects and have both been in existence since 2005. Ilinge Project has been funded by Department of Social Development with an amount of R750 000.00. Machibini project is not funded yet but relies on self-income. Machibini project is still waiting for approval of funding by the Department of Social Development. This department has been committed to these two projects as they have been meeting with the project members over the years. The study will be focused on examining sustainability and the extent of impact of these projects on poverty alleviation.

3.2 RESEARCH AND DESIGN

Flick Uwe (2009:128) states that research design is a plan for collecting and analysing evidence that will make it possible for the investigator to answer whatever question he or she has posed.

The researcher used a mixed method which is a combination of both qualitative and quantitative research design because the researcher is interested in using qualifying words and use statistical analysis to describe the non-sustainability phenomenon, the contribution of these projects under study towards poverty alleviation as well as interventions by stakeholders.

Bless et al (2006: 46) describe qualitative research as using qualifying words and descriptions to reach aspects of the world. The purpose of this method is also to study participants in their natural environment. The study further sought to explore the factors that are hindering the success of income generating projects in Lukhanji Local Municipality. Bless and Higson (1995:110) state that “the use of exploratory investigations brings about a wide range of possible answers and solutions”.

Walliman (2006) believes qualitative research encourages active participation and focuses
on a variety of aspects that could give better results like personal experiences, introspective, life story, historical and interactional. Researcher seeks to involve participants from project members to involved stakeholders in data collection and to build relationship and trust with participants.

Qualitative research is narrative in that several aspects emerge during a qualitative study as mentioned by Babbie (2005). The participant is able to respond from personal perception and experience and is able to dwell. Qualitative research is interpretive in that as the researcher you are able to interpret data results and draw conclusions about the study. Qualitative research is able to examine complex questions that can be impossible with quantitative methods and can give to unexpected results and the quantitative data will give numerical information that make it easier for comparison during analysing of data.

According to Judith Haber et al (2002: 498) quantitative research design is the process of testing relationships, differences, and causes and effects interactions among and between variables. The researcher will make use of tables, graphs, and pie charts. The data is envisaged to be measured numerically. Kendal (2001:3) states that with quantitative research, the goal is scientific, objectivity and the focus is on data that can be measured numerically.

3.3 **SAMPLING METHOD**

A sample was drawn which Bailey (1982) defines as a subset or portion of the total population. Bless and Higson-Smith (2000) defines sampling as the entire set of objects and events or group of people which is the object of research and about what the research wants to determine some characteristics is called a population.

The researcher selected respondents according to the purposive sample which Rubin and Babbie (1993:259) defines as a type of non-probability sampling method in which the researcher uses his or her own judgement in the selection of sample members.
All 30 respondents were allowed to participate in the study. Project members and project stakeholders are the unit of analysis. Ordinary project members used questionnaire attached as annexure A, project leaders used both questionnaires attached as annexure A and B, and stakeholders used a questionnaire attached as annexure C. **The researcher used the following criteria to identify prospective participants for the study:**

- He/ she had to be a member of the project
- The project had to be one of the selected project under the study
- Project stakeholders had to be actively involved in the projects under the study

### 3.4 DATA COLLECTION AND ANALYSIS

Interview schedule or questionnaire was be used in this study. Data was collected through a questionnaire which Brace (2008:2) defines as ‘being used to refer both to questionnaires intended for self completion by survey participants and to survey instruments intended to be administered by an interviewer, either in a face-to-face interview or by telephone”.

Barbie (2007:153) has a similar version of defining questionnaire as “an instrument specifically designed to elicit information that will be useful for analysis”. The researcher began with a structured form of questionnaire to collect data. In this questionnaire, open ended questions were used for the purpose of conducting a qualitative study. Close ended questions were combined in the survey study in which respondents were asked to select an answer from amongst the list provided by the researcher. For an example, the researcher needed to hear their views on ways of improving their projects and a list of answers were tabled for selecting by the respondent. Use of such questions provided uniformity of answers or responses. A questionnaire study is advantageous to the researcher since it provides opportunity for rapid turn-around time and is more economical than other forms of survey tools.

The questionnaire was developed and administered to the respondents in the study in order to allow statistical analysis of the results. Interviews with the funders were held. Allison et al
(1996) claims that an interview is ‘a good way to gain insight into the meaning, interpretation, values and experiences of the interviewee and his or her world’. Data was analysed both qualitatively and quantitatively to ensure that data collected through individual interviews was compressed into a readable frame that makes it possible to get a description of the realities of Income generating projects in Lukhanji Local Municipality.

3.5 Concluding remarks

This chapter provided the research methodology and research design. The data collection methods were also outlined in this chapter. The next chapter presents the empirical findings.
CHAPTER 4: PRESENTATION OF EMPIRICAL FINDINGS

4.1 INTRODUCTION

This chapter deals with the analysis and interpretation of the research data by using thematic analysis and the deduction of the research findings from a survey questionnaire of members of the project under study have been implemented. All questionnaires were filled as all respondents indicated in Chapter 3 participated on the study and one official represented the Department of Social Development. The researcher interviewed an official from the Department of Social Development to give indepth information regarding the projects under study and to examine the current situation and future of these projects.

Data was obtained from both projects under study and findings are interpreted together, where necessary, a comparison of the two projects is done. In this way, research findings can be easily obtained. The researcher discusses the participant’s comprehensive view later and afterwards put those together to deduce responses to the research question indicated in Chapter 1.

4.2 SECTION A: DEMOGRAPHIC DATA

4.2.1 Age

Majority of respondents were aged between the category age of 54 years and upwards and they total up to 66% of the total population studied. The remaining 34 % is for respondents between the age categories of between 36 years to 53 years. The category age group which is between 18 years to 35 years had zero responses meaning that the project had no youth. This exclusive category of youth is of the special targets of beneficiaries according to IGP purpose.
4.2.2 Gender profile

Out of 30 completed questionnaires for both projects, 90% of the respondents were females while 10% were males. As shown in figure 4.2 below, it is an indication that more females were available during the administration of the questionnaire.
4.2.3 Marital status

Married people form an overall 73% of the project membership in both projects under study. This indicates that there is a greater need for women especially those married not to be excluded from beneficiary services that target women with an ideology that they have husbands as supporters of their livelihoods.

*Source: survey data 2011*
4.2.4 Race and language profile

All respondents interviewed were 100% Africans and the majority of all respondents used Xhosa as their home language.

4.2.5 Level of Education

The chart below reflects respondents according to their education levels. It is indicated that in both projects, project members have a fair background education as the majority of respondents of 63% indicate project members whose level of education is secondary education. This is followed by a few 13% of project members who have at least some kind of education even though at lower primary level, 12% have never been to school and another 12% has the highest education of all project members and that refers to members whose level of education is senior secondary. This could be an indication that the project members could not proceed to senior secondary education because of socio-economic factors.

Figure 4.3 Level of education
4.3 SECTION B: FINANCIAL STATUS

4.3.1 Family size

Respondents have all shown to be sharing their homes with other family members. Their families can be regarded as small families as family members did not exceed five family members in each household.

4.3.2 Employment status

Only 5% of all the respondents confirmed employment of other family members. The rest (95%) confirmed unemployment within their household even though all respondents confirmed to share their households with other family members as indicated on the family size profile. This is an indication that most families of project members are directly affected by unemployment. Unemployment is a determining factor of poverty.

4.3.3 Social grant status

All project members have confirmed to be the direct or indirect beneficiaries of social grants.

4.3.4 Status of provider of family

Source: survey data 2011
Seventy eighty percent (78%) of project members are family breadwinners and are responsible of financial family responsibilities. Twenty two (22%) is being supported by other family members in their most everyday life.

4.3.5 Monthly income

The projects under study did not yield monthly income to the respondents. Therefore, some of the respondents had to depend purely on their social grants for their income.

4.3.6 Motivation to become a member of the project

All project members joined the project with the aim of alleviating poverty at home.

4.3.7 Year of joining project

All project members have joined both projects in the same year (2005) when the project started.

4.3.8 Skills training status of project members

The figure 4.5 below provides evidence that all respondents in project 1 received training while in project 2, no respondents confirmed to have received training in their project. Comparatively, project 1 is considered to more successful than project 2. As it had been revealed that in project 2 there had been lack of training for the majority of participants as they stated explicitly that they lack skills on business skills and agricultural marketing skills. Skills Development is very crucial as part of development. It is important that people are taught self reliant skills that will lead to sustainability. Self reliance leading to sustainability refers to a situation where people ensure that their projects are income generating and sustainability is thus made possible. For project one, training has been granted and that is a good indication of community development where people are placed into projects and empowered with skills to develop their project. When skills training are offered, project members are in good position to establish ways of running the project and marketing it for profitability and sustainability. It is possible that project 1 received training because of their approved status of funding. In Chapter 3, it was mentioned that this project was funded with R750 000.00 while the other project was not funded. The funding was reported to have
been spent on the budgeted items of the project and this project has good infrastructure and equipment of high quality which makes it easier to work in a project.

**Figure 4.5 Skills training status of project members**

4.4 **SECTION C: BACKGROUND OF THE PROJECT**

4.4.1 **Year of project formulation**

Both projects have been established in 2005, meaning that both projects have been in existence for approximately six years to the time when this survey was done.

4.4.2 **Process formulation or initiation?**

Both projects were formulated by group of people within the projects.

**Figure 4.6 : Project formulation**
4.4.3 Number of active members during formulation

In both projects there is clear indication that all respondents were part of the formulation of the projects however the number of participants during formulation of the projects exceeds the number of present project members. Some project members who were part of the formulation of the project have since withdrawn. Comparatively, project 1 started with 36 project members while project 2 started with 25 project members. In each project 15 project members are left.

4.4.4 Present number of active members in the project

Only 15 project members are active in both project and others are considered to have withdrawn from the projects as they have not been participating in any kind in the projects for many years.

4.4.5 Follow up to members who left the project?

Both project leaders of the project under study confirmed that they followed up with all project members who did not participate in the project for a prolonged period.

Source: survey data 2011
4.4.6 Reasons of project members who left the project

The common answer given by the project leaders was the case of lack of income from the project and only one case of a member who resigned from the project because the member was approved for the disability grant.

4.4.7 Nature of project

Both projects are agricultural based projects and are producing vegetables.

4.5 SECTION D: PROJECT MANAGEMENT

4.5.1 Person responsible for the day to day running on the project

All members are considered to be responsible for the day to day running of the project however the project leaders make sure that each member is dedicated to the project.

4.5.2 Person responsible for making decisions in the project

All members make decisions on the project except where there seems to be disagreements and the majority principle is applied.

4.5.3 Person who oversees the implementation of the decisions

Within these projects, there are small committees that render leadership activities like representing the projects to stakeholders. The committee ensures that decisions taken on behalf of the project are implemented.

4.5.4 Frequency project meetings

Both projects prefer to hold meetings on a monthly basis. This could be regarded as a signifying evidence of dedication and commitment towards building a project.
Figure 4.7. Frequency of project meetings

Source: survey data 2011

4.5.5 Discussion in meetings

Project leaders agreed to discuss everything that impacts on the project which may include discussing planning, challenges and success of the projects.

4.5.6 Dealing with members who are not performing their duties in the project

All active project members were said to be dedicated on the projects and therefore there is no need to worry about less or no performing members. In the event of members who absconded from the projects, follow up is done but over the years, that behaviour had been regarded as some form of resignation by project members.

4.5.7 Management of project funds

Both project leaders confirmed to comply with their constitutions where they are mandated to buy only budgeted items. These budgeted items can be decided on a special budget or planning meeting when the need has been deemed very important. Some of the items have to be approved by the donor before any purchases can be made.
4.5.8 **Savings**

The majority of 98% agreed that the income accrued from the project is deposited into their banks and the remaining 2% said the money is shared amongst the project members.

4.5.9 **Someone responsible for your bookkeeping**

Both project leaders are responsible for the bookkeeping within their projects.

4.6 **SECTION E: OBJECTIVES OF THE PROJECT**

This section is based on the interviews with the officials from the Department of Social Development.

The interviewee is responsible for both projects under study and has clear knowledge of the projects, members and background. One of the project studied has been funded with R750 000.00 and the other is on the waiting list for approval of funding.

Income generating projects from the perspective of the Department of Social Development are meant for the unemployed especially the following categories of people: youth, women and the disabled people. This is an indication that unemployment is addressed through income generating projects and to enable target beneficiaries to sustain themselves.

The interviewee reported that these income generating projects are aimed at contributing towards alleviating poverty. As indicated in chapter one, it is deemed necessary to adopt income generating project as a form of mechanism to address poverty. The interviewee is of the view that income generating projects have met their objectives including the projects under study given the fact that project members are able to share their project income amongst each other.

Project members are said to be able to accrue their income from the projects and their dedication for such a prolonged period serves as an indication that members are happy within their projects. Project members need to be given a structured stipend from the funding of the project to improve livelihoods and sustain people within projects. Therefore, that suggests that the department of Social Development’s budget priority will have to accommodate the stipends when planning and allocating budgets. The objectives of income
generating projects (IGPs) are to improve livelihoods. In order to ensure that project activities must be able to generate income and Social Development should expand their services to other areas where there was a need.

It was reported by the Social Development Practitioner that project plans have been reported to be in place as there were plans to fund the projects that were reported to be unfunded. Training for both projects is on the priority plans for both these projects

4.7 DISCUSSION OF FINDINGS

The implementation of income generating projects (IGPs) target youth, women and people living with disability findings have shown the absence of youth as indicated on the demographic data findings on the age category. This could be evidence that youth is not interested in garden projects and are likely not to participate in IGPs. Youth is regarded as the group of people that is economically productive based on their age. Such exclusion of these people is a serious threat to income generating project concept where it seeks to engage people in economic activities for an economic output. Speculations in chapter 1 indicate that there is no employability in income generating projects (IGPs), therefore, it could be a contributing factor that is driving away youth in participating in projects. The mere fact that IGPs were justified to benefit youth is challenged since the study revealed lack of participation by youth.

With this study, it can be concluded that participants of income generating projects are women as indicated on the gender findings. The participation of women on income generating projects signifies that a woman’s place is no longer in the kitchen like in the olden days; women are expected to be as economically productive as men are generally perceived.

Project members’ financial status is considered to be constrained as 95% of project members were directly affected by unemployment in their households thereby putting more pressure on their household daily living. The indication that all project members are receiving occasional stipend which equals to R300 per person per quarter is evidence that income generating projects are not sustainable as projects members cannot survive or expected to live on such small amount of money in three months in the light of basic...
demands. These people spend much of their time on the project only to be salaried with R300 in three months. A person’s needs is identified through the Maslow’s hierarchy of needs (Milliken and Honeycutt (2004) where it is justified that a person would strive to meet the lower levels of needs first before trying to satisfy any other needs. Physiological needs are the lowest level need in the hierarchy and the most fundamental. They refer to the need to have food, shelter, clothing and water. This need as compared to the general income of project members within the project is unlikely to be met as the value of food prices exceeds the value of income of project members over the period of three months. Abraham

**Maslow's hierarchy is termed as a theory of human motivation. The hierarchy of needs is seen most relevant when evaluating sustainability and success of these income generating projects**

Despite all the odds, 100% of respondents believe that income generating projects contribute to the alleviation of poverty. This is justified by the reasons given by respondents on becoming members of the projects. Question in bold is “**have the projects studied contributed to the alleviation of poverty**”? The researcher can confidently disagree based on the arguments raised above. Judging by the period in which active members have been participating in the project is a good sign that there is absolute no impact on poverty alleviation. The project members’ livelihood has had little improvement if there is any claim. These projects have been in existence since 2005 and all participants confirmed to have joined the project same year. Up to date, they are earning wages of R300.00 per quarter within their project. That is an indication of absolute poverty as basic needs cannot be met to satisfaction. If members within the project are unable to afford their basic needs especially their nutritional needs despite being members of income generating projects, they are regarded as population that lives below poverty line and sustainability in this regard cannot be guaranteed.

The study reported a total of 31 people who left these projects with a common that there was no benefit of income justifies that the need for poverty alleviation was not addressed as it is claimed by income generating concept. Even the case of the ex-project member who resigned because his or her disability grant got approved signifies that one can cope better with social grants than with income generating projects.
There seems to be positive cooperation in management of these projects as all members are engaged and involved in decision making and meetings held to discuss issues that impact on the project. There is no report of project member failing to perform their duties.

4.8 CONCLUSION

This chapter has presented the analysis and interpretation of the quantitative and qualitative data collected through questionnaires and interviews. The findings from the perspective of the respondent’s views as expressed in responses to the questionnaire that have been analysed together with their socio economic profile. The socio-economic aspects of the respondents concerned issues like their age; gender; educational level; family size and employment and income status.

In chapter 5, conclusion is drawn from the study and recommendations are presented.
CHAPTER 5: CONCLUSION

5.1 Introduction

This chapter remarks the journey of this study where a list of summary of chapters is outlined below.

5.2 SUMMARY OF CHAPTERS

Chapter 1 outlines the historical role played by income generating projects especially to its beneficiaries and families. An assumption was that there is a wide variety of government departments that support these projects. It transpired that the main department that is funding and empowering these projects is Department of Social Development. Projects that were studied for the purpose of this research are Ilinge and Machibini Projects of Lukhanji Local Municipality under the Eastern Cape. The chapter was addressed at evaluating the impact and future of Income Generating projects by examining sustainability of the projects and the extent of which poverty alleviation has been addressed.

When doing a study, relevant literature needs to be examined and sourced as a mechanism to undertake a study to investigate aspects relevant to the nature of study. Chapter 2 was therefore focused on the researched knowledge of scholars and authors in order to validate the researcher’s work and this study.

In order to achieve the desired results needed to resolve the assumptions highlighted in chapter 1, a questionnaire was developed, comprising of all the relevant indicators identified through the literature review discussed in chapter 2. The research methodology followed was described in chapter 3 of this study and the tools used in collecting data, as well as tools to analyse and interpret data. An account has been given to the use of the research approach and the choice of the technique had been justified. The purpose of chapter 3 was to outline research design, tools for collecting data, and methods of data analysis as well as ethical considerations.

The analysis of and interpretation of data through questionnaires and interviewing tools and a summary of the research findings have been discussed in chapter 4. This treatise evaluated and analysed the implementation of income generating projects as a mechanism
to alleviate poverty and sustain livelihoods. This was done by designing the questionnaire and interview questions that were sufficient enough to provide the desired results. Interview questions and questionnaire are attached at the end of this chapter as evidence thereof.

5.3 CONCLUSION

The study revealed that poverty is still a serious problem and a threat to livelihoods despite the interventions implemented to strategise on alleviating poverty. One of the strategies is the idea of income generating projects. It is however noted that income generating project (IGP) interventions have to some degree partially helped the Department of Social Development to address poverty as some respondents benefitted from their projects.

It can be concluded that poverty is the main reason why the income generating projects were introduced and a strategy of income generating project seeks to address this poverty. The extent of which income generating projects have addressed poverty is not satisfying as the projects under study remain unsustainable because of the fact that both projects continue to lose members and active project members do not receive any financial support from the projects to sustain their livelihoods, instead, other sources of income like social grants serve them better than income generating projects.

It is understood that if a project’s sustainability is to be achieved, continued poverty reduction must justifiable and project members should be capable of satisfying their basic demands.

5.4 RECOMMENDATIONS

In the light of the findings derived from the study, the researcher makes the following recommendations.

➢ There is a need for community support to help the project with profitable market

➢ Empowerment of these projects on full time basis by all relevant stakeholders that prioritise IGPs on their budget plans. It is very disappointing that Department like Agriculture do not play a role in such project when their activities are agricultural.
This department is advised to offer skills based workshops on agricultural farming and sponsor with equipment and ploughing of the projects’ cultivation land.

- Skills development plan must be relevant to the specific type of project activity and training to project members offered on a continued basis. Other skills like business and marketing skills are recommended as they are likely to capacitate project members with ways of running an effective business and targeting of clients for their product.

- The nature of activities of projects studied is agricultural because these projects are producing vegetables. Since these projects are challenged in terms of profitability, it is recommended that new activities be introduced e.g. Poultry farming to stimulate project income.

- These projects need to be exposed to other projects of similar nature that have managed to progress and achieve sustainability.


Skills Development Act (1998)


[www.departmentofsocialdevelopment.gov.za](http://www.departmentofsocialdevelopment.gov.za)

SECTION A: DEMOGRAPHIC INFORMATION

1. How old are you

<table>
<thead>
<tr>
<th>Age group</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>18-35</td>
<td></td>
</tr>
<tr>
<td>36-53</td>
<td></td>
</tr>
<tr>
<td>54+</td>
<td></td>
</tr>
</tbody>
</table>

2. Your gender: tick with an x the one that refers to you

<table>
<thead>
<tr>
<th>Gender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td></td>
</tr>
</tbody>
</table>

3. Your marital status: tick with an x the one that applies to you

<table>
<thead>
<tr>
<th>Marital status</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td></td>
</tr>
<tr>
<td>Divorced</td>
<td></td>
</tr>
<tr>
<td>Cohabitating</td>
<td></td>
</tr>
<tr>
<td>Widow</td>
<td></td>
</tr>
</tbody>
</table>

4. Your race: tick with an x the one that applies to you

<table>
<thead>
<tr>
<th>Race</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Black African</td>
<td></td>
</tr>
<tr>
<td>Coloured</td>
<td></td>
</tr>
<tr>
<td>White</td>
<td></td>
</tr>
</tbody>
</table>
5. Home Language

<table>
<thead>
<tr>
<th>Afrikaans</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Xhosa</td>
<td></td>
</tr>
<tr>
<td>Other, please specify</td>
<td></td>
</tr>
</tbody>
</table>

6. What is your highest level of education

<table>
<thead>
<tr>
<th>Never been to school</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower primary level (Sub A to Std 2)</td>
<td></td>
</tr>
<tr>
<td>Higher primary level (Std 3 – STD5)</td>
<td></td>
</tr>
<tr>
<td>Secondary school (Std 6-Std 7)</td>
<td></td>
</tr>
<tr>
<td>Senior secondary school (Std 8-Std 10)</td>
<td></td>
</tr>
<tr>
<td>Diploma</td>
<td></td>
</tr>
<tr>
<td>Degree</td>
<td></td>
</tr>
</tbody>
</table>

SECTION B:

FINANCIAL STATUS

7. How many are you in your house hold

8. Is there anyone who is employed in the house? : Tick with an x on the appropriate one

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

9. Is there anyone who is receiving a social welfare grant? Tick with an x on the appropriate one

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

10. Do you have any source of income? If yes specify

_____________________________________________________________
11. If there is no one working in the family and you also do not have a source of income or there is no one who is a recipient of a grant in your household how do you make ends meet?

12. What motivated you to become a member of the project?

13. When did you join the project, meaning in which year?

14. Was it during

<table>
<thead>
<tr>
<th>Its initial stage</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning stage</td>
<td></td>
</tr>
<tr>
<td>Implementation stage</td>
<td></td>
</tr>
</tbody>
</table>

15. Do you have the skill on the core business of the project?

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td></td>
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</tbody>
</table>
SECTION C: BACKGROUND OF THE PROJECT

1. When was the project formulated or initiated?

2. How was it formulated or initiated?

<table>
<thead>
<tr>
<th>Option</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>By a certain member of the project</td>
<td></td>
</tr>
<tr>
<td>By a group of people</td>
<td></td>
</tr>
<tr>
<td>By a funder or donor</td>
<td></td>
</tr>
</tbody>
</table>

3. How many members were part of the formulation of the project

________________________________________________________________________________________________________________________________________________________

4. How many members are active now in the project?

________________________________________________________________________________________________________________________________________________________

5. If there are members who have left the project, did you find out why they have left? Tick the appropriate one

<table>
<thead>
<tr>
<th>Option</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

6. If no, why?

________________________________________________________________________________________________________________________________________________________

________________________________________________________________________________________________________________________________________________________

7. If yes what did they say was their reason for leaving the project?

________________________________________________________________________________________________________________________________________________________
8. What is the nature of the project/ What is it producing?
________________________________________________________________________

SECTION D: PROJECT MANAGEMENT

9. Who is responsible for the day to day running on the project?
________________________________________________________________________

10. Who is responsible for making decisions in the project?
________________________________________________________________________

11. Who oversees the implementation of the decisions?
________________________________________________________________________

12. How often do you hold project meetings?

<table>
<thead>
<tr>
<th>Frequency</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td></td>
</tr>
<tr>
<td>Everyday</td>
<td></td>
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<tr>
<td>Once a week</td>
<td></td>
</tr>
<tr>
<td>Twice a week</td>
<td></td>
</tr>
<tr>
<td>By weekly</td>
<td></td>
</tr>
<tr>
<td>Monthly</td>
<td></td>
</tr>
<tr>
<td>Bi monthly</td>
<td></td>
</tr>
<tr>
<td>Quarterly</td>
<td></td>
</tr>
<tr>
<td>Yearly</td>
<td></td>
</tr>
</tbody>
</table>

13. What do you normally discuss in those meetings?

<table>
<thead>
<tr>
<th>Topic</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project plan</td>
<td></td>
</tr>
</tbody>
</table>
14. How do you deal with members who are not performing their duties in the project?

______________________________________________________________________

15. How do you manage your project funds?

<table>
<thead>
<tr>
<th>Option</th>
<th>Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy only what is budgeted for at when it is needed</td>
<td></td>
</tr>
<tr>
<td>Buy anything even if it is not budgeted for</td>
<td></td>
</tr>
</tbody>
</table>

16. Do you keep records of your expenditure and income?

<table>
<thead>
<tr>
<th>Option</th>
<th>Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

17. How do you keep your money?

______________________________________________________________________

18. What do you do with your income?

<table>
<thead>
<tr>
<th>Option</th>
<th>Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank it</td>
<td></td>
</tr>
<tr>
<td>Share it amongst each other</td>
<td></td>
</tr>
<tr>
<td>Other, please specify</td>
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</tbody>
</table>

19. Is there someone responsible for your bookkeeping?

<table>
<thead>
<tr>
<th>Option</th>
<th>Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
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</tbody>
</table>
OBJECTIVES OF THE PROJECT

1. What is the name of your department and Job title?

_____________________________________________________________________

2. Do you work with or have knowledge about the project under study?

_____________________________________________________________________

3. Who are the targeted beneficiaries of income generating projects?

_____________________________________________________________________

4. What are the objectives of Income Generating projects?

_____________________________________________________________________

5. Have the project under the study met its objectives? Tick the appropriate box

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Partially or slightly</th>
</tr>
</thead>
</table>

6. If yes, give reasons for your answer

_____________________________________________________________________

7. If no or partially, what could have caused it not to meet its objectives

_____________________________________________________________________

8. If you answered no or partially what do you think needs to be done to assist in ensuring the project achieves its objectives or to change the current situation?

_____________________________________________________________________

40
9. Are there any current plans or future plans to assist the project under study for sustainability?

<p>| | |</p>
<table>
<thead>
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<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU FOR YOUR PARTICIPATION
Pindiwe Tabata
Department of Social Development
Ezibeleni
Queenstown

Madam

REQUEST FOR YOUR CONSENT TO PARTICIPATE IN THE RESEARCH STUDY

I am currently registered for the Master’s degree in Development Studies at Nelson Mandela Metropolitan University. My studies include a treatise with the following research topic:
Evaluation of income generating projects - The case of Illinge and Machibini Projects.

I request your permission to participate in the research study and to interview project members of the above named projects. Participation is voluntary with the option of withdrawing at any stage of the process and there will be no negative consequences linked to non-participation. Responses will be used for the purposes of the study only and I undertake to ensure that the information will be used in such a way that you cannot be identified. Therefore, the final report will not include identifying information. Participants are not obliged to answer all questions. If they feel uncomfortable to answer any question, they may not answer it. By participating in the study, they would contribute towards the improvement of the role of community-based projects in poverty alleviation. The research findings will be disseminated to the Department and the University.

Yours truly
T. Hlazo
STUDENT: NMMU

Signature DATE
APPENDIX 2

Informed consent form

I __________________________ (name and surname) hereby accept / refuse  [tick applicable option] your request for me to participate in your research titled: evaluation of income generating projects: The case of Ilinge and Machibini Projects.

I am aware of my rights and consequences linked to participating in this study.

_________________________  _______________
Signature                  DATE
APPENDIX 2

Informed consent form

Mna______________________________(igama nefani yakho)* ndiyavuma/ andivumi ukungenelela koluphando lwakho mphandi.

Ndiyawazi amalungelo am nokunye okupathelene nezizifundo zoluphando njengoko ucacisile kwileta yakho.

_________________________ ___________________________

Tyikitya Umlha

* igama lakho alisayi kubhengeza kodwa iziphumo zophando ziyakwaziswa esidlangalaleni.
APPENDIX 5,6,7

Institutional permissions

Mna_______________________________ (igama nefani yakho) ndiyavuma/ andivumi (khetha evumelekileyo) kwenziwe uphando kwiproject yethu I llinge Project.

_______________________   __________________

Tyikitya                       Umhla
Institutional permissions

I ___________________________ (Name and surname) allow/refuse (tick relevant) to permit my project: Ilinge Project, to be studied for research.

_________________________    ________________________
Signature                                             Date